



ALLEGIANCE COAL

LIMITED

POISED FOR PRODUCTION OF STEELMAKING COAL

CORPORATE PRESENTATION | OCTOBER 2020



Important Information

Forward Looking Statements. This Presentation contains forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this presentation, are considered reasonable. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Allegiance Coal Limited (**Allegiance or the Company**), its Directors (**Directors**) and Management. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this presentation will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

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Telkwa Coal Resources & Reserves. The Telkwa coal resources referred to in this presentation (unless otherwise stated in this presentation) were first reported in the Company’s release of its updated geological model on 18 June 2018, supplemented by its 26 June 2018 announcement (together the **June 2018 Announcement**). The Telkwa coal reserves referred to in this presentation (unless otherwise stated in this presentation) were first reported in the Company’s release of its Telkwa PFS results on 3 July 2017 (**July 2017 Announcement**), updated in the Tenas DFS on 18 March 2019 (**March 2019 Announcement**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the July 2017 Announcement, the June 2018 Announcement or the March 2019 Announcement (together the **Announcements**), and that all material assumptions and technical parameters underpinning the estimates in the Announcements continue to apply and have not materially changed.

New Elk Coal Resources & Reserves. The Company refers to its announcements of 15 July 2019 and 28 November 2019 regarding the resource and reserve estimates for the New Elk Mine insofar as they relate to the estimates other than for the Green, Blue and Allen seams. The Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and that all material assumptions and technical parameters underpinning the estimates in the previous announcements continue to apply and has not materially changed. The Company refers to its announcement of 31 January 2020 regarding the production targets and forecast financial information in respect of the New Elk Mine. The Company confirms that all the material assumptions underpinning the production targets and forecast financial information derived from the production target in that announcement continue to apply and have not materially changed, except in respect of the timing of the capital expenditure and production as disclosed in this announcement.

Cautionary Statement. Investors should note that the mineral resource estimates for New Elk in this presentation are foreign estimates under ASX Listing Rule 5.12 and are not reported in accordance with JORC Code (2012 Edition of the “Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”) (**JORC Code**). A competent person has not done sufficient work to classify the foreign estimates as a mineral resource under the JORC Code and it is uncertain that following further exploration or evaluation work that this foreign estimate will be able to be reported as a mineral resource in accordance with the JORC Code.



Allegiance is poised to capture a market recovery

886Mt of coal resources 673Mt is permitted

- 100% equity in New Elk Mine = 673Mt (permitted)
- 100% equity in Lorencito adjacent to New Elk = 88Mt
- 90% equity in Telkwa development project = 125Mt

Business strategy: investing in steel making coal where projects are

- Affordable with low start-up CAPEX and
- Insulated from price volatility with low OPEX

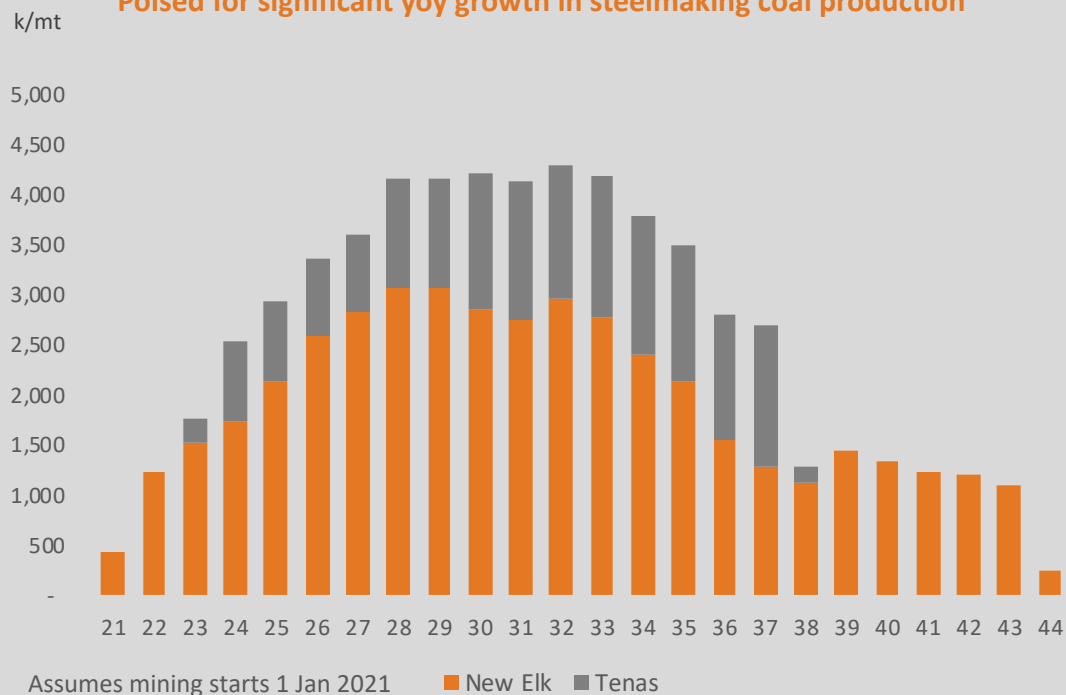
AHQ capital structure

Share price - at 14 October 2020	A\$	0.068
Number of shares on issue		619M
Market capitalisation	A\$	47M
Cash in AHQ at 30 Sep 20	A\$	1M
Top 5 Shareholders	28%	162M
Citicorp Nominees	10%	57M
HSBC Nominees	5%	35M
Mark Gray	4%	26M
JA Ashton Nominees QLD PL	4%	25M
GFT Nominees QLD PL	4%	25M

83Mt of saleable coal reserves

	New Elk	Telkwa		
		Tenas	Goathorn	Telkwa North
Hard coking coal	45.1Mt			
Semi coking coal		16.6Mt	13.9Mt	7.5Mt

Poised for significant yoy growth in steelmaking coal production





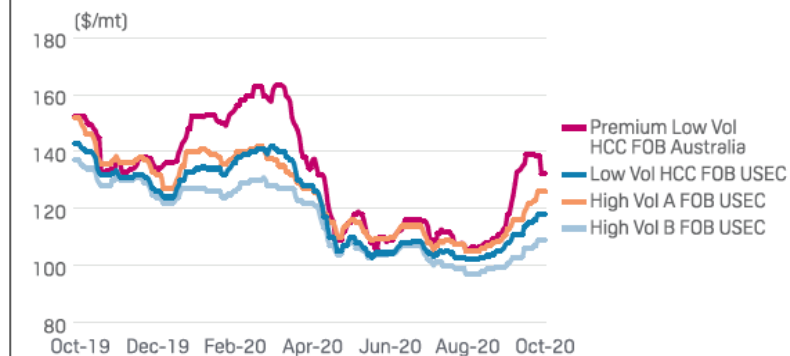
Covid-19 impact on seaborne met coal ... short lived

After sliding to a low of US\$107/t earlier in 20Q2, benchmark PLV HCC has rallied driven by Asia's auto sector, and a return by India to pre-COVID steel production. A forecast supply deficit in 2021 and 2022 bodes well for short term coking coal prices.

Macquarie Bank forecast benchmark PLV HCC at US\$145/t for 20Q4 and US\$158/t for 2021.

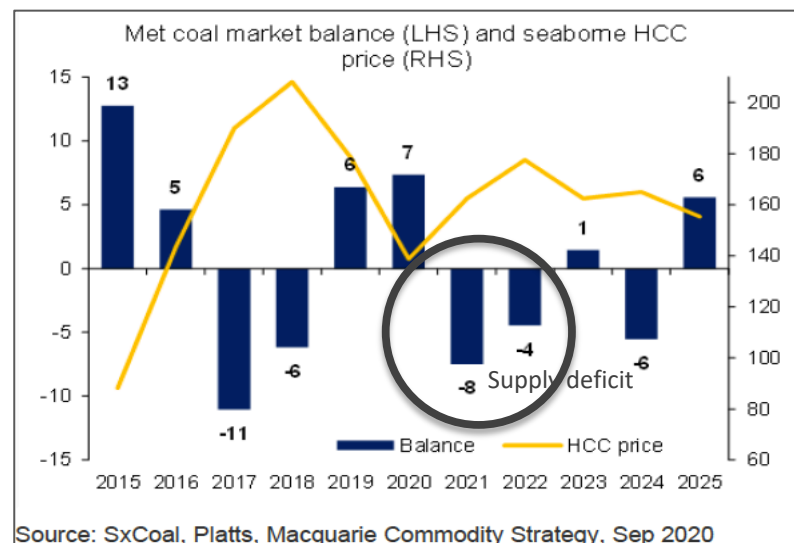
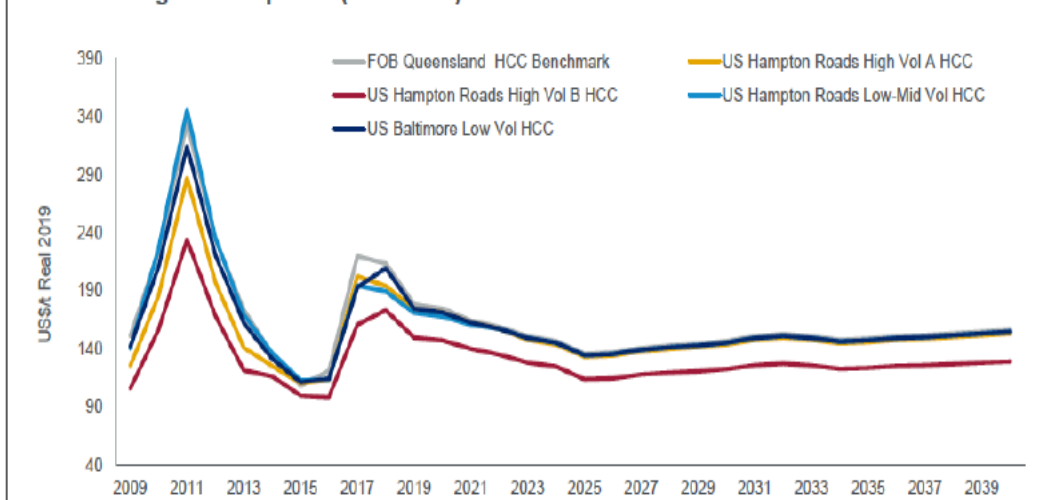
Beyond that pre-COVID coking coal forward pricing remains largely unchanged.

SEABORNE COKING COAL



Source: S&P Global Platts

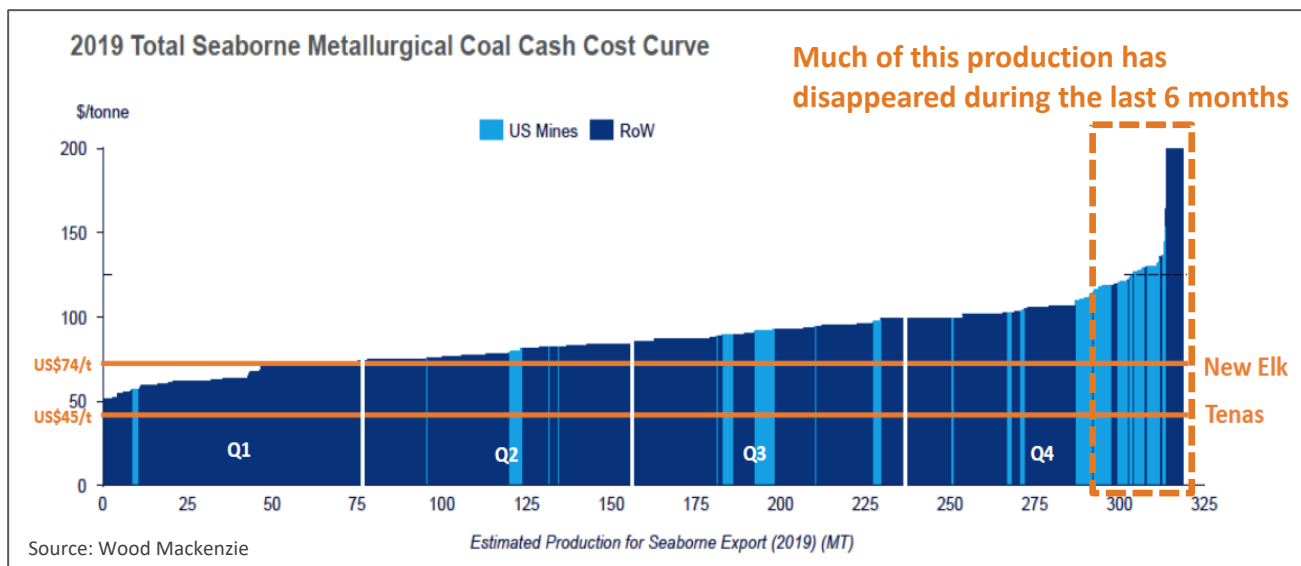
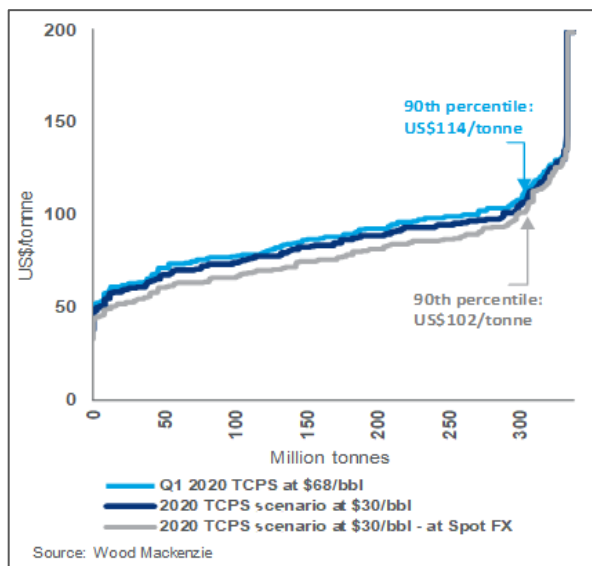
FOB Metallurgical coal prices (Real 2019)



Source: SxCoal, Platts, Macquarie Commodity Strategy, Sep 2020



Both New Elk and Tenas are well placed against price volatility



Cheaper oil prices have contributed to lowering met coal FOB cash costs, with marginal costs at the 90th percentile estimated at US\$102/tonne, with a further 20Mt of largely US met coal along with Mozambique hard coking coal estimated to be operating at losses. This volume was not and remains unsustainable at current prices and a substantial portion of it has disappeared from the market over the last six months.

Our strategy remains unchanged, to successfully complete the acquisition of New Elk and prepare it for production restart and ramp-up to benefit from the potential supply deficit combined with a sharp recovery in coking coal prices in 2021, and to continue to advance the Tenas project nearer to production and file for an EA Certificate and Permits to mine in Q1 2021.



New Elk is production ready

An established underground mine, with the CHPP and general mine infrastructure in good condition, New Elk is set to be a major, low cost US producer of steelmaking coal to the seaborne market at a very modest capital cost

Location	Southeast Colorado on the border with New Mexico
Resources & Reserves	673Mt of resources and 45Mt of saleable reserves from 2 of 8 seams plus 88Mt from the Lorencito property
Permits	Mining, water and discharge permits in place
Mining Method	Underground room & pillar walk through super sections with 3 production units on site
CHPP	727tph feed rate yielding clean coal at 72% average
Production Plan	Commence at 500ktpa ramping to 1.4Mctpa then ramping to 2.5Mctpa then steady state for +25 years
Coal quality	Low sulphur high fluidity high-vol A & B coking coal
Rail & Port	10 year rail contract in place with Union Pacific for delivery to either coal ports in Houston or New Orleans
Sales & Marketing	M Resources appointed on 5 year contract with US\$15M of off-take finance agreed



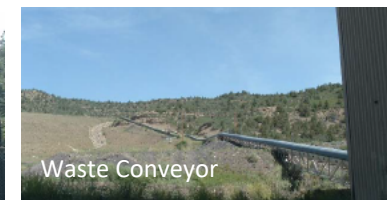
CHPP & Silos



Coal Stacker



Electricity Substation



Waste Conveyor

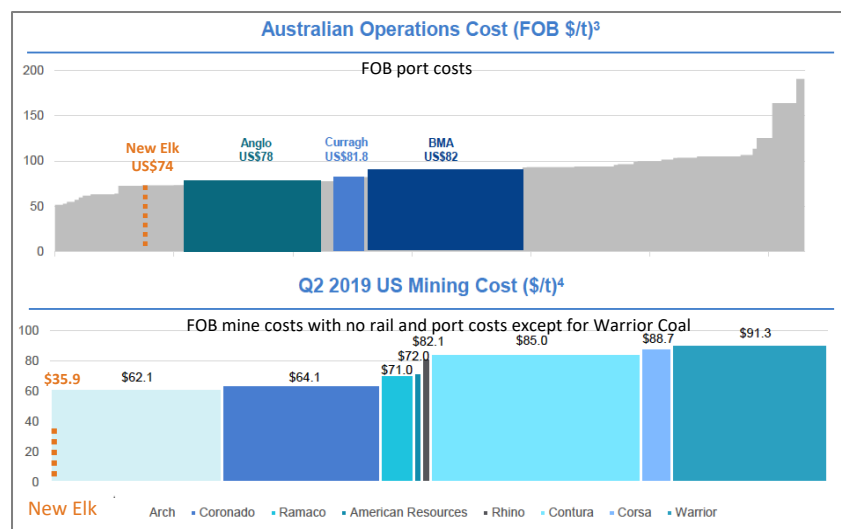
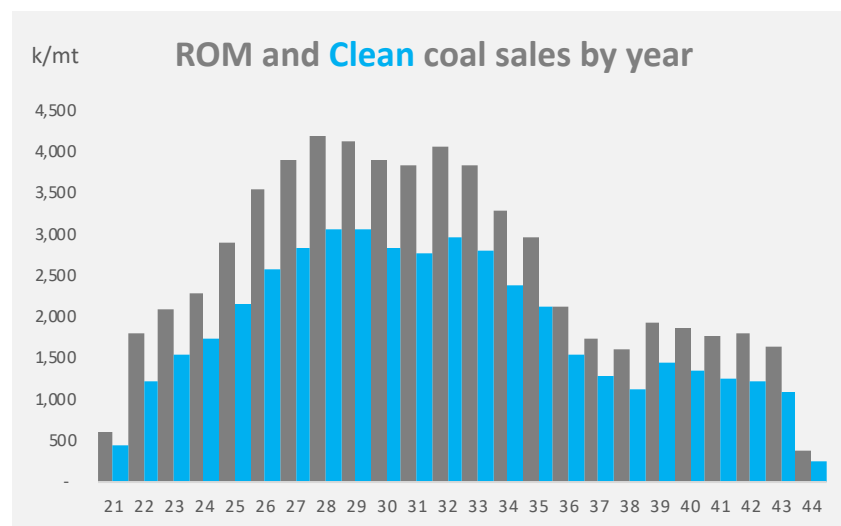


New Elk feasibility study delivered compelling economics

Start-up CAPEX	US\$24M incl. working capital (updated 29 Apr 20)
FOBT cash cost	US\$74/mt FOB Pasadena Deep Water Terminal
Assumed FOB price	US\$132/mt average LOM for mix of high vol A & B
Annual revenue	US\$370M average LOM
Annual EBITDA	US\$153M average LOM
NPV	A\$1.2B @ 8% pre interest and tax
IRR	130% pre interest and tax

The adjacent table indicates New Elk can compete with Australia on cost. While US\$74/t is ex-Houston, it is anticipated the extra rail cost to move the coal to the U.S. West Coast and direct into the Pacific, will be off-set by a premium on U.S. East Coast prices.

Perhaps more importantly however, is that New Elk is an extremely low cost producer relative to its competitors, being those producers who deliver the same high-vol hard coking coals to the seaborne market, as highlighted in the adjacent table.



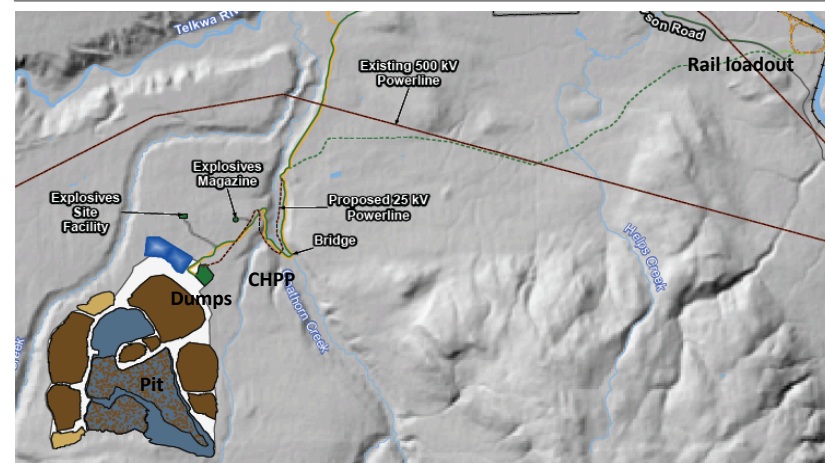
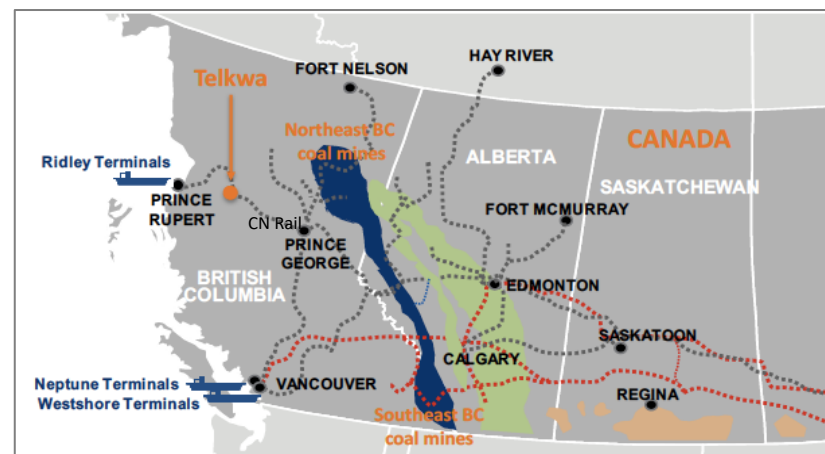
Source: Coronado Presentation September 2019



Tenas is ready to go subject to permitting and financing

A pre-production open pit project with very low strip ratio of 3.6:1 BCM/ROMt and exceptional location to rail and port, and competitive shipping distance to the northeast Asian still mills

Location	Northwest British Columbia
Resources & Reserves	36Mt of resources and 16.5Mt of saleable reserves for current mine life of 20 years
Permits	Permits to mine targeted for Q3 2021
Mining Method	Shallow open pit
Coal Processing	140tph feed rate yielding clean coal at 74% average
Production Plan	Commence at 750kctpa ramping to 1.35Mctpa in year five
Coal quality	Mid-vol semi coking coal
Transportation	Trucked 16km from CHPP to rail loadout then 375km to Ridley Coal Terminal
Sales & Marketing	Itochu Corporation who will own at least 20% of the project and have the balance sheet fund start-up





Tenas potentially the lowest cost seaborne met coal producer

Start-up CAPEX	US\$55M excluding working capital
FOBT cash cost	US\$45/t FOB Ridley Coal Terminal
FOB price	US\$114/t average long term LOM semi coking
Annual revenue	US\$121M average LOM
Annual EBITDA	US\$64M average LOM
NPV	A\$407.3 @ 8% pre interest and tax
IRR	57% pre interest and tax



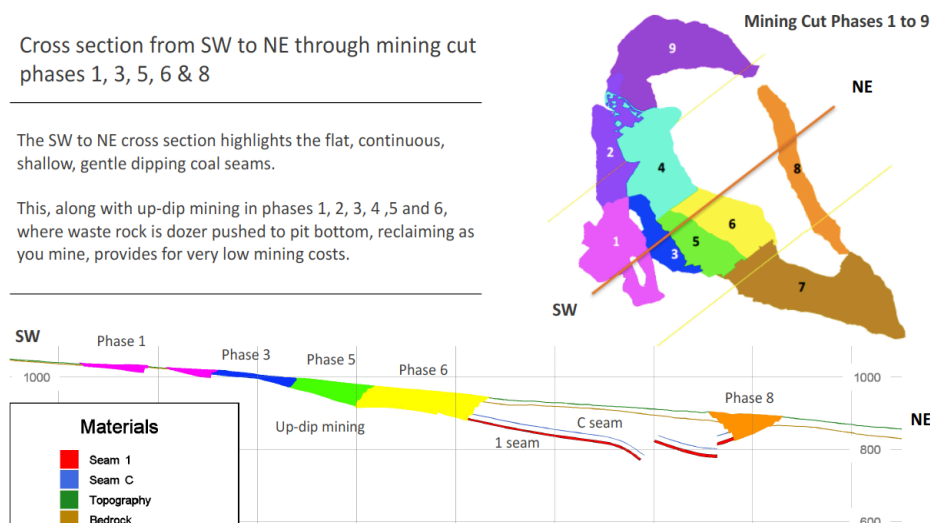
Ridley Coal Terminal, Prince Rupert

Simple geology, shallow, flat and gentle dipping seams make for low cost mining

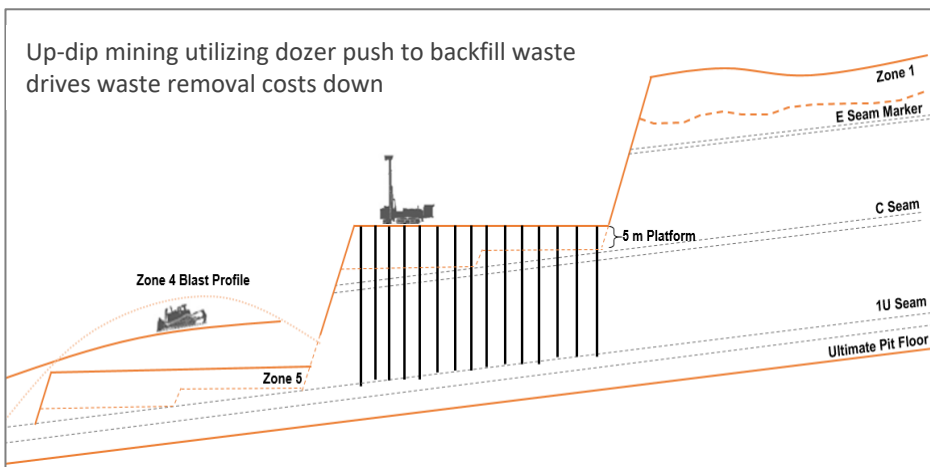
Cross section from SW to NE through mining cut phases 1, 3, 5, 6 & 8

The SW to NE cross section highlights the flat, continuous, shallow, gentle dipping coal seams.

This, along with up-dip mining in phases 1, 2, 3, 4, 5 and 6, where waste rock is dozer pushed to pit bottom, reclaiming as you mine, provides for very low mining costs.



Up-dip mining utilizing dozer push to backfill waste drives waste removal costs down





Allegiance Board and Management

Board of Directors

More than 150 years collective experience in open pit and thin seam underground coal mining

Mark Gray	CEO & Chairman	Mark has 30+ years experience in M&A law including more than 15 years in running junior mining companies in coal, uranium and diamonds across many jurisdictions. Mark co-founded the introduction of thin seam underground coal mining to Australia in early 2000s (Thin Seam Mining).
Larry Cook	Non Executive Director	Larry is a 40+ year mining engineer in coal, predominantly underground across many US States, as well as Australia. He is highly regarded in the industry for safe, high productivity room and pillar mining. Larry will be intimately involved in the New Elk Mine start-up. Larry was a co-founder of Thin Seam Mining.
Malcolm Carson	Non Executive Director	Malcolm is a 40+ year geologist across many commodities in many capacities, including as Chief Commercial Officer of NRE No.1 Colliery, formerly Bellambi West Colliery in the Illawarra coalfields near Wollongong. He is currently Executive Chairman of Dampier Gold Ltd (ASX:DAU).
Jonathan Reynolds	Finance Director	Jonathan is a qualified accountant with 30+ years experience more than half of which has been in CFO and Finance Director roles of both exploration, development and producing companies across several commodities and jurisdictions.

Management

A team of specialist open pit and thin seam underground coal miners

Amon Mahon	COO New Elk	Amon is a 30+ year mining engineer in coal both open pit and underground in the US and Australia, at all levels of management including as an owner and operator of US coal mines. Amon will be General Manager of the New Elk Mine in its first two years of production. Amon was a co-founder of Thin Seam Mining.
Dan Farmer	COO Telkwa	Dan is Allegiance Coal's chief operating officer and is a mining engineer with 30 years experience in Canadian coal including as the Operations Manager of Anglo American's coal mines in British Columbia.
Angela Waterman	Permitting	Angela is a scientist in biology with more than 25 years experience in the mining industry in British Columbia and Alberta her most recent major role was with Anglo American in British Columbia where she permitted two coal mines



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