



2 April 2020

CLARIFICATION REGARDING ANNOUNCEMENT DATED 1 APRIL 2020

Allegiance Coal Limited (**Company**) refers to its announcement to the Australian Securities Exchange dated 1 April 2020 (**1 April Announcement**) relating to the rail contract (**Contract**) and infrastructure funding (**Funding**) with Union Pacific Railroad (**Union Pacific**) and would like to clarify the following matters.

Clarification around the rail contract and infrastructure funding

The Company clarifies the explanation provided in the 1 April 2020 Announcement as follows.

- Is the Contract binding?

Yes, Union Pacific and Allegiance are parties to a binding offer that will be further memorialized in a Union Pacific standard transportation contract.

- What the nature and level of the assistance being provided by Union Pacific Railroad is in relation to the funding and construction of the 21 mile rail spur line under the Contract?

The nature of the funding is a capital rebate for every tonne of coal shipped up to a maximum of US\$20M which will be applied to the rail spur construction cost.

- What the term of the contract is?

The term of the transportation contract will be 10 years.

- Is there any other consideration paid under the Contract?

Not under the offer document. Under the transportation contract, Allegiance will pay Union Pacific for the movement of coal rail traffic.

- Are there any conditions precedent to the Contract?

Yes, completion of the acquisition of New Elk Coal Company LLC and the Union Pacific standard transportation contract also remains to be executed.

Authorised for issue by Mark Gray, Chairman and Managing Director

For more information, please contact:

Mr Mark Gray
Chairman & Managing Director
Mobile : +61 412 899979
Email : mgray@allegiancecoal.com.au

Mr Jonathan Reynolds
Finance Director
Mobile : +61 408 229 953
Email: jreynolds@allegiancecoal.com.au