



23 January 2017

ALLEGIANCE LOCATES HISTORICAL GROUNDWATER WELLS AT ITS TELKWA COKING COAL PROJECT

HIGHLIGHTS

- Allegiance has located seven operating groundwater wells installed by previous developers from which it has and will be able to take ground water samples.
 - The discovery will result in cost savings to Allegiance of around C\$200,000.
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Allegiance Coal Ltd (**Allegiance** or the **Company**) is pleased to announce the successful location of nine groundwater wells installed over 20 years ago by past owners of the Company's Telkwa Coking Coal Project (**Project**).

Seven of the nine wells were in good operating condition from which field water samples were obtained from three. The remaining wells will be re-visited for water samples in Q2 2017.

Locating the historical groundwater wells, and finding the majority of them in good operating condition, will reduce baseline study costs associated with drilling new wells previously planned for Q3 2017, by an estimated C\$200,000.

In total, Allegiance is aware of the existence of some 40 historical groundwater wells. Allegiance intends to locate these in Q3 2017, and presuming a majority of them are found to be operating, further and greater cost savings to the Project would be made.

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