



29 April 2022

ACTIVITIES REPORT FOR THE QUARTER ENDING 31 MARCH 2022

KEY POINTS

- Coal sales for March quarter totalled US\$14.5M compared to US\$8.1M in the prior quarter.
 - Coal sales for March quarter would have totalled US\$32M but for delayed loading of an 80kt vessel due to one of three ship-loaders breaking down at McDuffie Coal Terminal, Alabama during March. The coal was at port, the vessel was ready to berth, and the buyer had issued the letter of credit for loading in March. The cargo was loaded and shipped early April.
 - Taking this into account, the pro-forma cash operating loss for the March quarter would have been ~A\$3 million compared to A\$12 million in the prior quarter reflecting the improvement in production and prices achieved at both Black Warrior and New Elk, and confirming Allegiance is well on its way to profitability following its start-up nine months ago.
 - Black Warrior run-of-mine coal production (**ROM**) for March quarter totalled 56kt (with 40% of that in the month of March) compared to 51kt in the prior quarter. The significant increase in March was due to the commencement of three of the five x 150t dump trucks replacing the 50t dump trucks in waste rock removal.
 - New Elk ROM production for March quarter totalled 92kt, (50% of which was in the month of March) compared to 77kt for the prior quarter. The significant gains in production were achieved in late February and March. It has been very pleasing to see the productivity continue to increase into April to date. Production for March was the best monthly performance since start-up and April is on track to be better again.
 - Average pricing for coking coal sales improved in March quarter to US\$238/t versus US\$118/t in the prior quarter. The improvement reflects the sale of Black Warrior coal into the seaborne met coal market as opposed to the domestic thermal coal market, still below high-vol A benchmark due to negotiation of sales prior to receiving Black Warrior's positive carbonisation test results.
 - The price outlook for both high vol A and high vol B remains strong currently US\$464/t and US\$454/t respectively. We expect to get closer to benchmark pricing in the June quarter although there will be some discount as cargos in the June quarter are trial shipments to customers and residual commitments on lower specification coal.
 - We are on course for another major step change this quarter with continued improvements in production volumes, further improved pricing, and hopefully minimal impact now from COVID.
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Comments from Chairman and CEO Mark Gray:

“We always knew this was going to be a big quarter for Allegiance. We had the sales in the pipeline, our productivity and pricing were improving, Black Warrior coke strength had been validated with excellent CSR results, and we were a fraction away from delivering a maiden operating profit after 9 months of start-up. This is not surprising with revenue increasing four-fold, adjusting for the delay in loading the 80kt cargo.

“Black Warrior has 90% of its scaled-up equipment fleet now operating. New Elk production in March was its best, and April is tracking to step up again by 25%. Overall, operations are starting to perform as anticipated. We are now very much on our way and with the arrival of two highly respected mining professionals in May this year to lead the company, Jon Romcke as CEO and Paul Vining as Non-Exec Chair, the company is in excellent hands to deliver on its promise to shareholders.”

Production Totals

Metric tonnes	Prior Quarter Dec 2021	Quarter Ended Mar 2022	FY22 YTD
ROM coal production	127,570	148,864	422,458
Saleable coal production	62,566	87,568	239,459
Coal purchased	11,279	44,160	55,439
Total coal sales	68,207	55,603	146,310
Total coal sales adjusted for loading delay	68,207	134,461	225,168
Coal stocks at end of period	69,148	133,015	133,015

Sales and pricing

		Prior Quarter Dec 2021	Quarter Ended Mar 2022	FY22 YTD
Coal sales mix				
High-vol A	%	-	36	14
High-vol B	%	93	64	68
Thermal	%	7	-	18
Average pricing				
Platts PLV	US\$/t	375	465	367
Platts high-vol A	US\$/t	371	421	346
Platts high-vol B	US\$/t	302	395	297
US domestic thermal	US\$/t	-	-	-
Average price achieved				
High-vol A FOBT	US\$/t	-	229	229
High-vol B FOBT	US\$/t	117	275	173
Thermal FOBR	US\$/t	136	-	94
Total revenue	US\$'000	8,060	14,510	24,302
Total revenue	A\$'000	11,060	20,034	33,450
Total revenue delay adjusted	US\$'000	8,060	32,016	41,808
Total revenue delay adjusted	A\$'000	11,060	44,205	57,622

Black Warrior

Health and Safety

Calendar year to date Black Warrior has zero lost time incidents and one reportable injury.

Production

Metric tonnes	Prior Quarter Dec 2021	Quarter Ended Mar 2022	FY22 YTD
ROM coal production	50,836	56,411	139,635
Saleable coal production	31,674	47,902	103,910
Coal purchased	11,279	44,160	55,439
Total coal sales	4,664	44,818	71,883
Total coal sales adjusted for loading delay	4,664	96,450	123,515
Revenue US\$'000	638	11,547	13,923
Revenue US\$'000 adjusted for loading delay	638	23,009	25,386

ROM production increased slightly in March quarter with three of the five 150t dump trucks commencing in waste rock removal in the month of March. More than 40% of ROM production was achieved in the month of March.

There was a greater increase in saleable coal production with better recoveries achieved after gaining a better understanding of the washability characteristics of the Black Warrior coals which were, prior to our acquisition of Black Warrior, primarily sold ROM to the domestic thermal market.

We currently expect ROM production to exceed 150kt for the June quarter yielding around 110kt of saleable Black Warrior coal. That coupled with around another 20kt of purchased coal for the quarter will provide us with around 130kt of saleable coal for the June quarter.

Allowing for late loading of the 80kt cargo, Black Warrior sales revenue for the quarter was US\$23M, up from US\$0.6M in the prior quarter and achieving an average price of US\$238/t, with better than anticipated pricing as Black Warrior coal was sold into the seaborne met coal market.

Sales

Black Warrior completed three cargos in the March quarter (including the delayed vessel) and achieved an average price of US\$238/t up from the prior quarter of US\$137/t:

- A shared vessel with a major commodity trading house of a low specification coking coal totalling 35.4Mt of which 24.6Mt comprised Black Warrior and 10.8Mt of New Elk;
- A trial cargo of two holds totalling 20.2kt to a European steel mill comprising Black Warrior premium spec Mary Lee Blue Creek; and
- A 78.8kt vessel (the delayed loading vessel) contracted in October last year prior to the completion of Black Warrior's carbonisation tests, of low specification coking coal comprising 51.6Mt of Black Warrior and 27.2Mt of New Elk.

Generally pricing remained below index for the coal sold as the cargos were either contracted prior to completion of coke tests and sold with lower specifications, or were sold as trial cargos. June quarter will receive pricing nearer index.

Sales contracted for delivery in the June quarter include:

- A 30kt trial cargo to an Indian steel mill of Black Warrior premium spec Mary Lee Blue Creek which is currently ready for loading; and
- Around 40kt of lower spec Black Warrior.

We expect to have around an additional 50kt of premium Black Warrior Mary Lee Blue Creek saleable coal along with some purchased coal available for sale in the quarter in respect of which our sales agent is working to place.

New Elk

Health and Safety

Calendar year to date New Elk has zero lost time incidents and zero reportable injuries.

Production

Metric tonnes	Prior Quarter Dec 2021	Quarter Ended Mar 2022	FY22 YTD
ROM coal production	76,734	92,453	266,635
Saleable coal production	30,892	39,666	115,690
Coal purchased	-	-	-
Total coal sales	63,543	10,785	74,328
Total coal sales adjusted for loading delay	63,543	37,995	101,538
Revenue US\$'000	7,421	2,963	10,384
Revenue US\$'000 adjusted for loading delay	7,421	9,003	16,425

The months of February and March saw a significant step-up in productivity at New Elk.

Key drivers were:

- Realignment of the two sets of mains in the months of November and December 2021 allowing for a more efficient mine plan in better geological conditions;
- Weathering the heavy impact of COVID on the workforce in the months of January and early February and achieving a high level of natural and vaccinated immunity;
- The arrival of more and better skilled workers in January and February enabling us to settle our production crew without constant rotation of workers from crew to crew and generally getting the workforce settled including better housing.

In the March quarter we mined 92.5kt of ROM coal against 76.7kt in the prior quarter. Half of that production was in the month of March, while April is already on track to exceed that and reach more than 200kt of ROM

production in the June quarter. We still only have three production shifts operating per day; day and night shifts on #1 unit and day shift only on #2 unit.

We attempted to crew the fourth unit in February but decided to stop additional hiring and focus on improving our advance rates per shift. Advance rates and therefore productivity per crew has improved dramatically and we are now working to man the fourth crew which should assist us achieve our ROM production target of more than 300kt per quarter.

Sales

To leverage the positive coal price environment, the Company successfully negotiated a change in the delivery of the remaining three 70kt cargoes contracted last year ex-Port of Guaymas, for delivery in June, September, and November this year but at increased tonnage of 80kt per cargo and ex-Port of Mobile.

The new schedule allowed New Elk to supply some production in the quarter into a higher priced market. To that end, coal sales for the March quarter totalled 38kt (including the delayed vessel) directed to shared vessels ex-Port of Mobile, enabling the Company to achieve an average price of US\$237/t.

The immediate focus for the June quarter is to load the contracted 80kt cargo in June and for surplus coal production to be supplied into trial shipments.

Drum samples of New Elk have now been sent to steel mills in Japan, South Korea, Europe and Brazil with keen interest for trial cargoes. Our sales agent is working with a number of steel mills to schedule a trial shipment of up to 20kt in a vessel when it becomes available ex-Port of Mobile or a US West Coast port such as Long Beach, Los Angeles.

Short Creek

During the Quarter we released a JORC 2012 compliant resource statement in relation to the Short Creek project undertaken by Marshall Miller & Associates (**MM&A**).

The statement confirmed a 163Mt resource of the world class mid-vol Blue Creek and Mary Lee coals, summarised in the tables below.

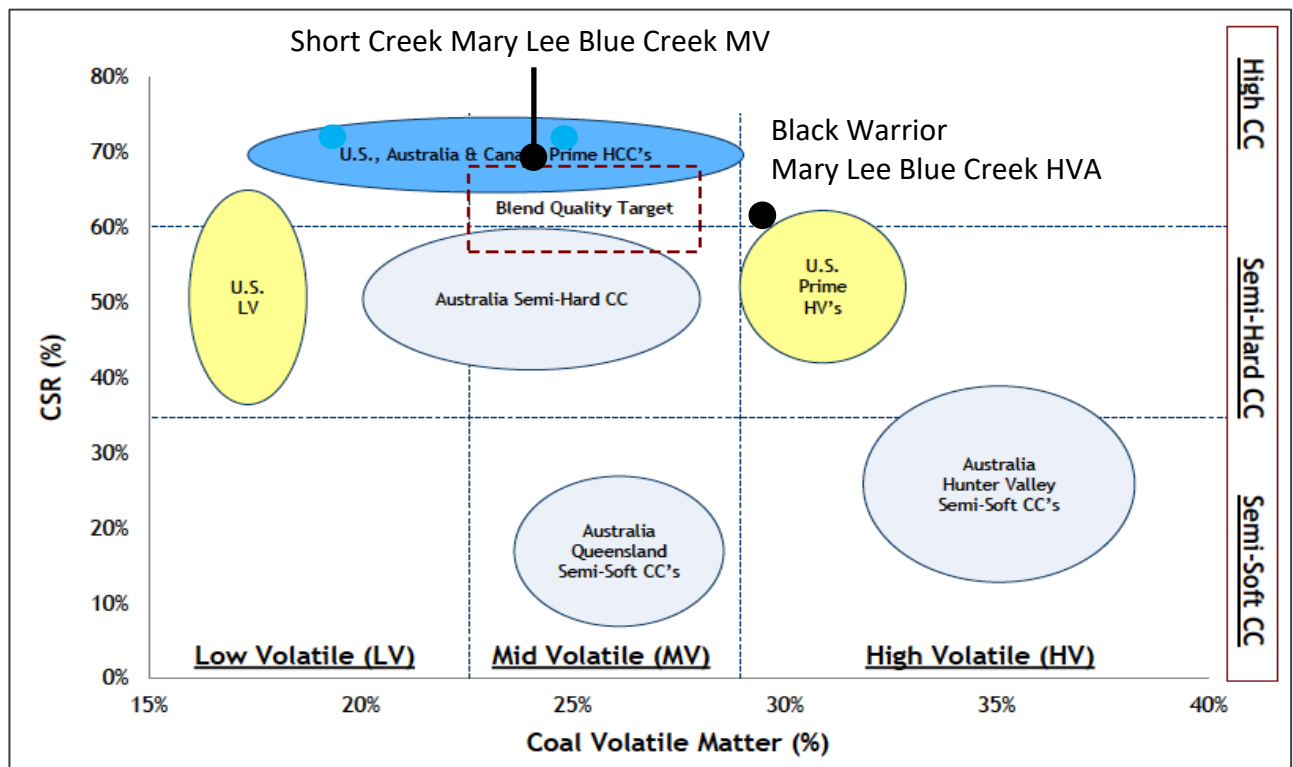
Leased	Measured Mt	Indicated Mt	Inferred Mt	Total Mt
Newcastle	9.1	11.9	-	21.0
Newcastle Leader	0.5	0.5	-	1.0
Mary Lee	17.7	39.1	-	56.8
Blue Creek Rider	1.9	5.3	-	7.2
Blue Creek	24.9	52.0	-	76.9
Total	54.1	108.8	-	163.0

Unleased	Measured	Indicated	Inferred	Total Mt
Newcastle	2.6	0.3	-	2.9
Newcastle Leader	0.0	0.0	-	0.0
Mary Lee	3.0	0.8	-	3.9
Blue Creek Rider	0.0	0.0	-	0.0
Blue Creek	3.0	0.6	-	3.6
Total	8.6	1.8	-	10.3

The Mary Lee and Blue Creek coal seams represent 87% of the coal resource and present as a tier 1 mid-vol hard coking coal highly regarded and sought after on the seaborne met coal market. Washability data indicates that at 1.45 to 1.40 SG the Mary Lee will wash to less than 10% ash delivering an on-specification premium CSR hard coking coal.

Washed at 1.5 SG (adb)		Newcastle	Mary Lee	Blue Creek
Proportion of resources	%	13	35	52
Ash	%	12.4	11.6	9.0
VM	%	26.1	25.3	24.9
Sulphur	%	2.5	0.9	0.7
FSI		9.0	8.8	8.1
Fluidity	ddpm	29,646	23,685	16,031
RoMax	%	1.14	1.18	1.16
CSR		-	69	69

The table below categorizes the variety of coking coals supplied to the seaborne market by reference to CSR and volatile matter. Steel mills use a blend of coking coals in their coke oven feed with a target blend quality highlighted below.



Source: Warrior Met February 2020 Presentation

As is clearly evident from the table above, Short Creek's mid-vol Mary Lee Blue Creek sits comfortably in the middle of the market's prime hard coking coals and as a consequence, is expected to attract demand and premium pricing. In addition, the high-vol A version of Mary Lee Blue Creek from Allegiance's Black Warrior Mine sits at the top of US prime high vol coking coals.

MMA have commenced a feasibility study in relation to the development of the Short Creek mine the results of which we expect to announce later in the year.

Tenas Project environmental assessment certificate application

During the quarter the Application for an Environmental Assessment Certificate for the Tenas Coking Coal Project (**Tenas Project**) was filed with the BC Environmental Assessment Office, Canada (**BC-EAO**).

This activated a nine month review process by the BC-EAO under the British Columbia Environmental Assessment Act 2002, summarised as follow:

- 1 to 2 month screening (now completed);
- 6 months review;
- 2 months for a joint decision by the Ministers for the Environment, and Energy, Mining & Natural Resources, respectively.

While the review process is time regulated history tells us that it does take longer than nine months. How long will depend on the quality of the application we have submitted.

Expenditure on mining exploration activities

In accordance with ASX Listing Rule 5.3.1, the Company advises its exploration and evaluation expenditure during the March quarter totalled \$714k for operating activities (included at Item 1.2(a) of the Appendix 5B) and \$917k for investing activities (included at Item 2.1(d) of the Appendix 5B).

Operating activities payments relate to costs associated with New Elk, Black Warrior and Short Creek development activities and include \$640k in relation to drilling work and \$74k for various engineering and consulting services. Investing activities payments relate to environmental/engineering consulting services related to progressing the Environmental Assessment Certificate documentation for the Tenas project.

In accordance with ASX Listing Rule 5.3.2, the Company advises its mining development activities expenditure during the March quarter totalled \$nil for operating activities (included at Item 1.2(b) of the Appendix 5B).

In accordance with ASX Listing Rule 5.3.2, the Company advises its mining production activities expenditure during the March quarter totalled \$29,674k for operating activities (included at Item 1.2(c) of the Appendix 5B). \$8,449k of the expenditure relates to the New Elk Mine and \$21,225k of the expenditure relates to the Black Warrior Mine, including \$11,568k for the purchase of coal from third parties for on-sale in the March and June quarters.

Activities conducted during the quarter are described in further detail in sections above.

Payments to Related Parties and their Associates

In accordance with ASX Listing Rule 5.3.5, payments to related parties of the Company and their associates during the quarter totalled \$428k and related to remuneration to executive and non-executive directors. Refer to the Remuneration Report in the Annual Report for further details on director remuneration. These amounts are included at Item 6.1 of the Appendix 5B.

Corporate

The board was saddened to announce the passing of Malcolm Carson in February 2022. He was a valued non-executive director and will be missed.

During the quarter Matthew Wall was appointed as a Non-Executive Director. Matt has worked in coal sales and marketing, and bulk commodity logistics for more than 30 years. His depth of knowledge in these areas is enormous and complements well with the coal mining technical skills and experience already present on the Board.

During the quarter the Company was very pleased to advise the proposed appointment of two seasoned mining executives to lead the Company: Paul Vining as Non-Executive Chairman designate and Jonathan Romcke as Chief Executive Officer designate.

Paul is one of the most recognised and respected coal mining executives in the US and Jon's CV and reputation in the industry speaks for itself. As a mining engineer with almost 40 years' experience, most of which he enjoyed in underground coal mines in New South Wales with BHP, Oakridge and Xstrata, Jon brings to our organisation a depth of knowledge and management discipline critical to achieving the growth targets in front of us.

Paul and Jon will form a powerful leadership duo for Allegiance as it grows its two producing mines, Black Warrior and New Elk, and develops the Short Creek underground mine.

During the March quarter, the Group has drawn US\$13.7 million in supply chain finance, secured by inventory holdings, and repayable, together with the cost of funds of US\$0.8 million, from coal sales revenue in the June quarter.

Authorised for release by Chairman and Managing Director, Mark Gray.

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About Allegiance Coal

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company focused on the development, operation and supply of steel making coal to the seaborne market. With operating mines in southeast Colorado, central Alabama, as well as a development project in northwest British Columbia, Allegiance is well placed to supply steel making coal to both the Pacific and Atlantic markets.

Forward-looking statements

This announcement contains forward-looking statements. Wherever possible, words such as "forecast", "expects", "scheduled", "estimates", "anticipates", "believes", and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify these forward-looking statements. Although forward-looking statements contained in this announcement reflect Allegiance management's current beliefs based upon information currently available and based upon what management believes to be reasonable assumptions, Allegiance cannot be certain that actual results will be consistent with these forward-looking statements. A number of factors could cause events and achievements to differ materially from the outcomes expressed or implied in the forward-looking statements. There can be no assurance that the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, prospective investors should not place undue reliance on forward-looking statements. Any forward-looking statements are made as of the date of this announcement, and Allegiance assumes no obligation to update or revise them to reflect new events or circumstances, unless otherwise required by law.

Tenement Summary

Tenure Number	Owner	Project	Tenure Type	Area (ha)
British Columbia Canada				
DL 230; PID - 014-958-724	Telkwa Coal Ltd	Telkwa	Freehold	259
DL 237; PID - 014-958-732	Telkwa Coal Ltd	Telkwa	Freehold	259
DL 389; PID - 014-965-666	Telkwa Coal Ltd	Telkwa	Freehold	262
DL 391; PID - 014-965-674	Telkwa Coal Ltd	Telkwa	Freehold	262
DL 401; PID - 014-965-682	Telkwa Coal Ltd	Telkwa	Freehold	259
353440	Telkwa Coal Ltd	Telkwa	Coal License	259
334059	Telkwa Coal Ltd	Telkwa	Coal License	269
327972	Telkwa Coal Ltd	Telkwa	Coal License	259
327836	Buckley Valley Coal Ltd	Telkwa	Coal License	259
327837	Buckley Valley Coal Ltd	Telkwa	Coal License	259
327838	Buckley Valley Coal Ltd	Telkwa	Coal License	259
327839	Buckley Valley Coal Ltd	Telkwa	Coal License	259
327845	Buckley Valley Coal Ltd	Telkwa	Coal License	259
328672	Buckley Valley Coal Ltd	Telkwa	Coal License	259
327834	Telkwa Coal Ltd	Telkwa	Coal License	130
327840	Telkwa Coal Ltd	Telkwa	Coal License	259
327865	Telkwa Coal Ltd	Telkwa	Coal License	259
327866	Telkwa Coal Ltd	Telkwa	Coal License	259
327936	Telkwa Coal Ltd	Telkwa	Coal License	259
327944	Telkwa Coal Ltd	Telkwa	Coal License	259
327951	Telkwa Coal Ltd	Telkwa	Coal License	259
327952	Telkwa Coal Ltd	Telkwa	Coal License	259
327953	Telkwa Coal Ltd	Telkwa	Coal License	259
327954	Telkwa Coal Ltd	Telkwa	Coal License	259
327964	Telkwa Coal Ltd	Telkwa	Coal License	259
327965	Telkwa Coal Ltd	Telkwa	Coal License	259
Queensland Australia				
1298	Mineral & Coal Investments PL	Kilmain	Exploration Permit	2800
1917	Mineral & Coal Investments PL	Kilmain	Exploration Permit	2800
Colorado United States				
607075	New Elk Coal Company LLC	Lorencito	Coal Lease	7228
635047	New Elk Coal Company LLC	New Elk	Coal Lease	12,116
635047	New Elk Coal Company LLC	New Elk	Coal Lease	729
635047	New Elk Coal Company LLC	New Elk	Freehold	477
635047	New Elk Coal Company LLC	New Elk	Freehold	101
Alabama United States				
Privately owned	Black Warrior Minerals, Inc	Black Warrior	3 Coal Leases	510
Privately owned	Black Warrior Minerals, Inc	Black Warrior	7 Land Leases	510

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 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9.months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13,663	27,289
1.2 Payments for		
(a) exploration & evaluation	(714)	(2,440)
(b) development		
(c) production	(29,674)	(53,541)
(d) staff costs	(7,555)	(20,068)
(e) administration and corporate costs	(81)	(356)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(148)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(24,359)	(49,264)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(3,128)	(24,751)
(d) exploration & evaluation	(917)	(2,234)
(e) investments		
(f) other non-current assets	258	(10,693)

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

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)		
2.6	Net cash from / (used in) investing activities	(3,787)	(37,678)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	61,510
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(4,499)
3.5	Proceeds from borrowings	18,864	31,052
3.6	Repayment of borrowings	(1,573)	(12,932)
3.7	Transaction costs related to loans and borrowings	(780)	(1,123)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	16,511	74,008
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17,390	18,689
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(24,359)	(49,264)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,787)	(37,678)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	16,511	74,008

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9.months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	5,755	5,755

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,004	14,139
5.2	Call deposits	751	3,251
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,755	17,390

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	428
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

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	65,149	65,149
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		0
7.6 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>US\$8.9M loan from the Nebari Natural Resources Credit Fund 1 LP (Nebari) secured over the assets of the Company, does not bear interest but is repayable by paying the amount of US\$11.48M to Nebari on 24 May 2022.</p> <p>As at 31 March 2022, the Group has drawn US\$13.7 million in supply chain finance, secured by inventory holdings, and repayable, together with the cost of funds of US\$0.8 million, from coal sales revenue in the June 2022 quarter.</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 and a further US\$6 million of the note was repaid in 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 2023.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(24,359)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(917)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(25,276)
8.4 Cash and cash equivalents at quarter end (item 4.6)	5,754
8.5 Unused finance facilities available at quarter end (item 7.5)	0
8.6 Total available funding (item 8.4 + item 8.5)	5,754
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.23
<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: As the Company continues to grow the volume of coal sales to the seaborne market in the forthcoming quarters, it is anticipated that the current levels of net operating cash flows will not persist.

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: The Company has arranged supply chain finance to assist it meet its working capital requirements.

The Company requires additional funding to meet its business objectives and intends to secure such funding from sources including but not limited to:

- Further equity capital raisings;
- The potential farm-out of participating interests in the Company's tenements and rights; and / or
- Other financing arrangements.

The Company currently has capacity to place, without shareholder approval, 58,473,021 ordinary shares in accordance with ASX Listing Rule 7.1 and 38,982,014 ordinary shares in accordance with ASX Listing Rule 7.1A.

The Company's officers are in regular contact with Allegiance's major shareholders and other potential financiers and the Directors believe on reasonable grounds that the financing steps outlined above will be successful.

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: Having carefully assessed the likely future operating and financing cash flows (as set out in the answer to question 1 and 2 above), the Directors believe that the Company will be able to continue its operations and meet its business objectives for the foreseeable future.

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.

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: 29 April 2022

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.