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Japan Oil, Gas and Metals National Corporation (JOGMEC) Joint Venture with Allegiance Coal Limited Kilmain Project Update

Highlights

- Completed drilling of three partially cored holes.
- Cores sent for coal quality analyses

Allegiance Coal Limited (“Allegiance Coal”) is pleased to announce completion of the drilling of three partially cored holes on its Kilmain project. All on site activities were completed just prior to Christmas and just prior to the setting-in of the wet weather.

Drilling is complete on three sites with partially cored holes recovering coal from within the Rangal Coal Measures. Coal cores from the three drill holes’ seam intersections have been sent for laboratory testing.

Initial results from analyses of coal cores from the first drill hole have been received from the laboratory. These results when finalised will be combined with the results from analyses from the other two drill holes for full coal quality assessment. Assessment of the coal quality is expected to be completed by mid February, 2014.

Background

On 29 August, 2014 the Australian Government’s Federal Investment Review Board approved of the Joint Exploration Agreement (“JEA”), in which **Japan Oil, Gas and Metals National Corporation (JOGMEC)** will provide up to \$3 million of exploration expenditure to Allegiance Coal over a 3 year period for the Kilmain Coal Project in three stages.

JOGMEC, a Japanese government owned corporation, will earn up to a 40% economic interest in the Kilmain Project and has the right to assign that interest to a Japanese nominee company in the future, in order to progress the project to development.

The Kilmain Project (EPC 1298 and EPC 1917) is a 56km² area within the Bowen Basin with coal seams within the Rangal Coal Measures.

Activities on the Kilmain Project commenced in mid September, 2014 with seismic survey and ground magnetometer surveys. Drilling on selected sites followed the seismic and magnetometer surveys.

Total length of seismic surveys was 11.25km with the first program being 7.75km and the second phase completed on 15 October of 3.5km. Ground magnetometer surveys to locate basalt involved 25km of survey lines.

Colin Randall
Managing Director

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