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 3 months ended March 31, 2022 and should be read in conjunction with the condensed interim consolidated financial statements and the accompanying notes. The MD&A is the responsibility of management and is dated as of May 24, 2022.

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.

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; Jennifer Thor, Director; Miles Nagamatsu, Chief Financial Officer and Carly Burk, Corporate Secretary.

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.

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. 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 March 31, 2022, the Company had a working capital deficit of $27,067,005 (December 31, 2021 - $26,275,336) and for the 3 months ended March 31, 2022, the Company incurred a loss of $791,670 (2021 - $703,144) and a cashflow deficit from operations of $5,862 (2021 - cashflow from operations of $67). 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.

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

Summary of Quarterly Results

	Q2 2020 $	Q3 2020 $	Q4 2020 $	Q1 2021 $	Q2 2021 $	Q3 2021 $	Q4 2021 $	Q1 2022 $
Revenue	–	–	–	–	–	–	–	–
Loss								
- Total	631,854	728,121	678,989	703,144	709,575	717,488	704,931	791,670
- Per share	1.27	1.46	1.44	1.41	0.03	0.01	0.01	0.01

Commencing in Q2 2021, the loss per share reflects the issue of 59,999,998 common shares to settle advances payable and due to related parties.

Liquidity and Capital Resources

The Company is inactive and does not generate revenue. As March 31, 2022, the Company had a working capital deficit of $27,067,005 (December 31, 2021 - $26,275,336) and for the 3 months ended March 31, 2022, the Company incurred a loss of $791,670 (2021 - $703,144) and a cashflow deficit from operations of $5,862 (2021 – cashflow from operations of $67). 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.

Related Party Transactions

	Expenses incurred in the 3 months ended March 31, 2022 $	Outstanding as at March 31, 2022 $
Public company costs (legal fees)		
Irwin Lowy LLP, a law firm with a partner, Chris Irwin, a director	–	25,896

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, due to related parties and default judgment payable

The fair value of accounts payable and accrued liabilities, due to related parties and default judgment payable approximates their carrying values 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.

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.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

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. Credit risk arises from the Company's cash. The Company's limits its exposure to credit risk on its cash by holding its cash in deposits with a Canadian chartered bank.

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. See note 2.

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 March 31, 2022 had changed by 10%, with all other variables held constant, the foreign exchange gain (loss) would have decreased or increased by $2,852.

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 March 31, 2022, 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 March 31, 2022.

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 a business 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 May 24, 2022

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

Outstanding:
60,497,890 common shares.