



13 September 2018

The Manager
Markets Announcements Office
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Sir / Madam

Notice under section 708(5)(e) of the Corporations Act 2001 (Cth)

Allegiance Coal Limited (**Company**) hereby notifies the ASX under section 708(5)(e) of the Corporations Act 2001 (Cth)(**Act**), that as outlined in the Company's announcement of 13 September 2018, the Company placed 45,970,287 fully paid ordinary shares in the Company pursuant to a private placement to sophisticated and professional investors under its existing capacity under ASX Listing Rule 7.1 (**New Shares**). The New Shares will be allotted on or about 20 September 2018.

The Company confirms that:

1. The New Shares are to be issued without disclosure to investors under Part 6D.2 of the Act;
2. This notice is being given under section 708A(5)(e) of the Act;
3. As at the date of this notice, the Company has complied with:
 - a) The provisions of Chapter 2M of the Act as they apply to the Company; and
 - b) section 674 of the Act; and
4. As at the date of this notice, other than as set out below, there is no information for the purposes of sections 708A(7) and 708A(8) of the Act:
 - a) That has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - b) That investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - i. The assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - ii. The rights and liabilities attaching to the New Shares.

As has been previously announced, the Company has for many months been in discussions with several potential joint venture partners in relation to its Telkwa Metallurgical Coal Project, located in northwest British Columbia, Canada (**Telkwa Project**).



Following a recent site visit by a major Japanese trading house (**JTH**), the JTH has offered investment and joint venture terms to Telkwa Coal Limited, the Company's wholly owned Canadian subsidiary that owns a 100 percent interest in the Telkwa Project.

Subsequently, the JTH and the Company have entered into a terms sheet (**Terms Sheet**) allowing time for approvals to be obtained, and for the negotiation of binding and definitive agreements, in relation to that potential investment and joint venture.

The Company cautions investors that the provisions of the Terms Sheet in relation to the potential investment and joint venture are and remain non-binding and that an investment decision should not be made on the basis of this information. There can be no certainty that any binding agreement or agreements will be reached, or that any concluding transaction will eventuate.

The Company will make a further announcement in the event that the negotiations complete and binding agreements are executed.

For more information, please contact:

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About Allegiance Coal

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company advancing a metallurgical coal mine into production in British Columbia, Canada. The Telkwa metallurgical coal project (**Project**) includes three pit areas comprising 125.8Mt of JORC compliant coal resource of which 102.3Mt is in the Measured Category; 22.3Mt is in the Indicated Category; and 1.2Mt is in the Inferred Category. In 2017 the Company completed a pre-feasibility study declaring 42.5Mt of saleable coal reserves, and positioning the Project in the lowest five percentile of the global seaborne metallurgical coal cost curve. The Company is now undertaking a full feasibility study of the Tenas Pit (**Tenas Project**) which represents 21Mt of those saleable coal reserves and is advancing the Tenas Project towards permitting and production.

Coal Resources & Reserves

The coal resources referred to in this announcement (unless otherwise stated in this announcement) were first reported in the Company's release of its updated geological model on 18 June 2018, supplemented by its 26 June 2018 announcement (together the **18 June Announcement**). The coal reserves referred to in this announcement (unless otherwise stated in this announcement) were first reported in the Company's release of its Staged Production PFS results on 3 July 2017 (**3 July Announcement**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the 18 June Announcement or the 3 July Announcement and that all material assumptions and technical parameters underpinning the estimates in the 18 June Announcement and the 3 July Announcement continue to apply and have not materially changed.
