ALLEGIANCE COAL
LIMITED

9 February 2022

SHORT CREEK JORC RESOURCE STATEMENT

HIGHLIGHTS

- A large tier one underground deposit comprising 163Mt (short tons) with an additional 10Mt of coal available to be leased within the deposit area.
- A premium mid-vol hard coking coal of which 134Mt (87% of the resource) is comprised of the world class Mary Lee and Blue Creek seams (**Blue Creek**) and with a proven CSR of 69%, Blue Creek coking coal commands premium pricing alongside the World's top hard coking coals.
- Allegiance intends to complete an independent feasibility study by calendar Q3'22 with project development commencing late 2022, for a production start date late 2023 early 2024, subject to financial and regulatory considerations.
- Completion of the acquisition, which is unconditional, is awaiting transfer of permits relating to Short Creek expected to be effected during Q2 2022.

Allegiance Coal Limited (**Allegiance**) refers to its prior announcement dated 21 October 2021 in relation to the acquisition of the Short Creek coal mine (**Short Creek**) and is now pleased to present a summary of the JORC 2012 resource statement in relation to the Short Creek underground in-situ coal resource.

Coal Resources

Marshall Miller & Associates (**MM&A**) undertook a JORC 2012 compliant resource statement in relation to Short Creek, 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**

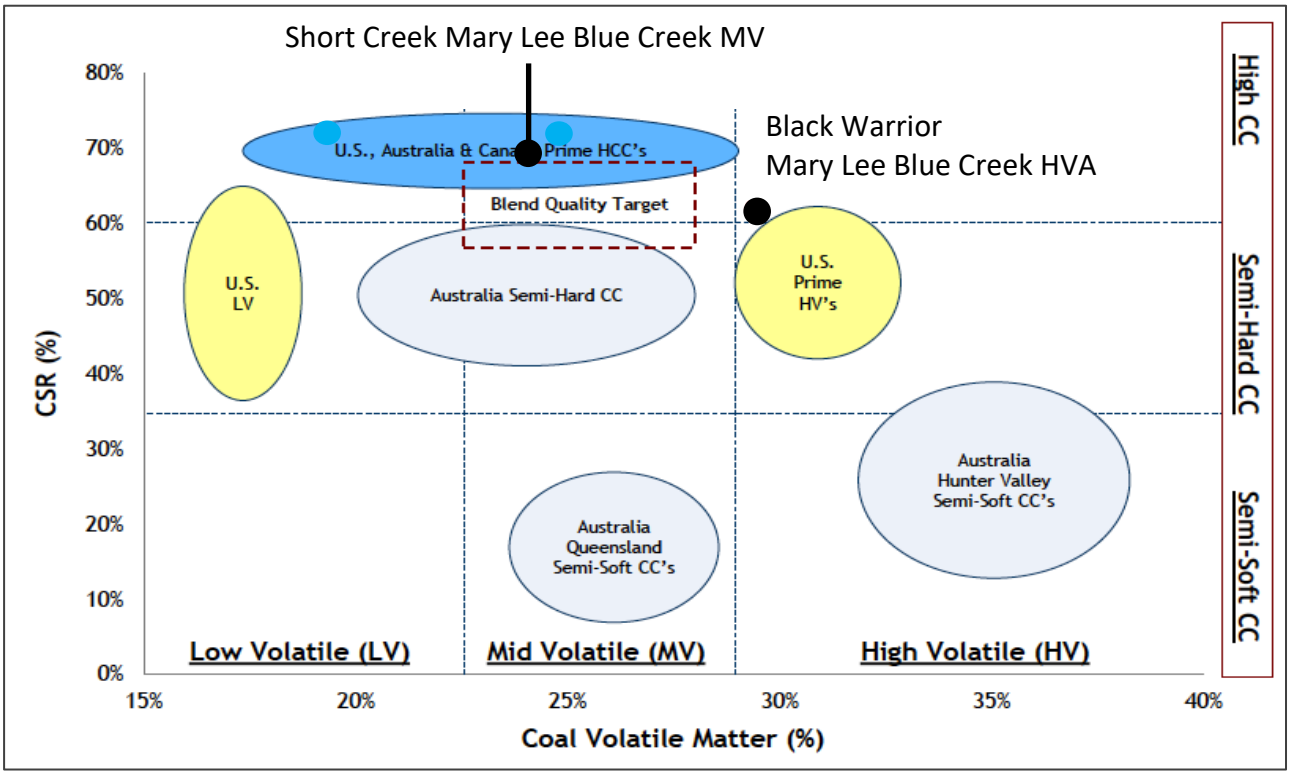
Coal Quality

The coal quality parameters listed in the table below are washed and stated on an air-dried basis. The Mary Lee and Blue Creek CSR (coke strength after reaction) was blended for coal quality analysis and a coke oven test undertaken in a semi-industrial moveable wall oven (the blend weighted slightly towards Blue Creek).

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 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.

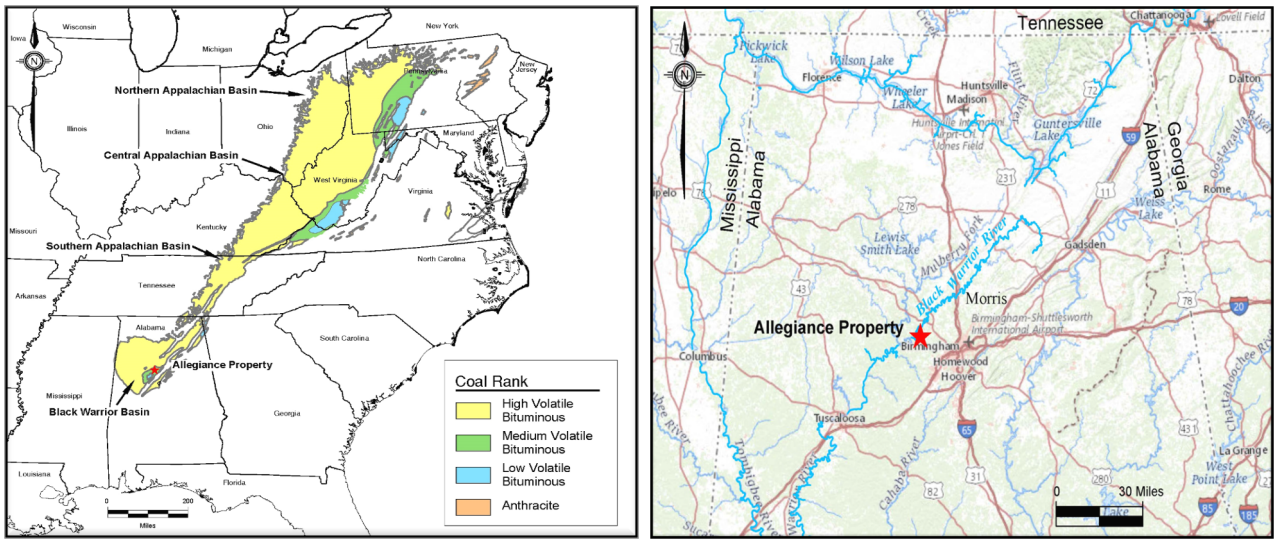
The figure below categorizes the variety of coking coals supplied to the seaborne market by reference to CSR and volatile matter. Steel mills use a blend of coking coals in their coke oven feed with a target blend quality highlighted below.



Source: Warrior Met February 2020 Presentation

As is clearly evident from the figure 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.

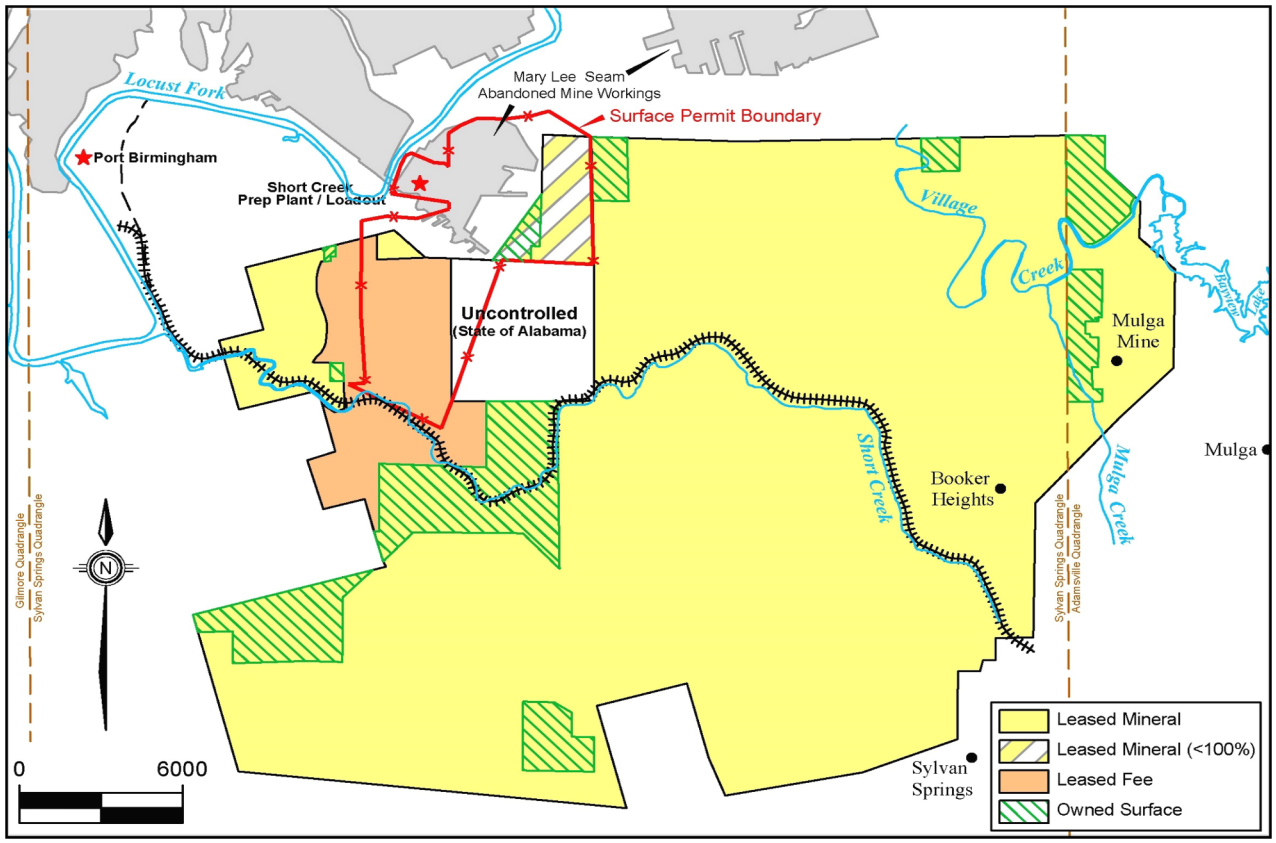
Project Location



Short Creek comprises 15,400 acres (controlled and partially controlled) located in Jefferson County, Alabama approximately 15 miles northwest of the city of Birmingham. Strategically located adjacent to the Locust Fork of the Black Warrior River with its own barge loading facility, Short Creek is part of the Black Warrior coal-producing region, at the southern end of the USA Appalachian coal fields.

Property

Surface and deep mining have been conducted on or adjacent to the Property since at least the 1970s by Drummond Coal and its predecessors. The Short Creek coal preparation plant and barge loadout facility were last in operation in April 2006 and have since been in an idle status.



The Property consists of approximately 15,128 fully controlled mineral acres, 272 acres that are partially controlled, and an interior 667-acre tract not currently controlled within the interior of the Property (controlled by the State of Alabama).

Four categories of property mineral control are present within the Property:

- Mineral and surface leased
- Mineral only leased
- Mineral partially leased / controlled (less than 100% mineral control)
- Non-controlled Mineral and Surface (State of Alabama).

Surface Facilities

Although underground mining in the Pratt seam is present across a broad area, the property was most recently operated as a surface mine with key mine infrastructure including:

- Preparation plant (referred to as Short Creek) with conveyors, stackers, and refuse disposal areas
- Barge loadout located on Locust Fork of the Black Warrior River, and adjacent to the preparation plant
- Materials handling and associated facilities.

The Preparation Plant is largely a shell with most operating parts removed; the barge loadout and materials handling infrastructure including conveyors and spiral stackers are adjacent to the Preparation Plant.

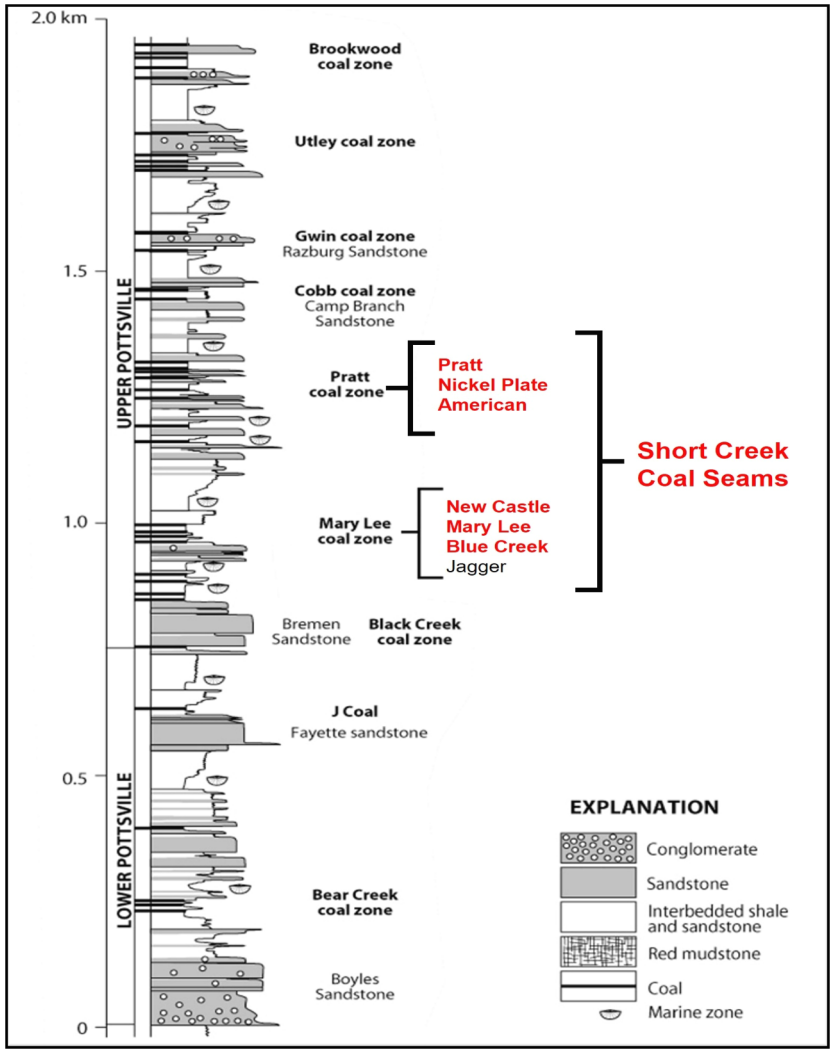
Geology

The Property is located near the east-central portion of the Black Warrior Basin where the Newcastle, Mary Lee, and Blue Creek seams occur at depths ranging from approximately 300 feet to more than 1,000 feet below the surface.

The Black Warrior Basin is bound by the Alabama Valley and Ridge, Highland Rim, and East Gulf Coastal Plain physiographic provinces. The southwestern and south-eastern margins of the basin are terminated by frontal thrust faulting of the Ouachita and Appalachian orogeny. The basin is a foreland basin covering approximately 23,000 square miles (59,570 square kms) of north-western and central Alabama; it extends approximately 230 miles from west to east and 188 miles from north to south. Bituminous coal deposits of Alabama are contained within the Pennsylvanian-aged (300 million years) Pottsville Formation.

Surface and shallow subsurface strata underlying the subject Property and surrounding properties are Cretaceous and Tertiary deposits of the Mississippi Embayment and Gulf Coastal Plain. Underlying these

deposits is a succession of Carboniferous-age interbedded sandstones, siltstones, claystones, shale, and bituminous coals of the Pottsville Formation. The Pottsville Formation consists of upper and lower stratigraphic subdivisions. The Lower Pottsville is dominated by sandstone with occurrences of economically minor coal deposits. The Upper Pottsville is characterized by alternating sequences of sandstone, siltstone, shale, and coal, interspersed with marine zones. The Warrior Coal Field contains more than 25 coal beds, occurring stratigraphically over a vertical section of approximately 6,500 feet; however, fewer than half of the coal beds have been developed economically. Coal seams occur in groups or zones (the most dominant of which is the Mary Lee Group).



Stratigraphic Column of Warrior Basin Sequence with Mary Lee Coal Zone Highlighted

The major structural features within this portion of the basin are the Sequatchie anticline, which trends northeast to southwest, and the Coalburg syncline located south of and approximately parallel to the axis of the anticline. The axis of the Sequatchie Anticline is located at the north-western edge of the Property, and the Coalburg Syncline at the south-eastern edge, where the strata dip variably to the southeast at typically less than 2 degrees towards the axis of the syncline.

Historical information available indicates the presence of a series of northwest-southeast trending normal faults of varying length and displacement. These have been in part revealed in the mine workings of the overlying Pratt seam. Faults range from 1,000 feet to 4 miles in length; a maximum vertical displacement of 125 feet has been identified within the Property; however, not uncommon elsewhere in the Warrior Basin, fault displacements of as much as 300 feet have been reported.

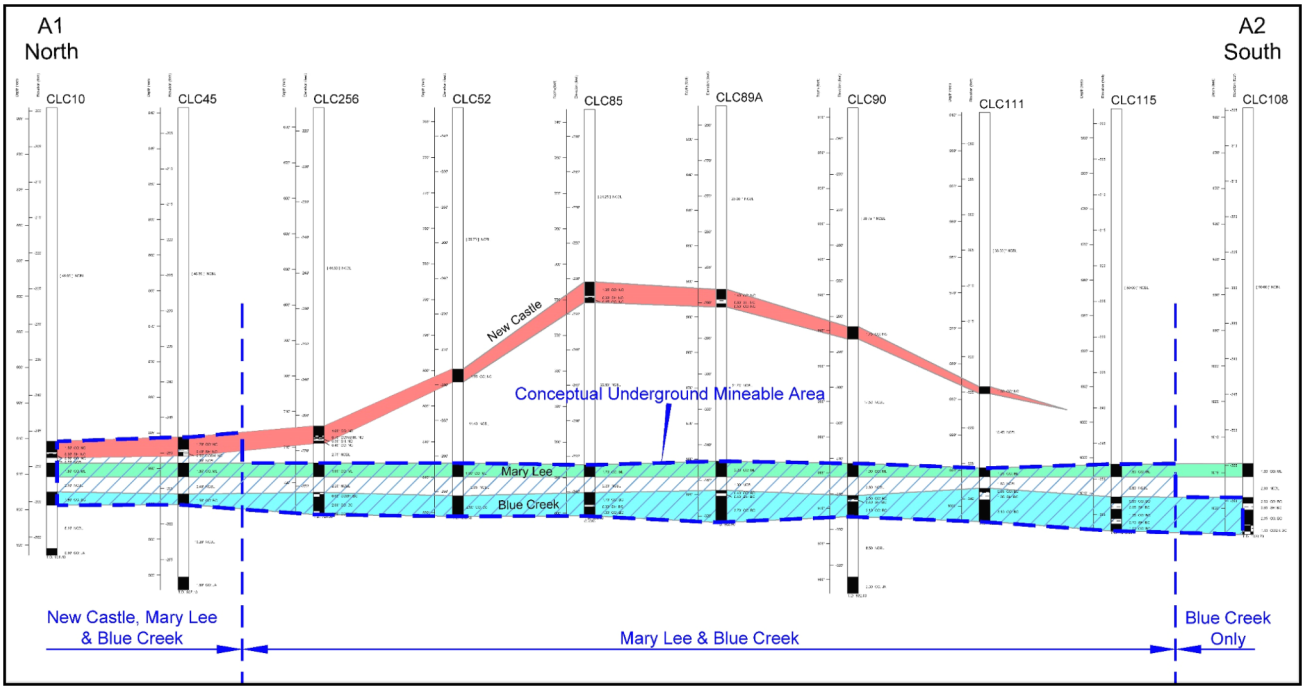
When operating in the vicinity of these structural features, mining companies design and lay out their mines to account for faulting within their respective reserve areas. Indeed, all of the longwall mining operations currently active in the region are oriented parallel to the major fault systems (where present). While large-scale faults are relatively well defined, smaller-scale structures may be encountered during the course of mining which are not anticipated, and which may require reorientation or abandonment of planned mine blocks.

Principal seams of interest on the Property (which are presently or have previously been mined in the region), include in descending stratigraphic order:

- Pratt
- Nickel Plate
- American
- Newcastle
- Mary Lee
- Blue Creek.

The Pratt Group has been both surface and underground mined on the Property; whereas the Newcastle, Mary Lee, and Blue Creek seams have been mined beneath the preparation plant. However, the proposed mineral lease boundary has no mining within the Newcastle, Mary Lee, and Blue Creek seams.

The Newcastle, Mary Lee and Blue Creek seams are the principal focus of this resource statement. While the Jagger seam is present and underlies the Blue Creek seam, it has not been, nor is it currently planned to be mined on the Property due to unfavourable mineability factors (thickness and depth below the Blue Creek seam).



North to South Cross-Sectional View of Property

Newcastle and Newcastle Leader Seams

As illustrated on the sectional view above, the Newcastle seam occurs in close vertical proximity to the Mary Lee seam (less than 6 inches), along the north-western portion of the Property, which subsequently split apart to the southeast where the interval increases to as much as 40 feet. The Pratt seam is approximately

460 feet above the Newcastle seam and has been extensively mined by surface and underground methods across the Property.

Newcastle seam thickness ranges from 0.0 to a maximum of 4.5 feet including non-coal partings, averaging 2.10 feet across the Property. Occasionally, a thin rider coal overlies the main seam, but more commonly, a thin seam (Newcastle Leader) underlies the main bench. The Newcastle Leader seam ranges from 0.15 to 1.20 feet in thickness, averaging 0.50 feet. The potentially underground mineable extent of the Newcastle seam is found along the northern, western, and southwestern portions of the Property.

Mary Lee Seam

As illustrated above, the Mary Lee seam typically occurs as a single definable bench, with seam thickness ranging from 0.70 to 3.35 feet, and averaging 2.0 feet. Of the 3 seams located on the Property, the Mary Lee seam exhibits the greatest consistency in terms of seam thickness, minimal non-coal partings, and distribution.

The potentially underground mineable extents of the Mary Lee seam are found across the entire Property and would be mined in one sequence in conjunction with the Blue Creek seam, except along the eastern edge where the underlying Blue Creek seam would theoretically be mined alone.

The interval between the Mary Lee and underlying Blue Creek seam ranges from a few inches to more than 20 feet across the Property.

Blue Creek and Blue Creek Rider Seams

As illustrated above, the Blue Creek seam sits below the Mary Lee seam between a narrow parting and typically occurs as a single bench but splits into two benches with intervening rock partings in the south-eastern portion of the Property.

Where present, the upper bench is referred to as the Blue Creek Rider, and ranges from 0.25 to 1.55 feet, averaging 0.75 feet in thickness. Blue Creek seam thickness ranges from 0.10 to 6.07 feet, averaging 2.40 feet across the Property. Occasionally, a thick lower bench has been identified in the eastern part of the Property.

The potentially underground mineable extents of the Blue Creek seam are found across the entire Property, either alone or in combination with the Newcastle and Mary Lee seams.

Drilling and sampling techniques

The Property has been explored primarily by vertical subsurface drilling which was completed principally by: diamond core holes completed by Drummond and its predecessors; and geophysically-logged coalbed methane (CBM) wells completed by El Paso. Subsurface drilling is the preferred method of exploration for coal deposits in the region, generally utilizing either rotary or core drilling systems (or occasionally ‘spot coring’, a combination of both). Recent core drilling on the Property utilized a diamond core drilling system consisting of a truck-mounted drill rig outfitted for drilling 3-inch diameter (76 mm) core, using 15-foot steel core barrels. Drilling on the Property ranges from a few hundreds of feet to a maximum of 2,870 feet (874m) in depth.

Vertical subsurface core drilling is favoured for coal exploration because it provides a complete representative vertical section of the coal bearing stratigraphy for use in coal seam correlations; collection of coal samples for determination of coal rank and quality; development of coal assets including mine planning and beneficiation; and determination of environmental impacts.

The Property has been explored by drilling, primarily for coal, as well as coalbed methane development. Of the 310 holes (both core and CBM wells) present within or immediately adjacent to the Property, 14 core holes were analyzed for coal quality. Personnel from Drummond Coal supervised the drilling, core logging, coal core sampling and other aspects of the drilling program; the collected coal samples were sent for analyses to Drummond's designated laboratories. Each of the coal seams intersected by drilling are nearly flat lying. As such, the cores retrieved from the drilling represent the true thickness for each sample.

Geologic columns and cross sections were generated by MMA for each of the drill holes and correlations were established for all seams of coal, which was also a verification of the work performed by Drummond, and their consultants. The correlated seam data was then processed into seam data control maps, which formed the basis for mapping and resource estimations.

Between 2000 and 2010, available information indicates that El Paso drilling rigs were employed in the Drummond CBM field to drill and develop coalbed gas on the Property. Each well was geophysically logged by Well Service of Alabama LLC, and approximately 250 scanned copies from the State of Alabama were provided for this evaluation.

Nine core holes were drilled by Drummond during its 2019 - 2020 drilling campaign to obtain information on the Newcastle, Mary Lee and Blue Creek seams, and in particular coal quality characteristics. Quality testing was performed on raw as well as 1.50 and 1.60 float samples. Geophysical logging was not conducted on these holes, nor was detailed geological / geotechnical logging of the holes. Boxed roof and floor core samples from Drummond's 2019-2020 exploration program were made available for inspection during the site visit, as well as core photographs.

MMA was not involved in any historic sampling or coal quality work on the Property. Collection, sampling, and analysis of the coal recovered from the drill cores were managed by Drummond personnel, or its predecessors. Although coal quality analyses were completed over an extended period of time, available laboratory data indicate that testing was completed using consistent parameters prevailing during the era in which they were collected. Sample handling procedures employed by Drummond explorationists followed typical US protocol and would normally have been adequate to ensure sample security, typically including the following:

- Survey of drill hole locations obtaining a north and east coordinate and a surface elevation
- Systematic sampling of the coal section
- Systematic core logging for definition of the coal thickness
- Sealing coal samples and shipping them to a certified laboratory for analysis.

The methodology used specifically for determination of drill hole collar elevations was not included with the exploratory data. However, MMA used digital topographic data to spot check and verify that collar elevations were reasonably consistent with mapped location. Mine workings located on the Property were obtained from Drummond. MMA did not verify the accuracy or completeness of mine mapping. MMA examined the available geological data, including coal sample data during the course of its work for any anomalous or non-representative (e.g., low core recovery) data that should be excluded from the digital database and subsequent processing by MMA. Coal quality data was likewise reviewed, analysed and processed into seam-by-seam tabulations to determine the potential range for coal quality characteristics. This data is thus considered appropriate for providing representative quality sufficient for characterizing the coal seams at this level of investigation.

Coal Resource Estimation Methodology

The coal resource estimates were prepared by MM&A using methodology in conformance with the JORC 2012 Code. The resource estimation criteria were developed using current conditions found in surrounding

operations and industry accepted standards to assure that the basic geologic characteristics of the coal resources are in reasonable conformity with those currently being mined and marketed in the region.

The USGS Circular 891 was in part used as a basis for classification of resources, which has been modified to reflect the type and distribution of exploration data specific to the Property. The USGS classification connotes the degree of reliability for tonnage estimation based on distance from known points of measurements. In Circular 891, measured resources lie within a 1,320-foot arc around a coal measurement site. Indicated resources lie more than 1,320 feet, but less than a 3,960-foot arc from a coal measurement site. Inferred resources lie between 3,960 feet and a 3-mile arc from a coal measurement site. Due to the relatively high-density spacing of CBM wells across the Property, approximately 95% of these coal resources would typically have been characterized as "measured" according to historical Circular 891 criteria, with 5% indicated, and no inferred resources.

MMA performed a geostatistical analysis of the New Castle and Mary Lee thickness data using the Drill Hole Spacing Analysis (DHSA) method. Comparing the DHSA results to Circular 891 standards, it is evident that the historical standards are more conservative than even the most conservative DHSA model with regards to determining measured resources. These results have led MMA to report the data following the modified historical classification method (as further describe below), rather than utilize the results of the DHSA for reporting measured and indicated resources.

Due to the uneven distribution of coal quality data across the Property, measured resources have been further defined on the basis of the location of coal quality data points, such that measured resources lie within a 3,960-foot (1.4km) arc, and the remaining indicated resources are located beyond the 3,960-foot arc (but within a 15,840-foot (5.6km) arc) around coal quality data points. Utilizing these criteria, approximately 33% of the coal resources associated with the controlled tracts have been characterized as "measured", with 67% "indicated", and no inferred resources. It should be noted that regional coal rank trends as well as geostatistical analysis of the data located within the Property support this method of classification.

After the geologic data was correlated within MMA's proprietary database and verified, the data required for mapping was extracted and composited with additional data from spreadsheets containing coordinates and similar elevation or thickness (*Z*) values. All holes with verified seam thickness data, with or without coal quality information, have been utilized for contouring thickness. These Z value files were imported into the Carlson® Mining computer software package for modelling. The software program was used to generate geologic models including coal seam thickness, elevation, and others as well to delineate acreage and thickness for estimation of coal resources. The modelling output for the coal resource estimates were imported into a Microsoft® Excel workbook for final processing and tabulation of coal tonnage. Resource estimates are reported on a dry, in-situ basis.

The figure below provides the geological mapping used for the coal resource evaluation. In association with Allegiance engineering staff, cut-off parameters have been developed by MMA based on experience in the region and with the Property. Resource boundaries are constrained by maximum mining height of 12 foot and minimum in seam recovery of 25% calculated by means of estimated visual recovery (EVR) method utilised for each potentially underground mineable seam; some thin coal splits are considered recoverable when mined in association with main benches

The resource tonnage estimate documented in this announcement include the tonnage for the Newcastle, Mary Lee and Blue Creek seams, the seams of interest, which have previously been mined on adjacent properties. Resource tons are reported for the properties controlled by Allegiance on an in-situ basis that occur within the measured, indicated, and inferred categories conforming to the JORC Code.

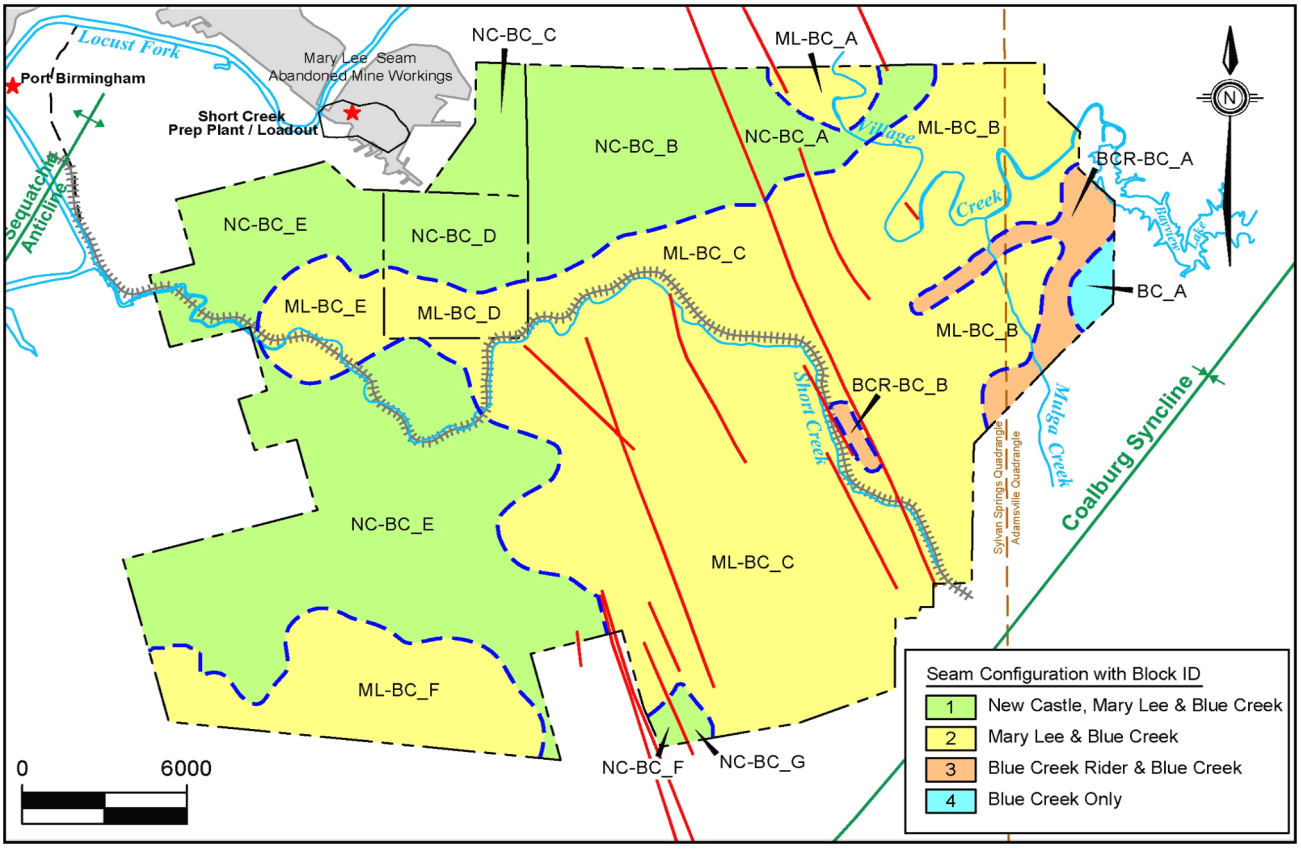
Coal resources have been estimated as potentially underground mineable without an actual mine plan, which will be developed as part of the feasibility study. Since the coal resource for the Property has not been

evaluated to the level of a reserve, the extent to which coal resources may be affected by any known or unknown environmental, permitting, legal, title, socio-economic, marketing, political, or other relevant issues, has not undergone the same type of rigorous review afforded to a coal reserve.

Similarly, the extent to which the estimate of coal resources may be materially affected by a future mine plan and workforce requirements for coal preparation/processing, infrastructure, or other relevant factors has also not been reviewed to the level of reserve reporting.

Due to variations in parting thicknesses *between* the three principal seams as well in-seam splitting, four different configurations (refer to figure below below) of the Newcastle, Mary Lee and Blue Creek seams are considered as potentially mineable (based primarily upon parting thickness):

- Newcastle, Mary Lee, and Blue Creek mined together
- Mary Lee and Blue Creek mined together
- Blue Creek and Blue Creek Rider mined together
- Blue Creek mined alone.



Next steps

Allegiance intends to complete an independent feasibility study on the proposed Short Creek underground mine no later than Q3'22 with a target to commence project development late 2022 and for a production start date late 2023 early 2024, subject to financial and regulatory considerations. Further exploration work will be undertaken as part of the feasibility study and is expected to include additional drilling, geophysical logging, coal quality and geotechnical analysis.

Authorised for release by Chairman and CEO, Mark Gray.

For more information, please contact:

Mr Mark Gray
Chairman & Managing Director
Mobile : +61 412 899979
Email : mgray@allegiancecoal.com.au

Mr Jonathan Reynolds
Finance Director
Mobile : +61 408 229 953
Email: jreynolds@allegiancecoal.com.au

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.

Competent Persons Statement

The information in this announcement that relates to resource estimates in respect of the Short Creek Mine is based on information compiled by Mr Justin Douthat, PE, MBA and Mr Mike McClure, CPG, each a Competent Person who is a member of a 'Recognised Professional Organisation' included in a list that is posted on the ASX website from time to time. Mr. Douthat is a registered member of the Society for Mining, Metallurgy & Exploration (SME) and is licensed as a professional engineer in the States of Arkansas, Colorado, Illinois, Kansas, Kentucky, Louisiana, Mississippi, North Carolina, Virginia, and West Virginia and has nearly 24 years of experience related to the development of mineral deposits both domestically and internationally. Mr McClure is a Certified Professional Geologist. Mr Douthat and Mr McClure are independent consultants to the Company and are employed by Marshall Miller & Associates Inc, and have sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they undertook to qualify as Competent Persons as defined in the JORC Code (2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves"). Mr Douthat and Mr McClure as Competent Persons for this announcement have consented to the inclusion of the information in the form and context in which it appears herein.

JORC Table 1

Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	> Nature and quality of sampling (e.g., cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. > Include reference to measures taken to ensure sample representativity and the appropriate calibration of any measurement tools or systems used. > Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g., 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g., submarine nodules) may warrant disclosure of detailed information.	> A majority of the coal samples have been obtained from the Property by subsurface exploration using core holes. The protocol for preparing and testing the samples has varied over time, and information is reasonably well documented for holes drilled on the Property during Drummond Company's most recent 2019 – 2020 exploration program. > Typical USA core drilling sampling technique at present, is for the coal core sample, once recovered from the core barrel, to be described then wrapped in a sealed plastic sleeve and placed into a covered core box, which is the length of the sample so that the core can be delivered to a laboratory in relatively intact condition and with original moisture content. > It is reasonable to assume, that these samples were generally collected and processed under industry best-practices prevailing during the era in which they were collected. This assumption is based on MMA's familiarity with coal mining companies and the companies used to perform analysis. > Coal samples that were deemed by MMA geologists to be unrepresentative were not used for statistical analysis of coal quality, as documented in the tabulations. A representative group of drill hole samples from the Property was checked against the original drill laboratory reports to verify accuracy and correctness.
Drilling techniques	> Drill type (e.g., core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g., core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	> The Property has been explored by subsurface drilling efforts, all of which was completed prior to the acquisition by Allegiance. A total of approximately 300 exploration holes are presently available within the Property boundary. The drilling was accomplished using a combination of vertical continuous (diamond) coring, along with coalbed methane (*CBM*) gas wells typically drilled via air rotary methods with geophysically logging. > Core drilling methods typically utilize NX-size (2-inch / 5.4 centimeter) or similar-sized core cylinders to recover core samples, which can be used to delineate geologic characteristics, and for coal quality testing. 14 core holes with varying levels of lithologic and coal quality detail are located within the Property. > Additional core holes with coal quality data (including legacy and recent holes) are located immediately west of and adjacent to the Property, four of which have been included in the coal quality table that accompanies this report, from which Resource coal tonnage is estimated. > Geophysical logging has been conducted for the CBM wells; however, none of the core holes have been geophysically logged. Approximately 250 gas wells with varying levels of detail have been provided within the Property. Additional gas wells are located to the west and south, which are adjacent to the Property. > The available drilling data for the Property was utilized in estimating the Resource coal tonnage.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	> Method of recording and assessing core and chip sample recoveries and results assessed. > Measures taken to maximise sample recovery and ensure representative nature of the samples. > Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	> Core recovery is sometimes not well-documented: however, when the laboratory results for such holes had anomalous values, the data was disqualified and not used.
Logging	> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. > Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. > The total length and percentage of the relevant intersections logged.	> For most of the core holes, the primary data source is a generalized lithologic description by the driller. > The logging of core thickness and depth is quantitative. With the exception of the coal seams, logging of rock strata type is more subjective and best considered as qualitative. > CBM well geophysical logs for El Paso E & P Company, LP were provided for a majority of the gas wells.
Sub-sampling techniques and sample preparation	> If core, whether cut or sawn and whether quarter, half or all core taken. > If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. > For all sample types, the nature, quality, and appropriateness of the sample preparation technique. > Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples. > Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling. > Whether sample sizes are appropriate to the grain size of the material being sampled.	> Typical US practice is that core samples for deep mineable core samples are not sawn or subsampled (since seams are not of great thickness and the entire seam is mined and co-mingled). > Typically, core for surface-mineable coal seams is bench sampled separately by the various coal and rock layers (plies), allowing compositing with or without rock layers. > MMA has exercised diligence to use only those analyses that are representative of the coal quality parameters for the appropriate mining type for each sample.
Quality of assay data and laboratory tests	> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. > For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. > Nature of quality control procedures adopted (e.g., standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e., lack of bias) and precision have been established.	> Coal sample analyses were carried out by SAI Gulf, LLC during Drummond Company's 2019 - 2020 exploration program, and by Drummond's Jasper Alabama laboratory in earlier exploration campaigns. > Standard procedure upon receipt of core samples by the testing laboratory is to log the depth and thickness of the sample, then perform testing as specified by a representative of the operating company. Each sample is then analyzed in accordance with procedures defined under American Society for Testing and Materials (*ASTM*) standards including, but not limited to; washability (ASTM D4371); ash (ASTM D3174); sulfur (ASTM D4239); Btu/lb. (ASTM D5865); volatile matter (ASTM D3175); Free Swell Index (*FSI*) (ASTM D720).

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	> The verification of significant intersections by either independent or alternative company personnel. > The use of twinned holes. > Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. > Discuss any adjustment to assay data.	> Coal intersection data used to generate the geologic model has been cross referenced by MMA with lithological logs, to the extent that such data was available. > Laboratory quality is reported herein on a dry basis. > Coal quality results were verified by spot-checking with laboratory analytical sheets by MMA before inclusion into the geologic model and use in the resource estimate.
Location of data points	> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. > Specification of the grid system used. > Quality and adequacy of topographic control.	> Most of the exploration core drilling on the Property was conducted by Drummond Company, and its predecessors; Tutwiler Coal, Coke, and Iron Company; Birmingham Iron Company; US Steel, and Woodward Iron Company. Gas wells were surveyed either by the gas companies commissioning the drilling of those wells, or their contractors. > More recently completed core holes were surveyed utilizing both GPS and optical (total station) methods, depending on canopy, terrain, and atmospheric conditions; one or both methods were used as necessary to ensure maximum accuracy. > Geographic grid system used is the Alabama West NAD27 State Plane Coordinate System. > Topography is based on the United States Geological Survey's topographic 7.5-minute quadrangle maps for the Sylvan Springs and Adamsville quadrangles. > Digital elevation isolines provided by Drummond have been compared and verified with scanned USGS topographic maps.
Data spacing and distribution	> Data spacing for reporting of Exploration Results. > Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource estimation procedure(s) and classifications applied. > Whether sample compositing has been applied.	> Spacing and distribution of data point information vary from seam to seam across the Property. The area estimated for coal resource tons is defined by the property boundary provided by Drummond Company; the data spacing and distribution within this area are sufficient to establish the degree of geological continuity appropriate for the estimation and classification of coal resource tons. > All of the coal resource tons are in the measured and indicated categories in accordance with the JORC Code and modifications to USGS standards (with property-specific adjustments).
Orientation of data in relation to geological structure	> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. > If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	> Drill holes have been vertically drilled. No downhole deviation logs have been collected and it is therefore not known if the drill holes have deviated away from vertical. Based on the relatively shallow seam depths, any deviation is expected to be minimal and immaterial to the geologic characterization of the property. > The dip of the coal seams is in general minor and not a material issue for representation of seam thickness or quality.
Sample security	> The measures taken to ensure sample security.	> Sample handling procedures employed by explorationists followed typical US protocol that prevailed during that era and should be adequate to ensure sample security.

Criteria	JORC Code explanation	Commentary
Audits or reviews	> The results of any audits or reviews of sampling techniques and data.	> MMA has reviewed prior reports and available geological information for the Property in developing the geologic model. Only the data deemed suitable has been used for the purpose of generating resource estimates. MMA completed an Exploration Target report for the subject Property in October 2021.

Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. > The security of the tenure held during at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	> Coal resource tonnages for the Property are located within Jefferson County, State of Alabama. Control of this Property by the Drummond Company is governed by various lease agreements. Within the resource boundary, mineral is presently Drummond Company controlled, except for a single 667-acre section which is owned by the State of Alabama, and a 272-acre tract that is partially controlled. > MMA has not carried out separate title verification for the coal properties and has not verified leases, deeds, surveys, or other property control instruments pertinent to the subject coal resource estimates. > Drummond Company has represented to MMA that it controls the mining rights to the coal deposits as shown on its property maps, and MMA has accepted these as being a true and accurate depiction of the mineral rights controlled by Drummond Company to be acquired by Allegiance. > Neither the tract located within the Property that is presently owned by the State of Alabama, nor the partially controlled tract are included as part of the resource tonnage estimate; however, a separate tonnage estimate is provided for the non-controlled tract for informational purposes only.
Exploration done by other parties	> Acknowledgment and appraisal of exploration by other parties.	> The Property has been explored by subsurface drilling efforts carried out by other entities, all of which were completed prior to acquisition by Allegiance. > This exploration work has generally been performed to US best practice standards prevailing during the era in which the work was conducted, and deemed adequate for the purposes of this report.

Criteria	JORC Code explanation	Commentary
Geology	> Deposit type, geological setting, and style of mineralisation.	> Resource coal tonnages are located within Black Warrior Coal Basin. > The coal deposits are Carboniferous in age, being of the Pennsylvanian system. > Overburden depths typically vary from 300 feet in the northwest to more than 1,000 feet in the southeast. > Seams of economic significance typically range from 0.5 to 6.0 feet of coal thickness, with relatively little structural deformation. > Regional structure is typically characterized by gently dipping strata to the southeast, from the Sequatchie Anticline in the northwest towards the axis of the Coalburg Syncline in the southeast. The coal resource lies in the northeastern portion of the Warrior Coalfield between the axes of these two folds. > Multiple faults have been identified, generally oriented from southeast to northwest, with displacements ranging from a few feet to a maximum of 125 feet. > As is typical in this portion of the Warrior Basin, coal rank increases from northeast (High Volatile Bituminous) to southwest (Low Volatile Bituminous). The subject property is located regionally within Medium Volatile Bituminous deposits.
Drill hole Information	> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: - easting and northing of the drill hole collar - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar - dip and azimuth of the hole - down hole length and interception depth - hole length. > If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	> MMA reviewed and entered all pertinent data into a digital geologic database for the Property. > All drill holes in the database are provided with a collar elevation and the State Plane Coordinate System easting and northing coordinate. > After MMA confirmed proper coal seam thickness and correlation, the seam data was modelled and compiled into coal resource maps.
Data aggregation methods	> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g., cutting of high grades) and cut-off grades are usually Material and should be stated. > Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. > The assumptions used for any reporting of metal equivalent values should be clearly stated.	> Where coal seams have been bench sampled, the individual analyses for the coal plies are normally weight-averaged to represent the total of recoverable coal. > Coal quality summary results by seam have been documented in the Resource report. Average coal quality on a per-seam basis is used to represent the coal estimates within the Property. > No other data aggregations methods are used.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	> These relationships are particularly important in the reporting of Exploration Results. > If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. > If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g., 'down hole length, true width not known').	> Coal thickness values from all coal intersections are considered to be vertical thicknesses. Seam dip of approximately 2.0 degrees has negligible effect on the vertical thickness of the seam.
Diagrams	> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	> Diagrams and maps showing the coal seam intercepts are presented in the body of the announcement.
Balanced reporting	> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	> All of the available, verified exploration data has been included within the tabulations, maps, and diagrams for this report. > Coal thickness data are deemed by MMA to be sufficient within the resource area; while coal quality data are more sparse. Therefore, there is a reasonable level of confidence in the geologic interpretations required for coal resource determination based on the available data and the techniques applied to the data.
Other substantive exploration data	> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	> Informational material available from the U.S. Geological Survey and the Alabama State Survey were, to the extent that such information was available and applicable, has been utilized to assist in the Resource estimate.
Further work	> The nature and scale of planned further work (e.g., tests for lateral extensions or depth extensions or large-scale step-out drilling). > Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	> Further work is expected to include additional exploration, geotechnical testing, geophysical logging, coal quality analyses, and potentially, coalbed gas testing and additional coal property acquisition.

Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
Database integrity	> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. > Data validation procedures used.	> MMA confirmed coal seam thickness and correlations in databases used for coal deposit modelling. Representative records were spot-checked for data entry validation. > Geophysical logs were unavailable to assist in confirming the seam correlation or to verify proper seam thickness measurements and recovery of cored coal samples; however, geophysical logs were available for the gas wells drilled on the property which have been verified by MMA.
Site visits	> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. > If no site visits have been undertaken indicate why this is the case.	> MMA is familiar with the Property having conducted a site visit in the company of Mr. Wade Keeton, a representative of Drummond Company, on September 23, 2021. > During that site visit, the inactive Short Creek Preparation Plant and associated surface facilities, refuse disposal

Criteria	JORC Code explanation	Commentary
		areas, and a barge loadout facility located on Locust Fork of the Black Warrior River were observed and photographed.
Geological interpretation	> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. > Nature of the data used and of any assumptions made. > The effect, if any, of alternative interpretations on Mineral Resource estimation. > The use of geology in guiding and controlling Mineral Resource estimation. > The factors affecting continuity both of grade and geology.	> Due to the relative structural simplicity of the deposits and the reasonable continuity of the tabular coal beds, the principal geological interpretation necessary to define the geometry of the coal deposits is the proper modeling of their thickness and elevation. > The combination of coal thickness and quality data are insufficient to categorize all of the resource as measured. Additional exploration is recommended to convert certain areas of the Property into measured and/or indicated status. > Therefore, there is a reasonable level of confidence in the geologic interpretations required for coal resource determination based on the available data and the techniques applied to the data.
Dimensions	> The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	> The subject coal resource areas exist in discreet, individual deposits with variable dimensions, shapes, thickness, and depth below the ground surface. > Such factors are best depicted in the maps contained in the body of the announcement. > Details of the resource parameters are cited within the body of the announcement.
Estimation and modelling techniques	> The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. > The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. > The assumptions made regarding recovery of by-products. > Estimation of deleterious elements or other non-grade variables of economic significance (e.g., sulphur for acid mine drainage characterisation). > In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. > Any assumptions behind modelling of selective mining units. > Any assumptions about correlation between variables. > Description of how the geological interpretation was used to control the resource estimates. > Discussion of basis for using or not using grade cutting or capping.	> Geological data was imported into Carlson Mining® (formerly SurvCADD®) geological modelling software in the form of Microsoft® Excel files incorporating, drill hole collars, seam and thickness picks, and bottom seam elevations. These data files were validated prior to importing into the software. > Once imported, geologic modelling of seam structure and thickness was completed utilizing inverse distance and ABOS interpolation algorithms. > The geological model was verified by comparing grids against drill hole intercept thickness and elevation. > Due to the close and uniform spacing of CBM wells across the Property, seam thickness is well defined, thereby providing a high degree of geologic assurance. > Resources were estimated by defining seam thickness at all points of observation, and by defining resource confidence arcs around the points of observation *for core holes with representative coal quality*. > Points of observation for Measured and Indicated confidence arcs were defined for all drill holes that intersected the seam *with representative coal quality*, thus introducing a level of conservatism in the coal classification. > Due to the uneven distribution of coal quality data within portions of the Property, a modification of the common practice in the United States resource classification system has been applied to the Property. > The following distances from points of observation with thickness and representative coal quality data were thus used to define the corresponding Resource category arcs:

Criteria	JORC Code explanation	Commentary
	> The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	- Indicated Resources – greater than 3,960 feet (1.2 kilometres) but less than 15,840 feet (4.8 kilometres) - Measured Resources – 3,960 feet (0.4 kilometres) > No inferred resources have been identified on the Property. > The use of the standards commonly used in the United States (as modified) are appropriate for this resource jurisdiction and deposition type. > MMA performed a geostatistical analysis test of seam thickness data for the Newcastle and Mary Lee seams. This analysis demonstrates normality in the subject data, without much skewness; there is no evidence of obvious trending to the data. > Based on MMA's analysis, the aforementioned measured, indicated, and inferred arc distances are appropriate for classification of coal resources on the Property.
Moisture	> Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	> Coal resource tons are presented on a dry, in-situ basis.
Cut-off Parameters	> The basis of the adopted cut-off grade(s) or quality parameters applied.	> The resource cut-off parameters were tailored for the Property to be in accordance with potential mining capabilities. > Examples include minimum seam thickness, minimum / maximum cutting heights, and minimum in-seam wash recoveries; however, coal quality cut-offs for potentially underground-mineable coal have not been estimated nor considered in this resource estimate. > Details of the resource parameters are cited within the body of the announcement. > These parameters have been developed by MMA based on its experience with other mining operations of the Eastern US. This experience includes technical and economic evaluations of numerous properties in the region for the purposes of determining the economic viability of coal reserves.

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	> Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	> Mining factors such as out-of-seam dilution, mining and washing recovery have not been applied to these coal deposits. > Details of the factors are cited within the body of the announcement. > Factors that would typically preclude conversion of a coal resource to coal reserve include the following: inferred resource classification; absence of coal quality; poor mine recovery; excessive reject from run-of-mine product; lack of access; insufficient exploration; or uncontrolled mineral property for areas proposed for underground mining. > The extensive history of mining adjacent to the Property, as well as current mining activity in the region, would suggest that there are reasonable prospects for eventual economic extraction of a portion of the coal resources under favorable market conditions.
Metallurgical factors or assumptions	> The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	> The products mined from coal resources controlled by Allegiance may potentially qualify for the medium-volatile metallurgical coal market, however, additional exploration and analysis is recommended to confirm.
Environmental factors or assumptions	> Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a Greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	> An Environmental Site Assessment (*ESA*) has not been conducted on the Property.
Bulk density	> Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size, and representativeness of the samples. > The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. > Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	> Laboratory derived seam densities were not available; estimated seam density values were based on the available raw ash content. > Average seam density was determined for each coal deposit and used to convert coal volumes into coal tonnage estimates.

Criteria	JORC Code explanation	Commentary
Classification	> The basis for the classification of the Mineral Resources into varying confidence categories. > Whether appropriate account has been taken of all relevant factors (i.e., relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity, and distribution of the data). > Whether the result appropriately reflects the Competent > Person's view of the deposit.	> The Resource has been classified based on suitable distances from points of observations prescribed in the common United States classification system (as modified). > The use of the United States standards is appropriate for this resource jurisdiction and deposition type. > As noted, MMA performed a geostatistical analysis test of seam thickness data for the Newcastle and Mary Lee seams. This analysis demonstrates normality in the subject data, without much skewness, and there is no obvious trending. > Based on MMA's analysis, the aforementioned measured and indicated arc distances are appropriate for classification of coal resources on the Property. > All relevant factors have been accounted for and reflect the Competent Person's view of the deposit.
Audits or reviews	> The results of any audits or reviews of Mineral Resource estimates.	> MMA completed and prepared an estimate of coal resources for the Property in accordance with the JORC Code as of December 31, 2021.
Discussion of relative accuracy/ confidence	> Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. > The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. > These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	> The relative accuracy of and confidence in the coal tonnage and quality estimates provided herein are ajudged to be in conformance with current industry best-practices. > The representation of average coal quality characteristics should be understood to represent a reasonably representative sampling, with greater confidence within measured areas, and lesser confidence within indicated areas. The average is generally indicative of coal quality across the entire resource area, and does not represent a statistically rigorous approach to coal quality modeling. > Resource estimation has been completed using standard coal estimation methods which are deemed appropriate for this deposit.