



ALLEGIANCE COAL
LIMITED

TELKWA METALLURGICAL COAL PROJECT
ADVANCING TOWARDS PRODUCTION IN BRITISH COLUMBIA

PRESENTATION TO THE INTERNATIONAL COAL, COKE & CARBON FORUM

BUDAPEST | 12-15 NOVEMBER 2017



Important Information

Forward Looking Statements

This Presentation contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this presentation, are considered reasonable. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Allegiance Coal Limited (**Allegiance or the Company**), its Directors (**Directors**) and Management. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this presentation will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this presentation, except where required by law. These forward-looking statements are subject to various risk factors that could cause Allegiance's actual results to differ materially from the results expressed or anticipated in these statements.

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Coal Resources and Reserves

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



ASX listed with an experienced team with a track record of success

Non Executive Directors

Malcolm Carson

Non Executive Chairman

40+ year veteran geologist across all commodities in many capacities. Currently the Executive Chairman of Dampier Gold Ltd (ASX:DAU).

David Fawcett

Non Executive Director

40+ year veteran mining engineer responsible for co-founding Western Canadian Coal and Peace River Coal in northwest British Columbia.

Executive Management

Mark Gray

Managing Director

30+ years in M&A law including 15 years in promoting and running mining companies in coal, uranium and diamonds across many jurisdictions.

Dan Farmer

Chief Mining Engineer

25+ years as a mining engineer in Canada including as the Operations Manager of Anglo American's coal mines in British Columbia.

Matthew Wall

Coal Sales & Marketing

35+ years in coal sales, marketing and trading with many companies including Coal & Allied, EDF and Wood Mackenzie.

Jonathan Reynolds

Finance Director

25+ years in accounting including 15 years as CFO of both operating and exploration companies across many commodities and jurisdictions.

Angela Waterman

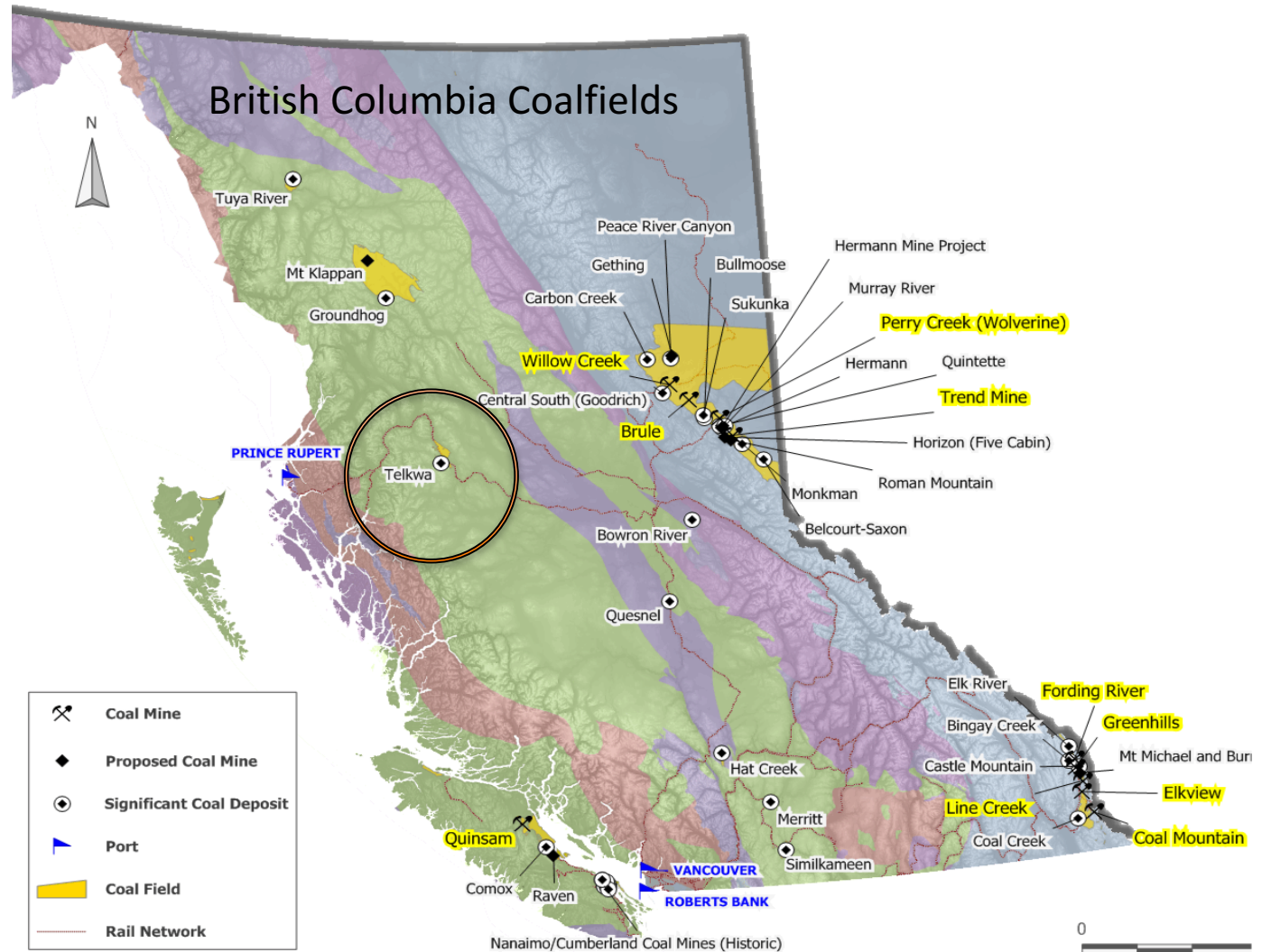
Environment & Government Relations

25+ years in the British Columbia coal industry with several companies including Anglo American where she permitted two coal mines.



The Telkwa coalfield in British Columbia has a long history in mining ...

- The Telkwa coalfield sits on the southern edge of the Bowser Basin in the northwest of BC, which hosts larger anthracite deposits to the north.
- The coalfield is small and largely undeveloped but is estimated to host ~900Mt of high vol bituminous and semi-anthracitic coal.
- Around 450k tonnes of coal has been mined in the coalfield from 1920 to 1970 and exported locally by rail for industrial and domestic use.





... and this Project has a very long history in exploration

| Year | Owner | Activity |
|--------------|-----------------|--|
| 1967 | Bulkley Valley | Nissho Co. undertake coke tests and confirm metallurgical properties |
| 1968 | Bulkley Valley | EMR successfully blend 70:30 ratio of Telkwa to Appalachian LV & HV HCC |
| 1980s | Shell | 258 drill holes, 219 ton bulk sample and JSMs assess coal quality |
| 1990s | Manalta Coal | 609 drill holes, 80 ton bulk sample, FS for 1.5Mctpa mine and full EA |
| 1999 | Luscar Coal | Luscar acquires Manalta but shelves development with decline in coal prices |
| 2001 | CD Partnership | Ontario Teachers Pension Fund and Sherritt International acquire Luscar |
| 2008 | CD Partnership | Japanese trading house to JV with CDP but skittled by the GFC |
| 2012 | CD Partnership | Sherritt reassess project but not convinced on economics |
| 2014 | Altius Minerals | Altius acquires royalty based assets of CDP including an exploration portfolio |
| 2014 | Telkwa Coal Ltd | TCL secures the Project, delivers maiden JORC and undertakes internal studies |
| 2016 | Allegiance Coal | ASX listed Allegiance Coal acquires TCL and accelerates development |



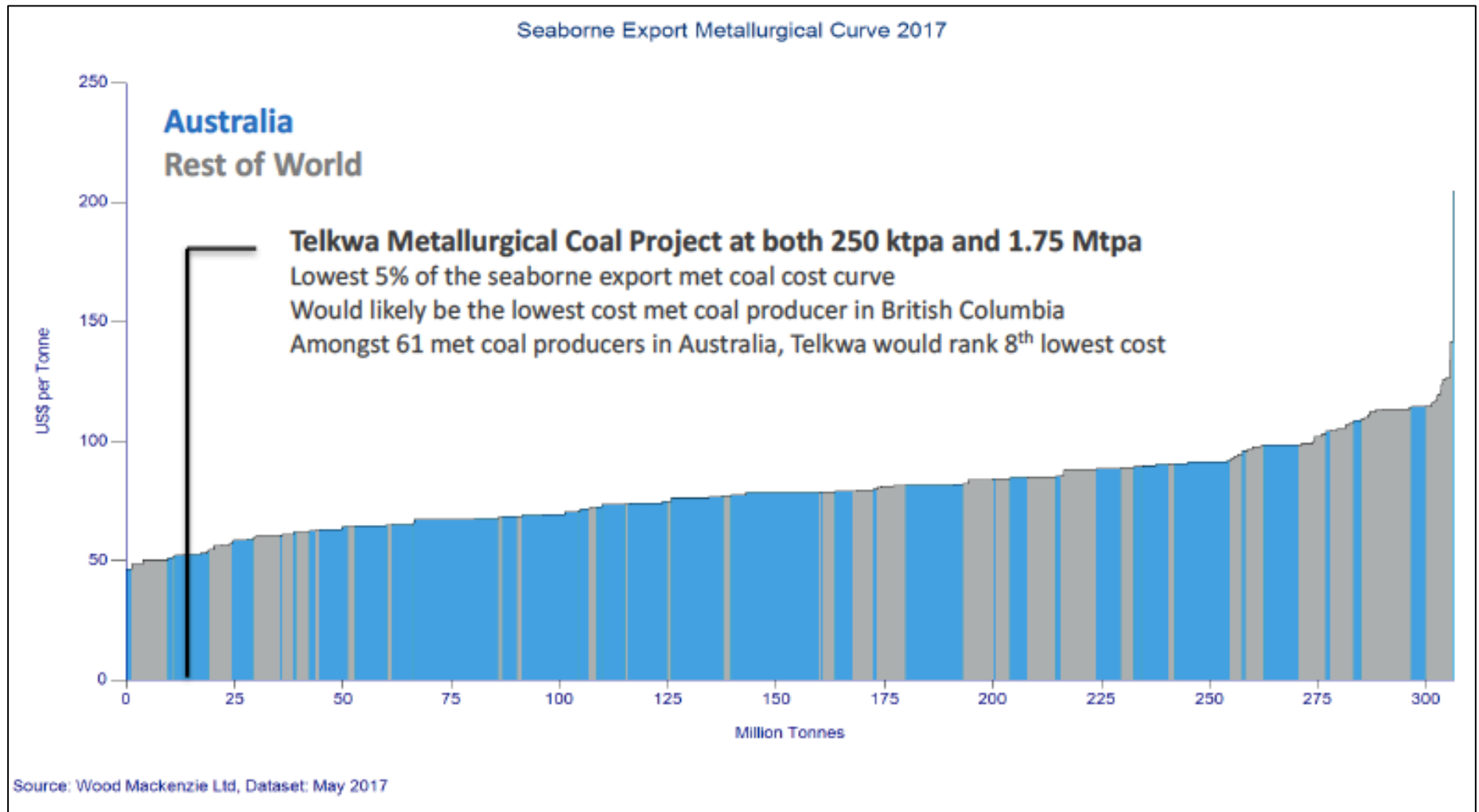
But, it was a project misunderstood by previous owners ...

- Regarded by previous owners to be unsustainable in a market downturn, and therefore could only be developed with high met coal prices.
- Yet our analysis suggested we could load Telkwa coal on a vessel at Prince Rupert for ~US\$60 FOB.
- So we engaged SRK to undertake two pre-feasibility studies, completed in July and September this year, assessing three production scenarios. The results were outstanding.

| Annual saleable coal production | 250,000t | 500,000t | 1.75Mt |
|--|----------------|----------------|----------------|
| All-in-FOB cash cost per sold tonne (pre-tax) | US\$54 | US\$51 | US\$55 |
| Start-up CAPEX (incremental from 250kt) | US\$35M | US\$2M | US\$162 |
| Average annual EBITDA (average US\$110t) | US\$14M | US\$30M | US\$97M |
| Average EBITDA margin ratio | 50% | 54% | 50% |
| Strip ratio | 1.9:1 BCM/ROMt | 1.9:1 BCM/ROMt | 5.8:1 BCM/ROMt |
| Saleable tonne all Met coal yield | 75% | 75% | 68% |
| Life of Mine | 19 years | 10 years | 28 years |

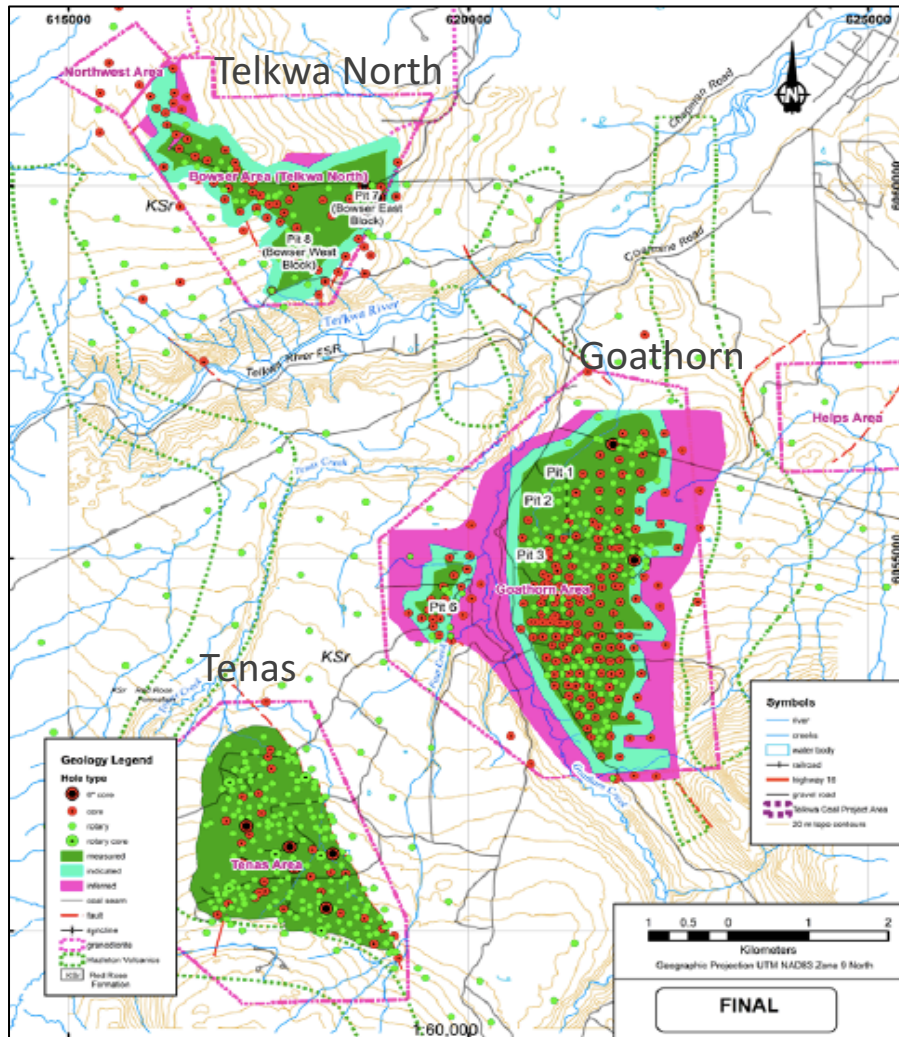


... who never thought for a minute it could be such a low cost producer

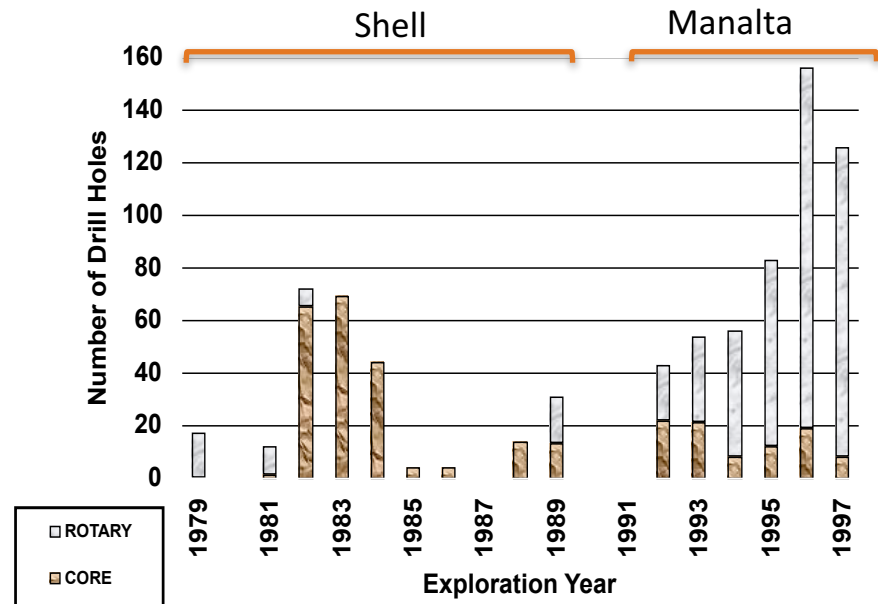




We now have the benefit of ~C\$40M of exploration data ...



- 91,475m of drilling
- 826 drill holes, 505 rotary & 321 core
- 219 ton bulk sample
- 80 ton bulk sample
- 88 trenches all sampled
- An enormous coal quality database
- 46.4km of surface geophysics
- 20 years of environmental monitoring data





... from which we declared 148Mt of resources & 63Mt of reserves

... while coal quality confirms a semi-coking or mid-vol PCI

| Resources (Mt) | Measured | Indicated | Inferred | Total |
|----------------|--------------|-------------|------------|--------------|
| Tenas | 58.8 | | - | 58.8 |
| Goathorn | 59.5 | 9.2 | 0.2 | 68.9 |
| Telkwa North | 15.7 | 3.7 | 1.0 | 20.4 |
| Total | 134.0 | 12.9 | 1.2 | 148.1 |

| Reserves (Mt)* | ROM Coal | Clean Coal | Saleable Coal |
|---------------------------|-------------|-------------|---------------|
| Tenas Proven | 29.1 | 20.6 | 21.0 |
| Tenas Probable | - | - | - |
| Tenas Total | 29.1 | 20.6 | 21.0 |
| Goathorn Proven | 22.1 | 12.6 | 18.8 |
| Goathorn Probable | 0.2 | 0.1 | 0.1 |
| Goathorn Total | 22.3 | 12.7 | 13.9 |
| Telkwa Nth Proven | 10.8 | 6.4 | 7.0 |
| Telkwa Nth Probable | 0.7 | 0.4 | 0.5 |
| Telkwa North Total | 11.5 | 6.8 | 7.5 |
| Grand Total | 62.9 | 40.1 | 42.5 |

| SG of 1.55 for yield of 75% (adb) | | |
|-----------------------------------|---------|--------------|
| Inherent moisture | % | 1.1 |
| Volatile matter | % | 24.6 |
| Ash | % | 8.9 |
| Sulphur | % | 0.9 |
| Fixed carbon | % | 64.4 |
| Calorific value | Kcal/kg | 7,545 |
| Free swell index | | 3-4 |
| HGI | | 64 |
| Reflectance | % | 0.84 |
| Max Fluidity | ddpm | 2-17 |
| CSR calculated | % | 37-43 |

*The reserves were calculated up to a strip ratio of 5.8:1 BCM/ROMt



Most importantly the Project enjoys exceptional location and logistics

Simple access to rail

The Project sits adjacent to CN Rail's main line to Prince Rupert

Short rail haul to port

The rail haul from the Project siding to Ridley Island Coal Terminal is 375km along a flat track with little or no grade

Uncongested port

Ridley has 18Mtpa capacity currently using ~6Mtpa planning to reach ~10Mtpa in 2018, and can expand to 25Mtpa quickly





Our Strategy - staged permitting and staged production

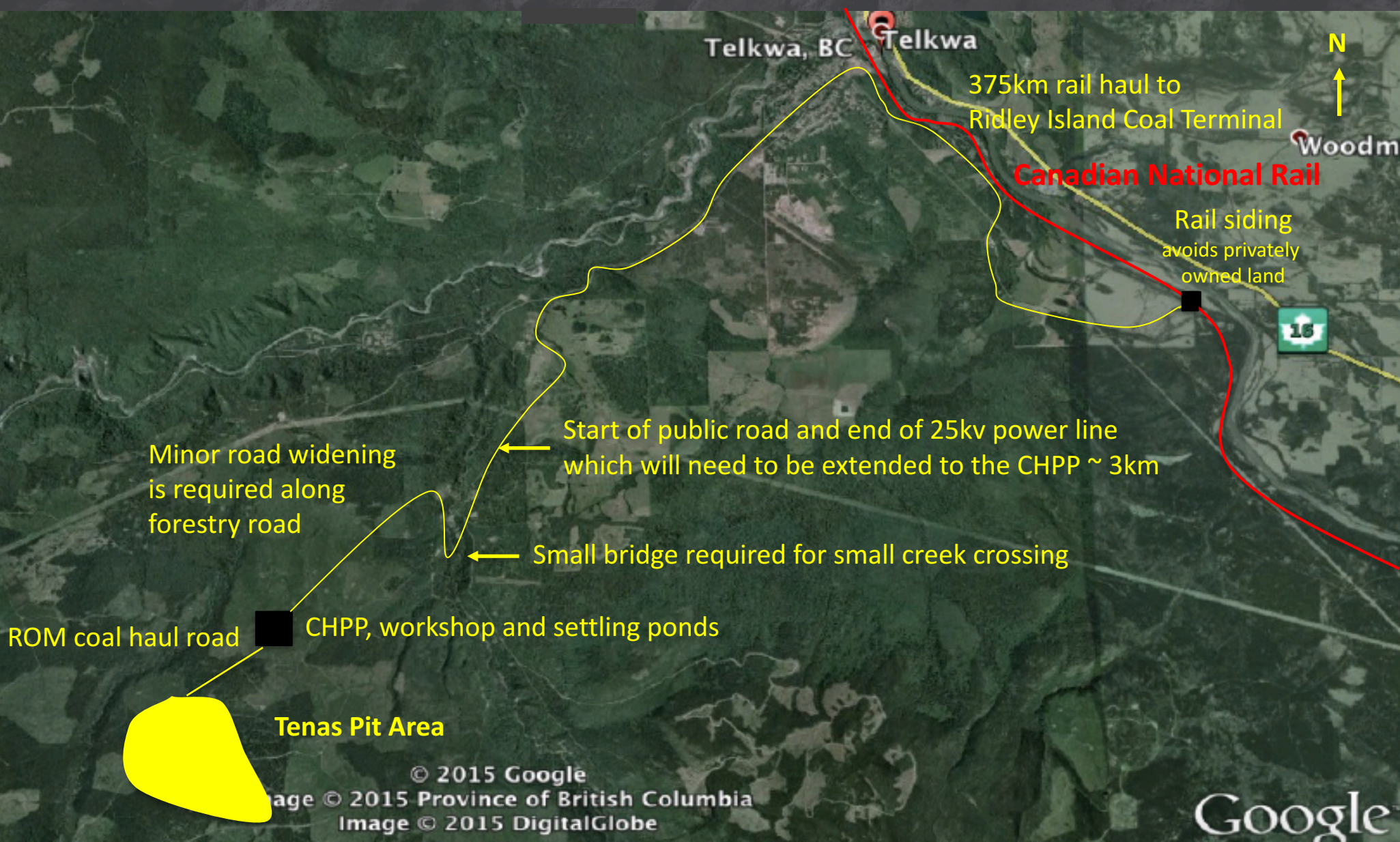
| Calendar Year | 2017 | | | | 2018 | | | | 2019 | | | | 2020 | | | | 2021 | | | |
|---------------------|---------------------------------|----------------------|------------------------|------------------------|---------------------|---|---|------------------|---------------------------------|---------------------|---|-------------------------|-----------------|---|------------------|---|----------------|---|---|---|
| Quarter | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| First Nations | Signed first agreement | | | Ongoing project review | | Socio-eco agreement | | | Continual project participation | | | | | | | | | | | |
| Project studies | Staged PFS complete | Stage 1 PFS complete | | Stage 1 FS | | Stage 2 FS | | | | | | | | | | | | | | |
| Environmental | Baseline studies commenced | | | | | Continual environmental monitoring for stages 1 & 2 | | | | | | | | | | | | | | |
| Stage 1 permitting | Constant ongoing Govt. dialogue | | | | | Stage 1 filings | | Stage 1 decision | | | | | | | | | | | | |
| Marketing | | | JV partner discussions | | | | | | | | | | | | | | | | | |
| Financing | | | | | Secure mine finance | | | | | | | | | | | | | | | |
| Stage 1 development | | | | | | | | | | Stage 1 development | | | | | | | | | | |
| Stage 1 mine | | | | | | | | | | | | Stage 1 coal production | | | | | | | | |
| Stage 2 permitting | | | | | | | | | | | | | Stage 2 filings | | Stage 2 decision | | Stage 2 mining | | | |

The grey shading indicates either completed or underway

Subject to change

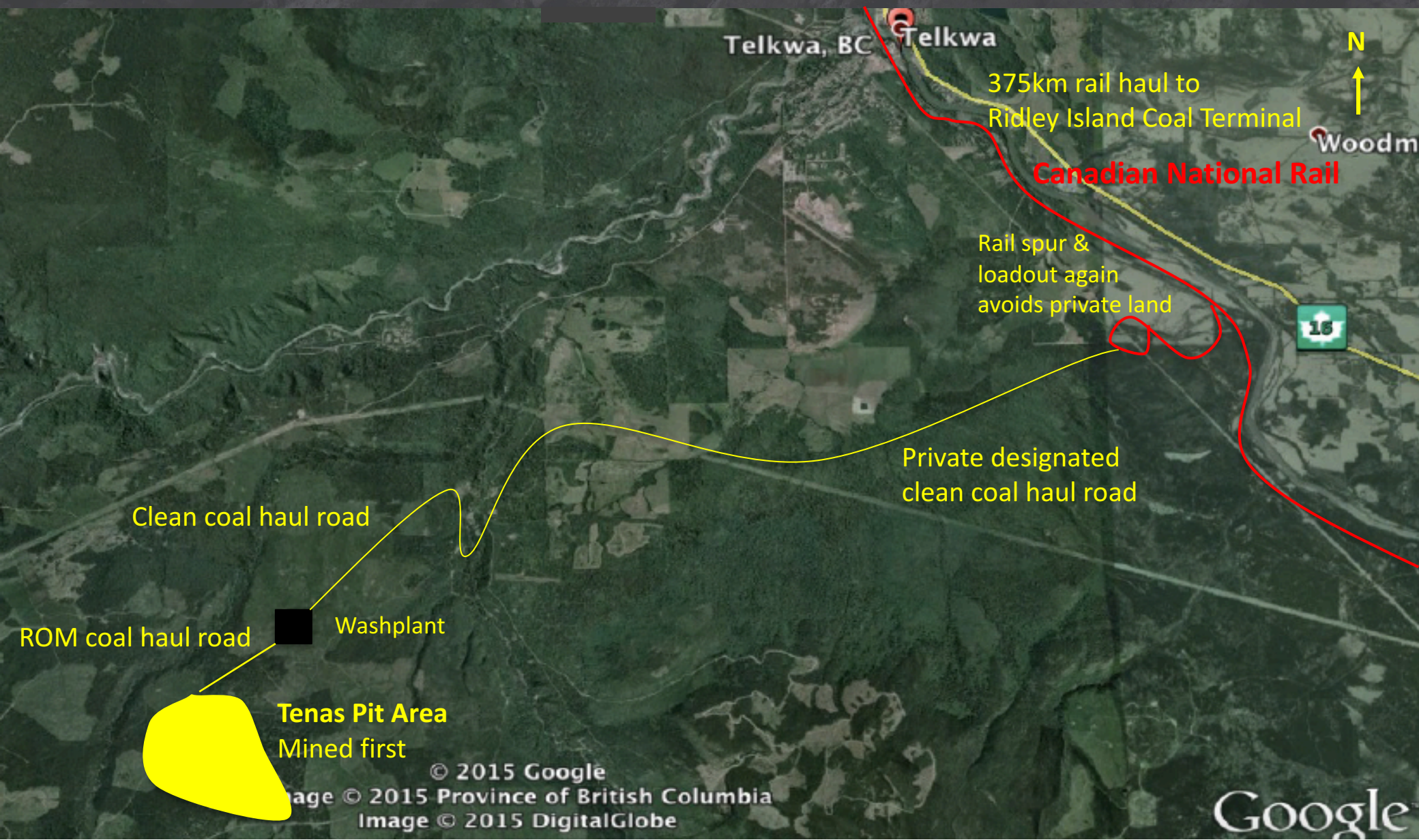


Stage 1 we are focussed solely on the Tenas Pit starting at 250 kctpa ...





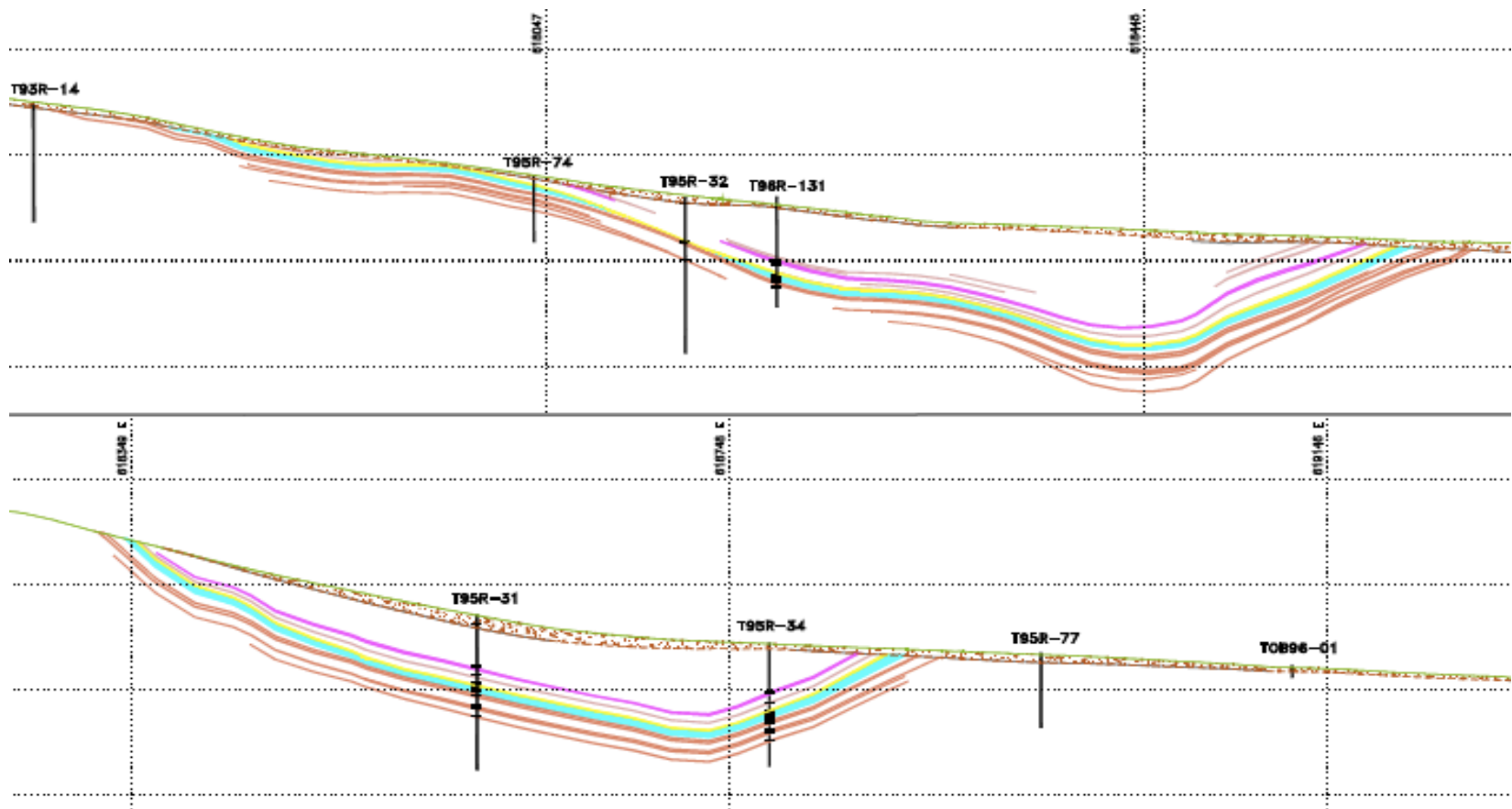
... and if permitted in stage 2, we ramp production to 950 kctpa





Tenas Pit represents 50% of saleable coal reserves ...

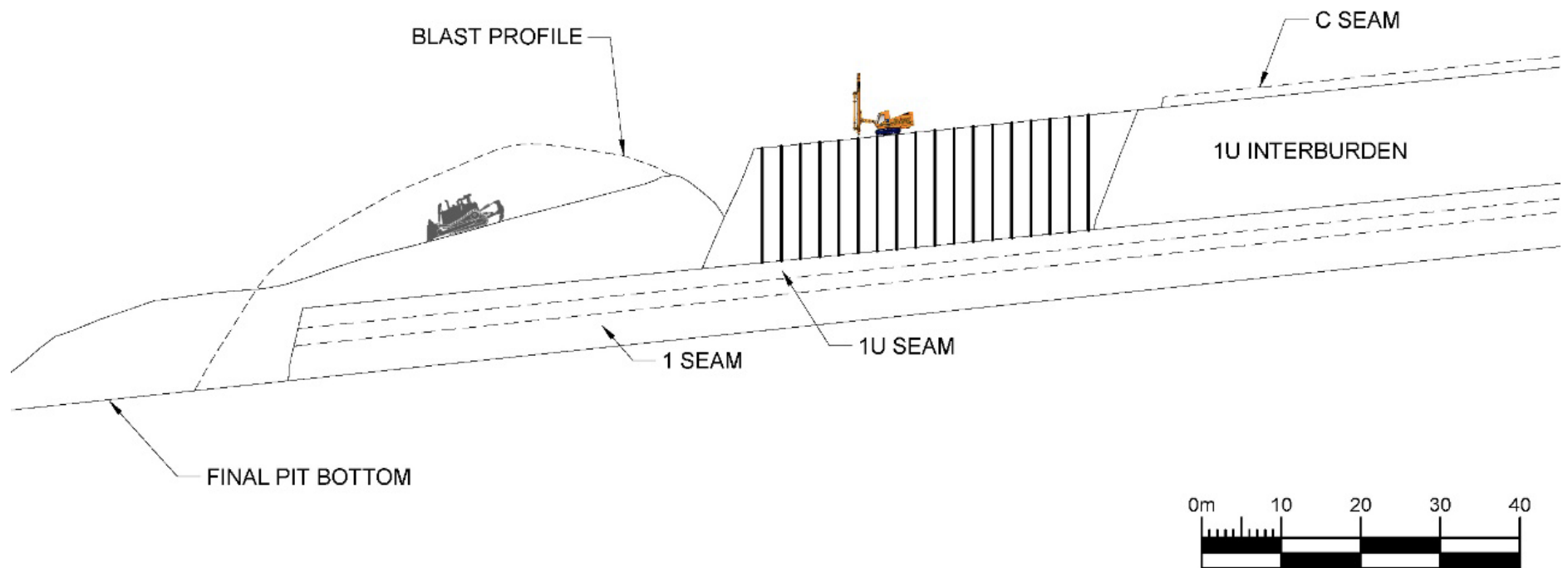
... and has simple geology with no structure in a shallow syncline basin with three flat mineable coal seams of 1.5m, 1.5m & 4m





... which invites up-dip mining and backfilling of waste rock

Typical drill, blast, load and haul operation but mining up-dip backfilling ~50% of waste from start of mining using dozers to push blasted waste into pit bottom, significantly reducing the handling cost of waste removal.





The Telkwa Met Coal Project is a simple equation of ...

Simple geology

+

Low strip ratio

+

Low waste removal costs

+

Good yield

+

Simple logistics

=

LOW OPEX



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THANK YOU