

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 23, 2011

3. News Release.

A press release disclosing the material change was released on February 23, 2011, through the facilities of Marketwire.

4. Summary of Material Change.

The Company announced that it has completed its previously announced equity financing (the "Offering") of special warrants (the "Special Warrants") raising gross proceeds of \$34.5 million through a syndicate of agents led by Cormark Securities Inc. and including Haywood Securities Inc. and Northern Securities Inc. (collectively, the "Agents").

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 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 Special Warrants and, unless qualified by a final prospectus as described below, the Common Shares and Warrants to be issued upon exercise thereof, are subject to a four-month hold period under applicable Canadian securities laws which expires on June 24, 2011.

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 applicable 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 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 23rd day of February, 2011.

ROYAL COAL CORP.

Per: “Tom Griffis”
Thomas Griffis, Chairman



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ROYAL COAL COMPLETES \$34.5 MILLION EQUITY FINANCING

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FOR IMMEDIATE RELEASE

Toronto, Ontario – February 23, 2011 – Royal Coal Corp. (TSX-V:RDA) (“Royal Coal” or the “Company”) is pleased to announce that it has completed its previously announced equity financing (the “Offering”) of special warrants (the “Special Warrants”) raising gross proceeds of \$34.5 million through a syndicate of agents led by Cormark Securities Inc. and including Haywood Securities Inc. and Northern Securities Inc. (collectively, the “Agents”).

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 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.

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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 applicable 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 Agents were paid a cash commission equal to 6.0% of the gross proceeds from the Offering as consideration for their services rendered in connection with the

Offering. The Corporation also issued to the Agents special broker warrants ("Special Broker Warrants") entitling the Agents to acquire, for no additional consideration, compensation options (the "Compensation Options") entitling the Agents to purchase from the Corporation an aggregate number of units (the "Compensation Units"), each consisting of one Common Share and one-half of one Warrant (the "Compensation Warrants"), equal to 6.0% of the total number of Special Warrants sold under the Offering at an exercise price of \$0.25 per Compensation Unit for a period of 24 months from the date of closing of the Offering. Each whole Compensation Warrant shall be exercisable to acquire one additional Common Share (a "Compensation Warrant Share") at a price of \$0.335 per Compensation Warrant Share for a period of 24 months from the Closing Date.

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.