

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 25, 2011

3. News Release.

A press release disclosing the material change was released on February 25, 2011, through the facilities of Marketwire.

4. Summary of Material Change.

The Company announced that it has repaid the following indebtedness, and the completion of certain administrative matters set out below.

The Company has repaid US\$4,200,000 to Cheyenne Resources Inc. ("Cheyenne Resources"), being the remaining principal amount outstanding under the debenture issued to Cheyenne Resources as part of the purchase price for the coal and surface leases known as the Big Branch Mine. No principal remains outstanding under the Cheyenne Resources debenture.

The Company has also repaid US\$3,950,000 owing to Juno Special Situations Corporation ("Juno") under notes issued pursuant to the note purchase agreement dated September 30, 2009. As a result, the principal amount of the notes is reduced to zero. The aggregate remaining amount payable to Juno under the royalty agreement dated September 30, 2009, which provides for a US\$2.00 per ton royalty, has been reduced to US\$6,359,504 as at the date hereof.

The Company also reported the completion of the following:

The Company has issued 2,166,666 common shares at a deemed issue price of \$0.15 per share upon the conversion by GC Global Capital Corp. of the entire \$325,000 outstanding principal amount of the convertible debenture dated June 26, 2008, all in accordance with the terms of the debenture. No principal remains outstanding under the debenture.

The Company entered into a 25 month consulting contract with Peter Moran who concurrently resigned as Chief Operating Officer of the Company. The previously reported Memorandum of Understanding and Executive Employment Agreement between Mr. Moran and the Company, including all incentive payments to Mr. Moran thereunder, are no longer in effect and 3,000,000 common shares of the Company were issued to Mr. Moran.

400,000 common shares of the Company were issued to 9157-2222 Quebec Inc., which as previously reported is a regular scheduled option payment due in order to maintain the Mining Option Agreement dated July 16, 2007 under which the Company has been exploring certain base metal exploration properties in the Province of Quebec, Canada.

As previously reported December 21, 2010, the Company has issued 2,201,844 common shares to certain arm's length parties in exchange for the cancellation of \$396,332 in outstanding trade payables.

As previously reported December 23, 2010, the Company has amended the terms and conditions of 80,000 common share purchase warrants (the "Broker Warrants") and issued an additional 120,000 common share purchase warrants (the "Additional Warrants") as follows. The Company has: (i) amended the exercise price of the Broker Warrants to \$0.20 per share; (ii) amended the expiry date of the Broker Warrants to August 12, 2015; and (iii) issued the Additional Warrants, each being exercisable at a price of \$0.20 per share until August 12, 2015. The Company has also issued 315,000 common share purchase warrants (the "Compensation Warrants") to an arm's length party in consideration for advisory services. Each Compensation Warrant entitles the holder to purchase one common share at a price of \$0.20 per share until December 23, 2015

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 28th day of February, 2011.

ROYAL COAL CORP.

Per: "Tom Griffis"
Thomas Griffis, Chairman

“Schedule A”

ROYAL COAL REPAYS \$8.1 MILLION OF INDEBTEDNESS

Toronto, Ontario – February 25, 2011 – Royal Coal Corp. (TSX-V:RDA) (“Royal Coal” or the “Company”) announces that it has repaid the following indebtedness, and the completion of certain administrative matters set out below.

The Company has repaid US\$4,200,000 to Cheyenne Resources Inc. (“Cheyenne Resources”), being the remaining principal amount outstanding under the debenture issued to Cheyenne Resources as part of the purchase price for the coal and surface leases known as the Big Branch Mine. No principal remains outstanding under the Cheyenne Resources debenture.

The Company has also repaid US\$3,950,000 owing to Juno Special Situations Corporation (“Juno”) under notes issued pursuant to the note purchase agreement dated September 30, 2009. As a result, the principal amount of the notes is reduced to zero. The aggregate remaining amount payable to Juno under the royalty agreement dated September 30, 2009, which provides for a US\$2.00 per ton royalty, has been reduced to US\$6,359,504 as at the date hereof.

“Having eliminated over \$8 million in debt, Royal Coal is now financially stronger and in an enviable position of being able to expand coal production in a rising price environment” commented Tom Griffis, Chairman of Royal Coal. “In addition to the retirement of debt announced today, with the recent \$34.5 million equity offering closed, we now look to complete property acquisitions as well as the acquisition of two coal loading facilities while maintaining a much improved working capital position necessary to grow our annualized coal production output.”

The Company also reports the completion of the following:

- The Company has issued 2,166,666 common shares at a deemed issue price of \$0.15 per share upon the conversion by GC Global Capital Corp. of the entire \$325,000 outstanding principal amount of the convertible debenture dated June 26, 2008, all in accordance with the terms of the debenture. No principal remains outstanding under the debenture.
- The Company entered into a 25 month consulting contract with Peter Moran who concurrently resigned as Chief Operating Officer of the Company. The previously reported Memorandum of Understanding and Executive Employment Agreement between Mr. Moran and the Company, including all incentive payments to Mr. Moran thereunder, are no longer in effect and 3,000,000 common shares of the Company were issued to Mr. Moran.

- 400,000 common shares of the Company were issued to 9157-2222 Quebec Inc., which as previously reported is a regular scheduled option payment due in order to maintain the Mining Option Agreement dated July 16, 2007 under which the Company has been exploring certain base metal exploration properties in the Province of Quebec, Canada.
- As previously reported December 21, 2010, the Company has issued 2,201,844 common shares to certain arm's length parties in exchange for the cancellation of \$396,332 in outstanding trade payables.
- As previously reported December 23, 2010, the Company has amended the terms and conditions of 80,000 common share purchase warrants (the "Broker Warrants") and issued an additional 120,000 common share purchase warrants (the "Additional Warrants") as follows. The Company has: (i) amended the exercise price of the Broker Warrants to \$0.20 per share; (ii) amended the expiry date of the Broker Warrants to August 12, 2015; and (iii) issued the Additional Warrants, each being exercisable at a price of \$0.20 per share until August 12, 2015. The Company has also issued 315,000 common share purchase warrants (the "Compensation Warrants") to an arm's length party in consideration for advisory services. Each Compensation Warrant entitles the holder to purchase one common share at a price of \$0.20 per share until December 23, 2015.

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.