

**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.**

February 2, 2011

3. **News Release.**

A press release disclosing the material change was released on February 2, 2011, through the facilities of Marketwire.

4. **Summary of Material Change.**

The Company announced that it has priced the equity offering previously announced on January 21, 2011. As previously reported, the Company has engaged Cormark Securities Inc. as lead agent on behalf of a syndicate of agents including Haywood Securities Inc. and Northern 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"). Pursuant to the Offering, the Agents will offer the Special Warrants at a price of \$0.25 per Special Warrant 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 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 of \$0.335 per Common Share for a period of two years following the date of closing of the Offering, subject to adjustment as described below. The Corporation 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 Corporation 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 23, 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 4<sup>th</sup> day of February, 2011.

**ROYAL COAL CORP.**

Per: "Tom Griffis"  
Thomas Griffis, Chairman



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## SCHEDULE "A"

### ROYAL COAL ANNOUNCES TERMS OF EQUITY FINANCING

**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.**

#### FOR IMMEDIATE RELEASE

Toronto, Ontario – February 2, 2011 – Royal Coal Corp. (TSX-V:RDA) ("Royal Coal" or the "Company") is pleased to announce that it has priced the equity offering previously announced on January 21, 2011.

As previously reported, the Company has engaged Cormark Securities Inc. as lead agent on behalf of a syndicate of agents including Haywood Securities Inc. and Northern 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").

Pursuant to the Offering, the Agents will offer the Special Warrants at a price of \$0.25 per Special Warrant 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 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 of \$0.335 per Common Share for a period of two years following the date of closing of the Offering, subject to adjustment as described below.

The Corporation 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 Corporation 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 23, 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 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.

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.