



5 December 2017

ALLEGIANCE ACQUIRES 100% OWNERSHIP OF ITS TELKWA METALLURGICAL COAL PROJECT

HIGHLIGHTS

- The Company enters into an unconditional agreement with Altius Minerals Corporation to acquire 100% ownership of the Telkwa Metallurgical Coal Project (**Project**).
 - The Company can now advance its discussions with potential Project joint venture partners with increased confidence.
 - Altius Minerals Corporation, a TSX listed Canadian diversified mining royalty company, becomes a more significant shareholder of the Company.
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Allegiance Coal Limited (**Company**) is pleased to announce it has, through its wholly owned subsidiary Telkwa Coal Limited (**TCL**), entered into an agreement to acquire from the Carbon Development Corporation, a wholly owned subsidiary of Altius Minerals Corporation (**Altius**), 100 percent ownership of all the rights to coal licences that make up the the Telkwa Metallurgical Coal Project, located in northwest British Columbia, Canada (**Acquisition**).

Up until the Acquisition, the Company had earned 20 percent Project ownership, and had the right to earn up to 90 percent Project ownership upon satisfaction of several milestones (as previously reported by the Company on 16 September 2016). The remaining 10 percent Project ownership would be retained by Altius who had a free carry on its Project equity in relation to a small mine.

In consideration for the issue to Altius of 40,600,000 ordinary shares in the Company, and the continued performance of the milestone obligations, Altius has agreed to transfer full ownership of the Project to the Company.

The allotment to Altius, which is equivalent to approximately a 10.5 percent interest in the Company on a diluted basis, will occur on completion of the Acquisition and will be made under the Company's existing 15 percent capacity in accordance with ASX Listing Rule 7.1. An Appendix 3B will be issued in due course.

The Company has been actively engaged with steel mills, commodity trading and investment houses for several months in relation to potential joint venture investment and off-take commitment in the Project at the TCL level. Securing complete ownership of the Project clears the pathway to securing a joint venture partner.

In addition, the Company is very pleased to attract Altius as a strategic institutional shareholder. Altius is a diversified mining royalty company listed on the Toronto Stock Exchange (TSX:ALS) with a market capitalization of around C\$520 million, generates around C\$65 million per annum of royalty revenue with current available liquidity for investment of around C\$150 million.



Altius has invested in and been a substantial shareholder in the Company since the Company acquired the Project in November 2016, and prior to the Acquisition held 14,864,395 ordinary shares. Following the Acquisition Altius will hold 55,464,395 ordinary shares representing approximately 14.4 percent of the Company's share capital, on a diluted basis.

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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 148Mt of JORC compliant coal resource of which 131Mt is in the Measured Category. The Project and has been the subject of extensive historical exploration and most recently of a pre-feasibility study declaring 43Mt of proven and probable reserves, and uniquely positioning the Project in the lowest five percentile of the global seaborne metallurgical coal cost curve.
