



1 April 2020

ALLEGIANCE FINALISES THE NEW ELK COAL RAIL CONTRACT WITH AND SECURES RAIL INFRASTRUCTURE FUNDING SUPPORT FROM UNION PACIFIC RAILROAD

HIGHLIGHTS

- Allegiance has finalised commercial terms with Union Pacific Railroad for the hauling of coal from the New Elk Coal Mine (**New Elk Mine**) to either the Pasadena Deepwater Coal Terminal, Houston, in the Gulf of Mexico to access the European and Southern America steel markets, or to the Coal Port Guaymas in northern Mexico to access the Asian steel markets.
 - As part of the contract with Union Pacific, Allegiance has secured agreement from Union Pacific to participate in the cost of constructing around 21 miles of rail spur on an existing railbed from the New Elk Mine washplant connecting to the main railway line.
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Allegiance Coal Limited (**Allegiance** or **the Company**) is pleased to announce the granting of the rail contract for New Elk Mine to Union Pacific Railroad (**Union Pacific**), and as part of that contract, Union Pacific will assist Allegiance in funding the construction of around 21 miles of rail spur on an existing railbed from the New Elk Mine washplant connecting to the main railway line.

Union Pacific Railroad is the principal operating company of Union Pacific Corporation (NYSE: UNP). One of America's most recognized companies, Union Pacific Railroad connects 23 states in the western two-thirds of the country by rail, providing a critical link in the global supply chain. The railroad's diversified business mix is classified into its Bulk, Industrial and Premium business groups. Union Pacific serves many of the fastest-growing U.S. population centers, operates from all major West Coast and Gulf Coast ports to eastern gateways, connects with Canada's rail systems and is the only railroad serving all six major Mexico gateways. Union Pacific provides value to its roughly 10,000 customers by delivering products in a safe, reliable, fuel-efficient and environmentally responsible manner.

Chairman and Managing Director, Mark Gray commented:

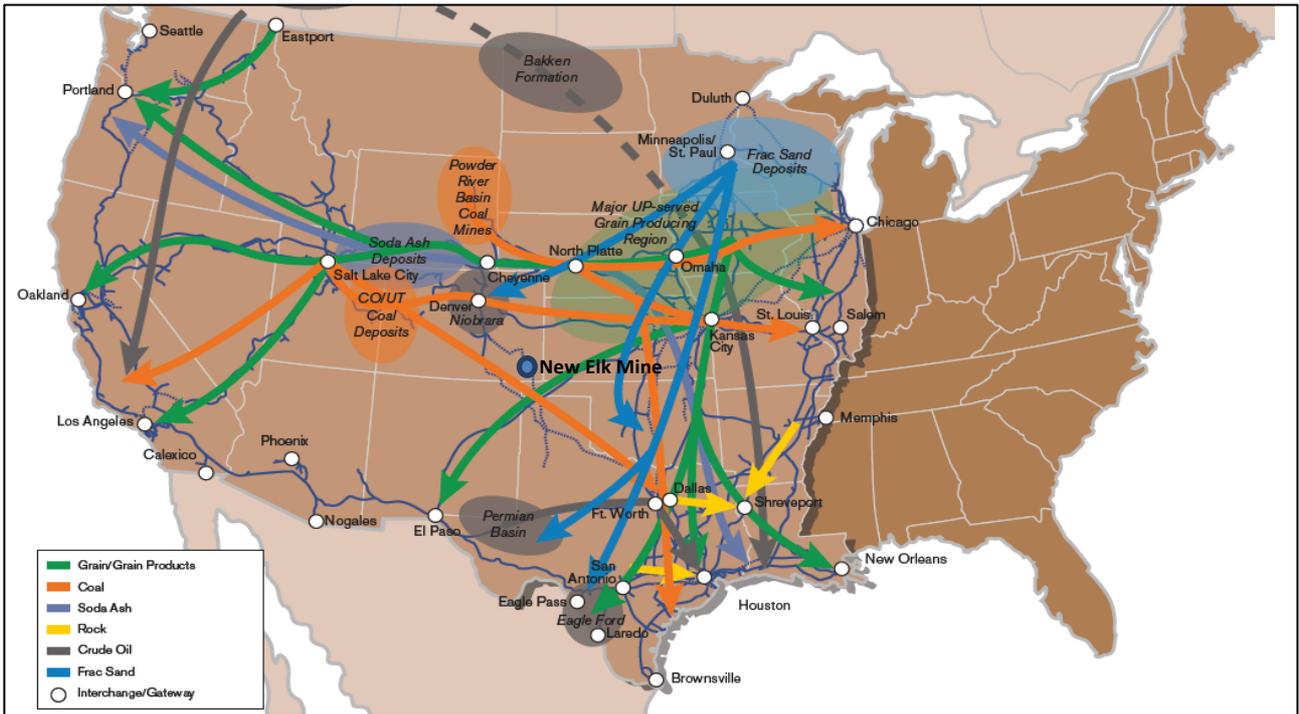
“Union Pacific is an iconic brand in the US rail industry with more than 150 years of history pioneering the US rail industry as it is known today. I am both thrilled and excited to announce the conclusion of negotiations with Union Pacific regarding the rail contract for the haulage of coal from our New Elk hard coking coal mine to either the Pasadena Deepwater Coal Terminal in the Bay of Houston, or to the Port of Guaymas Coal Terminal on the west coast of Mexico. Both BNSF Rail, the largest railway company by volume in the United States, and Union Pacific, bid on the contract. Union Pacific’s ability to competitively move New Elk coal to both the east coast of the United States and to the west coast of Mexico, was a critical factor in selecting Union Pacific. The layout of their track system including track sharing rights in the United States, along with their seamless service and connection into Mexico and moving products across the border, provided them with a distinct advantage. Added to that was a willingness on Union Pacific’s part to contribute funding for the rail spur from the mine washplant to the main railway line. This is a significant commitment by Union Pacific. We look forward to a very long relationship with Union Pacific Railroad.”



ALLEGIANCE COAL LIMITED

Union Pacific Railroad Rail Network

Union Pacific moves coal from the mid-west US thermal coal mines in Wyoming, Colorado and Utah for sale to domestic power utilities, as well as to the export market via the Ports of Houston, Los Angeles, Stockton and Richmond in the San Francisco Bay, and the Port of Guaymas inside the Baja Peninsula on the west coast of Mexico. The maps below illustrate Union Pacific's movement of bulk commodities across the US and Mexico.





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.
