



21 October 2022

ACTIVITIES REPORT FOR THE QUARTER ENDING 30 SEPTEMBER 2022

KEY POINTS

- During the quarter we generated an increase in clean coal production and a material increase in sales tonnes. Clean coal production benefited from increased yield at both mines, even though ROM coal production overall decreased compared to the previous quarter due in part to a one week shutdown at both mines matched to the 4th of July Independence day holiday.
- Coal sales for September quarter totalled 188kt for US\$27.4M of revenue compared to 124kt for US\$32.1M of revenue in the prior quarter. The lower revenue against higher sales volume was due to the low value 80kt tonne cargo delivered in the quarter in respect of the legacy Asian contract. Negotiations are taking place with that customer to settle or restructure the two remaining low value cargos.
- The Company generated cash receipts from customers in the September quarter of A\$32.1M leading to negative net cash from operating activities of A\$1.9M due to the low contract value of the 80kt legacy Asian contract.
- Run-of-mine (ROM) coal production for September quarter across the Group totalled 171kt down against June quarter of 220kt. However, Saleable coal production for September quarter totalled 117kt up slightly on June quarter of 114kt.
- Average thermal coal sales prices in September quarter were US\$173/t against US\$258/t in the prior quarter for high-vol A and high-vol B product. One HVB cargo was sold at US\$108/t FOB Mobile to the legacy Asian customer.
- A second train set arrived at New Elk in the quarter enabling us to monetise stockpiled coal at, and to mitigate future delays in train cycle times from, New Elk's rail loadout to the Port of Mobile.
- Against the background of strong thermal coal prices into Europe we have committed 40kt per month of a blended New Elk and Black Warrior product up to 14% ash to Marco International at US\$220/t DAP (delivered at Port of Mobile). Surplus production will be sold into the spot thermal market. Delivery of coal against this contract has commenced.
- In October the Company commenced an 8 for 5 entitlement offer to raise up to A\$33.6 million at \$0.05 per share. The institutional element of the offer closed on 7 October 2022 raising A\$15 million. The retail element of the offer is scheduled to close on Monday 31 October 2022.

Performance Tables

Production	Quarter	Quarter	Quarter	FY23
Metric tonnes	Mar 22	Jun 22	Sep 22	YTD
ROM coal production	148,864	219,991	170,862	170,862
Saleable coal production	87,568	114,084	116,726	116,726
Coal purchased	44,160	14,084	4,394	4,394
Total coal sales	55,603	124,362	187,509	187,509
Coal stocks at end of period	133,015	128,288	57,783	57,783

FY22 & FY23 Production Comparison	Quarter	FY22	Quarter	FY23
Metric tonnes	Sep 21	YTD	Sep 22	YTD
ROM coal production	146,024	146,024	170,862	170,862
Saleable coal production	89,325	89,325	116,726	116,726
Coal purchased	-	-	4,394	4,394
Total coal sales	22,500	22,500	187,509	187,509
Coal stocks at end of period	74,825	74,825	57,783	57,783

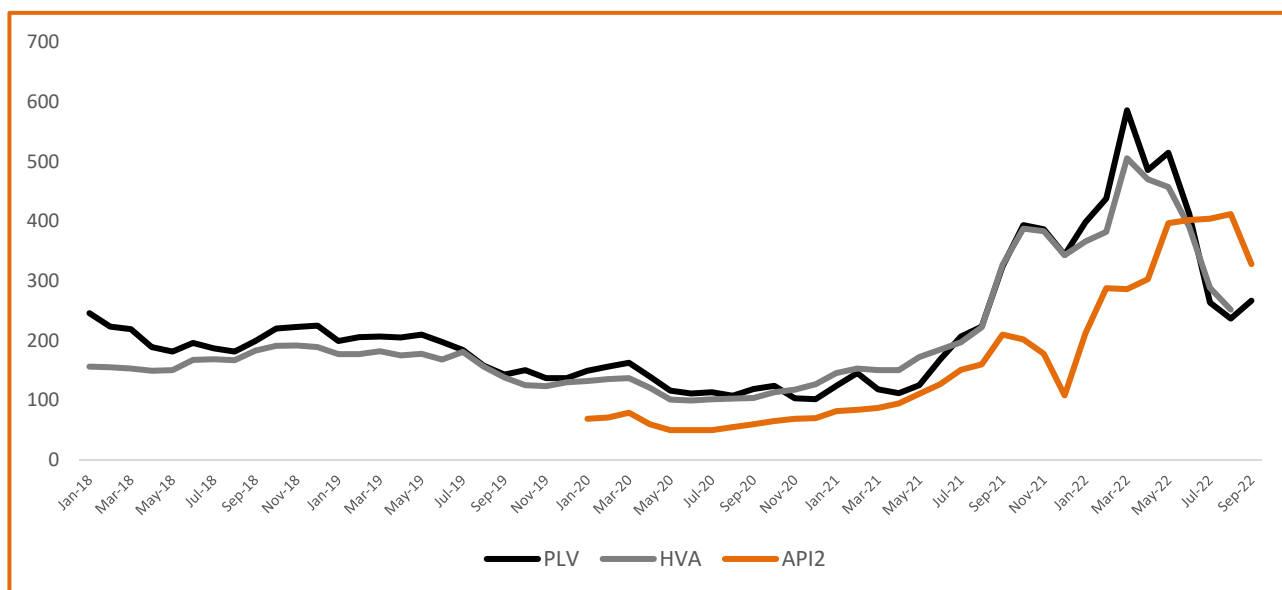
Sales & Pricing	Quarter	Quarter	Quarter	FY23
	Mar 22	Jun 22	Sep 22	YTD
Coal sales mix				
High-vol A	36	35	-	-
High-vol B	64	65	41	41
Thermal		-	59	59
Average pricing *				
High-vol A	421	439	310	310
High-vol B	395	423	302	302
API2	-	336	358	358
Average price achieved				
High-vol A FOB	229	330	-	-
High-vol B FOB	275	219	108	108
Thermal	-	-	173	173
Total revenue	14,510	32,119	27,431	27,431
Total revenue	20,034	44,943	40,128	40,128

* Source: McCloskey Average Pricing

FY22 & FY23 Sales & Pricing Comparison	Quarter	FY22	Quarter	FY23
	Sep 21	YTD	Sep 22	YTD
Coal sales mix				
High-vol A	-	-	41	41
High-vol B	-	-	59	59
Thermal	-	-		
Average pricing *				
High-vol A	249	249	310	310
High-vol B	202	202	302	302
Thermal – API2	-	-	358	358
Average price achieved				
High-vol A FOBT	-	-	-	-
High-vol B FOBT	-	-	108	108
Thermal (incl domestic sales)	77	77	173	173
Total revenue	1,732	1,732	27,431	27,431
Total revenue	2,357	2,357	40,128	40,128

* Source: McCloskey Average Pricing

Coal Pricing & Market Update



Source: McKloskey. PLV - premium low volatile ex Australia; HVA - High Vol Type A ex USA; API2 - All Purpose Index # 2 (CIF ARA) as published by Argus/IHS McCloskey. An average of the Argus cif ARA price assessment and the IHS McCloskey NW Europe Steam Coal marker.

Strong thermal coal prices in Europe continued in the September quarter due to tight supply arising from the war in Eastern Europe, although a milder than expected autumn seems to have released some pressure in the immediate term with API2 (the benchmark reference price for thermal coal imported to Europe) falling late in the quarter and down further to US\$269.5/t in October. However, analysts believe that, with the fundamentals of war in Europe together with solid demand against tight supply as winter arrives, one may expect to see a return to higher thermal coal prices over the coming period.

Weak demand for steel in Asia and Europe amid recession fears continued in the September quarter with PLV and HVA holding around US\$280/t by the end of September. Notwithstanding an improvement in HVA prices, the Company believes supplying into the thermal market under the Marco contract remains a good strategy for Allegiance over the next 12 months. On a net-back basis allowing for shipping and port costs from Mobile to Rotterdam (which is where API2 is priced for delivery), the Marco contract matches the current spot price. And while a premium price might be achieved for Black Warrior coal sold into the HVA market, the extra tonnes recovered from washing to a higher ash offsets the benefits that might be gained.

Black Warrior

Health and Safety

Calendar year to end September Black Warrior had zero lost time incidents and one reportable injury. The mine has now recorded >500 days with no lost time injuries.

Production

Production Metric tonnes	Quarter Mar 22	Quarter Jun 22	Quarter Sep 22	FY23 YTD
ROM coal production	56,411	84,828	84,993	84,993
Saleable coal production	47,902	52,669	67,837	67,837
Coal purchased	44,160	14,084	-	-
Total coal sales	44,818	97,146	89,904	89,904
Revenue US\$'000	11,547	26,077	13,135	13,135

Black Warrior ROM coal production for September quarter totalled 85kt matching June quarter ROM production of 85kt also. However, saleable coal production for September quarter was up 68kt against 53kt in June quarter due to increased wash-plant yields washing to a thermal product and the inclusion of bypass coal for domestic sales. Average yield improved from 62% to 79%, which is a combination of washing coal to the thermal coal specification and the ability to blend in bypass coal for particular sales.

July and August months showed steady ROM production growth while September production was negatively affected by an unseasonal rain event (6 inches fell over the mine in three days) requiring a new pumping route to be constructed to prevent unplanned discharges of mine affected water. This delayed extraction of around 15kt of coal from the Mary Lee and Blue Creek seams. The coal seams were stripped for mining in September and will be recovered in the December quarter.



Image: Black Warrior Mine highwall with the flooded pit area to the bottom

Additional production equipment to arrive and commence operation at Black Warrior in the December quarter includes:

- One of two additional blasting drill rigs (one is already operating on site);
- One of two D11 dozers adding to the fleet of six D10 dozers; and
- Two of three additional 150t dump trucks (two are already operating on site).

The second D11 Dozer is scheduled to arrive late December, however, is more likely to be commissioned in January 2023.

Coal Processing

CHPP throughput capacity at the toll washing preparation plants which we have been using since the acquisition of Black Warrior last year, was affected by breakdowns and competing priorities from other ROM coal sources.

Black Warrior has now taken over the operation of the North Pratt washer by way of an exclusive lease, and this has secured the coal processing capacity required for future operations. It has also improved Black Warrior's ability to reliably control coal quality output and deliver coal more accurately to sales specifications.



Image: North Pratt washer

Supplying into the thermal market has meant that we have been able to bypass some of our lower ash raw coals from washing which also involves less trucking and which reduces operating costs.

Sales

Black Warrior completed multiple coal sales in the September quarter achieving an average sales price of US\$146/t generating US\$13.1M of revenue, as follows:

- 25kt of 14% ash sold at US\$187/t FOB to an international commodity trader;
- 14kt of 14% ash sold at US\$170/t FOB to an international commodity trader;
- 1kt of high ash high sulphur sold at US\$99/t FOR to a US Power Utility;
- 10kt of high ash high sulphur sold at US\$130/t FOR to a US Power Utility;
- 0.5kt of high ash high sulphur sold at US\$132/t FOR to a US Power Utility;
- 10kt of high ash high sulphur sold at US\$143/t FOR to a US Power Utility; and
- 30kt of HVB sold at US\$108/t FOB to the legacy Asian customer (blended with New Elk into a 77kt cargo).

Black Warrior's Mary Lee, Blue Creek (top) and Newcastle (top) coal seams, which represent around 85% of clean coal production, were allocated to the higher quality coal orders listed above (the FOB sales), while the Newcastle (bottom) and Blue Creek (bottom) coal seams which are our higher ash higher sulphur coals were sold into the US power market, free on rail (FOR). It is important to note that the FOR sales exclude barge and Port costs (including potential demurrage costs) which also reduces operating costs.

Future production will focus on delivery of our quality coal to meet the Marco contract with surplus production of that coal to be sold into the spot market, which may be thermal or coking coal sales, and we will continue to supply our lower quality coal into the US power market free on rail.

During the quarter, samples of Black Warrior premium Mary Lee and Blue Creek top were sent to Nippon Steel, and Hyundai Steel as well as several potential customers in Europe and South America in anticipation of securing coking coal interest when we pivot Black Warrior back to the met coal market.

New Elk

Health and Safety

Calendar year to date New Elk has 8 reportable injuries. These include 3 lost time injuries that occurred in the September quarter, and two other restricted work injuries. Two of the lost time injuries were sprain type injuries with limited time lost, and one was a result of a fall of cap rock above the seam in the rib that knocked a miner driver onto the continuous miner injuring his face. The mining height has since been reduced and additional rib control introduced when required to address this risk.

Production

Production	Quarter	Quarter	Quarter	FY23
Metric tonnes	Mar 22	Jun 22	Sep 22	YTD
ROM coal production	92,453	135,163	85,870	85,870
Saleable coal production	39,666	61,960	48,889	48,889
Coal purchased	-	-	4,394	4,394
Total coal sales	10,785	27,216	97,604	97,604
Revenue US\$'000	2,962	6,042	14,296	14,296

New Elk ROM coal production for September quarter totalled 86kt down against June quarter of 135kt, while saleable coal production for September quarter totalled 49kt against 62kt in June quarter. As with Black Warrior, one week's production was forgone to allow staff to take a weeks holiday around Independence Day.

High staff turnover continues to impact production. The Mine remains staffed with one operating unit (day and afternoon shift) even though it is set up to operate with two, and has not been able to build on staff numbers with new arrivals off-setting departing employees. We continue to explore new scheduling options in an attempt to improve staff retention including moving to a 4 day on 4 day off roster cycle. Job fairs are also planned in Kentucky and Colorado this month.

ROM production was also affected in the quarter by:

- The recovery from June quarter roof fall in #2 Unit (discussed in the June quarterly activities report) and subsequent set-up of a new conveyor drivehead; and
- Breakdowns/failures on the continuous miners.

Roof conditions have improved in the #1 Unit face with lower height mining also contributing to improvements in CHPP plant yield.

A second train set arrived at New Elk in the quarter enabling us to monetise stockpiled coal at New Elk's rail loadout to the Port of Mobile and will mitigate future delays in train cycle times.

During the quarter we continued the overhaul of the electrics on continuous miner CM04 at the Phillips Global workshop in Delta Colorado and was approximately 90% complete at end September. The overhauled unit is expected to arrive at the Mine in late October and will be commissioned underground immediately. The arrival of this upgraded machine is anticipated to materially improve productivity, given 3 continuous miners are normally in use at any one time.

The package of works included:

- A Saminco electrical drive and control package matched with VFD AC drive motors;
- Mechanical check and replacement of worn or damaged items;
- Fully re-wired throughout, fully re-hosed for the hydraulic package;
- Updated proximity system fitted;
- New cutter drums;
- New methane monitor and display;
- Full commissioning and function testing.



Image: CM04 at Phillips Global workshop

Workscope has been prepared for the next continuous miner overhaul (CM06) planned to commence in late October. This machine is planned to go to the Phillips Global workshop at Frankfort, Illinois to speed up the turnaround (expected to be 10 weeks) for this overhaul.

Sales

New Elk completed several coal sales in the September quarter achieving an average sales price of US\$146/t generating US\$14.3M of revenue, as follows:

- 9kt of 14% ash sold at US\$240/t FOB to an international commodity trader;
- 5kt of 14% ash sold at US\$170/t FOB to an international commodity trader;
- 36kt of 14% ash sold at US\$170/t FOB to an international commodity trader; and

- 47kt of HVB sold at US\$108/t FOB to the legacy Asian customer (blended with Black Warrior into a 77kt cargo).

As with Black Warrior, future production will focus on delivery of New Elk coal to meet the Marco contract with surplus production to be sold into the spot thermal market.

Short Creek Underground Project

Completion of the acquisition of the Short Creek underground project remains delayed as the vendor continues to seek the splitting of the water discharge permit between the existing surface mining coal leases and the underground coal leases which we have acquired.

At the completion of the acquisition the Company will be required to pay US\$4.4M in cash to acquire the land and assets; and US\$12.5M to replace the reclamation bond (surety & premium payment only required) with the State of Alabama that follows the land and assets. The Company is assessing means of financing completion.

Tenas Project environmental assessment certificate application

During the quarter we completed replies to all public comments provided to the BC Environmental Assessment Office (EAO) in response to the Application for an Environmental Assessment Certificate for the Tenas Project (**Tenas Project**), which we filed with the British Columbia Environmental Assessment Office in February this year (**EA Application**).

In addition we were required by the EAO provide additional follow up information in relation to Caribou, our Water Quality Model, and Cultural Use. We expect this additional work to be completed by March next year which will see a decision date on the EA Application extended into 2023.

Kilmain exploration permits, Queensland

During the quarter, the exploration permits relating to the Kilmain project were relinquished by Allegiance with agreement from the Queensland government.

Expenditure on mining exploration activities

In accordance with ASX Listing Rule 5.3.1, the Company advises its exploration and evaluation expenditure during the September quarter totalled \$ \$399k for investing activities (included at Item 2.1(d) of the Appendix 5B).

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 September 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 September quarter totalled \$23,324k for operating activities (included at Item 1.2(c) of the Appendix 5B). \$9,545k of the expenditure relates to the New Elk Mine and \$13,779k of the expenditure relates to the Black Warrior Mine, including \$688k for the purchase of coal from third parties for on-sale in the September quarter. 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 \$276k 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

During the quarter, the Company concluded a coal sale agreement with Marco International Corporation (Marco). The key terms of the executed sale contract are as follows:

- The sale of up to 40,000 metric tonnes per month of coal to Marco for one year.
- Marco has the right to extend the contract for another year at the expiry of year one, and if renewed, at the expiry of year two, for a total possible contract term of three years.
- The price for the coal for the term of the contract will be as follows:
 - US\$250/t basis 11,300 BTU/lb GAR for the first 80,000 metric tonnes delivered;
 - US\$214/t basis 11,300 BTU/lb GAR for the remaining 400,000 metric tonnes delivered over the first year of the contract; and
 - If the term is extended at Marco's option, US\$220/t basis 11,300 BTU/lb GAR for all further coal delivered under the contract.
- The target coal specifications (gross as received basis) is 14 % ash; 0.85% sulphur; 7% total moisture; 32% volatile matter; 11,800 BTU/lb; and HGI 65.
- The sale will be DAP (delivered at port) where title and risk will transfer.

During the quarter, the Company undertook a strategic review of its two operating mines to decide whether it should continue to ramp-up both mines simultaneously.

The Strategic Review concluded that:

- The Company should continue to optimise performance at both mines simultaneously. Key drivers behind this decision included:
 - Generally, production at both mines continues to improve notwithstanding the challenges each mine faces.
 - The Company believes it can address and in due course overcome the challenges in a prudent and business-like manner.
 - The Marco off-take contract provides a fixed sales price per tonne for at least one year which is expected to see each mine generate positive operating cash flow at expected production levels and operating costs.
- The Company should reduce expenditure on Tenas to simply managing the environmental assessment review process; and delay the independent feasibility study of Short Creek Underground until the acquisition of Short Creek is completed.

The Strategic Review also noted key opportunities including the following:

- New Elk mine has significant potential if manpower can be secured and equipment reliability improved.

- New Elk low sulphur coal (unlike most US coal supplied into the European energy coal market) is an attractive alternative to low sulphur Russian thermal coal. Potential remains in the coking coal market with interest from the Asian steel mills as an alternative supply of semi-coking coal from the Hunter Valley.
- Black Warrior mine can also pivot to supply high energy thermal coal, especially when blended with New Elk, to take advantage of the European energy coal market and is positioned well in Alabama to do so.
- Expansion opportunities at Black Warrior have been recognised and will be further evaluated.
- Washing both New Elk and Black Warrior coal at a higher specific gravity for a higher ash product, and in some cases by-passing some Black Warrior coal from washing altogether, will improve yield and reduce unit costs while this coal is supplied into the thermal market.
- Black Warrior mine can maintain future flexibility to pivot back to hard coking coal when appropriate low ash blending coal is available and the Company will look to continue trial cargos to both European and Asian steel mills.
- The Short Creek Project is highly prospective in the medium to long term.
- The Tenas Project remains a long-term project of merit.

The Board's immediate objective is for the Company to reach steady state production at both mines by the end of the December 2022 quarter.

In May 2022, the Company agreed to issue a secured convertible note (Note) to the Collins Street Convertible Note Fund, managed by Collins Street Asset Management. Tranche 2 of the Note closed during the quarter raising gross proceeds of A\$12.2 million, which was applied to working capital. The Note, which matures on 24 May 2025 (\$30.7 million) and 15 August 2025 (\$12.2 million), is convertible at the Noteholder's election at any time into ordinary shares in the Company at A\$0.7361 per share (subject to dilutionary adjustments) and bears interest at 10% per annum, payable monthly in advance.

During the quarter, the Group entered into an equity facility of A\$5 million with Regal Funds Management (on behalf of its funds). Under the facility, the Group can draw funds in exchange for the issue of Allegiance ordinary shares at a discount to the 10 day volume weighted average price up to the date of issue. The Company made an initial drawdown under the facility of A\$3 million in July 2022, and in August 2022, the Company and Regal Funds agreed, in relation to that drawdown, to a fixed price of A\$0.10 per share, and accordingly the Company issued 30,000,000 shares to the Regal Funds using the Company's placement capacity under ASX Listing Rule 7.1. The Company presently does not intend to draw down any further capital under the facility. Further information is provided in the ASX announcements dated 19 July 2022 and 15 August 2022.

As at 30 June 2022, the Group had drawn US\$4.4 million in supply chain finance, secured by inventory holdings. During the September quarter, an additional US\$1.4 million was drawn. The full amount was repaid from coal sales revenue during the September quarter, together with the cost of funds of US\$0.4 million.

In October the Company commenced an 8 for 5 entitlement offer to raise up to A\$33.6 million at \$0.05 per share. The institutional element of the offer closed on 7 October 2022 raising A\$15 million. The retail element of the offer is scheduled to close on Monday 31 October 2022.

Authorised for release by the Board of Directors.

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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
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")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3.months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	32,149	32,149
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	(23,324)	(23,324)
(d) staff costs	(8,758)	(8,758)
(e) administration and corporate costs	(181)	(181)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	(1,791)	(1,791)
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	(1,900)	(1,900)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(2,272)	(2,272)
(d) exploration & evaluation	(399)	(399)
(e) investments		
(f) other non-current assets	(2,727)	(2,727)

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 (3.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	(5,398)	(5,398)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,000	3,000
3.2	Proceeds from issue of convertible debt securities	12,157	12,157
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(712)	(712)
3.5	Proceeds from borrowings	2,007	2,007
3.6	Repayment of borrowings	(9,782)	(9,782)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	6,670	6,670
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,957	7,957
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,900)	(1,900)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,398)	(5,398)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,670	6,670

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 (3.months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	7,329	7,329

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	743	4,905
5.2	Call deposits	6,586	51
5.3	Bank overdrafts		
5.4	Other : Term deposits	-	3,001
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,329	7,957

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	276
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	88,075	83,075
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		5,000
7.6	<p>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> <p>A\$42.9M convertible note from the Collins Street Convertible Note Fund (Collins St Note), secured over the assets of the Company. The Note bears interest at 10% per annum, payable monthly in advance. The Note matures on 24 May 2025 (\$30.7 million) and 15 August 2025 (\$12.2 million) and is convertible at the Noteholder's election at any time into ordinary shares in the Company at A\$0.7361 per share (subject to dilutionary adjustments).</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 the Collins St Note. The face value of the note as at 30 September 2022 is US\$26.12 million. 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> <p>In July 2022, the Group entered into a A\$5 million equity facility with Regal Funds Management (on behalf of its funds). Further information is provided in the ASX announcements dated 19 July 2022 and 15 August 2022. The Company currently has no intention to use the facility before the expiry of its term</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,900)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(399)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,299)
8.4	Cash and cash equivalents at quarter end (item 4.6)	7,329
8.5	Unused finance facilities available at quarter end (item 7.5)	5,000
8.6	Total available funding (item 8.4 + item 8.5)	12,329
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.36
	<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>	

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

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: N/A

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: N/A

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: N/A

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: 21 October 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.