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ALLEGIANCE ENTERS INTO AN AGREEMENT WITH THE FIRST NATIONS GROUP IN RELATION TO THE TELKWA METALLURGICAL COAL PROJECT

HIGHLIGHTS

- Allegiance Coal Limited and the Office of the Wet'suwet'en have signed a Communication and Engagement Agreement as a first step in acknowledging Clan decision-making with respect to the Telkwa Metallurgical Coal Project.
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Allegiance Coal Limited (**Allegiance** or the **Company**) is pleased to provide this further progress update in relation to its Telkwa Metallurgical Coal Project (**Project**).

In December 2016, Allegiance commenced consultation with the Office of the Wet'suwet'en (**OW**), as part of its commitment to develop a strong and enduring relationship with the First Nations people of the Wet'suwet'en territory, in which the Project is located.

The OW represents the title rights and interests of over 7,000 members belonging to the five Clans, twelve House Groups of the Wet'suwet'en. The Wet'suwet'en Hereditary Governance Authority has a central office located in Smithers, British Columbia, 19 kms northwest of the Project.

The OW's Natural Resources Department receives, reviews and reports to affected Clan members who are the final decision-makers with regard to the sale, use and development of natural resources on their unceded territories. The OW's Natural Resources management and staff have extensive knowledge and experience in the assessment of project feasibility, environmental affects and impacts to Wet'suwet'en values, and not surprisingly, has an extremely qualified and capable team.

The OW made it clear to Allegiance that it is not opposed to the development of natural resources within its territory, provided certain key outcomes are achieved, the most important of which are:

- Protection of water quality;
- Protection of the fish habitat;
- Protection of wildlife;
- Protection of areas of cultural and archaeological significance; and
- Long term benefits to all Wet'suwet'en.



Allegiance is committed to fulfill these outcomes as part of its responsible development of the Project and are, in any event, aligned with the Company's core values.

Following several months of consultation, Telkwa Coal Limited, Allegiance's wholly owned subsidiary that owns and manages the Project, entered into the Communication and Engagement Agreement with the OW, representing the first step in developing and progressing a working relationship in relation to the Project.

Mr Malcom Carson, Non Executive Chairman, commented:

"I cannot stress enough, the importance of this step in advancing the assessment and if appropriate, the development of the Project. The people of the Wet'suwet'en are the guardians of the lands and all things within their territory, and developing an enduring relationship with them, is paramount. We are very fortunate to have Mark Gray lead these discussions, he himself an indigenous person of New Zealand, with a lifetime of experience in representing his own people in negotiations with companies".

For more information, please contact:

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About Allegiance Coal

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company fast tracking a metallurgical coal mine into production in British Columbia, Canada. The Telkwa metallurgical coal project (**Project**) is the Company's flagship project comprising 165Mt of JORC compliant coal resource and has been the subject of extensive historical exploration. Located 1,000 km north of Vancouver, the Project sits uniquely on the western side of British Columbia, immediately adjacent to a major Canadian National Rail line, with a 360 km rail haul to the deep water port of Prince Rupert and Ridley Island Coal Terminal. British Columbia has one of Canada's and North America's most competitive, flexible and supportive business climates. Consistently receiving AAA credit ratings, its vast resources, low taxes, stable and well regulated financial system and Government, makes for a wonderful country in which to invest.
