



ALLEGIANCE COAL LIMITED

**Allegiance Coal Limited
ACN 149 490 353**

Bonus Options Prospectus

This Prospectus is being issued for an offer of Bonus Options to Eligible Shareholders on the basis of 1 Bonus Option for every 2 Shares held on the Record Date (the **Offer**).

IMPORTANT NOTICES

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this Prospectus.

The Bonus Options offered pursuant to this Prospectus should be considered as speculative.

NO ACTION IS REQUIRED TO BE TAKEN BY ELIGIBLE SHAREHOLDERS IN RELATION TO THIS PROSPECTUS AND NO APPLICATION NEEDS TO BE MADE IN ORDER FOR ELIGIBLE SHAREHOLDERS TO RECEIVE BONUS OPTIONS UNDER THIS PROSPECTUS.

Not for release to US wire services or distribution in the United States

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Important Information

General

This Prospectus is dated 24 November 2022 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Bonus Options will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

The Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company as detailed in the Corporate Directory.

The Company will also provide copies of other documents on request free of charge (see Section 4.3).

The Bonus Options offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain, amongst other things, information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No investment advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to exercise Bonus Options offered under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Overseas Shareholders

The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus within Australia or the Permitted Jurisdictions, subject to the qualifications in Section 1.9.

No action has been taken to permit the offer of Bonus Options under this Prospectus in any jurisdiction other than Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Bonus Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

The Bonus Options (and the underlying ordinary shares) have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Bonus Options (and the underlying ordinary shares) may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

ASIC Instruments

The Offer is made pursuant to *ASIC Corporations (Exposure Period) Instrument 2016/74* which exempts the Company from complying with section 727(3) of the Corporations Act.

The Offer is also being made pursuant to *ASIC Corporations (Application Form Requirements) Instrument 2017/241* which exempts the Company from complying with section 723(1) of the Corporations Act.

Company website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Definitions, time and currency

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Definitions in Section 6.

All references to time in this Prospectus are references to Australian Eastern Daylight Time.

All references to currency are to Australian dollars, unless otherwise indicated.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer please contact the Company Secretary on info@allegiancecoal.com.au.

Corporate directory

Directors and Officers

Jonathan Romcke	Chief Executive Officer
Bernie Mason	Non-Executive Director
Matthew Wall	Non-Executive Director
Jonathan Reynolds	Finance Director and Company Secretary

Registered and Principal Office

Suite 107, 109 Pitt Street
Sydney NSW 2000

Phone: +61 2 9233 5579

Email: info@allegiancecoal.com.au

Website: <http://www.allegiancecoal.com.au/>

Legal Advisor

Hamilton Locke
Central Park Building
Level 48, 152 - 158 St Georges Terrace
Perth WA 6000

Indicative timetable

Event	Date
Announcement of Offer	24 November 2022
Lodgement of Prospectus with ASIC and ASX Lodgement of Appendix 3B	24 November 2022
Record Date	30 November 2022
Issue of Bonus Options Despatch of Holding Statements Lodgement of Appendix 3G	5 December 2022

Note: *The Company reserves the right to alter the timetable at its discretion and without notice, subject to ASX Listing Rules, the Corporations Act and other applicable law.*

Key details of the Offer

Size	A maximum of 496,447,965 Bonus Options
Ratio	1 for 2
Issue price	Nil consideration
Exercise price of Bonus Options	\$0.15 each
Expiry date of Bonus Options	5:00pm (AEDT) 3 years from the date of issue
Eligible Shareholders	The registered holder of Shares on the Record Date and who have a registered address in Australia or, subject to the requirements described in Section 1.9, the Permitted Jurisdictions

Capital structure

	Shares	Options	Performance Rights
Currently on issue¹	992,895,929 ²	9,841,616 ³	7,500,000 ⁴
Lead Manager Options⁵	Nil	20,151,367	Nil
Bonus Options	Nil	496,447,965	Nil
TOTAL¹	992,895,929	526,440,948	7,500,000

Notes:

1. Assumes no further Securities are issued (other than as disclosed in Note 2) and none of the convertible Securities are exercised and converted into Shares.
2. Includes 91,565,421 Shares to be issued on or about the date of this Prospectus, as announced on 18 November 2022.
3. Options with exercise prices ranging between \$0.375 to \$1.40 and with expiry dates ranging between 6 December 2022 and 3 December 2026.
4. Performance Rights with expiry dates ranging between 2 December 2022 and 31 December 2026 and subject to vesting conditions on the terms and conditions in: (i) schedule 3 of the Company's 2019 notice of annual general meeting; (ii) schedule 4 of the Company's 2021 notice of annual general meeting; and (iii) schedule 6 of the Company's notice of general meeting dated 1 July 2022.
5. To be issued to Petra Capital Pty Ltd (or its nominees) as partial consideration for lead manager services provided in connection with the Renounceable Entitlement Offer. The issue of the Options is subject to the receipt of prior Shareholder approval at the Annual General Meeting of the Company to be held on Friday, 25 November 2022.
6. In addition to the above, 58,221,987 Options would be issued if the Collins St Convertible Note is repaid prior to maturity and the noteholder does not elect to convert the amount outstanding. The Options would have an exercise price of \$0.7361.

Investment overview

This Section is intended to highlight key information for potential investors. It is a selective overview only and potential investors are encouraged to read the Prospectus in full.

Key Information	Further Information
<p>Transaction specific prospectus</p> <p>This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. Disclosures are made on the ASX market announcements platform in accordance with the Company's continuous disclosure obligations.</p>	-
<p>Bonus Options Offer</p> <p>This Prospectus contains an offer of 496,447,965 Bonus Options to Eligible Shareholders, on the basis of 1 Bonus Option for every 2 Shares held on the Record Date.</p> <p>The Bonus Options will have an exercise price of \$0.15 each and will expire 3 years from the date of issue.</p>	Section 1.1
<p>Eligibility</p> <p>The Offer is being made to Eligible Shareholders only.</p> <p>Eligible Shareholders are Shareholders on the Record Date who have a registered address in Australia or, subject to the requirements described in Section 1.9, the Permitted Jurisdictions, or are a Shareholder that the Company has otherwise determined is eligible to participate in the Offer.</p> <p>All Shareholders who do not satisfy the criteria to be Eligible Shareholders, are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Offer, unless the Company otherwise determines.</p>	Section 1.8
<p>What is the purpose of the Offer?</p> <p>The purpose of the Offer is to recognise the invaluable support the Company has received from its Shareholders. The Offer is an opportunity for Shareholders to participate in the potential growth of the Company.</p> <p>The primary purpose of the Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Shares that are issued upon conversion of any Bonus Options that are issued under the Offer.</p>	Section 1.2
<p>Risk factors</p> <p>As with any investment in Securities, there are risks involved. Investors should be aware that dealing in and exercising Bonus Options involves various risks. There are general risks associated with owning securities in publicly listed companies as well as risks specifically related to the Company.</p> <p>The key risk factors of which investors should be aware are set out in Section 3, including (but not limited to) risks in respect of:</p> <ul style="list-style-type: none"> • Loan risk: The Company continues to negotiate with Marco for a loan facility of up to US\$40 million, subject to the execution of long-form documentation and the completion of due diligence. The Company cautions that there can be no certainty that the loan facility will be agreed between the parties. Failure to reach such agreement 	Section 3

Key Information	Further Information
<p>would require the Company to seek alternate funding, whether that be through an alternate debt provider or through an equity raising. The Company cautions that there can be no certainty that such alternate funding will be available on acceptable terms, or at all. Failure to obtain such alternate funding would have a material adverse effect on the Company's operations, financial performance and financial position.</p> <ul style="list-style-type: none"> • Offtake risk: The Company entered into a coal offtake agreement with Marco for an initial trial cargo of 37,000 metric tonnes. Subject to a successful trial cargo, and the parties agreeing formal documentation, an additional 12 lots of 40,000 metric tonne cargos, on a monthly basis, are proposed to be supplied. The Company cautions there is no certainty that such subsequent agreement will be entered into. • Coal price: The success of the Company's operations is primarily dependent on the price of US coal with current and potential revenues derived from the sale of coal. Coal prices may fluctuate as a result of numerous factors, which are beyond the control of the Company. The Company intends to continue its pivot to the currently strong thermal market. In the event that this changes in favour of coking coal, the Company will be subject to additional risk in moving back to a coking coal production focus. • New Elk personnel: The success at New Elk depends on, amongst other things, the ability to attract and retain key underground employees with the requisite experience and in some cases State certification. There is a high demand in America for skilled workers from competing coal mining operators. A tight labour market due to a shortage of skilled labour, combined with a high industry turnover rate, may inhibit the Company's ability to identify, employ and retain the skilled workers required for its operations. The Company may be exposed to increased labour costs in markets where the demand for labour is strong. A shortage of skilled labour may delay or halt planned ramping up of production, limit the Company's ability to grow its operations or lead to a decline in productivity. • Development, operating & production risk: Exploration and development of minerals involves many risks, which may be unable to be overcome. The Company is in the process of ramping up operations at the New Elk mine and at Black Warrior mine, which will be subject to the production risk for an ongoing coal mine operation. There can be no assurance that the Company will achieve its internal production targets or cost estimates. • Production and costs estimates: The ability of the Company to achieve future production expectations and/or meet operating and capital expenditure estimates on a timely basis cannot be assured. The operations and assets of the Company, as with any other mining operation, are subject to a number of uncertainties. Costs of production for the Company may also be affected by a variety of factors. Unforeseen production cost increases could result in the Company not realising its operational or development plans, or such plans costing more than expected, or taking longer to realise than expected. • Secured debt risk: The Company has a convertible note with Collins Street with a face value of \$42.9 million. The note is secured over the Company's assets. Any failure to pay any amounts owing under the note when due (or otherwise failing to comply with the terms of the 	

Key Information	Further Information
<p>note) could lead to a default and result in any amounts outstanding under the note becoming immediately repayable. In such circumstances, a failure to repay amounts owing could result in Collins Street enforcing its security over the Company's assets. The Company's wholly-owned subsidiary company, NECC, also has a note with Cline Mining Corporation with a face value of US\$26.1 million. The note is secured over the assets of New Elk. Any failure to pay any amounts owing under the note when due (or otherwise failing to comply with the terms of the note) could lead to a default and result in any amounts outstanding under the note becoming immediately repayable. In such circumstances, a failure to repay amounts owing could result in Cline Mining Corporation enforcing its security over the assets of New Elk.</p> <ul style="list-style-type: none"> Litigation risk: Legal proceedings may arise from time to time in the course of the Company's business. The Company is currently in dispute with an Asian coal customer in relation to 160,000 tonnes of coal. A provision has been made under AASB 9, at 30 June 2022, to reflect the mark-to-market based on fair value, as at 30 June, of 240,000 tonnes of coal under fixed price contract at New Elk. The customer has sought to terminate its contract and claim damages or loss of profit. The Company has accepted the contract as terminated but denies any liability to the customer. Share price fluctuations: The value of the Company's Shares will be determined by the stock market and will be subject to varied and often unpredictable influences in the share market beyond the Company's control. These factors include, but are not limited to, the demand for, and availability of the Company's Shares, the demand for coal and the fluctuations in coal prices, movements in interest rates, exchange rates, and rates of inflation, fluctuations in the Australian and international stocks markets, changes in fiscal, monetary and regulatory policies, and general domestic and international and economic activity. Depending on general market conditions and the Company's Share price, the Company may not be able to attract new investors or raise capital as and when required. Climate change risk: The Company's operations could be impacted by natural events such as significant rain events and flooding or prolonged periods of adverse weather conditions including floods, drought, water scarcity and temperature extremes. Such natural events could result in impacts including reduced mining efficiencies, restrictions to or loss of access to mining operations or necessary infrastructure, or restrictions to or delays in access to the mine sites for deliveries of key consumables required for the Company's operations. This could result in increased costs and or reduced revenues which could impact the Company's performance and position. Changes in policy, technological innovation and consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets particularly in the event of a transition, which may occur in unpredictable ways, to a lower carbon economy. 	
<p>Use of funds No funds will be raised by the issue of the Bonus Options.</p>	Section 2.2
<p>Indicative capital structure The indicative capital structure upon completion of the Offer is set out below:</p>	Section 2.1

Key Information				Further Information
	Shares	Options	Performance Rights	
Currently on issue ¹	992,895,929	9,841,616 ³	7,500,000 ⁴	
Lead Manager Options ⁵	Nil	20,151,367	Nil	
Bonus Options	Nil	496,447,965	Nil	
TOTAL ON COMPLETION¹	992,895,929	526,440,948	7,500,000	
Notes: <ol style="list-style-type: none"> Assumes no further Securities are issued (other than as disclosed in Note 2) and none of the convertible Securities are exercised and converted into Shares. Includes 91,565,421 Shares to be issued on or about the date of this Prospectus, as announced on 18 November 2022. Options with exercise prices ranging between \$0.375 to \$1.40 and with expiry dates ranging between 6 December 2022 and 3 December 2026. Performance Rights with expiry dates ranging between 2 December 2022 and 31 December 2026 and subject to vesting conditions on the terms and conditions in: (i) schedule 3 of the Company's 2019 notice of annual general meeting; (ii) schedule 4 of the Company's 2021 notice of annual general meeting; and (iii) schedule 6 of the Company's notice of general meeting dated 1 July 2022. To be issued to Petra Capital Pty Ltd (or its nominees) as partial consideration for lead manager services provided in connection with the Renounceable Entitlement Offer. The issue of the Options is subject to the receipt of prior Shareholder approval at the Annual General Meeting of the Company to be held on Friday, 25 November 2022. In addition to the above, 58,221,987 Options would be issued if the Collins St Convertible Note is repaid prior to maturity and the noteholder does not elect to convert the amount outstanding. The Options would have an exercise price of \$0.7361. 				
Effect on control of the Company and substantial Shareholders The Offer will not have an effect on the control of the Company. The substantial Shareholders' maximum potential relevant interest and voting power in the Company are set out in the table below and are based on the following assumptions: <ul style="list-style-type: none"> 91,565,421 Shares are issued on or about the date of this Prospectus, as announced on 18 November 2022, of which 64,000,000 are issued to Regal Funds Management; all Bonus Options offered under this Prospectus are issued, exercised and converted into Shares; and no other Securities are issued or existing convertible Securities exercised and converted into Shares prior to completion of the Offer. 				Section 2.3
Substantial Shareholders		Shares	Voting power (%)	
Regal Funds Management Pte Limited and its associates		293,236,361	19.69%	
Golden Energy and Resources Limited and its associates		194,073,894	13.03%	
Deutsche Balaton and its associates		71,258,031	4.78%	
Ascend Global Investment Fund – Asia Opportunity SP(AGIF-AOSP)		74,159,660	4.98%	

Key Information	Further Information
<p>Forward looking statements</p> <p>This Prospectus contains forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties.</p> <p>These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable.</p> <p>Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.</p> <p>The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.</p> <p>The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.</p> <p>These forward looking statements are subject to various risk factors that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 3.</p>	-

1. Details of the Offer

1.1 General

The Company is offering pursuant to this Prospectus, 496,447,965 Bonus Options to Eligible Shareholders, on the basis of 1 Bonus Option for every 2 Shares held on the Record Date. The Bonus Options are exercisable at \$0.15 each and expire 3 years from the date of issue.

The Bonus Options issued pursuant to this Prospectus will be issued for nil consideration. However, the Offer will provide the Company with a potential source of additional capital if the Bonus Options are exercised in the future (being up to approximately \$74,467,195 where all Bonus Options are issued and exercised).

There is no certainty that any Bonus Options will be exercised and the proportion exercised will depend on the Share price relative to the exercise price during the exercise period.

It is currently intended that any funds raised by the exercise of the Bonus Options will be used towards working capital requirements and may be part of the capital expenditure requirements for establishing the Short Creek Mine and/or the Tenas Project along with other funding initiatives yet to be designed. Working capital includes but is not limited to corporate administration and operating costs.

The application of funds will depend on when Bonus Options are exercised and the status of the Company's existing projects and requirements at the relevant time.

1.2 Purpose of the Offer

The purpose of the Offer is to recognise the invaluable support the Company has received from its Shareholders. The Offer is an opportunity for Shareholders to participate in the potential growth of the Company.

The primary purpose of the Offer is to also remove the need for an additional disclosure document to be issued upon the sale of any Shares that are issued upon conversion of any Bonus Options that are issued under the Offer.

The Offer is being made such that the relief provided under *ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80* with respect to the on-sale provisions of section 707 of the Corporations Act is available.

Specifically, if the Bonus Options are issued with disclosure under this Prospectus, then the Shares issued upon the exercise of any of the Bonus Options can be on-sold within 12 months of their issue, without a disclosure document for the on-sale offer.

1.3 Minimum subscription

There is no minimum subscription for the Offer.

1.4 Withdrawal of Offer

The Company reserves the right not to proceed with the Offer at any time before the issue of Bonus Options.

1.5 Issue date

It is expected that Bonus Options will be issued on 5 December 2022.

1.6 ASX quotation

The Company will not apply for quotation of the Bonus Options.

1.7 CHESS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Shareholders will not receive a certificate but will receive a statement of their holding of Securities.

If you elect to hold your Securities on the CHESS sub-register, ASX Settlement Pty Limited will send you a CHESS statement.

If you elect to hold your Securities on the Issuer Sponsored sub-register, your statement will be despatched by the Share Registry.

The statements will set out the number of existing Securities held (where applicable) and the number of Bonus Options allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Securities on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Securities on the Issuer Sponsored sub-register).

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.8 Eligible Shareholders

The Offer is being made to Eligible Shareholders only.

Eligible Shareholders are Shareholders on the Record Date who have a registered address in Australia or, subject to the requirements described in Section 1.9, the Permitted Jurisdictions, or are a Shareholder that the Company has otherwise determined is eligible to participate in the Offer.

All Shareholders who do not satisfy the criteria to be Eligible Shareholders, are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Offer, unless the Company otherwise determines.

The restrictions upon eligibility to participate in the Offer arise because the Company has determined, pursuant to Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Offer to Ineligible Shareholders. This decision has been made after taking into account the number of Ineligible Shareholders on the Company's share register, the relatively small number and value of Bonus Options to which those Ineligible Shareholders would otherwise be entitled and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Offer.

1.9 Notice to Eligible Shareholders in Permitted Jurisdictions

No action has been taken to register or qualify the Bonus Options, or the Offer, or otherwise to permit the offering of the Bonus Options, in any jurisdiction outside of Australia.

The distribution of this Prospectus within jurisdictions outside of Australia may be restricted by law and persons into whose possession this Prospectus comes should observe any such

restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Bonus Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus. In particular, this Prospectus may not be distributed to any person, and the Bonus Options may not be offered or sold in any country outside Australia.

(a) **European Union**

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the Bonus Options be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Bonus Options in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

(b) **Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). Accordingly, this document may not be distributed, and the Bonus Options may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Bonus Options has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonus Options that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Bonus Options may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(c) **New Zealand**

The Bonus Options are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not,

contain all the information that a product disclosure statement under New Zealand law is required to contain.

(d) **Singapore**

This document and any other materials relating to the Bonus Options have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Bonus Options, may not be issued, circulated or distributed, nor may the Bonus Options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the **SFA**) or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Bonus Options being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire such securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

(e) **United Kingdom**

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Bonus Options.

These securities may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Bonus Options has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

1.10 Taxation implications

The Directors do not consider that it is appropriate to give advice regarding the taxation consequences of being granted or exercising Bonus Options under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of all Shareholders.

The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in respect of the Offer. Shareholders should consult their own professional tax adviser in connection with the taxation implications of the Offer.

1.11 Major activities and financial information

A summary of the major activities and financial information relating to the Company, for the financial year ended 30 June 2022, can be found in the Company's Annual Report announced on ASX on 4 October 2022. Copies of the Annual Report are available free of charge from the Company. The Company's continuous disclosure notices (i.e. ASX announcements) since 30 June 2022 are listed in Section 4.3 and are also available free of charge from the Company.

The Directors strongly recommend that Shareholders review the Annual Report and all other announcements.

1.12 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company by email info@allegiancecoal.com.au.

2. Effect of the Offer

2.1 Capital structure on completion of the Offer

The principal effect of the Offer, assuming all Bonus Options offered under the Prospectus are issued, will be an increase to the number of Options on issue from 9,841,616 to 506,289,581.

There will be no change to the number of Shares on issue. However, if any of the existing convertible securities are exercised prior to the Record Date, the number of Shares in the capital of the Company will increase and additional Bonus Options will be issued under the Bonus Offer.

Assuming no other Shares are issued and none of the existing convertible Securities are exercised, and converted into Shares, the effect of the Offer on the Company's capital structure as at the date of this Prospectus is as shown in the following table.

	Shares	Options	Performance Rights
Currently on issue¹	992,895,929 ²	9,841,616 ³	7,500,000 ⁴
Lead Manager Options⁵	Nil	20,151,367	Nil
Bonus Options	Nil	496,447,965	Nil
TOTAL¹	992,895,929	526,440,948	7,500,000

Notes:

1. Assumes no further Securities are issued (other than as disclosed in Note 2) and none of the convertible Securities are exercised and converted into Shares.
2. Includes 91,565,421 Shares to be issued on or about the date of this Prospectus, as announced on 18 November 2022.
3. Options with exercise prices ranging between \$0.375 to \$1.40 and with expiry dates ranging between 6 December 2022 and 3 December 2026.
4. Performance Rights with expiry dates ranging between 2 December 2022 and 31 December 2026 and subject to vesting conditions on the terms and conditions in: (i) schedule 3 of the Company's 2019 notice of annual general meeting; (ii) schedule 4 of the Company's 2021 notice of annual general meeting; and (iii) schedule 6 of the Company's notice of general meeting dated 1 July 2022.
5. To be issued to Petra Capital Pty Ltd (or its nominees) as partial consideration for lead manager services provided in connection with the Renounceable Entitlement Offer. The issue of the Options is subject to the receipt of prior Shareholder approval at the Annual General Meeting of the Company to be held on Friday, 25 November 2022.
6. In addition to the above, 58,221,987 Options would be issued if the Collins St Convertible Note is repaid prior to maturity and the noteholder does not elect to convert the amount outstanding. The Options would have an exercise price of \$0.7361.

2.2 Use of funds

No funds will be raised as a result of the issue of Bonus Options.

The Company will receive \$0.15 for each Bonus Option exercised. If all Bonus Options are issued and exercised, the Company will receive up to approximately \$74,467,195 (before costs). There is no certainty that any of the Bonus Options will be exercised.

It is currently intended that the funds raised by the exercise of the Bonus Options will be used towards general working capital requirements and may be part of the capital expenditure requirements for establishing the Short Creek Mine and/or the Tenas Project along with other funding initiatives yet to be designed. Working capital includes but is not limited to corporate administration and operating costs. The application of funds will depend on when Bonus

Options are exercised and the status of the Company's projects and requirements at the relevant time.

The above is a statement of current intentions as at the date of this Prospectus. Shareholders should note that, as with any budget, the allocation of funds may change depending on a number of factors, including market conditions, the development of new opportunities and/or any number of other factors.

2.3 Effect on control of the Company and substantial Shareholders

The Offer will not have an effect on the control of the Company.

The current relevant interests of the substantial Shareholders is set out below:

Substantial Shareholders	Shares	Voting power (%)
Regal Funds Management Pte Limited and its associates	195,490,907	19.69%
Golden Energy and Resources Limited and its associates	129,382,596	13.03%
Deutsche Balaton and its associates	47,505,354	4.78%
Ascend Global Investment Fund - Asia Opportunity SP(AGIF-AOSP)	49,439,773	4.98%

Notes:

1. Assumes 91,565,421 Shares are issued on or about the date of this Prospectus, as announced on 18 November 2022, and that 64,000,000 of these Shares are issued to Regal Funds Management.
2. Based on the most recent substantial holding notices, as adjusted for the issue of Shares described in Note 1.

The substantial Shareholders' maximum potential relevant interest and voting power in the Company are set out in the table below and are based on the following assumptions:

- (a) all Bonus Options offered under this Prospectus are issued, exercised and converted into Shares; and
- (b) no other Securities are issued or existing convertible Securities exercised and converted into Shares prior to completion of the Offer.

Substantial Shareholders	Shares	Voting power (%)
Regal Funds Management Pte Limited and its associates	293,236,361	19.69%
Golden Energy and Resources Limited and its associates	194,073,894	13.03%
Deutsche Balaton and its associates	71,258,031	4.78%

Ascend Global Investment Fund - Asia Opportunity SP(AGIF-AOSP)	74,159,660	4.98%
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Notes:

1. Assumes 91,565,421 Shares are issued on or about the date of this Prospectus, as announced on 18 November 2022, and that 64,000,000 of these Shares are issued to Regal Funds Management.
2. Based on the most recent substantial holding notices, as adjusted for the issue of Shares described in Note 1.

2.4 Diluting effect of the Offer

The Offer will not have a diluting effect on Shareholders' interests unless and until the Bonus Options are exercised.

On the assumptions that:

- (a) all of the Bonus Options offered under this Prospectus are issued, exercised and converted into Shares; and
- (b) no other Securities are issued or existing convertible Securities exercised and converted into Shares prior to completion of the Offer,

the diluting effect on the percentage interest of existing Shareholders' would be 33.33% (on an undiluted basis).

2.5 Financial effect of the Offer

The Company does not consider that the Offer will have a material effect on the financial position of the Company, as the Bonus Options will be issued for no consideration.

The expenses of the Offer will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position of reducing the cash balance by approximately \$25,306.

Please refer to Section 4.9 for further details on the estimated expenses of the Offer.

3. Risk Factors

As with any investment in Securities, there are risks involved. This Section identifies the major areas of risk associated with dealing in and exercising Bonus Options issued pursuant to this Prospectus.

The below should not be taken as an exhaustive list of the potential risk factors to which the Company and its security holders are exposed. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to exercise any Bonus Options.

The Directors consider that the following summary represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

3.1 Loan risk

The Company continues to negotiate with Marco for a loan facility of up to US\$40 million, subject to the execution of long-form documentation and the completion of due diligence. The Company cautions that there can be no certainty that the loan facility will be agreed between the parties. Failure to reach such agreement would require the Company to seek alternate funding, whether that be through an alternate debt provider or through an equity raising. The Company cautions that there can be no certainty that such alternate funding will be available on acceptable terms, or at all. Failure to obtain such alternate funding would have a material adverse effect on the Company's operations, financial performance and financial position.

3.2 Offtake risk

The Company entered into a coal offtake agreement with Marco for an initial trial cargo of 37,000 metric tonnes. Subject to a successful trial cargo and the parties agreeing formal documentation, an additional 12 lots of 40,000 metric tonne cargoes, on a monthly basis, are proposed to be supplied. The Company cautions there is no certainty that such subsequent agreement will be entered into.

3.3 Coal price

The success of Allegiance's operations is primarily dependent on the price of US coal with current and potential revenues derived from the sale of coal. Coal prices may fluctuate as a result of numerous factors, which are beyond the control of Allegiance. The Company intends to continue its pivot to the currently strong thermal market. In the event that this changes in favour of coking coal, the Company will be subject to additional risk in moving back to a coking coal production focus at future price levels. Coal price risk is also applicable for tonnes supplied on the spot market (above existing contracted volumes) and tonnes supplied under contract where market conditions vary such that contract terms are not honoured.

3.4 Development, operating and production risk

Exploration and development of minerals involves many risks, which may be unable to be overcome. The Company is in the process of ramping up operations at the New Elk mine and at Black Warrior mine, which will be subject to the production risk for an ongoing coal mine operation. There can be no assurance that Allegiance will achieve its internal production targets or cost estimates.

The Company's operations and mining productivity rates may be curtailed, or delayed as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services

failure (such including energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements. Hazards incidental to the mining, exploration and development of mineral properties such as unusual or unexpected geological formations may be encountered by the Company. Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

3.5 Production and costs estimates

The ability of the Company to achieve future production expectations and/or meet operating and capital expenditure estimates on a timely basis cannot be assured. The operations and assets of the Company, as with any other mining operation, are subject to a number of uncertainties, including in relation to ore tonnes, grade, recoveries, actual realised values and grades of stockpiles (which are also estimated), ground conditions, operational environment, funding for development, regulatory changes, weather (including flooding in the event of heavy rainfall), accidents, difficulties in operating plan and equipment and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment.

Costs of production for the Company may be affected by a variety of factors, including changing waste-to-ore ratios, geotechnical issues, unforeseen difficulties associated with power supply, water supply and infrastructure, ore grade, metallurgy, labour costs, changes to applicable laws and regulations, general inflationary pressures and currency exchange rates. Unforeseen production cost increases could result in the Company not realising its operational or development plans or in such plans costing more than expected or taking longer to realise than expected.

Any of these outcomes could have an adverse effect on the Company's operational or financial performance. Failure of the Company to achieve production or cost estimates could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

3.6 New Elk personnel

The success at New Elk also depends on the ability to attract and retain key underground employees with the requisite experience and in some cases State certification. The Company is currently actively recruiting for a new General Manager of New Elk, as well as a Chief Financial Officer for the Company's US registered operating subsidiaries.

There is a high demand in America for skilled workers from competing coal mining operators. A tight labour market due to a shortage of skilled labour, combined with a high industry turnover rate, may inhibit the Company's ability to identify, employ and retain the skilled workers required for its operations. The Company may be exposed to increased labour costs in markets where the demand for labour is strong. A shortage of skilled labour may delay or halt planned ramping up of production, limit the Company's ability to grow its operations or lead to a decline in productivity.

3.7 Dependence on external contractors

The Company has outsourced parts of its mining and exploration activities pursuant to services contracts with third party contractors. Such contractors may not be available to perform services for the Company, when required, or may only be willing to do so on terms that are not acceptable to the Company. Once in contract, performance may be constrained or hampered by labour disputes, plant, equipment and staff shortages, and default. Contractors may not comply with provisions in respect of quality, safety, environmental compliance and timeliness, which may be difficult to control. In the event that a contractor underperforms or is terminated, the Company may not be able to find a suitable replacement

on satisfactory terms within time or at all. These circumstances could have a material adverse effect on the Company's operations.

3.8 Occupational health and safety

Allegiance's operations are subject to a variety of industry specific health and safety laws and regulations which are formulated to improve and to protect the safety and health of employees. Mining operations are potentially hazardous and the management of safety and health risks is essential. Allegiance seeks to implement best practice procedures in occupational health and safety and meet compliance with government regulations. The safety regime in the USA is different to Australia, and is administered by The Mine Safety and Health Administration ("MSHA"). The inspection regime is such that citations are issued whenever an inspector finds a non-compliance situation with regulations, and the mine is required to correct the condition or non-compliance. If the number of citations are excessive against a set standard, a pattern of violation notice may be issued which can affect the ability of mining operations to operate effectively. MSHA would increase the inspection regime to ensure full compliance is achieved.

The occurrence of any industrial accidents, workplace injuries or fatalities may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions.

3.9 Logistics risk – rail and port

The New Elk Mine currently transports all of its production by rail to the gulf port of Mobile – a distance of over 1,000km. The logistics services are provided by two rail companies, BNSF and Union Pacific (UP). Both companies have faced challenges in recruiting and training up new crews after staff were terminated at the start of the COVID pandemic amid a major contraction in rail transport demand. The demand has picked up again and both companies are training up new people to provide the crews needed to operate their fleet. The lack of crews has affected their ability to efficiently service their customers, including New Elk.

The Port of Mobile has had challenges operating effectively due to the change out and upgrade of the two car rail dumper, and the silting up of Berth 1 at their wharf. This has created delays in coal unloading and loading and ship berthing that has increased costs for the Company. Two alternative ports are available to mitigate some risk, Houston and Convent.

3.10 Availability of capital

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that the Company will be able to obtain additional debt or equity funding when required, or that the terms associated with that funding will be acceptable to the Company and this may have a material adverse effect on the Company.

3.11 Litigation

Legal proceedings may arise from time to time in the course of Allegiance's business. Allegiance may be involved in disputes with other parties which may result in litigation. Any such claim or dispute, if proven, may impact adversely on Allegiance's operations, financial performance and financial position. Such claims or disputes, even if without merit, can result in substantial cost and diversion of management resources.

The Company is currently in dispute with an Asian coal customer in relation to 160,000 tonnes of coal. A provision has been made under AASB 9, at 30 June 2022, to reflect the mark-to-market based on fair value, as at 30 June, of 240,000 tonnes of coal under fixed price contract at New Elk. The customer has sought to terminate its contract and claim damages or

loss of profit. The Company has accepted the contract as terminated but denies any liability to the customer.

3.12 License conditions and renewals

The Company's operations and exploration activities require certain licenses to operate that include conditions of operation and renewal. The Company ensures it is in compliance with all of its licence conditions and any renewal requirements. Changes in regulatory conditions and requirements, or the expansion of permit areas with additional regulatory conditions and requirements beyond what is currently required, remains a risk with ongoing and new mining operations. A number of permits licenses are currently in the renewal process and administrative arrangements allow the ongoing operations and permit conditions to continue while the renewal process is underway.

3.13 Key personnel

Allegiance's success depends on the continued services of its key personnel. Allegiance could be adversely affected if any of the key management team ceased to actively participate in the management of Allegiance or ceased employment with Allegiance entirely. The Company has in place short-term and long-term incentive arrangements aimed at managing this risk.

3.14 Insurance

Allegiance's business is subject to a number of risks and hazards generally that could result in damage to mining or production facilities, personnel injury or death, environmental damage to Allegiance's properties and the properties of others, delays in development or mining, monetary losses and possible legal liability. Allegiance has in place insurance to protect against certain risks that it considers to be reasonable, however its insurance will not cover all of the potential risks associated with its operations.

3.15 Regulations

The Company's operations are subject to government laws, regulations and policies governing (among other things) taxation, exploration, production, exports, labour standards, occupational health and safety, greenhouse gas reporting, and environmental protection. Any future changes in these laws, regulations or policies may adversely affect the Company's operations.

3.16 Going concern

The Company's financial report for the year ended 30 June 2022 (Annual Report) includes an emphasis of matter with respect to the existence of a material uncertainty about the Company's ability to continue as a going concern.

3.17 Mineral resource and ore reserve estimates

Mineral resource and ore reserve estimates are a subjective process based on drilling results, past experience with mining properties and modifying factors, knowledge, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Ore reserve estimation is an interpretive process based on a limited amount of geological data pursuant to JORC standards and similar applicable regimes and interpretations and thus estimations may prove to be inaccurate.

In particular, the mineral resource estimates for New Elk are a mixture of coal resources reported under the JORC Code and foreign estimates under ASX Listing Rule 5.12 and are not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the foreign estimates as a mineral resource under the JORC Code and it is

uncertain that following further exploration or evaluation work that this foreign estimate will be able to be reported as a mineral resource in accordance with the JORC Code. However the mineral resource reported for the Green, Blue and Allen seams at New Elk have been completed to the JORC standards.

3.18 Environmental regulations and risks

National and local environmental laws and regulations in jurisdictions in which Allegiance operates affect the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Allegiance minimises the potential impact of these laws and regulations by taking steps to ensure compliance with environmental regulations and, where possible, by carrying appropriate insurance.

3.19 Secured debt risk

At the date of this Prospectus, the Company had a note with Collins Street with a face value of A\$42.9 million. The note is secured over the Company's assets. Any failure to pay any amounts owing under the note when due (or otherwise failing to comply with the terms of the Note) could lead to a default and result in any amounts outstanding under the note becoming immediately repayable. In such circumstances, a failure to repay amounts owing could result in Collins Street enforcing its security over the Company's assets.

Under the terms of the agreement with Collins Street, if the Company issues Shares (other than on conversion of the Collins Street notes or a pro rata issue (other than a bonus issue)), the conversion price will be adjusted by applying a discount equivalent to the amount raised as part of the fundraise as a proportion of the Company's market capitalisation immediately prior to the fundraise. Accordingly, the exercise of Bonus Options may have the effect of reducing the conversion price of the note.

At the date of this Prospectus, the Company's subsidiary NECC had a note with Cline Mining Corporation with a face value of US\$26.1 million. The note is secured over the assets of New Elk. Any failure to pay any amounts owing under the note when due (or otherwise failing to comply with the terms of the note) could lead to a default and result in any amounts outstanding under the Note becoming immediately repayable. In such circumstances, a failure to repay amounts owing could result in Cline Mining Corporation enforcing its security over the assets of New Elk.

3.20 Share price fluctuations

The value of the Company's shares will be determined by the stock market and will be subject to varied and often unpredictable influences in the share market beyond the Company's control. These factors include, but are not limited to, the demand for, and availability of the Company's shares, the demand for coal and the fluctuations in coal prices, movements in interest rates, exchange rates, and rates of inflation, fluctuations in the Australian and international stocks markets, changes in fiscal, monetary and regulatory policies, and general domestic and international and economic activity. Depending on general market conditions and Allegiance's share price, Allegiance may not be able to attract new investors or raise capital as and when required.

3.21 Exchange rates

A significant portion of operating expenditures and future project equipment expenditures are denominated in foreign currency which exposes the Company to exchange rate risk. The Company's revenue is generated in US\$ which matches the currency of the Company's current cost base. The Collins Street debt is denominated in Australian dollars and the Cline

debt is denominated in US dollars.

3.22 Underground mining risk

Underground mining carries additional risks associated with the control of the mine roof. A number of roof control issues have occurred at the New Elk mine and there have been a number of roof falls. The roof support controls have been increased in density, and the pillar sizes have been increased, to address the issue however the risk remains that mining conditions may deteriorate affecting the ongoing operation of the mine.

3.23 Short Creek completion

In October 2021, the Company entered into a binding agreement to acquire the Short Creek mine assets located west of Birmingham, Alabama. The acquisition comprises the purchase of the land over the deposit, the fixed assets (primarily a CHPP, a barge load-out, conveyors and stackers), and all existing permits to operate; and the lease of the mineral rights to the Mary Lee, Blue Creek and Newcastle seams under the land for up to 23 years, in consideration for the payment of royalties ranging from 7% to 10% based on a sliding scale of the FOB sales price achieved. The acquisition cost is US\$4.4M in cash to acquire the land and assets; and US\$12.5M to replace the reclamation bond with the State of Alabama that follows the land and assets. Completion of acquisition is not finalised due to delay by the Alabama Environmental Agency in splitting the water permit between the surface coal lease and the underground coal lease. There is a risk the Company will not be able to finance completion once the permit is split and this may lead to legal action by the counterparty. Any such action may impact adversely on Allegiance's operations, financial performance and financial position.

3.24 Impairment

The Company's assets may be subject to impairment risks which could adversely affect their value. Allegiance's balance sheet includes a number of assets that are subject to impairment risk or are required to be carried at fair value, including mining tenements, exploration and evaluation assets, property, plant and equipment, and intangible assets (including goodwill). The values of these assets are generally derived from the fundamental valuation of the underlying mining operations and as such are subject to many of the risks to which the Company's operations are exposed, including coal price and demand fluctuations, foreign exchange risks, changes in coal production and estimates of reserves and resources, and operating risks. Adverse changes in these risk factors could lead to a reduction in the valuation of the Company's assets and result in an impairment charge or fair value loss being recognised.

3.25 Climate change risk

The Company's operations could be impacted by natural events such as significant rain events and flooding or prolonged periods of adverse weather conditions including floods, drought, water scarcity and temperature extremes. Such natural events could result in impacts including reduced mining efficiencies, restrictions to or loss of access to mining operations or necessary infrastructure, or restrictions to or delays in access to the mine sites for deliveries of key consumables required for the Company's operations. This could result in increased costs and or reduced revenues which could impact the Company's performance and position.

Changes in policy, technological innovation and consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets particularly in the event of a transition, which may occur in unpredictable ways, to a lower carbon economy.

3.26 Force majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including fires, labour unrest, civil disorder, war, subversive activities or sabotage, floods, pandemics, explosions or other catastrophes, epidemics or quarantine restrictions.

3.27 Supply chain risk

The New Elk mine operating in southern Colorado is relatively remote compared to the majority of mines located on the east coast of America.

3.28 Marketing risk

Marketing of Allegiance coals is exposed to risks associated with achieving a fair sales price for our coal, achieving the required sales volumes to match the production capacity, and the risk associated with non-performance of mining operations once forward sales contracts are in place. Allegiance has two marketing agreements in place to provide expertise in this area, but does not have a dedicated marketing team to manage these risks.

3.29 Credit risk

The Company is exposed to the risk that customers may default on their contractual obligations resulting in financial loss to the Company. The Company manages this risk on a customer by customer basis through the use of bank letters of credit and through allowing very short credit terms.

3.30 Competition

The Company competes with other companies, including major coal companies in North America and internationally. Some of these companies will have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

3.31 Taxation

Changes to corporate income tax, import duties, property tax, excise tax, withholding tax or any other applicable taxation legislation or policies relevant to the Company may adversely affect the Company's financial profitability, net assets and cash flow and the returns to investors. Changes to royalty arrangements may also be detrimental to cashflow.

3.32 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Bonus Options offered under this Prospectus.

Therefore, the Bonus Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Bonus Options.

4. Additional information

4.1 Terms and conditions of Bonus Options

The terms and conditions of the Bonus Options are as follows:

- (a) **(Entitlement)**: Each Bonus Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Exercise Price)**: The Options have an exercise price of \$0.15 per Option (**Exercise Price**).
- (c) **(Expiry Date)**: The Options expire at 5.00 pm (AEDT) on the date which is 3 years from date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **(Exercise Period)**: The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- (e) **(Quotation of the Options)**: The Company will not apply for quotation of the Options.
- (f) **(Notice of Exercise)**: The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

The Options held by each holder may be exercised in whole or in part, and if exercised in part, at least 10,000 must be exercised on each occasion.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

- (g) **(Timing of issue of Shares on exercise)**: Within 5 Business Days after the Exercise Date the Company will, subject to paragraph (p):
 - (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - (iii) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
- (h) **(Transferability)**: The Options are transferable, subject to any restriction or escrow arrangements imposed by ASX or under applicable securities laws. Transfers of Options must be made by an instrument in writing in common form or in such other form as the Company may reasonably approve. The holder must notify the Company in writing of any transfer or other disposal of an Option or an interest in it within 2 business days of the date of that transfer or other disposal. The Company may decline to register an instrument of transfer received where the transfer is not in

registrable form or where refusal is otherwise permitted under the Constitution. If the Company declines to register a transfer, the Company must give notice of the refusal.

- (i) **(Shares issued on exercise):** Shares issued on exercise of the Options will rank equally with the then Shares of the Company.
- (j) **(Quotation of Shares on exercise):** If admitted to the Official List of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.
- (k) **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (l) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (m) **(Change in exercise price):** There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).
- (n) **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), there will be no change to the number of Options or the Exercise Price.
- (o) **(Voting rights):** The Options do not confer any right to vote at meetings of members of the Company, except as required by law, during the currency of the Options without first exercising the Options and the Shares having been issued.
- (p) **(Takeovers prohibition):**
 - (i) the issue of Shares on exercise of the Options is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act; and
 - (ii) the Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the Options.
- (q) **(Entitlement to dividends):** The Options do not confer any entitlement to a dividend, whether fixed or at the discretion of the directors, during the currency of the Options without exercising the Options.
- (r) **(Entitlement to capital return):** The Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise, and similarly do not confer any right to participate in the surplus profit or assets of the Company upon a winding up, in each case, during the currency of the Options without exercising the Options.

4.2 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder will, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares will have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which will be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

No dividend will carry interest as against the Company.

Subject to the Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit, under which participants may elect in respect of all or part of their Shares to receive a dividend or to forego a dividend from the

Company and receive some other form of distribution or entitlement (including securities) from the Company or another body corporate or a trust.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Shareholder liability**

As the Company will only have fully paid Shares on issue, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.3 **Copies of documents**

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2022, being the last financial statements for a financial year of the Company lodged with ASIC before the issue of this Prospectus; and

- (b) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in paragraph 4.3(a) above until the date of this Prospectus:

Date lodged	Subject of Announcement
23/11/2022	Final Director's Interest Notice
23/11/2022	Mr Mark Gray - Resignation
18/11/2022	Renounceable Entitlement Offer Shortfall Placement
16/11/2022	Coal Off-take Contract with Marco International Completed
15/11/2022	Operations Update
14/11/2022	Change in substantial holding
11/11/2022	Change in substantial holding
10/11/2022	Change in substantial holding
10/11/2022	Change in substantial holding
10/11/2022	Change of Director's Interest Notice x 3
10/11/2022	Application for quotation of securities - AHQ
7/11/2022	Results of Renounceable Entitlement Offer
3/11/2022	Termination of Coal Sale Agreement with Legacy Asian Customer
28/10/2022	Coal Off-Take Contract with Marco International - Update
26/10/2022	Proposed Bonus Issue of Options - Update
24/10/2022	Coal Off-take Contract with Marco International - Update
24/10/2022	Retail Offer Booklet and Entitlement and Acceptance Form
21/10/2022	Notice of Annual General Meeting/Proxy Form
21/10/2022	Letter to Shareholders
21/10/2022	Quarterly Activities/Appendix 5B Cash Flow Report
19/10/2022	Extension of Retail Entitlement Offer Closing Date
19/10/2022	Update - Proposed issue of securities - AHQ
18/10/2022	Change in substantial holding
18/10/2022	Change in substantial holding
14/10/2022	Change in substantial holding
14/10/2022	Application for quotation of securities - AHQ
13/10/2022	Retail Offer Booklet
13/10/2022	Update - Proposed issue of securities - AHQ
7/10/2022	Reinstatement to Official Quotation
7/10/2022	Results of Institutional Entitlement Offer
5/10/2022	Proposed issue of securities - AHQ
5/10/2022	Notice to option holders
5/10/2022	Cleansing Statement

Date lodged	Subject of Announcement
5/10/2022	Proposed issue of securities - AHQ
5/10/2022	Renounceable Issue - Investor Presentation
5/10/2022	Launch of accelerated renounceable entitlement offer
5/10/2022	2022 Appendix 4G Corporate Governance

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 4.10 and the consents provided by the Directors to the issue of this Prospectus.

4.4 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus and in this Section 4.4.

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

4.5 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on Section 713 of the Corporations Act in issuing the Shares under this Prospectus.

4.6 Market price of Shares

The highest and lowest closing market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.093 on 26 August 2022.

Lowest: \$0.050 on 17 October 2022.

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.051 per Share on 23 November 2022.

4.7 Interests of Directors

(a) Information disclosed in this Prospectus

Other than as set out in this Prospectus, no Director (or entity in which they are a partner or director) holds or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (iii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (i) as an inducement to become, or to qualify as, a Director; or
- (ii) for services provided in connection with the formation or promotion of the Company, or the Offer.

(b) **Directors' interests in Securities**

The relevant interests of each of the Directors in Securities as at the date of this Prospectus is set out below.

Director	Shares	Bonus Options	Options	Performance Rights
Jonathan Romcke ¹	Nil	Nil	1,000,000	2,000,000
Matthew Wall ²	26,000	13,000	Nil	Nil
Bernie Mason ³	500,000	250,000	Nil	500,000
Jonathan Reynolds ⁴	600,000	300,000	1,300,000	Nil

Notes:

1. Securities are held indirectly via J & A Romcke Family Trust, a discretionary trust of which Mr Romcke is a beneficiary.
2. Securities are held indirectly via Sentakushi S/F A/C, a self managed superannuation fund of which Mr Wall is a member.
3. Securities are held indirectly by Citicorp Nominees Pty Limited as nominee for Mr Mason.
4. Securities are held directly by Mr Reynolds.

(c) **Remuneration of Directors**

The Constitution of the Company provides that the non-executive directors are entitled to be paid an amount of fees which does not in any year exceed in aggregate the amount last fixed by ordinary resolution. The aggregate amount fixed is \$500,000. This aggregate amount is to be allocated among the non-executive directors equally, having regard to the proportion of the relevant year for which each director held office, or as otherwise decided by the Board. The amount may also be provided in a manner the Board decides, which may include provision of non-cash benefits, in which case, the Board must also decide the manner in which the value of those benefits is to be calculated.

The Constitution also provides that:

- (i) the Directors shall be entitled to be paid reasonable travelling, accommodation and other expenses incurred by them respectively in or about the performance of their duties as Directors; and
- (ii) if any of the Directors being willing are called upon to perform additional or special duties for Company, the Company may remunerate that Director as determined by the Directors and that remuneration may be either in addition to or in substitution for his or her share in the fee-pool described.

The remuneration of executive directors is to be fixed by the Board. The Company currently has two executive directors: Jonathan Romcke and Jonathan Reynolds.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last two financial years (FY), inclusive of directors fees, consultancy fees, bonuses, non-monetary benefits, superannuation benefits and the deemed fair value of share-based payments.

FY ended 30 June 2021					
Director	Cash salary and fees	Bonus	Non-monetary	Share-based payments	Total
	\$	\$	\$	\$	\$
Mark Gray ⁴	410,668	120,000	36,346	-	567,014
Bernie Mason	88,943	-	-	-	88,943
Jonathan Reynolds	237,500	40,000	-	-	277,500
Larry Cook ¹	224,017	-	-	-	224,017
Malcolm Carson ²	40,500	-	-	-	40,500

FY ended 30 June 2022 (\$)					
Director	Cash salary and fees	Bonus	Non-monetary	Share-based payments	Total
	\$	\$	\$	\$	\$
Mark Gray ⁴	463,328	75,000	23,792	980,000	1,542,120
Jonathan Romcke	93,871	-	-	-	93,871
Matthew Wall	17,708	-	-	-	17,708
Bernie Mason	45,219	-	-	-	45,219
Jonathan Reynolds	300,000	-	-	214,553	514,553
Larry Cook ¹	275,532	-	-	980,000	1,255,532
Malcolm Carson ²	18,000	-	-	-	18,000
Paul Vining ³	7,204	-	-	-	7,204

Notes:

1. Retired 6 June 2022.
2. Deceased February 2022.
3. Resigned 6 July 2022.
4. Resigned 23 November 2022.

4.8 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Bonus Options offered under this Prospectus or property acquired or proposed to be acquired by the

Company in connection with its formation or promotion or the Bonus Options offered under this Prospectus; or

- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Bonus Options offered under this Prospectus.

Hamilton Locke will be paid approximately \$10,000 (plus GST) in fees for legal services in connection with the Offer. Hamilton Locke has been paid approximately \$90,000 (plus GST) for other legal services to the Company over the past 24 months.

4.9 Expenses of Offer

The estimated expenses of the Offer are as follows (excluding GST):

Estimated expenses of the Offer	\$
ASIC lodgement fee	\$3,206
Legal and preparation expenses	\$10,000
Share registry expenses	\$12,100
Total	\$25,306

4.10 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Options under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Hamilton Locke has given its written consent to being named as the solicitors to the Company in this Prospectus. Hamilton Locke has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

5. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to read 'Jonathan Romcke', written in a cursive style.

Jonathan Romcke
Chief Executive Officer

Dated: 24 November 2022

6. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

AEDT means Australian Eastern Daylight Time.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

ASX Settlement Operating Rules means ASX Settlement Operating Rules of ASX Settlement.

Board means the Directors meeting as a board.

Bonus Options means the bonus options offered under this Prospectus.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregister System.

Collins St Convertible Note means the secured convertible note between the Company and Collins St Convertible Notes Pty Ltd as trustee for The Collins St Convertible Notes Fund as announced by the Company on 24 May 2022.

Company means Allegiance Coal Limited (ACN 149 490 353).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means *Corporations Act 2001* (Cth), as amended or modified from time to time.

Eligible Shareholder means the Shareholders who are the registered holder of Shares at the Record Date and who have a registered address in Australia or, subject to the requirements described in Section 1.9, the Permitted Jurisdictions, and are not in the United States and are not acting for the account or benefit of a person in the United States, and who (and any Shareholder for whom they are acting) are:

- (a) if in the **European Union (France and Germany)**, a "qualified investor" (as defined in Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union);
- (b) if in **Hong Kong**, a "professional investor" (as defined in the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong)
- (c) if in **Singapore**, an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act 2001 of Singapore ("SFA"))
- (d) if in the **United Kingdom**, (i) a "qualified investor" within the meaning of Article 2(e) of the UK Prospectus Regulation; and (ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth

companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

Ineligible Shareholder has the meaning given in Section 1.8.

Issuer Sponsored means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the listing rules of ASX.

Marco means Marco International Corporation.

NECC means New Elk Coal Company, LLC.

Offer means the offer of Bonus Options under this Prospectus.

Official List means the official list of ASX.

Option means a right, subject to certain terms and conditions, to acquire a Share.

Permitted Jurisdictions means New Zealand, European Union (France and Germany), Hong Kong, Singapore and the United Kingdom and any such other jurisdiction as the Directors consider reasonable in the circumstances to make the Offer.

Prospectus means this prospectus dated 24 November 2022.

Record Date means 5.00pm (AEDT) on 30 November 2022.

Renounceable Entitlement Offer means the renounceable entitlement offer of the Company announced on 5 October 2022.

Section means a Section of this Prospectus.

Securities mean any securities including Shares, Options, Performance Rights and/or Convertible Notes issued or granted by the Company.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.