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**ALLEGIANCE COAL LIMITED (ASX : AHQ)**

**AMENDMENT**

**DRILLING TO COMMENCE AT BACK CREEK**

**ON 7 JUNE 2012**

Allegiance Coal Limited (the Company) is pleased to announce that drilling will recommence at its Back Creek (EPC 1297) project in the Surat Basin on Wednesday 7 June 2012. This follows the successful IPO raising of \$7 million and listing of the Company on the ASX on Tuesday 29 May.

The latest drilling program at Back Creek will entail the drilling of 32 holes, including 5 cored holes. The program is expected to be completed by mid August 2012 (weather permitting) and has been designed to provide sufficient information to allow the reporting of JORC Resources in Q3 2012.

The Company completed its earlier drilling in the northern section of EPC 1297 in Q2 2011. To enable drilling in the southern part of the tenement, negotiation of site access agreements and the clearing of drill sites has been required within the Barakula and Quandong State Forests which have been completed over the last few months. See plan over page.

The Company has a target within the range of 60-80 million tonnes<sup>(1)</sup> of shallow, open cut low ash thermal coal for the Back Creek Project in the Surat Basin.

30 May 2012

Colin Randall  
BEng (Mining), FAusIMM  
**Managing Director**

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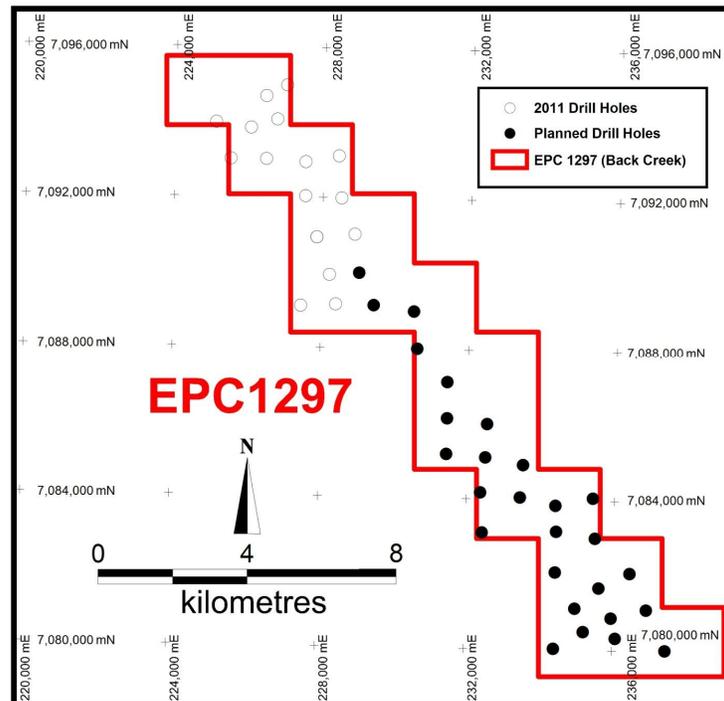
***Exploration Target Clarification***

(1) All statements pertaining to the Company's exploration target and statements as to the potential quantity and grade made in this Statement are conceptual in nature. There has been insufficient exploration undertaken to date to define a coal resource in accordance with the JORC Code, and it is uncertain if further exploration will result in the definition of a coal resource in accordance with the JORC Code

***Competent Person Statement***

*Mr Colin Randall is the Managing Director of Allegiance Coal Limited and is a Fellow of the Australasian Institute of Mining and Metallurgy. He has a minimum of 15 years experience in the field of activity being reported on and is a Competent Person as defined in the JORC Code. This announcement accurately summarises and fairly reports his assessment and where required, has consented to the report in the form and context in which it appears.*

**The Company will provide regular updates on the progress of the campaign. We urge all shareholders not yet registered for our "Email News Service" to do so on : [www.allegiancecoal.com](http://www.allegiancecoal.com).**



## AHQ LISTS 29 MAY 2012

Yesterday Allegiance Coal Limited listed on the ASX with the majority volume being in the range of 12.0 cents to 12.5 cents. As a large shareholder, I was disappointed on our first day! However, as we are in a time where some 40 potential IPOs have been withdrawn, it is perhaps understandable.

As you are all aware, Allegiance Coal has what, we believe, is a first class portfolio of prospects and, subject to the currently planned drilling programmes at Back Creek and Kilmain, with excellent prospects over the coming medium term. Of great importance is that under Managing Director, Colin Randall, we have assembled an experienced group of professionals capable of materialising and implementing our plans. When 3 billion people in the developing world strive to acquire the standard of living that the top billion now have, future demand for energy – and that means coal will continue to accelerate. Allegiance plans to be ready to meet that certain demand!

AW Howland-Rose  
MSc, DIC, FGS, FIMMM, FAusIMM, MAICD, FAIG, CEng  
**Chairman**

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