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Japan Oil, Gas and Metals National Corporation (JOGMEC) Joint Venture with Allegiance Coal Limited Kilmain Project Update

Highlights

- Completed 11.25 km of seismic surveys
- Completed 12 km of ground magnetometer surveys
- Completed drilling of two holes and commenced a third drill hole

Allegiance Coal Limited (“Allegiance Coal”) is pleased to announce completion of the second phase of seismic surveys on its Kilmain project. Activities on the Kilmain Project commenced in mid September, 2014 with seismic and ground magnetometer surveys. Drilling on selected sites has then followed.

Total length of seismic surveys was 11.25 km with the first program being 7.75 km and the second phase completed on 15 November, 2014 of 3.5km. Ground magnetometer surveys to locate basalt involved 12km of survey lines.

Drilling is complete on two sites and a third hole has commenced. From one hole, coal cores from seam intersections within the Rangal Coal Measures have been sent for laboratory testing.

Results from seismic, ground magnetometer and drilling are being assessed with assessment expected to be completed by late December, 2014.

Background

On 29 August, 2014 the Australian Government’s Federal Investment Review Board approved of the Joint Exploration Agreement (“JEA”), in which **Japan Oil, Gas and Metals National Corporation (JOGMEC)** will provide up to \$3 million of exploration expenditure to Allegiance Coal over a 3 year period for the Kilmain Coal Project in three stages.

JOGMEC, a Japanese government owned corporation, will earn up to a 40% economic interest in the Kilmain Project and has the right to assign that interest to a Japanese nominee company in the future, in order to progress the project to development.

The Kilmain Project (EPC 1298 and EPC 1917) is a 56km² area within the Bowen Basin with coal seams within the Rangal Coal Measures.

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