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29 July, 2016

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Gullewa Limited

Loan

On the 30 June, 2016 Mineral & Coal Investments Pty Ltd, a subsidiary of Allegiance Coal Limited (**Allegiance** or the **Company**) owed \$1,767,561 to Gullewa Limited (**Gullewa**) pursuant to loan facilities (**Loan**) made available by Gullewa to MCI and in respect of which the Company acted as guarantor.

The Company is pleased to announce that a repayment of \$1,104,000 has now been paid to Gullewa in partial satisfaction of the amount owed to it under the Loan. The parties have agreed to vary the terms and conditions of the Loan on the basis set out below.

The parties have agreed that the balance outstanding under the Loan as at today's date is \$659,000 which may be satisfied by the issue and allotment of shares in Allegiance at a price of \$0.005 per share (subject to a share reconstruction) or by a repayment in cash, subject to Gullewa's agreement. The parties have agreed that the Loan will be interest free for a period of three years, after which interest will again accrue on any unpaid balance. The Loan must be repaid in full, whether in cash or by the issue and allotment of Shares in accordance with the agreement reached between the parties, within five years.

Contacts:

For further information please contact:

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