

**ROYAL COAL ANNOUNCES \$9 MILLION FINAL ADVANCE UNDER  
SANDSTORM ENERGY COAL PURCHASE AGREEMENT**

**FOR IMMEDIATE RELEASE**

Toronto, Ontario – January 25, 2011 – Royal Coal Corp. (TSX-V:RDA) ("Royal Coal" or the "Company") is pleased to announce that, in accordance with the coal purchase agreement with Sandstorm Metals & Energy Ltd. ("Sandstorm Energy") (TSX-V:SND) previously announced November 26, 2010, Sandstorm Energy has advanced the balance of the agreed upon upfront payments to the Company, being US\$9 million. Sandstorm Energy has now advanced a total of US\$11 million to the Company under the Coal Purchase Agreement and US\$3 million to the Company under the previously announced royalty arrangement with Sandstorm Energy, for a total of \$14 million advanced since December 17, 2010.

Closing of this coal purchase agreement allows the Company to start work on its wholly-owned Sid Mining Project in Eastern Kentucky, the same location as Royal Coal's currently operating Big Branch Mining Project, so that coal production can commence at the Sid Mining Project in the first half of 2011.

The Company has repaid US\$4 million of the principal amount outstanding under the note purchase agreement dated September 30, 2009 (as subsequently amended from time to time, the "Purchase Agreement") among the Company and Juno Special Situations Corporation ("Juno"). As previously reported, Juno received all amounts loaned to the Company pursuant to the Purchase Agreement from an unrelated lender for the sole purpose of re-lending the funds to the Company on the same terms provided by the third party lender. Juno has made a corresponding US\$4 million principal repayment to the third party lender.

**About Royal Coal**

Royal Coal is a coal exploration and production company, headquartered in Toronto, Ontario, Canada with a regional office in Hazard, Kentucky, U.S.A. whose primary business focus is developing producing surface coal mining operations in the Central Appalachian coal producing region of the United States, which includes parts of West Virginia, Virginia, Kentucky, Ohio, and Tennessee.

For further information contact Tom Griffis, Chairman of Royal Coal, at (416) 861-8775.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.