

Royal Coal Announces Convertible Debenture Financing

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TORONTO, ONTARIO -- (Marketwire) -- 06/16/11 -- [Royal Coal Corp.](#) ('Royal Coal') (TSX VENTURE: RDA) (FRANKFURT: RLC) announces that it has agreed to a term sheet for a private placement financing (the 'Offering') of CAD 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') CAD 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 on or about July 1, 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 \$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.

'Mercuria is pleased with the opportunity this investment provides to work closely with Royal Coal. This transaction provides a range of opportunities for future co-operation in the US and international coal markets and is representative of Mercuria's growing appetite in this market.' says Paul Chivers, Group Chief Investment Officer, Mercuria Energy Group.

'The relationship with Mercuria provides Royal Coal access to a strategic partner with expertise in international coal markets. In addition, this financing accelerates Royal Coal's current business development plans and will over time open-up new opportunities for the company.' commented James Hannah, President of Royal Coal.

Proceeds of the Offering are expected to be used to fund acquisitions and for general working capital purposes. The Offering will be subject to entering into definitive documentation and the approval of the TSX Venture Exchange.

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.

About Mercuria Energy Group Ltd.

Mercuria is a privately-owned international group of companies active over a wide spectrum of global energy markets including crude oil and refined petroleum products, natural gas (including LNG), power, coal, biodiesel, vegetable oils and carbon emissions. It is one of the world's five largest independent energy traders and has a longstanding sector expertise. In addition to its trading core, Mercuria has upstream and downstream assets ranging from oil reserves in Argentina, Canada and the US, to oil and products terminals in Europe and China, as well as substantial investment in the coal mining and bio fuels industries.

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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