

23 September 2019

ALLEGIANCE UNDERTAKES \$3.08M CAPITAL RAISING AND LAUNCHES A SHARE PURCHASE PLAN

HIGHLIGHTS

- The Company has received binding commitments for \$3.08 million, before costs, pursuant to a private placement.
 - The proceeds will be applied principally to:
 - Complete the definitive feasibility study and mine plan, and the formal purchase agreement in connection with the planned acquisition of the New Elk Hard coking coal mine located in southeast Colorado, US; and
 - Continue the environmental assessment and permitting process of the Tenas Metallurgical Coal Project located in northwest British Columbia, Canada (**Tenas Project**), pending tranche 3 payment of C\$3.6M by Itochu Corporation, at which point the Company will be reimbursed its contribution to Tenas Project working capital; and
 - General working capital.
 - The private placement was joint lead managed by Bell Potter Securities and Aitken Murray Capital Partners.
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Placement

Allegiance Coal Limited (**Company**) is pleased to announce its successful capital raising, with the Company accepting firm commitments raising \$3.08 million at \$0.14 per share. Funds are due to be received by 26 September 2019, with new shares to be allotted on 27 September 2019.

The offering was made to both institutional investors pursuant to section 708(11) of the Corporations Act 2001 (**Act**), and sophisticated investors pursuant to section 708(8) of the Act.

On the basis of the commitments received, the maximum number of new securities that will be issued under the Placement is 22,017,871 new fully paid ordinary shares to raise \$3,082,502, before costs (**Placement**). The Placement will be issued under the Company's existing 15 percent capacity in accordance with ASX Listing Rule 7.1. The Placement price of \$0.14 per share represents a 12.5% discount to the 18 September 2019 closing market price of \$0.16 (source IRESS).

An Appendix 3B in connection with the Placement will be lodged on or about 27 September 2019.



Share Purchase Plan

The Company is also offering existing eligible shareholders the opportunity to participate in a Share Purchase Plan ("SPP") to raise up to a further \$3 million, at the same issue price as institutional and sophisticated investors paid under the Placement. Any additional funds raised from the SPP will be primarily applied to continued development of the Tenas Metallurgical Coal Project; due diligence and associated costs with the proposed acquisition of the New Elk Hard Coking Coal Mine; and the Company's general working capital.

Eligible shareholders recorded on the register at 5.00pm (AEST) on Friday 20 September 2019 will be entitled to apply for up to \$30,000 worth of shares at \$0.14 per share for a maximum investment of \$30,000 free of brokerage and other related transaction costs.

Participation in the SPP is entirely optional and is open to all shareholders other than shareholders who have registered addresses in countries outside Australia or New Zealand. Pursuant to the Terms and Conditions of the SPP, eligible shareholders will be offered the option to acquire \$1,000, \$2,000, \$5,000, \$10,000, \$15,000, \$20,000 or \$30,000 in shares.

The Company will apply for quotation of the new shares issued under the Placement and SPP on ASX, which will rank equally in all respects with existing Allegiance fully paid ordinary shares. The Company may, in its absolute discretion, allocate less than the number of shares applied for in the SPP and determine to apply any scale back to the extent and in the manner that it sees fit. Any unallocated funds will be returned to applicants without interest in this case.

Timetable

The indicative SPP timetable is detailed below. An SPP Offer Booklet and Acceptance Form will be sent to eligible shareholders on Monday, 30 September 2019 together with an application form.

Record Date (5pm (Sydney time))	20 September 2019
Announcement of Offer	23 September 2019
Dispatch of Offer Document and Application Form Offer opening date	30 September 2019
Offer closing date	21 October 2019
Issue of new shares	28 October 2019

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About Allegiance Coal

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company advancing a metallurgical coal mine to permitting and production in British Columbia, Canada, and a permitted hard coking coal mine to production in southeast Colorado, USA. The Telkwa metallurgical coal complex includes three pits comprising 125.8Mt of JORC compliant coal resource of which 102.3Mt is in the Measured Category (**Telkwa**). In July 2017 the Company completed a pre-feasibility study declaring 42.5Mt of saleable coal reserves across all three pits (**Tenas PFS**); in March 2019 a definitive feasibility study of the Tenas Pit (**Tenas Project**) in relation to 16.5Mt of those saleable coal reserves (**Tenas DFS**); and is now advancing the Tenas Project towards permitting and production. On 15 July 2019, the Company announced the planned acquisition of the New Elk hard coking coal mine located in southeast Colorado, US (**New Elk**). New Elk is fully permitted, fully built, and comprises 656Mt of NI 43-101 compliant hard coking coal. The Company is undertaking a feasibility study to develop a new mine plan to return New Elk to production, and complete the acquisition of New Elk before 14 July 2020.

Coal Resources & Reserves

The coal resources referred to in this announcement relating to Telkwa (unless otherwise stated in this announcement) were first reported in the Company's release of its updated geological model on 18 June 2018, supplemented by its 26 June 2018 announcement (together the **June 2018 Announcement**). The coal reserves referred to in this announcement relating to Telkwa (unless otherwise stated in this announcement) were first reported in the Company's release of its Telkwa PFS results on 3 July 2017 (**July 2017 Announcement**), updated in the Tenas DFS on 18 March 2019 (**March 2019 Announcement**). The coal resources referred to in this announcement relating to New Elk (unless otherwise stated in this announcement) were first reported in the Company's announcement of its planned acquisition of New Elk Coal Company, LLC, on 15 July 2019 (**July 2019 Announcement**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the July 2017 Announcement, the June 2018 Announcement, the March 2019 Announcement or the July 2019 Announcement (together the **Announcements**), and that all material assumptions and technical parameters underpinning the estimates in the Announcements continue to apply and have not materially changed.

Cautionary Statement

Investors should note that the mineral resource estimates for New Elk in this announcement are foreign estimates under ASX Listing Rule 5.12 and are not reported in accordance with JORC Code (2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves") (**JORC Code**). A competent person has not done sufficient work to classify the foreign estimates as a mineral resource under the JORC Code and it is uncertain that following further exploration or evaluation work that this foreign estimate will be able to be reported as a mineral resource in accordance with the JORC Code. The Company further cautions investors that, other than exclusivity to the planned acquisition to 14 July 2020, the material provisions in relation to the potential acquisition of New Elk are and remain non-binding and that an investment decision should not be made on the basis of this information. There can be no certainty that any binding agreements will be reached, or that any concluding transaction will eventuate.
