



27 February 2018

FEASIBILITY STUDY WORK COMMENCES ON THE TELKWA METALLURGICAL COAL PROJECT

HIGHLIGHTS

- SRK Consulting (Canada) Inc. is appointed lead consultant to the Telkwa Metallurgical Coal Project feasibility study.
 - Feasibility study work has commenced with the target date for completion Q4 2018.
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Allegiance Coal Limited (**Company**) is pleased to announce the appointment of SRK Consulting (Canada) Inc. (**SRK**) as the lead consultant to, and the commencement of, the feasibility study of its Telkwa Metallurgical Coal Project (**Project**).

SRK was the lead consultant for the two Project pre-feasibility studies which Allegiance completed in 2017, the results of which were announced to the market on 3 July 2017 and 12 September 2017.

The target date for completion of the feasibility study is 4th quarter calendar 2018. Progress reports will be published progressively as aspects of the feasibility study are completed over the next several months.

SRK will be primarily responsible for geological and mine modelling, mine engineering, geotechnical and water management.

In addition, Sedgman Canada has been appointed to undertake the detailed design work in relation to the coal preparation and handling plant. Sedgman was also involved in last year's pre-feasibility studies.

Both firms are internationally recognised and respected in their fields and Allegiance is confident they will bring credibility and integrity to the results of its feasibility study.

Several other consultants have been engaged to provide specialized reports in specific areas including rail siding, power, roads and coal pricing.

The feasibility study will be focused solely on the construction and operation of a metallurgical coal mine in the Tenas pit area which comprises 21Mt of saleable reserves (representing fifty percent of the Project's reserves), producing on average 240,000 saleable tonnes per annum. The coal will most likely be sold to north Asian steel mills.

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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 134Mt 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 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.
