



19 December 2022

## OPERATIONS UPDATE

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Allegiance Coal Limited (**Allegiance** or the **Company**) is pleased to provide this general operational update to the market.

As discussed below, we are continuing to address the issues around building and sustaining our work-force at New Elk and are investing in equipment at New Elk and Black Warrior to minimise downtime, increase availability and improve production.

Further to the Company's announcement dated 16 November, the Company advises that the trial cargo bound for Europe sailed on 29 November. Contract discussions regarding the long-term supply of coal over the 2023 calendar year, as referred to in that announcement, are continuing.

### New Elk Mine

Production from New Elk has been disappointing with ongoing equipment reliability and staffing recruitment and availability continuing to be the main issues affecting production in November. The variable frequency drive on the #1 Unit final conveyor had a major failure and a replacement unit had to be fitted and calibrated, and the tail roller on the stacker belt incurred a failed bearing and had to be changed out causing production delays.

Continuous Miner No.4 was sent underground for final commissioning which was completed, and the miner was put to work in the #1 Production Unit on Friday 16 November. Miner drivers were then trained on using the new style of remote control over the following week. Numerous electrical faults were required to be corrected by the overhaul contracting company and their electrical system sub-contractor during the commissioning process which contributed to poor performance in November. The majority of issues look like they are resolved with high levels of up-time reported for CM04 week beginning 12 December. Continuous miner availability tracking for month-to-date December is 93% for CM04, 85% for CM05, and 82% for CM07. Continuous miner No.6 is now at the overhaul workshop and refurbishment has commenced.

Two shuttle cars have been recommissioned to operate in No.2 Production Unit where the floor conditions have been difficult affecting the tyre life on the RAM cars. Tyre supply issues also affected the reliability of the RAM cars due to global supply chain issues with rubber and specialty tyres. The shuttle cars have been working well in this unit.

New Elk has had some success in recruiting personnel over the last three weeks. In total we have attracted 22 new people to work at the mine. We have directly hired 6 experience miners, sourced 16 people from contracting/labour hire companies, of which 4 are new recruits (green hats) to the industry. This includes miners from Colorado, Utah, New Mexico, Oklahoma, and Wyoming. We appreciate them joining us and will assist in manning up for increased production levels in January. Staff retention remains difficult given the ongoing strong demand in the US for skilled coal miners and qualified tradesmen.



Image: CM04 at New Elk Mine – new cutterhead picks fitted and ready to be trammed underground

### **Black Warrior Mine**

Overburden drill and blast has performed very well since the two overburden drills have been commissioned with improved reliability and productivity. This has enabled drill and blast inventory to be increased and has reduced the risk of drill and blast impeding production.

The D11T push dozer was successfully commissioned and has been running well. This enabled the mine to achieve within 2% of budget overburden performance in November. Overburden was also prioritised in November to provide additional working area for the D11T push dozer, however coal production was behind budget due to sequencing of overburden and interburden. The supply of the second D11T dozer is deferred due to the problems and delays associated with the provider of the first machine and alternative purchase options are being investigated.

The mine has commissioned a low hour CAT390 excavator to replace the Ex1200 excavators that could not be reliably repaired. This machine will focus on mining the inter-seam burden and ramps down to the coal benches and allow the EX3600 machine to remain focussed on the main overburden bench above the Newcastle seam.





Image: Aerial shot of Black Warrior with dozer push paths visible in blasted ground



Image: D11T dozer at work

Authorised for release by Jonathan Romcke, Chief Executive Officer.

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**About Allegiance Coal**

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

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