



28 April 2017

## NOTICE OF WORK APPLICATION FILED WITH THE MINISTRY OF ENERGY AND MINES IN RELATION TO THE TELKWA METALLURGICAL COAL PROJECT

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### HIGHLIGHTS

- Allegiance files its first Notice of Work Programme with the Regional Office of the Ministry of Energy and Mines located in Smithers.
  - The programme will involve potentially six 150 metre deep large diameter core drill holes to be undertaken in Q3 2017.
  - Coal core will be taken from three of the drill holes for coal quality tests using more up to date technology, and coal core will be retained for possible coal blending tests with other metallurgical coals produced in British Columbia.
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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**).

While the Project has already been the subject of 828 drill holes, 321 of which were core holes, Allegiance intends to drill a further six in Q3, 2017:

- Three of which are ground water wells for water quality sampling as part of its Baseline Studies; and
- Three of which are for rock and coal quality testing.

There is a possibility that one or more of the ground water wells will not have to be drilled if further historical ground water wells are found within the Project area, are still operating, and from which water samples can be taken. Historically, there are 20 known groundwater wells, seven of which have been discovered late last year and three of which were found to be operating.

Geochemistry analysis will be undertaken to update Project data for the purposes of the management of waste rock from mining.

Coal quality analysis will be undertaken to update coal quality data with new and more recent technology, including coke tests which were not previously done by earlier project owners.

In addition, Allegiance has been approached by another coal development company to undertake coal blending tests. Core from these drill holes will be retained for this purpose, and there is a possibility that blending tests with operating mines within British Columbia may also be undertaken.



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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.

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