



13 November 2020

ALLEGIANCE COMPLETES A\$7.5M PRIVATE PLACEMENT

HIGHLIGHTS

- Allegiance successfully completes \$7.5M placement with sophisticated and professional investors (**Placement**).
 - The Placement welcomes new shareholders to the register including a number of highly credentialed institutional investors.
 - Funds raised will be applied towards:
 - Development working capital at New Elk until Allegiance is able to conclude project debt funding; and
 - Completing the Environmental Assessment Application for the Tenas Project targeted for lodgement end of January 2021.
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Allegiance Coal Limited (**Allegiance** or the **Company**) is pleased to announce the successful completion of a \$7.5 million placement at \$0.05 per share.

Funds raised will be applied towards:

- Development working capital at New Elk until Allegiance is able to conclude project debt funding;
- Completing the Environmental Assessment Application for the Tenas Project targeted for lodgement end of January 2021; and
- General working capital.

Following the Placement, the Company is strongly positioned to finalise the steps required to secure the US\$25 million of project debt funding, currently under term sheet, for the development of New Elk as well as undertaking other activities preparatory to bringing the mine back into production, whilst continuing to advance approvals for the Tenas project.

Mark Gray, Chairman and Managing Director commented:

"We are delighted with the support for the Placement and welcome a number of highly credentialed institutional investors to the register. On behalf of the Board I would also like to thank our existing shareholders for their ongoing support."

The capital raising represents an important step in the development of New Elk, as we target first production in mid-2021, alongside progressing our Tenas asset in conjunction with joint venture partner Itochu. The Company is advancing discussions with several mine owners in relation to blending New Elk low sulphur coal with high sulphur Alabama high Vol A hard coking coal. Blending appears to offer an opportunity with potential earnings upside, once New Elk is returned to production. The Company will provide further details to the market once agreements are reached with counter-parties.”

Petra Capital Pty Limited acted as sole lead manager and sole bookrunner to the Placement. The Placement price of \$0.05 per share represents a 7.4% discount to the last close price and a 14.9% discount to the 5 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 20 November 2020 consisting of 83,150,907 shares under ASX Listing Rules 7.1 and 67,649,356 shares under ASX Listing Rules 7.1A.

Subject to shareholder approval, Company directors Mark Gray and Jonathan Reynolds have subscribed for 2,000,000 and 200,000 of the Placement Shares, respectively.

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.
