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Mt. Marrow (EPC 2374) Tenement Granted

Allegiance Coal Limited (ASX:AHQ) is pleased to announce the granting of the Mt. Marrow project tenement EPC 2374.

EPC 2374, Mt. Marrow, has been granted for a period of 5 years. The project is located approximately 15 kilometres west of Ipswich. The area contains 30 subblocks covering 91 square kilometres. *See Plan 1.* The existing Jeebropilly Mine (New Hope) and the Ebenezer Project (OGL Resources) are to the south of the Mt Marrow project and in the same Walloon Coal Measures.

AHQ will target shallow open cut thermal coal within the project area.

The Mt. Marrow project is of significance to the company for the following reasons:

- Close to existing rail infrastructure;
- Close to the Port of Brisbane (approximately 90km);
- Coal in neighboring projects is export quality thermal coal with low sulphur and low nitrogen content;
- Potential to be a near term producer;
- Potential to have low operating costs; and
- Potential to have low capital cost.

Under the new Queensland process for awarding tenements all future grants will be under a cash bidding system. AHQ is pleased to have the grant of its Mt. Marrow area under the previous system of work program evaluation.

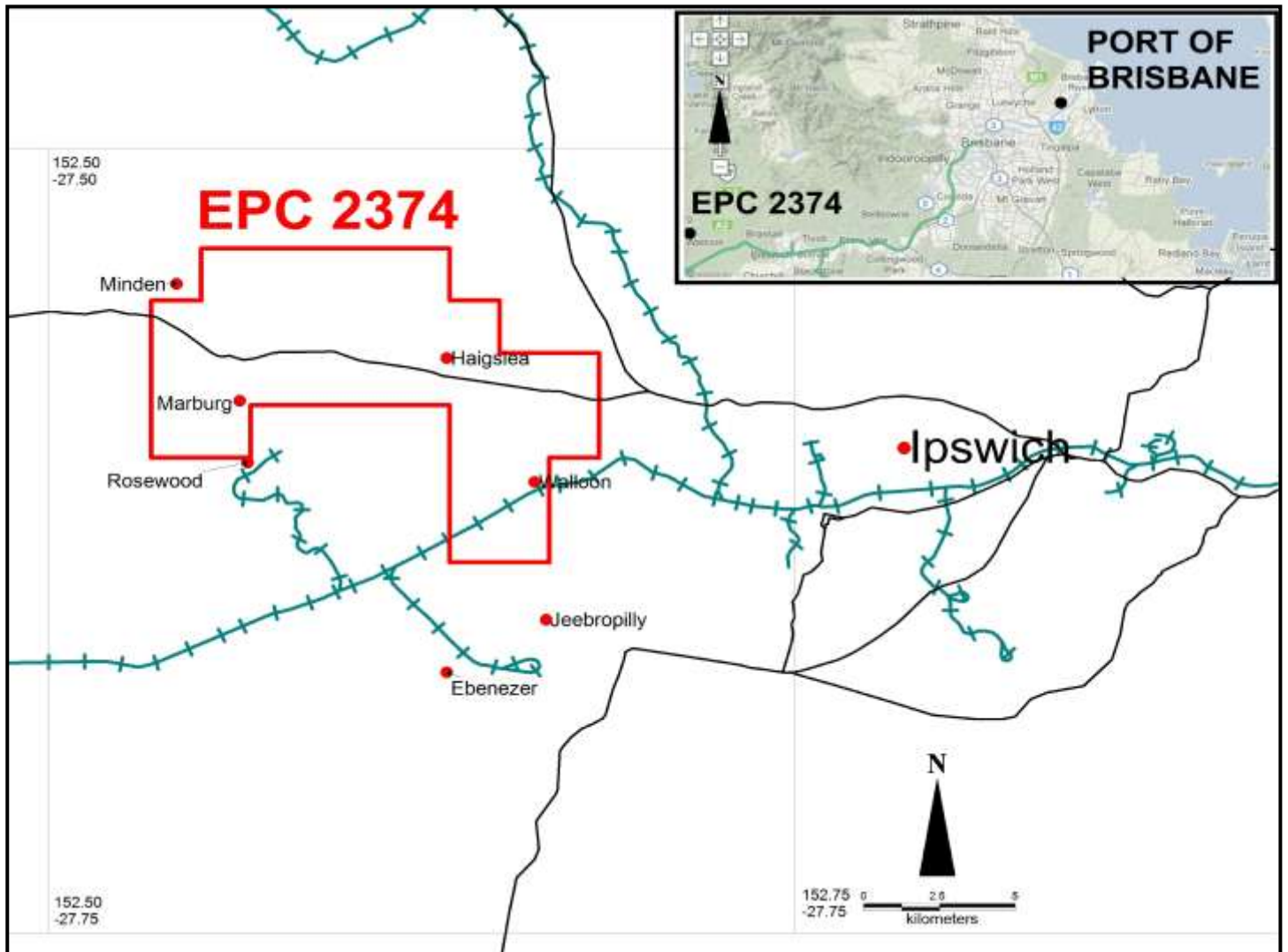
The first works to be undertaken on EPC 2374 will involve detailed data search of existing geological data and mapping of coal measure strata exposed in road and rail cuttings within the area. A detailed exploration program including drilling will then follow.

Contacts

For further information please contact

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Plan 1