



28 February 2017

## **NORTH AMERICAN COAL EXPERT COMPLETES COAL ASSESSMENT REPORT FOR THE TELKWA COKING COAL PROJECT PFS**

---

### **HIGHLIGHTS**

- Kobie Koornhof Associates Inc (**Koornhof**), a well known coal expert in metallurgical coal, completes and delivers its coal market and price assessment report for inclusion in Allegiance's pre-feasibility study of its Telkwa Coking Coal Project.
  - Koornhof confirms the likely pricing of a Telkwa semi soft coking coal alongside similar products sold out of New South Wales and Queensland.
  - Koornhof also confirms that the Telkwa coal could be sold as a mid-volatile PCI coal priced alongside similar products sold in the metallurgical coal seaborne market.
- 

Allegiance Coal Ltd (**Allegiance** or the **Company**) is pleased to announce the completion and delivery of the coal marketing and price assessment report of its Telkwa Coking Coal Project (**Project**), as an important component of its pre-feasibility study of the Project (**PFS**).

Progress on the PFS is on schedule for delivery on or before 30 June 2017.

As was anticipated by Allegiance, Koornhof confirmed that Telkwa coking coal would likely be sold alongside semi soft coking coals sold out of New South Wales and out of Queensland. While Telkwa coal is better in some respects to these coals, and not as good in other respects, New South Wales and Queensland provide an accurate benchmark for the pricing of Telkwa coal. Examples of competitive coals from NSW are those produced by Whitehaven Coal Ltd, and Stanmore Coal Ltd from Queensland.

In addition, Koornhof indicated that the Telkwa coking coal could also be sold as a PCI coal (pulverized coal injection) by reference to mid-volatile PCI coals that are currently sold in the metallurgical coal seaborne market.

Management believes this gives rise to a potential opportunity to create two higher quality products, especially in the Project's main pit, Tenas, where the two upper seams have strong coking properties and could meet the requirements for a semi-hard coking coal, while the lower third seam has weaker coking properties but is lower in sulphur and volatiles, and therefore may perhaps be more suited to PCI. This will be assessed in the PFS.

Mr. Kobie Koornhof, principal of Koornhof, is a senior coal industry consultant with extensive international success in coal quality assessment, marketing, sales and infrastructure. He has an in-depth knowledge of the Asian, European and South American metallurgical coal and steel markets, acquired



in a variety of senior roles with amongst others Anglo Coal, CONSOL/Luscar, Ausenco Sandwell, and Western Coal Corporation.

---

For more information, please contact:

**Mr Malcolm Carson**

Chairman, Allegiance Coal Limited

Mobile: +61 417 692 849

Email: [malcolm.carson@gmail.com](mailto:malcolm.carson@gmail.com)

**Mr Mark Gray**

Managing Director, Telkwa Coal Limited

Mobile: +61 412 899979

Email: [mgray@allegiancecoal.com.au](mailto:mgray@allegiancecoal.com.au)

**About Allegiance Coal**

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company fast tracking a coking coal mine into production in British Columbia, Canada. The Telkwa coking coal project (**Project**) is the Company's flagship project comprising 165Mt of JORC compliant coal resource and has been the subject of extensive historical exploration. Located 1,000 km north of Vancouver, the Project sits uniquely on the western side of British Columbia, immediately adjacent to a major Canadian National Rail line, with a 360 km rail haul to the deep water port of Prince Rupert and Ridley Island Coal Terminal. British Columbia has one of Canada's and North America's most competitive, flexible and supportive business climates. Consistently receiving AAA credit ratings, its vast resources, low taxes, stable and well regulated financial system and Government, makes for a wonderful country in which to invest.

---