

24 November 2016

ASX Limited
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Perth WA 6000

Allegiance Coal to expedite the newly acquired Telkwa Coking Coal Project

- Allegiance Coal Limited (**Allegiance Coal** or **the Company**) is pleased to confirm the successful completion of its \$2.5 million share placement at \$0.0375/share on a post 1-for-5 consolidation basis (\$0.0075/share pre-consolidation);
- Allegiance Coal's immediate priority is to expedite the Telkwa coking coal project (**Project**) towards completion of a Pre-Feasibility Study in 1H, 2017 and progress 'small mine' permitting for its proposed coal mine in north-west British Columbia;
- Formal engagement and discussion with the British Columbia Ministry of Mines and Energy on the mine permitting programme will commence in December, 2016;
- Formal engagement with the First Nations will commence in December, 2016; and
- The Company is well capitalised following the recent capital raising with almost \$2.5 million in available cash.

Following recent Board discussions, the Company has determined to fast track the Pre-Feasibility of the Project with the completion of a Pre-Feasibility Study (**PFS**) targeted in 1H, 2017. The Project has had a significant amount of capital spent on it historically, which includes a number of feasibility studies. The Project has already had 828 drill holes for more than 90,000m of historical drilling from which more than 300 core samples were taken for coal quality analysis, along with two significant bulk samples.

Therefore, the Project requires no further exploration drilling.

Telkwa Coal Limited's (**TCL**) internal scoping studies indicate that the Project will sit in the lowest cost production quartile and supports a compelling business case to develop a mine in the current price environment for coking coal. Therefore, the Company's immediate focus is to expedite the Project towards permitting of its mine.

The Board has retained the management team that has worked on the Project since its inception two years ago, comprising Mark Gray, TCL's founding shareholder and Managing Director, Dan Farmer, Chief Mining Engineer along with Angela Waterman, Director – Environment & Government Relations. Brief resumes for each of the team members follow.

Proposals are being sought from several leading independent consulting firms in British Columbia to assist the Company complete the PFS in 2017, and environmental field studies for 2017 and 2018, with a view to appointing and engaging the relevant firms by the end of calendar 2016.

The key Project milestones for the immediate future are:

- December 2016, commence formal engagement with First Nations;
- December 2016, commence formal discussions with the British Columbia Ministry of Mines and Energy (**Ministry**) on the mine permitting programme;
- December 2016, appoint and engage consultants for the PFS and environmental field studies;
- April 2017, commence environmental field studies; and
- June 2017, complete and deliver a PFS for a coking coal mine, assuming a 2Mtpa wash-plant design, commencing initially with a 'small mine' (defined under British Columbia mining legislation as a mine producing up to 250Ktpa), transitioning to a 'major mine' (producing in excess of 250Ktpa).

Subject to the directions of the Ministry and agreement with First Nations, the Company is now aiming to complete its environmental field studies in the third quarter of calendar 2018, so as to be in a position to file for the relevant permits to mine in 2H, 2018.

The Board and the Management Team believe the Project has the potential to be a significant, safe, environmentally responsible and reliable producer of semi-soft coking coal for the seaborne metallurgical coal market, and will attract interest amongst end-users as a blending coal.

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TELWKA COAL LIMITED - MANAGEMENT TEAM

Mark Gray (LLB)

Managing Director

Mark founded Telkwa Coal Limited two years ago and secured the farm-in rights to the Project from Altius Minerals Corporation in September 2014. He along with private investors have funded the Project since acquisition. Mark is a corporate lawyer with 30 years transactional experience gained as a lawyer with Herbert Smith in London, a partner with Bell Gully in New Zealand, and as a director of the investment bank Barclays de Zoette Wedd, also in London. For the last 12 years Mark has worked independently applying the majority of his work experience in the mining and resources sector both as an advisor and a company executive and director of private and listed companies.

Mark has run mining companies and operations including underground coal in Australia, and open pit mining in Africa, as well as exploration and development projects in several minerals including coal. Mark has an excellent balance of corporate knowhow and operational experience and importantly, a unique perspective from which to manage First Nations engagement given his own experience as an advisor to his own New Zealand Maori people in negotiations with corporate organisations.

Dan Farmer (BSc (distinction) Mining and Mineral Processing Engineering)

Director, Chief Mining Engineer

Dan is a mining engineer with over 20 year's continuous experience in coal in British Columbia. He commenced his career with Luscar Coal in the 1990s when it was Canada's largest coal producer, and with Teck Resources following its acquisition of Luscar. Dan moved on to work for Anglo American Coal rising to the position of Operations Manager responsible for both Anglo's mine operations and technical services in British Columbia.

Dan is now an independent consultant advising and assisting coal companies in British Columbia on all aspects of project development. Dan is responsible for the Project mine modelling and planning, managing all feasibility study consultants and for the delivery of the two Project feasibility studies in 2017.

Angela Waterman (BSc (Biology and Ecology)

Director – Environment & Government Relations

Angela is a mining industry professional with over 20 years of diverse experience covering commercial, technical, project development as well as operational aspects. She has an in-depth knowledge of the regulatory regime and extensive advocacy experience with governments, First Nations, and stakeholders.

Angela has worked within industry for Itochu, Northern Energy & Mining and Anglo American Coal, primarily in the area of regulatory and community affairs managing all aspects of environmental assessment, management and mine permitting. More recently Angela has worked with mining association bodies in the same area representing and advocating industry concerns and initiatives to British Columbia government departments. Angela is responsible for delivering the environmental studies, developing environmental management strategies and plans, and most importantly, mine permitting.