



25 November 2022

2022 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS AND CEO’S REPORT

The Chairman’s Address and Chief Executive Officer’s Report to be delivered today at the 2022 Annual General Meeting of Allegiance Coal Limited (**Allegiance** or the **Company**) is attached.

Authorised for release by Jonathan Romcke, Chief Executive Officer.

For more information, please contact:

Mr Jon Romcke

Chief Executive Officer

Mobile : +61 409 754 333 and +1 (719) 680 2467

Email : jromcke@allegiancecoal.com.au

Mr Jonathan Reynolds

Company Secretary

Mobile : +61 408 229 953

Email: jreynolds@allegiancecoal.com.au

About Allegiance Coal

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company focused on the development, operation and supply of steel making coal to the seaborne market. With operating mines in southeast Colorado, central Alabama, as well as a development project in northwest British Columbia, Allegiance is well placed to supply steel making coal to both the Pacific and Atlantic markets.

Interim Chairman's Address

Matthew Wall

I would like to welcome shareholders to the Annual General Meeting of Shareholders of Allegiance Coal.

I recognise the First Nations people of Australia and in particular the Gadigal people, the original inhabitants of this area where we meet today. We pay our respects to elders, past, present, and future leaders who work hard on reconciliation. I also pay my respects to the First Nations people at our project locations in North America.

I would like to take this opportunity to thank our previous Chairman, Mr Mark Gray, for his contribution to the development of Allegiance Coal. We wish him well for the future.

It has been a challenging year for Allegiance Coal in many ways. The focus for the Allegiance Coal board and management will be to achieve production performance at our mines that delivers coal to our customers in the most cost effective and safest way possible. I have absolute confidence in the Allegiance senior executive team to deliver on these expectations.

The coal market remains robust. Allegiance is well placed to benefit from the ongoing demand for high quality metallurgical and thermal coal.

I thank our shareholders for their support and trust, and I thank the Allegiance board for the opportunity to stand in as interim Non-executive Chairman.

I would now like to invite Mr Jon Romcke to deliver the CEO Report.

Chief Executive Officer's Report

Jonathan Romcke

The financial year ending June 2022 was a very important year in the development of Allegiance Coal. Some of the key events for the year were:

- The first full year of operation at New Elk following the re-start of the mine in May 2021.
- The Company expanded operations into Alabama with the acquisition of the operating Black Warrior mine in August 2021.
- The Tenas project Environmental Assessment Application was lodged with the British Columbia Environmental Assessment Office.
- The market dynamics for coal demand remained very positive.

We record our appreciation for the support of our shareholders and financiers in providing the funds to enable us to continue to develop the business opportunity. I also record our appreciation to all staff for your efforts.

The ramp up of operations at the New Elk mine continued and the second production unit was set up for full production on a 5 day per week cycle in the Blue seam. Further recruitment continued of both experienced and inexperienced personnel. A fleet of Komatsu ram cars was sourced to support

the coal haulage operations in the face areas and additional conveyor drives and essential 'advancing face' capital equipment was purchased. COVID-19 affected the workforce in early 2022 and production was constrained for a couple of months.

The Company investigated and negotiated the acquisition of the Black Warrior Mine in Alabama from a local family and commenced the transition of the mine from being a domestic power station supplier to a metallurgical coal producer selling coal onto world markets from the export coal port at Mobile, Alabama. This transition included the expansion of operations by sourcing larger excavator and rear dump trucks and commencing operations on night shift.

Allegiance Coal also entered into an agreement with Drummond Coal and associated entities to acquire the Short Creek underground project also located in the Alabama met coal district. This project will enable Allegiance to extend its met coal operations in Alabama with a long life project based on the key coal resources in the Mary Lee and Blue Creek seams.

Unfortunately, the production ramp up at New Elk and Black Warrior was not as successful as expected for myriads of reasons documented in our disclosures, and the US operations could not cover the cost of production, even with a healthy coal price environment. In order to re-capitalise the balance sheet and be able to make strategic investments in key pieces of mining equipment, the Company recently completed an Entitlement Offer to raise the funds required from the equity market. Allegiance Coal is very pleased with, and appreciative of, the high level of participation from our existing shareholders who have backed the plan to make strategic investments, which include:

- Continuous miner overhauls at New Elk
- Additional roof bolting machines at New Elk with the capability to drill horizontal holes and insert rib support bolts to increase safety at the mine and improve roof and rib bolting cycle times
- Overburden drills at Black Warrior
- D11 overburden 'push' dozers at Black Warrior

Manpower recruiting for the New Elk Mine also remains a key for future success. We have introduced new roster arrangements to assist in attracting employees from other regions. Two additional contractor/labour hire companies have offered their support and on Monday 28th November we expect to welcome 7 new employees and contractors to the team. Key management staff are also empowered to use their networks and contacts to seek interest – especially from a couple of mines where operations are winding down. We are also recruiting for the key senior management positions of General Manager New Elk and Chief Financial Officer for US Operations due to resignations and retirement.

I wish to thank Mark Gray for his efforts in growing and developing the company to date and wish him well for the future, which includes gaining the environmental approvals for the Tenas Project at Telkwa!

I look forward to the challenge of making the Company successful in the current financial year and I thank all staff for their support in relation to this challenge.





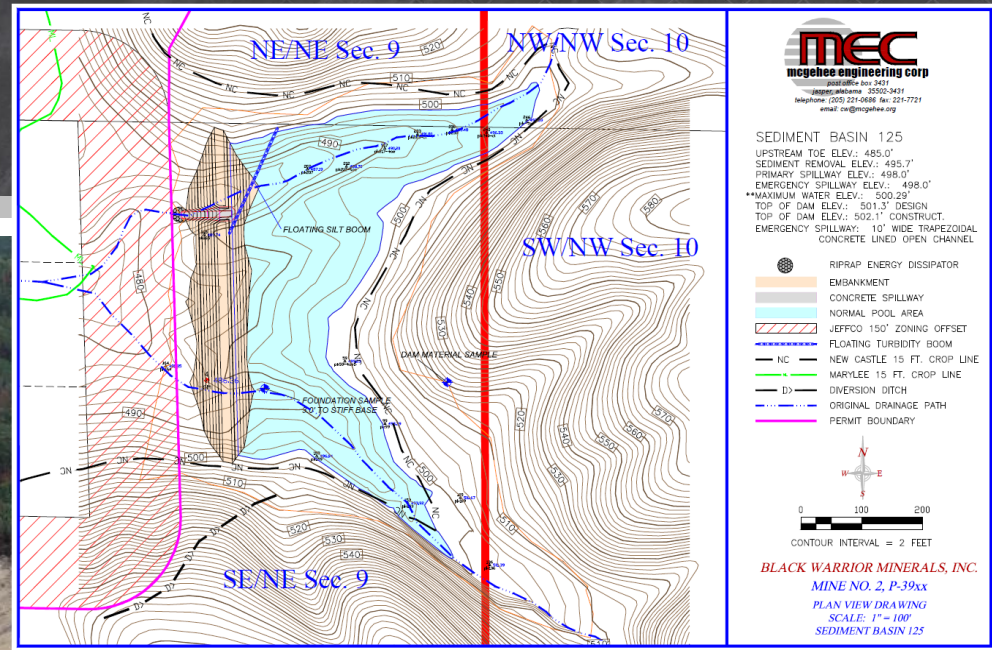
Black Warrior

2 New/Overhauled Overburden
Drills operating with one older unit





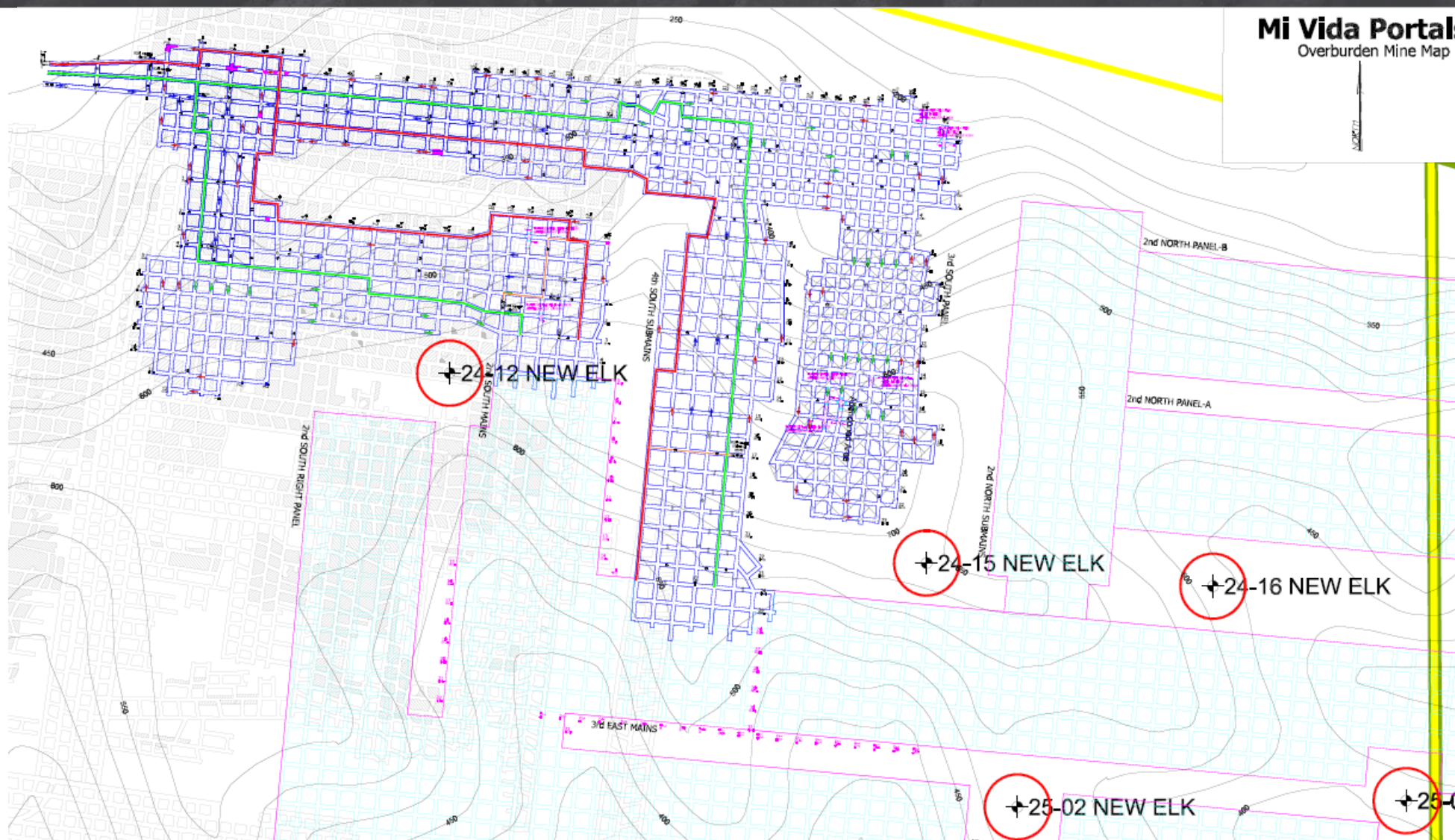
New sediment dam completed in October





New Elk Blue seam workings (note allen seam in grey)

- depth of cover contours





CM04 – on its way home to New Elk

