

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Allegiance Coal Limited

ABN

47 149 490 353

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9.months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(1,011)	(2,756)
(b) development		
(c) production		
(d) staff costs	(1,187)	(2,464)
(e) administration and corporate costs	(220)	(682)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(108)	(285)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,526)</b>	<b>(6,187)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(5,338)	(5,338)
(d) exploration & evaluation	(1,651)	(3,711)
(e) investments		
(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
	Net recovery of reclamation bond	1,474	4,653
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(5,515)</b>	<b>(4,396)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	18,408	32,525
3.2	Proceeds from issue of convertible debt securities	2,000	5,000
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,143)	(1,793)
3.5	Proceeds from borrowings	-	42
3.6	Repayment of borrowings	(7,812)	(15,838)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid		
3.9	Other (provide details if material)		
	Itochu advances to TCL	86	345
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>11,539</b>	<b>20,281</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	6,672	442
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,526)	(6,187)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,515)	(4,396)
	Cash in subsidiary on acquisition	-	30

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9.months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,539	20,281
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>10,170</b>	<b>10,170</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	6,419	4,021
5.2	Call deposits	3,751	2,651
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>10,170</b>	<b>6,672</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	436
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

Directors' remuneration

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7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	47,003	47,003
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>		
7.5	<b>Unused financing facilities available at quarter end</b>		0
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>In July 2020, the Company secured up to \$8 million of funding by way of a secured convertible note issued to Mercer Street Global Opportunity Fund LLC (Mercer), a New York based investment fund; \$662,000 of which was drawn in August 2020; \$1,338,000 of which was drawn in September 2020; \$1,000,000 of which was drawn in October 2020; and \$2,000,000 of which was drawn in January 2021; and with further amounts to be drawn at the discretion of the parties subject to any required shareholder approval. In August 2020, following receipt of the tranche 1 funds, notes with a face value of \$772,105 maturing 5 August 2021 were issued. In September 2020, following receipt of the tranche 2 funds, notes with a face value of \$1,561,228 maturing 24 September 2021 were issued. In October 2020, following receipt of the first tranche 3 funds, notes with a face value of \$1,150,000 maturing 30 October 2021 were issued. In January 2021, following receipt of the second tranche 3 funds, notes with a face value of \$2,300,000 maturing 20 January 2022 were issued. The notes are convertible at Mercer's election into ordinary shares on the following terms : for the tranche 1 and 2 notes, the conversion price is the lesser of A\$0.10, or 92% of the lowest daily VWAP of Allegiance shares selected by Mercer for the 10 trading days on which Allegiance shares are traded in the ordinary course of business on the ASX ending on the date immediately prior to a conversion notice; and for the tranche 3 notes, the conversion price is the lesser of A\$0.15, or 90% of the lowest daily VWAP of Allegiance shares selected by Mercer for the 10 trading days on which Allegiance shares are traded in the ordinary course of business on the ASX ending on the date immediately prior to a conversion notice. If the note is not converted, it will be repaid on maturity at its issued face value. By 31 March 2021, the Fund had converted \$1,075,000 of the notes to ordinary shares.</p> <p>In October 2020, in connection with the acquisition of New Elk Coal Company LLC (New Elk), the Group has assumed a note, maturing 1 July 2030, in favour of Cline Mining Corporation. The note is interest free and secured against the assets of New Elk, but subordinated to up to US\$40 million of project debt. The face value of the note, net of US\$4 million of Allegiance shares issued on closing, is US\$35.12 million. US\$3 million of the note was repaid in January 2021 from funds held by the Colorado government as security for rehabilitation bonds, which was released upon replacement with an insurance surety bond. A further initial debt repayment of US\$6 million is payable on the earlier of the date New Elk commences commercial production and 1 December 2021. The balance of the note is repayable in quarterly instalments from 60% of New Elk's net cash flow after providing for preferred debt payments and for sustaining and working capital requirements.</p> <p>In September 2020, the Group received a C\$40,000 loan from the Canadian government as part of its response to Covid-19. The loan is unsecured, interest free and repayable on or before 31 December 2022.</p>		

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<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,526)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,651)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(4,177)
8.4 Cash and cash equivalents at quarter end (item 4.6)	10,170
8.5 Unused finance facilities available at quarter end (item 7.5)	0
8.6 Total available funding (item 8.4 + item 8.5)	10,170
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	2.4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2021

Authorised by: Board of directors  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.