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22 July , 2014

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Partial Loan Repayment

Mineral and Coal Investments Pty. Limited ('MCI') is a fully owned subsidiary of Allegiance Coal Limited ('Allegiance Coal'). MCI has loans to a value of \$3,086,164 (as at 30 June 2014) owing to Gullewa Limited and C. Randall & Associates Pty. Ltd, which were due for repayment on 30 June 2014, either in full or in part depending on certain conditions.

Allegiance Coal has negotiated the partial repayment of those loans by the repayment to Gullewa Limited of \$1,000,000 and the repayment to C. Randall & Associates Pty Ltd of \$200,000.

Allegiance Coal has also negotiated an extension of the repayment dates of the balance of the loans to 30 September 2015, subject to certain conditions.

These include that if MCI does not have sufficient cash to cover its 12 month operating budget at the repayment date, then the repayment date will be extended by a further 90 days. The repayment date can continue to be extended by 90 day periods in this manner if that condition cannot be met, until a sunset repayment date of 30 June 2017, at which time all of the debts must be repaid in full.

Interest is charged on the loans calculated on the 90 day bank bill swap rate plus 4%.

Cash at Bank

Allegiance Coal will have approximately two million dollars in cash at bank after this repayment.

For further information please contact :

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