

Quarterly Report

For period ended 30 June, 2016

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Kilmain Project

JOGMEC have advised that they are withdrawing from the Joint Venture. They have spent over \$2 Million on the Joint Venture.

Back Creek Project

The Back Creek project in the Surat Basin is well suited to gain benefit from development of Surat Basin infrastructure. However under the current market condition the potential rate of development of the required infrastructure is unknown and thus the future for the project is under review.

CORPORATE

Cash:

At 30 June, 2016 the company held \$1.4 Million in cash.

Loans

Mineral and Coal Investments Pty Limited had loans valued at \$2.15 Million owing to Gullewa Limited and C. Randall & Associates Pty Ltd., which were due for repayment on 30 September 2015 under certain conditions.

Subsequent Events

In the last Financial Statements the company showed a loan of \$370,535 owing to C. Randall & Associates Pty Limited. This loan was discharged in full on 15 July 2016 with the payment of a final amount of \$220,000.

Gullewa Limited

In the last Financial Statements the company showed a loan of \$1,767,561 payable to Gullewa Limited. A repayment of \$1,104,000 has now been paid to Gullewa in partial satisfaction of this amount. The parties have agreed to vary the terms and conditions so that the balance outstanding of \$659,000 may be satisfied by the issue and allotment of shares in Allegiance at a price of \$0.005 per share or by a repayment in cash, subject to Gullewa's agreement. The loan will be interest free for a period of three years, after which interest will again accrue. 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.

30 July , 2016

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