Royal Coal Corp.
Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of Royal Coal Corp. (the "Company") for the year ended December 31, 2020 and should be read in conjunction with the audited consolidated financial statements and the accompanying notes. The MD&A is the responsibility of management and is dated as of April 30, 2021.

All dollar amounts are stated in United States dollars unless otherwise indicated. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Forward-Looking Statements

This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

The Company

The Company is a public company and a reporting issuer in Ontario, British Columbia, Alberta and Manitoba. Pursuant to a cease trade order issued on May 15, 2012 ("Cease Trade Order"), trading in the common shares of the Company under the symbol "RDA" on the TSX Venture Exchange was ceased as a result of the Company's failure to meet its continuous disclosure obligations under National Instrument 51-102, *Continuous Disclosure Obligations*.

On March 16, 2020, the Company brought its continuous disclosure obligations current with the filing of its annual financial statements, MD&A and certifications of annual filings for the years ended December 31, 2016, 2017 and 2018 and interim financial statements, MD&A and certifications of interim filings for the 3 months ended June 30, 2019, 6 months ended June 30, 2019 and 9 months ended September 30, 2019.

As a result of bringing its continuous disclosure obligations current, on July 27, 2020, the Company received approval of the OSC, British Columbia Securities Commission, Alberta Securities Commission and Manitoba Securities Commission for its application to revoke the Cease Trade Order. As a condition of the revocation, the Company provided an undertaking that it will hold an annual meeting of shareholders by October 27, 2020 and that it will not complete a restructuring transaction, reverse takeover or significant acquisition of a business not located in Canada unless the Company first receives a receipt for a final prospectus in respect of such business.

Directors and officers of the Company are as follows: A. Thomas Griffis, Chief Executive Officer and Director; Elia Crespo, Director; Chris Irwin, Director; Michael Campbell, Director from the date of his appointment on June 24, 2020; Miles Nagamatsu, Chief Financial Officer and Carly Burk, Corporate Secretary from the date of her appointment of June 29, 2020.

Overall Performance

The Company was engaged in mineral exploration and mining of coal properties in the state of Kentucky in the United States until 2012 when it ceased operations.

The Company is currently engaged in efforts to identify, evaluate and complete a business acquisition, subject to the receipt of regulatory and shareholder approval.

Default judgment payable

Subsequent to December 31, 2019, the Company determined that a default judgment payable should be recorded in its consolidated financial statements, and that this should be reflected retroactively.

On July 13, 2012, a default judgment of $10,266,882, plus pre-judgment interest from May 3, 2012 and post-judgment interest from July 13, 2012 at the statutory interest rate of 12% per annum, was entered against the Company by a Kentucky court for amounts payable pursuant to a coal production payment agreement, coal purchase agreement and royalty agreement related to the Company's former coal mining operations ("Coal Assets"). Pursuant to the default judgment, the plaintiff was entitled to possession of the Coal Assets to sell to satisfy the default judgment. On October 26, 2012, proceeds of $1,500,000 from the sale of Coal Assets was credited to the default judgment payable.

The effect of adjustments to the consolidated financial statements for the year ended December 31, 2019 to reflect the default judgment payable are as follows:

	As previously reported $	Adjustments $	As restated $
Consolidated statement of financial position			
Default judgment payable	–	20,928,892	20,928,892
Total current liabilities	39,329	20,928,892	20,968,221
Deficit	(44,444,883)	(20,928,892)	(65,373,775)
Total shareholders' deficit	(39,329)	(20,928,892)	(20,968,221)
Consolidated statement of loss and comprehensive loss			
Interest	–	2,242,382	2,242,382
Total expenses	22,829	2,242,382	2,265,211
Loss and comprehensive loss	(22,829)	(2,242,382)	(2,265,211)
Consolidated statement of changes in equity			
Deficit	(44,444,883)	(20,928,892)	(65,373,775)
Total shareholders' deficit	(39,329)	(20,928,892)	(20,968,221)
Consolidated statement of cash flows			
Loss	(22,829)	(2,242,382)	(2,265,211)
Item not affecting cash, Interest not paid	–	2,242,382	2,242,382

Sale of wholly-owned subsidiary
On August 24, 2020, the Company sold its interest in its remaining inactive wholly-owned subsidiary, Royal Coal Limited, for $1 to a company controlled by a director of the Company.

Proposed transaction
On October 9, 2020, the Company entered into an amalgamation agreement with Climb Credit Inc. ("Proposed Transaction"), which, subject to certain conditions and applicable shareholder and regulatory approvals, would result in a reverse takeover of the Company.

On March 31, 2021, the Proposed Transaction was terminated.

The Company will continue to seek out further opportunities to enhance shareholder value.

Consolidation
After receiving approval of the shareholders at the annual and special meeting held on October 22, 2020, the Company consolidated its outstanding common shares on the basis of 515.481342 outstanding common shares for 1 post-consolidation common share, resulting in the 256,740,671 outstanding common shares being consolidated into 497,892 post-consolidation common shares.

Debt settlement agreements
On October 20, 2020, the Company agreed to issue 11,000,000 post-consolidation common shares at a price of C$0.0272727 per post-consolidation common share to settle advances payable of $141,376 and due to related parties of $90,761. Closing of the debt settlement agreements will occur concurrently with the closing of a reverse takeover transaction.

Advances
In the year ended December 31, 2020, the Company received advances of $223,300 of which, $81,294 was advanced by related parties.

Risks and Uncertainties
Business risk
The Company has no operations and there is no assurance that the Company will complete a business acquisition.

Financing risk
Financing will be required to enable the Company to finance efforts to identify, evaluate and complete a business acquisition, meet its existing obligations and fund its operations. The ability of the Company to obtain financing is subject to the receipt of the Revocation Order. There is no assurance that the Company will be able to obtain financing on acceptable terms.

Going-concern
The Company is inactive and does not generate revenue. As at December 31, 2020, the Company had a working capital deficit of $23,672,829 (December 31, 2019 - $20,968,221) and for the year ended December 31, 2020, the Company incurred a loss of $2,704,608 (2019 - $2,265,211) and a cashflow deficit from operations of $176,739 (2019 - $28,965). The working capital deficit, losses and cashflow deficit from operations limit the Company's ability to identify, evaluate and acquire assets, properties or businesses, meet its existing obligations and fund its operations.

The continued operation of the Company is dependent upon the Company's ability to settle its outstanding liabilities including the default judgment payable and secure equity financing to identify, evaluate and acquire assets, properties or businesses, meet its existing obligations and fund its operations. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Annual Summary Information

		Years ended December 31	
	2020	**2019**	**2018**
	$	**$**	**$**
Total revenues	–	–	–
Loss	2,704,608	2,265,211	2,007,626
Loss per share - basic and diluted	5.43	4.55	4.03
Total assets	56,538	–	–
Total long-term liabilities	–	–	–
Cash dividends declared per common share	–	–	–

For the year ended December 31, 2020, the Company incurred a loss of $2,704,608 (2019 - $2,265,211, 2018 - $2,007,626) which included interest on default judgment of $2,518,347 (2019 - $2,242,382, 2018 - $2,002,126) and remaining costs incurred to bring its continuous disclosure obligations current.

Summary of Quarterly Results

	Q1 2019	**Q2 2019**	**Q3 2019**	**Q4 2019**	**Q1 2020**	**Q2 2020**	**Q3 2020**	**Q4 2020**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	–	–	–	–	–	–	–	–
Loss (note)								
- Total	565,595	560,595	570,195	573,824	665,645	631,854	728,121	678,989
- Per share	1.13	1.13	1.15	1.15	1.34	1.27	1.46	1.36

Note: The total loss and per share loss amounts have been restated to retroactively reflect interest on a default judgment (see page 1) and consolidation of outstanding common share (see page 2).

Liquidity and Capital Resources
The Company is inactive and does not generate revenue. As at December 31, 2020, the Company had a working capital deficit of $23,672,829 (December 31, 2019 - $20,968,221) and for the year ended December 31, 2020, the Company incurred a loss of $2,704,608 (2019 - $2,265,211) and a cashflow deficit from operations of $176,739 (2019 - $28,965). The working capital deficit, losses and cashflow deficit from operations limit the Company's ability to identify, evaluate and acquire assets, properties or businesses, meet its existing obligations and fund its operations.

The continued operation of the Company is dependent upon the Company's ability to secure equity financing to identify, evaluate and acquire assets, properties or businesses, meet its existing obligations and fund its operations. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

In the year ended December 31, 2020, the Company received advances of $223,300 of which, $81,294 was advanced by related parties.

Related Party Transactions
The amounts due to related parties are unsecured, non-interest bearing and due on demand:

	Expenses incurred in the years ended December 31,		Outstanding as at December 31,	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Advances				
Gold Pool JV Limited, a company controlled by A.T. Griffis and Elia Crespo, directors			30,421	8,657
Richard Buzbuzian, a shareholder			38,186	15,588
Consulting fees				
Griffis International Limited, a company controlled by A.T. Griffis, a director	7,584	–	7,584	–
IMCC Corporation, a company controlled by Elia Crespo, a director	7,226	–	7,226	–
Marlborough Management Limited, a company controlled by Miles Nagamatsu, Chief Financial Officer	2,322	4,100	7,344	4,720
Public company costs (legal fees)				
Irwin Lowy LLP, a law firm with a partner, Chris Irwin, a director	50,960	3,382	20,127	–

On August 24, 2020, the Company sold its interest in its remaining inactive wholly-owned subsidiary, Royal Coal Limited, for $1 to IMCC Corporation, a company controlled by Elia Crespo, a director.

Financial Instruments and Other Instruments
A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Accounts payable and accrued liabilities and due to related parties
The fair value of accounts payable and accrued liabilities and due to related parties approximated their carrying value due to the short term to maturity.

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1: quoted prices in active markets for identical assets and liabilities;
Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
Level 3: inputs for the asset or liability that are not based on observable market data

The Company had no assets or liabilities classified as Level 1.

Financial risk management
The Company's activities expose it to a variety of financial risks that arise as a result of its operations and financing activities, including credit risk, liquidity risk and market risk.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. As the Company has no financial assets, the Company has no exposure to credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company’s ability to settle its outstanding liabilities including the default judgment payable and secure equity to identify, evaluate and acquire assets, properties or businesses, meet its existing obligations and fund its operations

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company’s income or the value of its financial instruments.

Foreign exchange risk
Foreign exchange risk is the risk of financial loss to the Company due to a change in foreign exchange rates. The Company’s cash and accounts payable and accrued liabilities, advance payable and due to related parties are denominated in Canadian dollars. The Company estimates that if the exchange rate between United States dollars and Canadian dollars as at December 31, 2020 had changed by 1%, with all other variables held constant, the foreign exchange gain (loss) would have decreased or increased by $3,000.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At December 31, 2020, the Company’s exposure to the risk of changes in market interest rates relates to post-judgment interest on the default judgment payable. Because of the post-judgment interest rate is fixed at 12%, fluctuations in market rates do not have a significant impact on estimated fair values at December 31, 2020.

Capital management
Capital of the Company consists of share capital, contributed surplus and deficit. The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain the future development of the Company. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is inactive and has no revenues, its principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.
The Company is not subject to externally imposed capital requirements and there were no changes to the Company’s approach to capital management during the year.

Shares Outstanding as at April 30, 2021

Shares
Authorized:
An unlimited number of special shares issuable in series.
An unlimited number of common shares.

Outstanding:
497,892 common shares.