

Form 51-102F3
MATERIAL CHANGE REPORT

1. Name and address of the Company.

ROYAL COAL CORP. (the "Company")
70 York Street, Suite 1410
Toronto, ON M5J 1S9

2. Date of Material Change.

January 21, 2011.

3. News Release.

A press release disclosing the material change was released on January 21, 2011, through the facilities of Marketwire.

4. Summary of Material Change.

The Company announced that it has engaged Cormark Securities Inc. as lead agent on behalf of a syndicate including Haywood Securities Inc. (collectively, the "Agents") to undertake a best efforts private placement financing of special warrants (the "Special Warrants") to raise gross proceeds of up to \$30 million (the "Offering"). The Company has also granted to the Agents an option, exercisable at any time prior to the closing of the Offering, to sell up to an additional 15% of the Special Warrants sold under the Offering for additional gross proceeds of approximately \$4.5 million (the "Agents' Option").

Pursuant to the Offering, the Agents will offer special warrants of the Company at a price per Special Warrant to be determined in the context of the market, on a best efforts private placement basis, for gross proceeds of up to \$34.5 million, assuming full exercise of the Agents' Option.

Upon the exercise or deemed exercise thereof, each Special Warrant will entitle the holder thereof to receive one unit (a "Unit") without payment of any additional consideration. Each Unit will consist of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each whole warrant a "Warrant"). Each Warrant will entitle the holder to acquire one Common Share at a price to be determined in the context of the market for a period of two years following the date of closing of the Offering, subject to adjustment as described below.

The Company will use its commercially reasonable best efforts to file a prospectus qualifying the distribution of the Common Shares and Warrants and to have a receipt for a final prospectus issued by the securities commissions in Canada on or before the date which is 60 days following the closing of the Offering (the "Clearance Date"). In the event that the Company has not received a receipt for a final prospectus on or before the Clearance Date, the exercise period of the Warrants will be extended from two years to five years from the date of closing of the Offering.

The net proceeds of the Offering will be used to fund asset acquisitions, capital expenditures to expand operations, debt repayment and for general corporate and working capital purposes.

The Offering is expected to close on or about February 15, 2011 and is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange.

The material change is fully described in the Company's press release which is attached as Schedule "A" and is incorporated herein.

5. **Full Description of Material Change.**

A full description of the material change is contained under Item 4.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102.**

The report is not being filed on a confidential basis.

7. **Omitted Information.**

No significant facts have been omitted from this Material Change Report.

8. **Executive Officer.**

Thomas Griffis, Chairman.

9. **Date of Report.**

This report is dated at Toronto, this 25th day of January, 2011.

ROYAL COAL CORP.

Per: "Tom Griffis"
Thomas Griffis, Chairman

Royal Coal Corp.

TSX VENTURE: RDA



Jan 21, 2011 08:12 ET

Royal Coal Launches \$34.5 Million Equity Financing

TORONTO, ONTARIO--(Marketwire - Jan. 21, 2011) -

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR RELEASE, PUBLICATION, DISTRIBUTION OR DISSEMINATION DIRECTLY, OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES.

Royal Coal Corp. (TSX VENTURE:RDA) ("Royal Coal" or the "Company") is pleased to announce that it has engaged Cormark Securities Inc. as lead agent on behalf of a syndicate including Haywood Securities Inc. (collectively, the "Agents") to undertake a best efforts private placement financing of special warrants (the "Special Warrants") to raise gross proceeds of up to \$30 million (the "Offering"). Royal Coal has also granted to the Agents an option, exercisable at any time prior to the closing of the Offering, to sell up to an additional 15% of the Special Warrants sold under the Offering for additional gross proceeds of approximately \$4.5 million (the "Agents' Option").

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The securities offered have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, United States persons absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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.

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.

For more information, please contact

Royal Coal
Tom Griffiths
Chairman
(416) 861-8775

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