



24 October 2017

## **ALLEGIANCE COMPLETES A PRIVATE PLACEMENT CAPITAL RAISING HEAVILY OVERSUBSCRIBED AND RAISES \$3,666,298**

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### **HIGHLIGHTS**

- The Company raises \$3,666,298 by way of a private placement to sophisticated investors to advance its Telkwa Metallurgical Coal Project (**Project**) towards permitting.
  - The private placement, lead managed by Bell Potter Securities, was heavily oversubscribed.
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Allegiance Coal Limited (**Allegiance** or the **Company**) is pleased to announce it has accepted firm commitments of \$3,666,298 at \$0.03 per share pursuant to section 708(8) of the Corporations Act 2001 with 'sophisticated investors', and pursuant to section 708(11) of the Corporations Act 2001 with 'professional investors'.

The funds raised will be applied towards work necessary to advance the Project towards permitting and in particular:

- Completion and delivery of environmental baseline studies by 30 June 2018 (as reported previously by the Company on 17 October 2017);
- Conducting, in Q1 2018, the six hole drill programme necessary to support environmental baseline data, and from which coal core will be taken and sent for coal tests and quality analysis; and
- Commencing the feasibility study on stage 1 production (250,000 saleable tonnes per annum).

The maximum number of new securities that will be issued under the Placement is 122,209,925 new fully paid ordinary shares (**Placement Shares**) to raise \$3,666,298 before costs (**Placement**).

The Placement will be issued in two tranches:

- Tranche 1: 33,899,285 Placement Shares to raise \$1,016,979 before costs under the Company's existing 15 percent capacity in accordance with ASX Listing Rule 7.1.
- Tranche 2: Subject to shareholder approval, which will be sought at the Company's annual general meeting to be held on or about 29 November 2017, 88,310,640 Placement Shares to raise \$2,649,319 before costs.

Subject to shareholder approval the Directors of the Company intend to support the Placement by subscribing for 4.5 million Placement Shares from Tranche 2 to raise \$135,000.



The Directors have agreed to grant Bell Potter Securities, subject to shareholder approval, as part of its lead manager fee, options over five million ordinary shares in the Company. The options will be unlisted, exercisable at \$0.05 per share and will expire three years from the date of issue.

Mr Malcom Carson, Non-Executive Chairman, commented:

*"The Company initially sought to raise between 2 to 3 million dollars, but was overwhelmed by the support of both existing, and a large proportion of new shareholders, who have subscribed for Company shares. The Company is now very well placed to execute its programmes to expedite the Project towards permitting. The Board thanks both existing and new shareholders for the level of support shown".*

An Appendix 3B in connection with the Tranche 1 Placement will be lodged shortly.

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**About Allegiance Coal**

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company fast tracking a metallurgical coal mine into production in British Columbia, Canada. The Telkwa metallurgical coal project (**Project**) is the Company's flagship project comprising 148Mt of JORC compliant coal resource of which 131Mt is in the Measured Category. The Project and has been the subject of extensive historical exploration and most recently of a pre-feasibility study declaring 43Mt of proven and probable reserves, and uniquely positioning the Project in the lowest five percentile of the global seaborne metallurgical coal cost curve.

**Coal Resources and Reserves**

The coal resources and reserves referred to in this announcement (unless otherwise stated in this announcement) were first reported in the 3 July 2017 Market Release. The Company confirms that it is not aware of any new information or data that materially affects the information included in the 3 July Market Release and that all material assumptions and technical parameters underpinning the estimates in the 3 July Market Release continue to apply and have not materially changed.

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