



11 September 2017

## TELKWA METALLURGICAL COAL PROJECT STAGE 1 PRE-FEASIBILITY STUDY RESULTS

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The Stage 1 pre-feasibility study reinforces the viability of the Telkwa metallurgical coal project as a stand-alone small mine operation positioned in the lowest five percentile of the global seaborne metallurgical coal cost curve.

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### STAGE 1 PFS HIGHLIGHTS

- 250,000 tonne per annum of saleable coal with a mine life of 19 years at an average strip ratio of 1.9:1 BCM/ROMt.
  - Average life-of-mine all-in FOB (ex-port) cash cost before tax of US\$54 per tonne.
  - All metallurgical saleable coal yield of 74%.
  - Life-of-mine average annual EBITDA of A\$18M at a ratio to revenue of 50%.
  - Unleveraged start-up capital expenditure of US\$35M.
  - Unleveraged NPV10% pre-tax of US\$51M with an IRR pre-tax of 32%.
  - The mine complex (equipment, washplant and infrastructure) has a production capacity of 500,000 tonnes per annum of saleable coal that can be ramped from 250,000 tonnes per annum instantly (subject to permitting) with outstanding project economics:
    - Average life-of-mine all-in FOB (ex-port) cash cost before tax of US\$51 per tonne;
    - Life-of-mine average annual EBITDA of A\$38M at a ratio to revenue of 54%;
    - Unleveraged NPV10% pre-tax of US\$83M with an IRR pre-tax of 52%.
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Mr Malcom Carson, Non Executive Chairman, commented:

*“It truly is a remarkable achievement that a bulk commodity mining operation can be so low down the cost curve without the benefit of scale and volume to drive unit costs down. It is rare for key cost drivers such as simple geology, exceptionally low strip ratio, good yield and excellent logistics to align in this way and deliver a coal project that can generate strong returns without scale and without the burden of major upfront capital. Allegiance is very fortunate the Telkwa Metallurgical Coal Project is proving to be one such project”.*

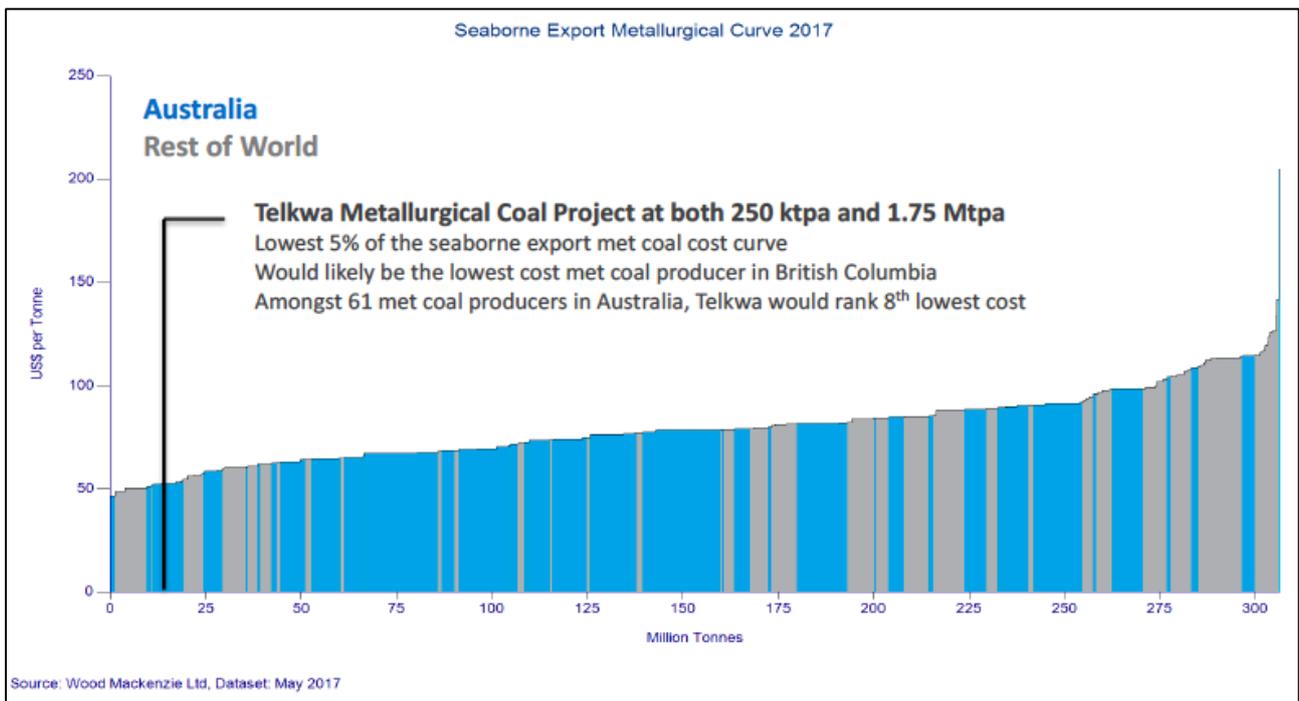
On 3 July 2017, Allegiance Coal Limited (**Allegiance** or the **Company**) announced (**3 July Announcement**) the results of the Staged Production Pre-feasibility Study (**Staged Production PFS**) of its Telkwa Metallurgical Coal Project located in northwest British Columbia (**Project**).

That study assessed the viability of the Project across the entire reserve base of 42.5 million tonnes of saleable coal. It assumed the commencement of mining at 250,000 saleable tonnes per annum under the Sub-EA permitting process (as explained in the 3 July Announcement), ramping to 1.75 million saleable tonnes per annum in four years if permitted to do so under a Full EA permitting process (again as explained in the 3 July Announcement). The results of that study showed strong robust project economics and were well received by the Board.

Allegiance is now pleased to present the results of the Stage 1 Pre-feasibility Study (**Stage 1 PFS**) along with its internal review of the Staged Production PFS. The Stage 1 PFS assesses the viability of the Project assuming Allegiance is only ever permitted to mine at the rate of 250,000 saleable tonnes per annum. Like the Staged Production PFS, the Stage 1 PFS was undertaken by SRK Consulting (Canada) Inc. (**SRK**) assisted by other mining and resources specialists.

## Findings

The Board is again encouraged by the Stage 1 PFS results. A significant reduction in start-up capital expenditure was achieved from the Staged Production PFS, and notwithstanding the reduction in production volume from 1.75 Mtpa to 250 ktpa, the Project maintained its position in the lowest five percentile on the seaborne metallurgical coal cost curve – a natural hedge to the volatility of metallurgical coal prices.



## Next Steps

- The Company's primary focus now is to accelerate towards the permitting of Stage 1 production.
- Critical to achieving this is:
  - Complete all baseline studies in calendar H1 2018;
  - Complete an affects assessment of the Project on the baseline data in calendar Q3 2018;
  - Work closely with stakeholders, especially First Nations, in respect of the affects assessment;
  - Undertake aspects of a feasibility study for Stage 1 production critical to permitting Stage 1; and
  - Lodge applications for permits to operate a Stage 1 production mine in calendar Q4 2018.

## Summary of Stage 1 PFS Results

A summary of the key results of the Stage 1 PFS are set out in Tables 1 to 4 below and where relevant are compared to the Staged Production PFS results.

Table 1: Production Parameters Life of Mine	Units	
Life-of-mine ROM coal production	Tonnes	6,100,000
Life-of-mine saleable coal production	Tonnes	4,500,000
Average ROM coal production	Tonnes per annum	340,493
Average product coal yield	%	74
Average saleable coal	Tonnes per annum	250,000
Average strip ratio	BCM/ROMt	1.9:1
Mine life (incl. pre-production)	Years	19

Table 2: Initial Capital Base Case	Staged Production PFS US\$M	Stage 1 PFS US\$M
Equipment including primary production and ancillary	9.1	6.1
Pre-strip	3.0	1.0
Mine access	1.5	1.5
Coal handling preparation plant and related Infrastructure	20.2	15.4
Water management, power and other	15.2	9.1
Rail siding and Loadout	2.3	1.9
<b>Total Initial Capital (includes contingency)</b>	<b>51.2</b>	<b>35.1</b>

Table 3: Operating Costs Life of Mine	Staged Production PFS US\$/Saleable t	Stage 1 PFS US\$/Saleable t
<b>Site Costs</b>		
Waste removal	23.8	11.2
Coal recovery	2.7	4.6
Coal processing	3.6	8.5
General and administration	4.0	2.3
Other	2.5	4.6
<b>Transportation, Marketing &amp; Royalties</b>		
Marketing costs	0.2	0.2
Haulage (CHPP to Rail Siding)	2.6	3.6
Rail to port and loaded	12.7	16.7
Third party royalties	2.8	2.8
<b>Total all-in cash cost FOB pre-tax</b>	<b>54.8</b>	<b>54.5</b>

Table 4: Key Performance Indicators Life of Mine	Units	Value
Average Coal price for a mid-volatile PCI	US\$/t	110
Exchange rate Canadian dollars to US dollars	CAD:USD	1.33
Exchange rate Australian dollars to US dollars	AUD:USD	1.33
Pre-tax net present value @ 10%	US\$M	51
Internal rate of return	%	32
Payback from commercial production (real terms)	Years	3.5

### Coal Resources & Reserves

The Statement of Resources and Reserves prepared by SRK in accordance with the JORC 2012 Edition (**JORC Code**) and National Instrument NI 43-101 'Standards of Disclosure for Mineral Projects' (**NI 43-101**) is set out in the 3 July Announcement.

For ease of reference a summary of the Resources and Reserves is set out in Tables 5 and 6 below.

Table 5: Resources	Measured Mt	Indicated Mt	M+I Mt	Inferred Mt
Tenas	58.8		58.8	-
Goathorn	59.5	9.2	64.7	0.2
Telkwa North	15.7	3.7	19.4	1.0
<b>Total</b>	<b>134.0</b>	<b>12.9</b>	<b>146.9</b>	<b>1.2</b>

Table 6: Reserves		ROM Coal Mt	Clean Coal Mt	Saleable Coal Mt
Tenas Proven		29.1	20.6	21.0
Tenas Probable		-	-	-
<b>Tenas Total</b>		<b>29.1</b>	<b>20.6</b>	<b>21.0</b>
Goathorn Proven		22.1	12.6	18.8
Goathorn Probable		0.2	0.1	0.1
<b>Goathorn Total</b>		<b>22.3</b>	<b>12.7</b>	<b>13.9</b>
Telkwa North Proven		10.8	6.4	7.0
Telkwa North Probable		0.7	0.4	0.5
<b>Telkwa North Total</b>		<b>11.5</b>	<b>6.8</b>	<b>7.5</b>
<b>Grand Total</b>		<b>62.9</b>	<b>40.1</b>	<b>42.5</b>

The Stage 1 PFS is focused solely on the Tenas Pit containing 21Mt of proven, saleable coal reserves which represents 50 percent of the Project's total proven and probable saleable coal reserves.

### Mining & Processing

All coal production in the Stage 1 PFS is in the Tenas Pit at 250 ktpa of saleable coal. At that rate of production, with 21 Mt of saleable coal reserves, the Tenas Pit has a potential mine life of more than 80 years at a life-of-mine strip ratio of 6.5:1 BCM/ROMt.

The Stage 1 PFS limited itself to a 19 year mine life at a strip ratio of 1.9:1 BCM/ROMt. The Tenas Pit however offers excellent opportunity to both increase production and secure a long sustainable mine life.

The Tenas Pit is a syncline basin of coal with the west limb shallow dipping from the southwest to the northeast where it meets the syncline. Other than the first three years of mining in the shallow end of the

pit, SRK has proposed a mining strategy involving a series of cuts initiated at the lowest point in the north of the pit, progressing up-dip to the south. The strategy enables around 50 percent of the waste material to be back filled from start of mining, using bulldozers to push waste back into the pit bottom. The cost savings in moving waste material with bulldozers as opposed to an excavator loading a dump truck are significant.



The production schedule is four days per week, Monday to Thursday, 10 hour day shifts only. All operations personnel totaling 35, and trade technicians, will be sourced locally from the towns of Telkwa, Smithers (12 km) and Houston (50 km), which contain a skilled workforce with extensive experience in forestry and hard rock mining.

Start-up primary production equipment will also be very simple comprising one 5" drill rig for blasting, one 100t excavator, four dump trucks (50t), two D8 bulldozers (or equivalent) and one front-end loader.

The Stage 1 PFS assumes coal will be washed through a stand-alone 100 tph washplant with dense media cyclones for coarse material and flotation for fine coal.

Washed coal will be stockpiled at the washplant, then trucked 24.3 km along forestry and public roads to the rail siding.

### Infrastructure & Transport

A key contributor to the low capital and low operating costs of the Project is its location to infrastructure.

A 25 kV power line runs to the northern edge of Goathorn. The power line will be extended 3 km to a substation located at the washplant situated at the northern tip of the Tenas Pit area.

An 800m rail siding will be built to receive 15, 110t coal wagons during Stage 1. Coal will be dropped on to a pad with a storage capacity of 3,300t. Coal will then be loaded with a front-end loader. Wagons will be loaded three times a week for a 24 hour return trip to Ridley Island Coal Terminal (**RICT**). The rail siding is on Government and CN Rail owned land, and does not require the acquisition of any privately owned land.

Once loaded, it is then a 360km haul to RICT. RICT currently has 18 Mtpa handling capacity which can be expanded to 25 Mtpa within 24 months. The forecast tonnage for this calendar year is around 6 Mtpa. In its peak in 2013, RICT exported 13.4 Mtpa. There is ample capacity for Telkwa coal with no requirement for upfront bond payments or take or pay commitments. The average ship size at RICT in the last 12 months has been 80 Mt panamax vessels. Most coal producers who export from RICT share hulls, and this is anticipated in the case of Telkwa coal.

### Coal Quality & Product Options

Telkwa coal will be washed at an SG of 1.6 for an all clean metallurgical coal yield of 74 percent. The quality parameters for Telkwa coal are summarized in Table 7 below, and are compared to similar products exported from NSW.

Table 7: Telkwa Coal Quality	Units	Tenas	NSW SSCC	NSW HV PCI
Total moisture	%	9.0	6-10.5	6-10.5
Volatile matter	%	24.6	33-37	33-39
Ash	%	9.5	6.5-10.5	9-10.5
Sulphur	%	0.9	0.5-10.5	0.35-0.85
Fixed carbon	%	65.3	50-60	55
Calorific value	Kcal/kg	7,245	N/A	7,250
Free swell index		3-4	3-6	N/A
HGI		64	N/A	40-50
Reflectance	%	0.84	0.80	0.65-0.85
Maximum fluidity	Ddpm	2-17	100-500	N/A
Coal strength reactivity (calculated)	%	37-43	25-30	N/A

### Coal Pricing

Kobie Koornhof & Associates (**Koornhof**), a respected coal market specialist, provided SRK with a market outlook for metallurgical coal along with a price range for Telkwa coal as both a semi-coking coal and a PCI. Koornhof assumed a long term price range for premium benchmark coking coal of US\$140 to US\$170 per tonne. Against the benchmark Koornhof then applied typical pricing parameters for premium low-vol PCI and semi-soft coking coal, and against that, priced Telkwa coal.

The benchmark parameters used for pricing are summarized in Table 8 below.

Table 8: Assumptions of Benchmark Pricing	Price as % of HCC	Long term price US\$/t
Premium low vol coking coal	100%	\$140 - \$170
Premium low vol PCI	70-75%	\$98 - \$128
Semi-soft coking coal	65-70%	\$91 - 119

Using a value in use methodology (including an adjustment for sulphur), Koornhof summarises the price of Telkwa coal in Table 9 below.

Table 9: Long term price of potential Telkwa products	PCI US\$/t	SSCC US\$/t
Telkwa coal	85-112	87-115

### Operating Costs

The Stage 1 operating costs are summarized in Table 10 below and are compared to the Staged Production PFS operating costs.

Table 10: Operating Costs Life of Mine	Staged Production PFS US\$/Saleable t	Stage 1 PFS US\$/Saleable t
<b>Site Costs</b>		
Waste removal	23.8	11.2
Coal recovery	2.7	4.6
Coal processing	3.6	8.5
General and administration	4.0	2.3
Other	2.5	4.6
<b>Transportation, Marketing &amp; Royalties</b>		
Marketing costs	0.2	0.2
Haulage (CHPP to Rail Siding)	2.6	3.6
Rail to port and loaded	12.7	16.7
Third party royalties	2.8	2.8
<b>Total all-in cash cost FOB pre-tax</b>	<b>54.8</b>	<b>54.5</b>

As has been noted already in this Announcement, it is a significant outcome that even with the reduction of production from 1.75 Mtpa in the Staged Production PFS to 250 ktpa in the Stage 1 PFS, that the all-in FOB cash cost is essentially unchanged.

While coal recovery, processing and haulage costs have gone up due to the significant reduction in volumes, that increase has been offset by the reduction in the cost of waste removal arising from a reduction in the strip ratio from 5.8:1 BCM/ROMt to 1.9:1 BCM/ROMt

The Project therefore continues to have the potential to be a very low cost producer and remains positioned on the lowest five percentile of the seaborne metallurgical coal cost curve.

### Initial Capital

Table 11 below summarises the initial capital expenditure and is compared to the Staged Production PFS initial capital expenditure.

Table 11: Initial Capital Base Case	Staged Production PFS PFS US\$M	Stage 1 PFS US\$M
Equipment including primary production and ancillary	9.1	6.1
Pre-strip	3.0	1.0
Mine access	1.5	1.5
Coal handling preparation plant and related Infrastructure	20.2	15.4
Water management, power and other	15.2	9.1
Rail siding and Loadout	2.3	1.9
<b>Total Initial Capital (includes contingency)</b>	<b>51.2</b>	<b>35.1</b>



In both the Stage 1 PFS and the Staged Production PFS, contingency was applied in the range of 5% to 10% varying by area.

Significant gains were made in reducing Stage 1 initial capital expenditure during the Staged Production PFS review process. These gains were achieved by:

- Re-scheduling the mine plan so that the first three years of mining commence in the shallowest part of the Tenas Pit reducing the pre-strip by 66% and mine capital by 33%;
- Selecting a stand-alone 100 tph washplant; and
- Selecting a less capital intensive water management option.

In the Staged Production PFS two coal washplant options were assessed:

- A stand-alone 100 tph washplant which has the capacity to process 750 ktpa of raw coal and, in the case of Telkwa coal, up to 500 ktpa of clean coal; or
- A 190 tph modular washplant with a capacity to process up to 1.4 Mtpa of raw coal (1 Mtpa of clean Telkwa coal), and with minimal additional capital could be expanded to 350 tph capable of processing 2.5 Mtpa of raw coal (1.75 Mtpa of clean Telkwa coal) by the introduction of a third circuit.

For the purposes of the Stage 1 PFS, the 100 tph washplant was selected due to it giving a better economic return given the scale of operations. However, during the Staged Production PFS review process, the Company assessed other washplant options including another 100 tph washplant expandable to 200 tph for largely the same price as the washplant selected in this PFS, thus offering Allegiance further expansion capacity.

As was the case in the Staged Production PFS, estimators were not asked to consider options to reduce start-up capital expenditure by considering the financing or leasing of plant and equipment, or contract mining. With such a low capital cost, equipment and plant finance or lease options and contract mining remain very real opportunities for the Company to reduce initial and sustaining capital risk even further.

### **Instant Scalability to 500 ktpa**

The Stage 1 initial capital as provided by the Stage 1 PFS delivers a mine complex with a production capability of 500 ktpa of saleable coal.

Other than the rail siding which will be required to be extended for US\$2M of capital, the mine complex including mining equipment, washplant and all other infrastructure, can ramp immediately without any further capital to 500 ktpa of saleable coal. The operation would simply move from a four day week, day shift only production roster to a 24/7 roster utilizing existing equipment.

Subject to permitting, for an additional 5% of start-up capital, the Project can achieve a 100% increase in production. This results in a reduction in operating costs to US\$51 FOB, and has a significant positive impact on the Project economics, as is summarized in the following section.

## Project Economics

In addition to the coal production inputs discussed throughout this announcement, additional inputs into the key performance indicators of the Project economics are set out in Table 12 below.

Table 12: Additional inputs to Key Performance Indicators	Units	Value
Average Coal price for a mid-volatile PCI coal	US\$/t	110
BC Minerals tax rate (deductible from corporate taxes)*	%	13, minimum of 2
BC Corporate tax rate	%	11
Federal Corporate tax rate	%	15

\*BC Minerals tax rate comprises a net current proceeds tax rate of 2% or a net revenue tax rate of 13% depending on taxable income.

The Project key performance indicators are summarized in Tables 13 and 14 below.

Table 13: Key Performance Indicators for 250 ktpa	Units	Value
Pre-tax NPV10%	US\$M	51
Pre-tax IRR	%	32
Post-tax NPV10%	US\$M	29
Post-rax IRR	%	25
Payback from commencement of production (real terms)	Years	3.5

Table 14: Key Performance Indicators for 500 ktpa	Units	Value
Pre-tax NPV10%	US\$M	83
Pre-tax IRR	%	52
Post-tax NPV10%	US\$M	49
Post-rax IRR	%	39
Payback from commencement of production (real terms)	Years	2.3

The key performance indicators were applied only to the base case initial capital expenditure scenario as financing plant and equipment, or contract mining, were not considered in the Stage 1 PFS. Clearly however a substantial reduction in initial capital expenditure will have a material positive impact on the key performance indicators. And given the Project's position on the cost curve, it has ample operating cost capacity to leverage the balance sheet to a prudent level, or accommodate contract mining.

Sensitivity analysis was undertaken to determine the effect on the post-tax NPV<sub>10%</sub> and the IRR from variations on both coal price and cost (operating costs and capital expenditure) in relation to both the 250 ktpa case and the 500 ktpa case.

The results of the sensitivity analysis on 250 ktpa are set out in Tables 15 and 16 below.

Table 15: 250 ktpa Case		Operating and Capital Costs						
NPV/US\$M	\$29	-30%	-20%	-10%	0%	10%	20%	30%
Price US\$/Product tonne	-30%	\$22	\$12	\$2	-\$8	-\$18	-\$29	-\$42
	-20%	\$34	\$24	\$15	\$5	-\$5	-\$15	-\$26
	-10%	\$46	\$37	\$27	\$17	\$7	-\$2	-\$12
	0%	\$58	\$49	\$39	\$29	\$20	\$10	\$0
	10%	\$70	\$61	\$51	\$41	\$32	\$22	\$12
	20%	\$82	\$73	\$63	\$53	\$44	\$34	\$25
	30%	\$94	\$85	\$75	\$65	\$56	\$46	\$37

Table 16: 250 ktpa Case		Operating and Capital Costs						
IRR	25.2%	-30%	-20%	-10%	0%	10%	20%	30%
Price US\$/Product tonne	-30%	27.1%	18.9%	11.5%	3.3%			
	-20%	34.7%	26.3%	19.3%	13.0%	6.7%	-1.9%	
	-10%	41.6%	32.9%	25.7%	19.5%	14.0%	8.7%	2.9%
	0%	48.3%	38.9%	31.4%	<b>25.2%</b>	19.7%	14.7%	10.1%
	10%	54.4%	44.7%	36.8%	30.3%	24.7%	19.8%	15.3%
	20%	60.3%	50.1%	41.9%	35.1%	29.3%	24.3%	19.8%
	30%	66.0%	55.3%	46.7%	39.6%	33.6%	28.5%	23.9%

Tables 15 and 16 show that at 250 ktpa of saleable coal these Project performance indicators are sensitive to changes in commodity price and results in a negative NPV<sub>10%</sub> of US\$13M with a 30% drop in the coal price (or in other words, \$77 per saleable tonne).

Notwithstanding that, the Project has a breakeven coal price of US\$58.9 per saleable tonne (FOB cash cost of US\$54.5/t plus sustaining capital of US\$4.4/t), which equates to a 46.4% reduction in the average coal price applied in the Stage 1 PFS.

The Project can sustain a 20% increase in both capital and operating costs resulting in a post tax NPV<sub>10%</sub> of US\$10M and 14.7% post tax IRR.

The results of the sensitivity analysis on the 500 ktpa option are set out in Tables 17 and 18 below.

Table 17: 500 ktpa Case		Operating and Capital Costs						
NPV, \$M	\$49	-30%	-20%	-10%	0%	10%	20%	30%
Price US\$/Product tonne	-30%	\$35	\$23	\$12	\$0	-\$13	-\$24	-\$37
	-20%	\$51	\$40	\$28	\$17	\$5	-\$7	-\$19
	-10%	\$68	\$56	\$45	\$33	\$21	\$10	-\$2
	0%	\$84	\$73	\$61	<b>\$49</b>	\$38	\$26	\$15
	10%	\$100	\$89	\$77	\$66	\$54	\$43	\$31
	20%	\$117	\$105	\$94	\$82	\$71	\$59	\$47
	30%	\$133	\$121	\$110	\$98	\$87	\$75	\$64

Table 18: 500 ktpa Case		Operating and Capital Costs						
IRR	39.2%	-30%	-20%	-10%	0%	10%	20%	30%
Price US\$/Product tonne	-30%	41.4%	30.1%	20.0%	9.7%	-3.4%		
	-20%	51.8%	40.5%	30.8%	22.0%	13.6%	4.7%	-7.6%
	-10%	61.1%	49.6%	39.8%	31.2%	23.5%	16.1%	8.9%
	0%	69.4%	57.7%	47.8%	<b>39.2%</b>	31.6%	24.6%	18.1%
	10%	77.1%	65.0%	55.0%	46.3%	38.7%	31.8%	25.5%
	20%	84.3%	71.9%	61.6%	52.8%	45.1%	38.2%	32.0%
	30%	91.2%	78.5%	67.8%	58.8%	51.0%	44.0%	37.8%

Tables 17 and 18 show that at 500 ktpa of saleable coal the Project performance indicators are also sensitive to changes in commodity prices and costs. However, as long as prices are greater than a 30% reduction from the base price the project has a positive NPV<sub>10%</sub>.

The Project can also sustain a 30% increase in both capital and operating costs, resulting in a post tax NPV<sub>10%</sub> of US\$15M and IRR of 18%.

## Risks

SRK noted a number of Project risks in the Stage 1 PFS. The majority of them related to the need for more data which can be obtained from a modest drilling program to build a greater knowledge base in relation to various aspects of the Project, and a large number related to matters in respect of which engineering design would mitigate risk. Of SRK's assessment, the Company believes the following are the key risks in relation to the Project:

- **Environment:** The impact of mining on the environment is always an issue irrespective of the type of mine and its location. Once the Company has completed its environmental affects assessment of the Project, targeted for Q4 2018, the Company will have a solid understanding of what the impacts might be.
- **Water Management:** Related to the first point of environmental impact, one area of particular concern to the Company is water management. The Project has several streams within its vicinity which all feed into a major river system. Ensuring that the Project discharges clean surface water back into the river system is a matter of high priority to the Company.
- **Permitting:** There is no guarantee that the Project will be granted all permits required to operate a mine at whatever stage of planned production. Whilst British Columbia is in a first world country, with a very prescriptive mine permitting regime, there is always uncertainty and doubt as to whether Government ministries will support a particular mining activity.
- **Finance:** Notwithstanding the Company's confidence in this regard, there is no guarantee that if and when the Project is permitted and ready for development, there will be funding available to do so. Whilst the Project is very low down the cost curve and can withstand a material drop in the price of coal, the volatility of commodity prices in a downward trend often dampens the interest of investors in a particular commodity, such that funding may be difficult to secure.
- **Coal performance:** unless and until a particular coal has been tested for its performance in a blast furnace, there remains an uncertainty as to how it will actually perform, and this may have an impact on coal pricing.

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### Competent Persons Statement

The information in this ASX Announcement that relates to Mineral Resources and Reserves is based on information and supporting documentation prepared by Mr Ron Parent and Mr Robert McCarthy. Mr Parent is a Professional Geologist registered with the Association of Professional Engineers and Geoscientists of British Columbia. Mr McCarthy is a Professional Engineer registered with the Association of Professional Engineers and Geoscientists of British Columbia. Mr Parent and Mr McCarthy are independent consultants



to the Company, and have sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they undertook to qualify as Competent Persons as defined in the JORC Code (2012 Edition of the “Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”). Mr Parent and Mr McCarthy as competent persons for this announcement have consented to the inclusion of the information in the form and context in which it appears herein.

**Coal Resources and Reserves**

The coal resources and reserves referred to in this announcement (unless otherwise stated in this announcement) were first reported in the 3 July Announcement. The Company confirms that it is not aware of any new information or data that materially affects the information included in the 3 July Announcement and that all material assumptions and technical parameters underpinning the estimates in the 3 July Announcement continue to apply and have not materially changed.

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