



22 February 2021

ALLEGIANCE COMPLETES A\$15M PRIVATE PLACEMENT

HIGHLIGHTS

- Allegiance successfully completes \$15M placement with sophisticated and professional investors (**Placement**).
- A share purchase plan will follow capped at \$2 million.
- The placement was strongly supported by a number of Australian and offshore institutional investors.
- Funds raised will be applied towards:
 - Mine and equipment refurbishment at New Elk;
 - Completing the Tenas environmental assessment application;
 - Debt repayment; and
 - General working capital.

Allegiance Coal Limited (**Allegiance** or the **Company**) is pleased to announce the successful completion of a \$15 million placement at \$0.08 per share (**Placement**). The Company also intends to offer a share purchase plan (**SPP**) to shareholders at \$0.08 per share, the same price as the Placement, capped at \$2 million.

Funds raised from the Placement will be applied towards development at New Elk, the Tenas environmental assessment application, debt repayment and working capital.

Following the Placement, the Company is strongly positioned to advance the New Elk mine into production by mid-2021 whilst continuing to advance approvals for the Tenas project.

Mark Gray, Chairman and Managing Director commented:

“The Placement was well received with interest from offshore and Australian institutional and wholesale investors. On behalf of the Board I would also like to thank our existing shareholders for their ongoing support.

As we finalise our US\$15 million debt facility, the capital raising will support the development of New Elk, for first production in mid-2021, alongside progressing our Tenas asset in conjunction with joint venture partner Itochu.

Having already optimised start-up capex for New Elk to US\$13.5 million, including working capital, the Company is committed to fast tracking coal sales with the combined New Elk development and blending strategy.”

Petra Capital Pty Limited acted as sole lead manager and sole bookrunner to the Placement, Jett Capital Advisors, LLC acted as a co-lead manager.

The Placement price of \$0.08 per share represents a 15.8% discount to the last close price, a 19.5% discount to the 5 day VWAP and a 17.5% discount to the 15 day VWAP.

The offering was made to both institutional investors pursuant to section 708(11) of the Corporations Act 2001 (Act), and sophisticated investors pursuant to section 708(8) of the Act.

Placement shares are intended to be issued on 3 March 2021, consisting of 124,302,414 shares under ASX Listing Rules 7.1 and 63,197,586 shares under ASX Listing Rules 7.1A. The Company will also issue 5,625,000 broker options under ASX Listing Rule 7.1 (exercisable at \$0.10 each, on or before 2 March 2024).

The SPP will allow eligible Australian and New Zealand shareholders on the register on the record date, (5pm Sydney time, 19 February 2021), to acquire up to \$30,000 worth of new shares, subject to the Company’s absolute discretion. The SPP is scheduled to open on 24 February 2021 and close at 5pm (Sydney time) on 27 March 2021. The full terms and conditions of the SPP will be announced on the ASX market announcements platform and made available to eligible shareholders on the SPP opening date.

Authorised for release by Chairman and Managing Director, Mark Gray.

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About Allegiance Coal

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company based in Vancouver, BC Canada, and is focussed on developing and mining metallurgical coal projects in North America and Western Canada. The Company is developing the Tenas metallurgical coal project, located in northwest British Columbia, in partnership with Itochu Corporation. The Tenas Project has a completed definitive feasibility study and is now in the permitting process targeting H2 2022 for the commencement of production. In October 2020, the Company completed the acquisition of the New Elk hard coking coal mine, a fully permitted and constructed mine located in southeast Colorado, US. The Company is targeting to return the New Elk mine to production in 2021.
