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ROYAL COAL ANNOUNCES FINANCIAL Q1 2011 RESULTS AND AN UPDATE ON OPERATIONS

Toronto, Ontario – June 29, 2011 – Royal Coal Corp. (“**Royal Coal**”) **(TSX-V: RDA, F: RLC**) *(All amounts in US Dollars, unless otherwise stated)*, a US Central Appalachian producer of high quality coal, today announced the release of financial and operating results for the three months ended March 31, 2011, together with its Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the corresponding period. These documents are posted on SEDAR at *www.sedar.com* and on the Company's website at *www.royalcoal.com.*

During the three month period ended March 31, 2011, the company generated a net loss of $15.6 million versus a net loss of $6.2 million for the same period in 2010. Coal sales revenue declined approximately 30% to $4 million in the first quarter of 2011 from $5.8 million in the same period in 2010, and gross margin loss increased to $5.8 million for the first quarter of 2011 from $2.8 million in the same period in 2010.

During the first quarter of 2011, the Company generated gross financings of $45.5 million that enabled the repayment and retirement of outstanding debt and accrued interest of approximately $20 million and resulted in a significant improvement in the working capital position, though largely benefiting the second quarter of 2011 and thereafter. Despite this improvement to the balance sheet, we experienced significant operational challenges in the first quarter due to poor weather conditions and as a result, we elected to take a significant amount of our equipment out of service for refurbishment and major maintenance. This decision significantly affected our first quarter 2011 production with lower throughput and higher costs associated with improving our fleet availability.

Highlights for the Quarter Ended March 31, 2011 and Subsequent Events

- Unfavourable weather conditions during the winter months led to operational and production delays;
- Loader and trucking availability was reduced significantly due to downtime from increased maintenance and repair of equipment;
- Equipment was taken out of service for a prolonged period during the quarter for refurbishment and major maintenance as a result of the unfavourable weather, coupled with the Company having the financial capacity to enable these improvements.

- On November 26, 2010, the Company entered into a coal purchase agreement with Sandstorm Metals & Energy (US) Inc. ("Sandstorm Energy"), a subsidiary of Sandstorm Metals & Energy Ltd. (TSXV: SND) pursuant to which Sandstorm Energy would acquire 18% of the first six million tons of coal produced, and thereafter 12% of the life of mine coal produced from the Big Branch Project and the Sid Mining Project. Sandstorm Energy made an upfront payment of US$11 million in January 2011, plus Sandstorm Energy is required to pay ongoing fixed payments of US$55/ton, subject to certain adjustments as set out in the coal purchase agreement. The Company provided certain production level guarantees, including that Sandstorm Energy will receive minimum cash flows of US$2 million in calendar year 2011 and minimum cash flows of US$2.5 million in each of calendar years 2012, 2013, 2014 and 2015 as a result of the further sale of the coal purchased from the Company.

- On February 23, 2011, the company issued 138,000,000 Special Warrants for gross proceeds of $34,896,750 (C$34,500,000). 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 consisted of one common share of the Company and one-half of one common share purchase warrant. Each Warrant entitles the holder to acquire one common share at a price of C$0.335 per common share until February 23, 2013, subject to an adjustment. The Corporation was required 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 Ontario Securities Commission on or before April 24, 2011 (the "Clearance Date"). In the event that the Corporation had not received a receipt for a final prospectus on or before the Clearance Date, the exercise period of the warrants would be extended from an expiration date of February 23, 2012 to February 23, 2016. Subsequent to March 31, 2011 and prior to April 24, 2011, the Company received the receipt for its final prospectus issued by the Ontario Securities Commission

- Coal production was 64,857 tons for the first three months of 2011 compared to 100,183 for the first three months of 2010. This decline was due primarily to equipment down-time for refurbishment and major maintenance, which resulted in higher repair costs and much lower production volumes. The coal produced was from the Big Branch Project. The Company anticipates that the Sid Mining Project will commence production during Q3 2011.

- Revenue decreased to $4.0 million for the first three months of 2011 from $5.8 million for the same period in 2010. Gross losses increased to $5.8 million in the first three months in 2011 as compared to $2.8 million in 2010, due primarily to the equipment down-time, noted above which resulted in higher repair costs and much lower production volumes.

- The average sale price of the Company's coal during the first quarter of 2011 was $61.92 as compared to $52.94 during the first quarter of 2010.

- During the first quarter of 2011, the Company repaid $4.2 million on its convertible debentures and $325,000 was converted into common shares resulting in the repayment or conversion of all of the Company's convertible debentures. Also, during the first quarter of 2011, the Company repaid $7.95 million in principal payments on its notes payable, and paid $6.4 million to retire the royalty, resulting in the repayment of the entire loan and royalties' payable. Accretion and interest on notes payable and a loss on the extinguishment of debt totaled $7.5 million during the first quarter of 2011. Also, $7.6 million was paid during the quarter to reduce accounts payable, significantly improving our working capital position.

- On June 16, 2011, the Company announced that it agreed to a term sheet for a private placement financing (the "Offering") of C$10,000,000 of secured convertible debentures. Under the terms of the Offering, Royal Coal will issue to Mercuria Energy Group Limited or a designated affiliate ("Mercuria") C$10,000,000 of secured convertible debentures, which will bear interest at a rate of 9% per annum, payable semi-annually in arrears and will be due on or about July 1, 2013. The Offering is expected to close in July 2011, unless otherwise agreed by the parties. The convertible debentures may be converted by the holder at any time and from time to time into common shares of Royal Coal, at a conversion price of C$0.2689 per share, subject to adjustment in certain circumstances. The convertible debentures will be guaranteed by the subsidiaries of Royal Coal, secured by second ranking security over all assets of Royal Coal and its subsidiaries and first security over certain future assets of Royal Coal and its subsidiaries, not be redeemable until maturity and be subject to typical anti-dilution protections. Royal Coal will grant Mercuria a right to participate on a pro-rata basis in its future financings.

Financial Overview

The following tables present selected balance sheet, statement of operations and coal production and sales data as of March 31, 2011 and December 31, 2010 and for the three months ended March 31, 2011 and 2010.

($000's)	**As of March 31, 2011**	**As of December 31, 2010**
Cash	$8,050	$347
Total current assets	$9,644	$1,385
Total assets	$25,822	$16,598
Total current liabilities	$13,850	$25,337
Total long term liabilities	$12,814	$8,560
Shareholders' equity	($843)	($17,298)

Statement of Operations ($000's, except per share)	**ended March 31, 2011**	**ended March 31, 2010**
Total coal revenues	$4,046	$5,756
Cost of Coal Sales	$9,864	$8,532
Gross Margin	($5,818)	($2,775)
Net loss	($15,642)	($6,214)
Basic net loss per share	($0.15)	($0.11)
Diluted net loss per share	($0.10)	($0.11)

Statistics	**ended March 31, 2011**	**ended March 31, 2010**
Tons Sold	65,335	109,125
Tons Produced	64,857	100,183
Sale price/ton	$61.92	$52.75
COGS/ton sold ***(Note 1.)***	$150.97	$78.18
Gross Margin/ton sold	($89.05)	($25.43)
Cash costs/ton produced	$146.69	$79.81
Total Cash Costs (000's)	$9,514	$7,995

Note

(1.) Cost of goods sold increased by approximately $73 per ton during Q1 2011, due primarily to increased one-time costs associated with the refurbishment and major maintenance ($27 / ton), an increase in energy costs ($12/ ton), additional equipment leases ($17/ ton), and recurring fixed costs absorbed by lower production, 64,857 tons in Q1 2011 compared to 100,183 tons in Q1 2010.

Outlook

While our production and costs were negatively impacted during the first quarter of 2011 as a result of our decision to refurbish and perform major maintenance on our equipment, the balance of 2011 is poised to improve as a result of this decision. Production for Q2 2011 is expected to be approximately 110,000 tons, with an improving normalized cost of sales, and higher realized prices, as the delivery of lower priced, legacy contracted coal shipments ended.

We are currently in discussions with a number of counterparties with respect to new financing initiatives. Upon successful closing of these financings, anticipated during Q3 2011, our plan is to purchase certain leased assets, purchase a load-out facility that will improve cost efficiencies and the synergy of our operations and to expand our operations both through organic growth and selective acquisitions.

Charlene Load-out Facility

The Charlene load-out facility is where the vast majority of our coal is loaded onto trains and shipped to our customers. This load-out is located within a ten mile radius of our current and projection mining operations. During Q2 2011, we signed a purchase agreement for this facility and paid $1.5 million; a further $4.0 million is due during Q3 2011, upon closing of the purchase agreement. The purchase of this facility will improve the synergy of our operations and contribute to achieving additional operating cost efficiencies.

Expansion of Operations

Big Branch & Big Branch Extension Mining Sites

We are in the process of expanding our operations at Big Branch. For our Big Branch and the Big Branch extension, the production run rate is expected to be 70,000 tons per month by the end of Q3 2011. The estimate for full year 2011 production is 609,000 tons and production of 942,000 tons anticipated in 2012.

Sid Mine

We intend to commence production at our Sid Mining location during late summer. The production profile at Sid is expected to achieve 40,000 tons per month during the fourth quarter of 2011, with annualized production of 620,000 tons anticipated for 2012.

Future Acquisition

Upon the execution of a purchase agreement, the acquisition of certain new permitted mining leases in Kentucky, as disclosed in the Company's Short Form Prospectus, dated April 8, 2011, we intend to commence production at this site during the second half of 2011. The production profile at this location is forecast to achieve an average of 35,000 tons per month during the fourth quarter of 2011, with annualized production of 720,000 tons anticipated for 2012, within the overall region.

Riverway Terminal – Big Sandy River

We intend to purchase the Riverway Terminal located on the Big Sandy River during Q3 2011. This purchase will provide the company with a secondary distribution channel for our coal, in addition to the Charlene load-out facility. This secondary distribution channel will also provide access to other geographic markets, as the company looks to expand and diversify its products and customer base.

Other Business

Royal Coal Announces Mr. Rodney Mays' Appointment as Chief Operations Officer

As announced on June 29, 2011, the company is pleased to announce the appointment of Mr. Rodney Mays as Chief Operations Officer and will begin with the company in early July.

Mr. Mays is an experienced operations manager with twenty-six years of coal mining experience and strong industry knowledge. He brings to Royal Coal extensive knowledge of the Appalachian coal industry and its day-to-day operations. He was most recently Operations Manager & East Kentucky Regional Mine Manager at another public mining company that is producing at a run rate of 140,000 tons per month.

"As the company looks to expand its coal production and operations we are pleased that Mr. Mays has joined the Royal Coal team. He has demonstrated an ability to ramp up production while at the same time driving down costs. This is exactly what Royal Coal needs at this time in our mine development plan." said Mr. Tom Griffis, Chairman of Royal Coal.

Royal Coal Signs Letter of Intent to Acquire Metallurgical Coal Property

As announced on June 28, 2011, the company has executed a letter of intent to acquire an early-stage development metallurgical coal project in northern Appalachia.

According to the terms of the letter of intent, Royal Coal would acquire coal leases covering a leased area of approximately 1,800 acres within a wider project area of over 46,000 acres. In addition, the vendors agreed to continue to assist Royal Coal both before and after closing in its efforts to acquire additional coal leases within this wider project area.

Based on a report prepared for the current holder of the coal leases by Weir International, Inc. dated August 11, 2010, Royal Coal estimates that the wider project area has a potential to contain between 60 million and 138 million recoverable tons. This estimate of the potential quantity is conceptual in nature, there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

The subject coal seam is known and has been mined within the region as a metallurgical coal product. The coal seam lies approximately 900 feet below drainage and a site has been identified for surface facilities that has rail access and is located on the river where the coal seam is approximately 600 feet below drainage that can be accessed by a riverside slope that would have either barge or rail options for shipment. The vendor has acquired the initial coal leases at the heart of the coalfield, where the coal seam reaches a maximum height of 5.6 feet and where surface facilities would be located.

The project is located in a very desirable region for coal operations due to closeness to markets, transportation logistics and because experienced labor, mine servicing, and infrastructure are all readily available from this historic coal-mining region. The Company is acquiring the leases under favorable terms and conditions. The leases are 20 year leases with the right to renew for an additional 20 years.

"We are optimistic that our due diligence and development of the project will yield the same metallurgical product that other operators are producing in the region" said Robert Heuler, Chief Executive Officer of Royal Coal. "That metallurgical product is currently selling for $170 per ton".

Tom Griffis, Chairman of Royal Coal, commented "This property will be an excellent addition to our portfolio and is in line with our growth strategy aimed at securing additional cost effective opportunities with significant upside potential."

Royal Coal has commenced a drill program in order to produce a resource estimate that is compliant with NI 43-101 standards. The total purchase price for the new leased area will not exceed US$7,000,000, payable on the closing of the acquisition, which is expected to occur within three to four months. Royal Coal has provided a non-refundable deposit of US$100,000 for the exclusive right to complete final due diligence and negotiate a definitive purchase agreement with respect to the new leased area.

The preparation of the information concerning the mineral properties, as described in this news release, has been supervised and approved by John W. Sabo, Mining Engineer - Executive Vice President, Weir International, Inc. Mr. Sabo has 45 years of operating, engineering and consulting experience in the mining and energy industries. He is a mining engineer and is a Qualified Person under National Instrument 43-101.

Forward-Looking Information

In the past, Royal Coal has not had and does not currently have positive cash flow from operations. Royal Coal's available cash has been used and will continue to be used, to the extent required, to fund its negative cash flow. No assurance can be given that Royal Coal will ever generate a positive cash flow from operations. Royal Coal may and is seeking additional equity or debt financing in order to fund certain of its potential acquisitions and its production targets, in each case, as and when Royal Coal determines that any such financings are available to it when needed and on terms that are favourable. However, additional financing may not be available when needed or, even, if available, the terms of such financing might not be favourable to Royal Coal.

This release contains "forward-looking information" that includes information relating to future events and future financial and operating performance, including management's assessment of Royal Coal's future outlook, potential financings, potential acquisitions and production. Specifically, this release contains forward-looking information related to increases in production capacity as the results of additional capital expenditures and permitted mines, additional reserves that have been leased or acquired, future development *of reserves or properties, potential financings and potential acquisitions. Forward-looking information should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by which, that performance or those results will be achieved. Forward-looking information is based on information available at the time it is made and/or management's good faith belief as of that time with respect to future events, and such information is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking information. Important factors that could cause these differences include but are not limited to: changes in contracted sales, the business of the Company may suffer as a result of uncertainty surrounding the coal market; the Company may be adversely affected by other economic, business, and/or competitive factors; the worldwide demand for coal; the price of coal; the price of alternative fuel sources; the supply of coal and other competitive factors; the costs to mine and transport coal; the ability to obtain new mining permits; the costs of reclamation of previously mined properties; the risks of expanding coal production; the ability to bring new mines on line on schedule; industry competition; the Company's ability to continue to execute its growth strategies; the Company's ability to secure additional financing; the Company's ability to complete planned acquisitions; and general economic conditions. These and other risks are more fully described in the Company's filings with the Canadian Securities Administrators, including its Annual Information Form for the year ended December 31, 2010, available on SEDAR at www.sedar.com. You should not put undue reliance on any forward-looking information. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking information, no inference should be drawn that we will make additional updates with respect to those or other forward-looking information."*

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, or Richard Buzbuzian, Investor Relations, at (647) 501-3290.