



2 March 2020

ALLEGIANCE RAISES US\$2.5M BRIDGING LOAN

HIGHLIGHTS

- Allegiance has secured a US\$2.5M bridging loan (**Loan**) from the Nebari Natural Resources Credit Fund 1 LP (**Nebari**).
 - Allegiance expects to receive a proposal from Nebari for project debt funding to contribute to the start-up capital requirement of the New Elk hard coking coal mine located in south-east Colorado, US (**New Elk Mine**).
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Allegiance Coal Limited (**Allegiance**) is pleased to announce it has secured a US\$2.5M bridging loan from Nebari. The Loan is to bridge the working capital requirements of Allegiance through to the completion of a more substantial project debt funding package intended to contribute to the start-up capital requirement of the New Elk Mine. The Loan does not bind Allegiance to secure project debt funding from Nebari.

Nebari is a New York based manager of privately offered pooled investment vehicles including Nebari Natural Resources Credit Fund I LP, which is funding this transaction. The leadership team has deep experience with leading global mining companies and financial institutions. Nebari is known for partnering with motivated and capable management teams focused on achieving clear planned targets.

Chairman and Managing Director, Mark Gray, commented:

“The Board has been working with Nebari for several months in relation to a project debt funding facility for the start-up capital requirement of the New Elk Mine, during which time the opportunity arose for Nebari to provide Allegiance with a bridging loan. In challenging market conditions, the bridging loan offers a non-dilutive working capital facility for shareholders to allow the Board to continue to advance discussions with Nebari (and others) on the full debt funding package, coupled with other financing options for the start-up capital requirement of the New Elk Mine. Nebari is a global natural resources fund with a management team that has extensive operating experience in mining. To attract Nebari’s interest in debt financing the New Elk Mine is a testament to the quality of the project, and the management team in place to execute.”

The Loan will be applied to Allegiance’s general working capital requirements in connection with both the Tenas metallurgical coal project pending receipt by Telkwa Coal Limited from Itochu of the C\$3.6M tranche 3 payment, and the New Elk Mine acquisition.

Allegiance will also apply A\$678,000 of the Loan in repayment of the loan from Gullewa along with the issue of 6.8M shares in Allegiance to Gullewa (of which 3.4M shares are voluntarily escrowed for six months).

The Loan, which is secured over the assets of Allegiance (excluding the shares in Telkwa Coal Limited), does not bear interest but is repayable by paying the amount of US\$3.75M to Nebari upon the earlier of the C\$3.6M tranche 3 payment to Telkwa Coal Limited from Itochu Corporation, or 31 December 2020.



Authorised for issue by Mark Gray, Chairman and Managing Director

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About Allegiance Coal

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company based in Vancouver, BC Canada, and is focussed on developing and mining metallurgical coal projects in North America and Western Canada. The Company is developing the Tenas metallurgical coal project, located in northwest British Columbia, in partnership with Itochu Corporation. The Tenas Project has a completed definitive feasibility study and is now in the permitting process targeting H2 2022 for the commencement of production. On 15 July 2019, the Company announced the planned acquisition of the New Elk hard coking coal mine, a fully permitted and constructed mine located in southeast Colorado, US. The Company is targeting to return the New Elk Mine to production mid-2020.
