

Royal Coal Announces Amendments to Agreements With Sandstorm Metals & Energy

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TORONTO, ONTARIO -- (Marketwire - Dec. 22, 2011) - [Royal Coal Corp.](#) ("Royal Coal") (TSX VENTURE: RDA) (FRANKFURT: RLC), a US Central Appalachian producer of high BTU, low sulphur thermal coal, is pleased to announce that it has amended the coal purchase agreement and bridge loan with Sandstorm Metals & Energy Ltd. ("Sandstorm") (TSX VENTURE: SND). This agreement is contingent upon Royal Coal raising \$5 million by means of an equity financing. Under the terms of the coal purchase agreement announced on November 26, 2010, Sandstorm is entitled to purchase 18% of the first six million tons of coal produced and 12% of the life of mine coal produced thereafter from the Big Branch Mine, the Big Branch Extension and the SID Mine for US\$55 per ton. As part of the agreement, Royal Coal provided a guarantee that Sandstorm would receive minimum cash flows of US\$2 million in 2011 and US\$2.5 million in each of 2012, 2013, 2014 and 2015. Sandstorm has agreed to amend the agreement so that the requirement to deliver the fixed percentage of coal will be deferred until December 31, 2012. Under the amended coal purchase agreement a total of US\$4.4 million will be due to Sandstorm by June 30, 2013, which represents the unpaid portion of the 2011 cash flow guarantee and the US\$2.5 million 2012 cash flow guarantee, with interest. In addition, the cash flow guarantees to Sandstorm of US\$2.5 million in each of 2013, 2014 and 2015 remain. The coal purchase agreement is senior secured against all of the assets of Royal Coal.

In August 2011, Sandstorm provided US\$3 million in a bridge loan to Royal Coal for the purposes of purchasing the Charlene load-out facility. Royal Coal has agreed to repay the bridge loan by making monthly payments to Sandstorm in the amount of US\$375,000 beginning in January 2012. The bridge loan is subject to interest at a rate of 15% per annum.

The previously announced 2.7% gross revenue royalty that Sandstorm acquired on the Big Branch Mine, the Big Branch Extension and the SID Mine is still required to be paid on a monthly basis.

"The amendments provide Royal Coal with flexibility in repaying its obligations and allows the company to focus on increasing production and cash flow in the short to medium term," commented Tom Griffis, Chairman of Royal Coal.

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.

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