

Royal Coal Receives Statement of Claim from Creditors

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TORONTO, April 13, 2012 - [Royal Coal Corp.](#) ("Royal Coal" or the "Company") (TSX VENTURE: RDA) (FRANKFURT:RLC), announces that it has received a Statement of Claim filed by Sandstorm Metals & Energy (US) Inc. ("Sandstorm") and Black Bullet Coal, LLC (an assignee of Sandstorm) ("Black Bullet"), in the Commonwealth of Kentucky Perry Circuit Court, made against the Company and its wholly owned subsidiaries, CDR Sid Mining Inc., CDR Operations, Inc., CDR Minerals (USA), Inc., CDR Big Branch, Inc., and CDR Laurel Fork, Inc. (collectively the "Subsidiaries"). The Statement of Claim relates to the alleged material breach by the Company, and the Company's Subsidiaries, with respect to a Coal Production Payment Agreement, an Additional Coal Purchase Agreement, and a Royalty Agreement (the "Agreements") that provide for a commodity purchase and loan arrangement between Sandstorm, the Company and the Company's Subsidiaries.

Sandstorm and Black Bullet allege that pursuant to the Agreements the Company and the Company's Subsidiaries have failed to, among other things, deliver and sell coal to Sandstorm, deliver certain certifications to Sandstorm, make monthly royalty payments to Sandstorm and guarantee the prompt payment of due indebtedness. Sandstorm and Black Bullet are demanding an aggregate of \$10,339,903.62, plus interest and costs, for unpaid production payments and unpaid royalty payments. Further, Sandstorm and Black Bullet are requesting that a lien be placed on collateral and Black Bullet be granted possession of collateral in accordance with certain security agreements entered into between Sandstorm, the Company and the Company's Subsidiaries.

At this time, the Company cannot meet its current obligations to Sandstorm and its other creditors. The Company is in discussions with Sandstorm to come to a mutually beneficial resolution and avoid litigation.

On March 5, 2012, the Company announced that it had suspended production at its Big Branch Mine and was taking other steps to try to continue to carry on its business. Current conditions in the thermal coal market remain challenging due to the increased use of low cost natural gas by electric utilities in the United States and continued lower electric power demand in the United States. This has resulted in declining prices for thermal coal causing a number of coal producers in the Central Appalachian Region to shut down certain of their operations. These difficult market conditions have been a contributing factor, along with the production challenges the Company has encountered, requiring the Company to shut down its operations.

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.

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.

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