ALLEGIANCE COAL
LIMITED

TENAS METALLURGICAL COAL PROJECT
TELKWA BC, CANADA

ADVANCING TENAS DEFINITIVE FEASIBILITY STUDY AND PERMITTING

INVESTOR PRESENTATION | JULY 2018

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 & Reserves

The coal resources referred to in this announcement (unless otherwise stated in this announcement) were first reported in the Company's 18 June 2018 Announcement, supplemented by the Company's 26 June 2018 Announcement (together the **18 June Announcement**). The coal reserves referred to in this announcement (unless otherwise stated in this announcement) were first reported in the Company's release of its Staged Production PFS results on 3 July 2017 (**3 July Announcement**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the 18 June Announcement or the 3 July Announcement and that all material assumptions and technical parameters underpinning the estimates in the 18 June Announcement and the 3 July Announcement continue to apply and have not materially changed.

Corporate summary

Capital structure	
Share price - at 6 July 2018	0.06
Number of shares on issue	465,195,159
Market capitalisation	A$27.9M
Less cash	A$3.1M
Add debt: interest free due Aug 2021	A$0.7M
Enterprise value	A$25.5M

Board		Shares held
David Fawcett	Non Exec Chairman	2,954,889
Mark Gray	Managing Director	22,937,362
Jonathan Reynolds	Finance Director	1,333,333
Malcolm Carson	Non Exec Director	-

Management		Shares held
Dan Farmer	Chief Operating Officer	2,026,666
Angela Waterman	Environment & Govt.	-
Matthew Wall	Sales and Marketing	-

Top 20 shareholders	Shares	%
Citicorp Nominees PL	55,564,278	11.98
JA Ashton Nominees (QLD) PL	24,872,336	5.36
GFT Nominees (QLD) PL	24,872,336	5.36
HSBC Custody Nominees (Australia) PL	22,953,388	4.94
Bernard Laverty PL	22,477,307	4.84
Telkwa Holdings Ltd	21,680,362	4.67
DGSF PL <Doug Grice Super Fund>	18,350,000	3.95
Comodale PL	18,319,066	3.95
Franklin Civil PL	15,627,289	3.37
John Wardman & Asso. <Wardman Super Fund>	15,199,999	3.06
Peter Croke Holdings PL	13,999,999	3.06
JP Morgan Nominees Australia Ltd	10,338,812	2.23
Netwealth Investments Ltd <Wrap Services>	7,810,774	1.68
John Bertrand Maguire	7,180,934	1.55
Dryca PL <Dryca Employees Ret/F>	7,000,000	1.51
Mr Clive Thomas	7,000,000	1.51
McGee Constructions PL <McGorman Superfund>	6,500,000	1.40
Nequam PL <Dickson Family>	6,333,333	1.36
Serlett PL <Diligent Inv Superfund>	5,921,617	1.28
Mattinc Ventures PL	5,500,006	1.18
Total top 20 holders of Issued Capital	**316,553,178**	**68.19**

The Project enjoys exceptional location and logistics …

Simple access to rail

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

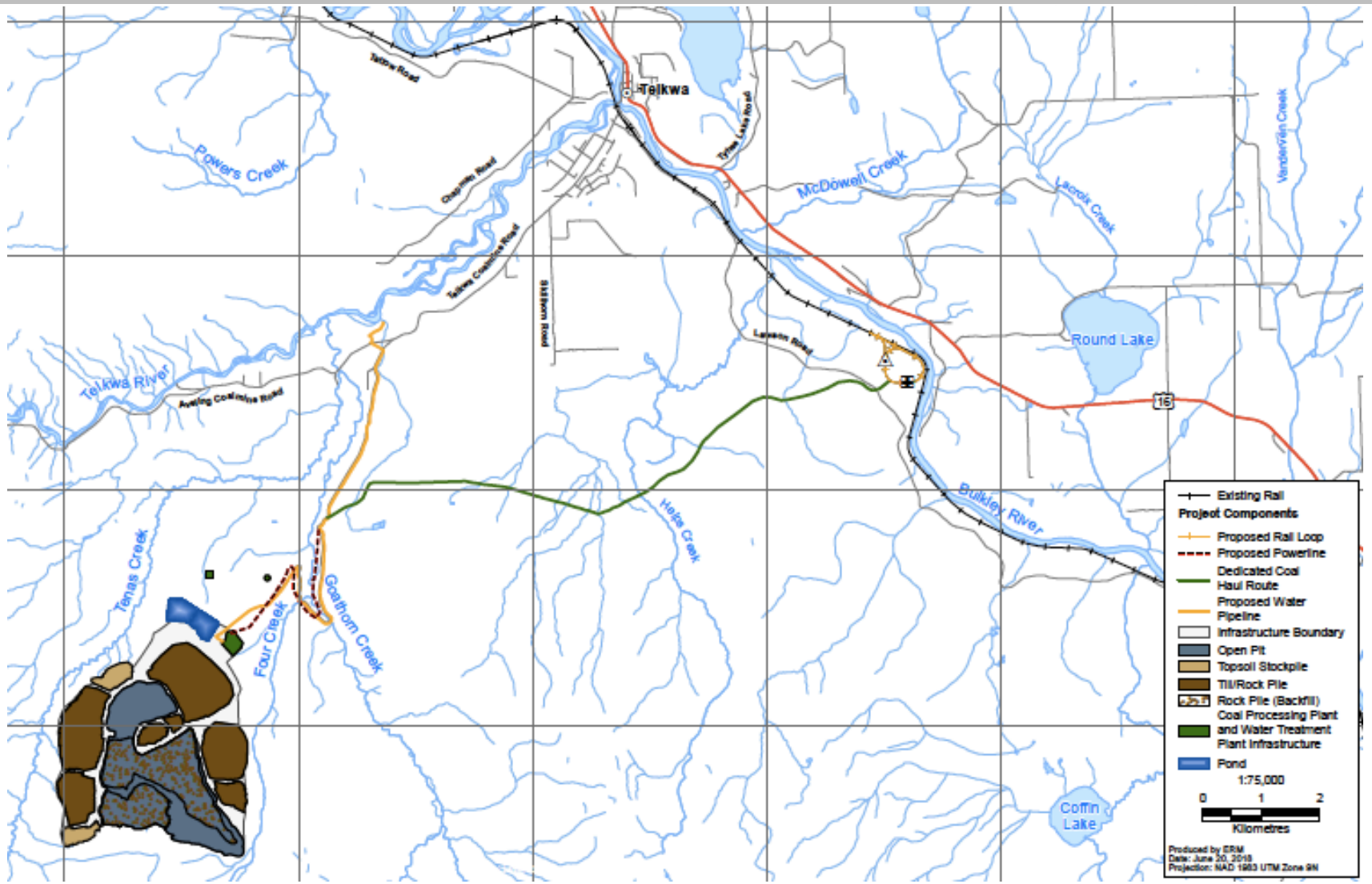
Short rail haul to port

The rail haul from the Project rail loadout 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

… and easy access from the Tenas deposit to rail, road, power & water



Key success drivers …

~$50M of data	• 849 drill holes, 2 bulk samples and multiple studies completed
Low start-up CAPEX	• US$62M estimated start-up CAPEX for 750kctpa, US$83 per annual tonne of capacity
Low OPEX	• US$56/t estimated all in average cash operating cost FOB Ridley Coal Terminal
Low strip ratio	• Average strip ratio of 5:1 BCM/ROMt to recover all 36.5Mt of Tenas deposit coal
Excellent yield for low ash product	• 71% yield for an 8% ash product and clean strip ratio of 7:1 BCM/PRODt
A simple project	• Simple mining, processing, access to rail, port, power, water, workforce & services
Natural hedge to price volatility	• Well placed at US$56/t FOB to withstand a major downturn in HCC prices
Niche product for SSCC	• Mid vol semi-soft coking coal is limited on the seaborne market especially from a non-Australian producer and is a sought after product by some steel mills
Long mine life	• 20+ years of mining at 750kctpa in the Tenas deposit with an additional 75Mt of measured resources in the two neighboring deposits

125.8Mt of resource & 42.5Mt of saleable reserves of MV SSCC/PCI

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

Resources (Mt)	Measured	Indicated	Inferred	Total
Tenas	27.1	9.4	-	**36.5**
Goathorn	59.5	9.2	0.2	**68.9**
Telkwa North	15.7	3.7	1.0	**20.4**
Total	**102.3**	**22.3**	**1.2**	**125.8**

Reserves (Mt)	ROM	Clean	Saleable
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 North proven	10.8	6.4	7.0
Telkwa North probable	0.7	0.4	0.5
Telkwa North Total	**11.5**	**6.8**	**7.5**
Grand Total	**62.9**	**40.1**	**42.5**

Tenas DFS available coal resources

The entire Tenas deposit of 36.5Mt has a strip ratio of 5:1 BCM/ROMt.

Seams - from top to bottom	Resource Mt	%	Sulphur	FSI
C Seam	6.0	16	1.3	5
1U seam	6.1	17	1.3	5
1 seam	24.4	67	0.7	2
Total	**36.5**	**100**		

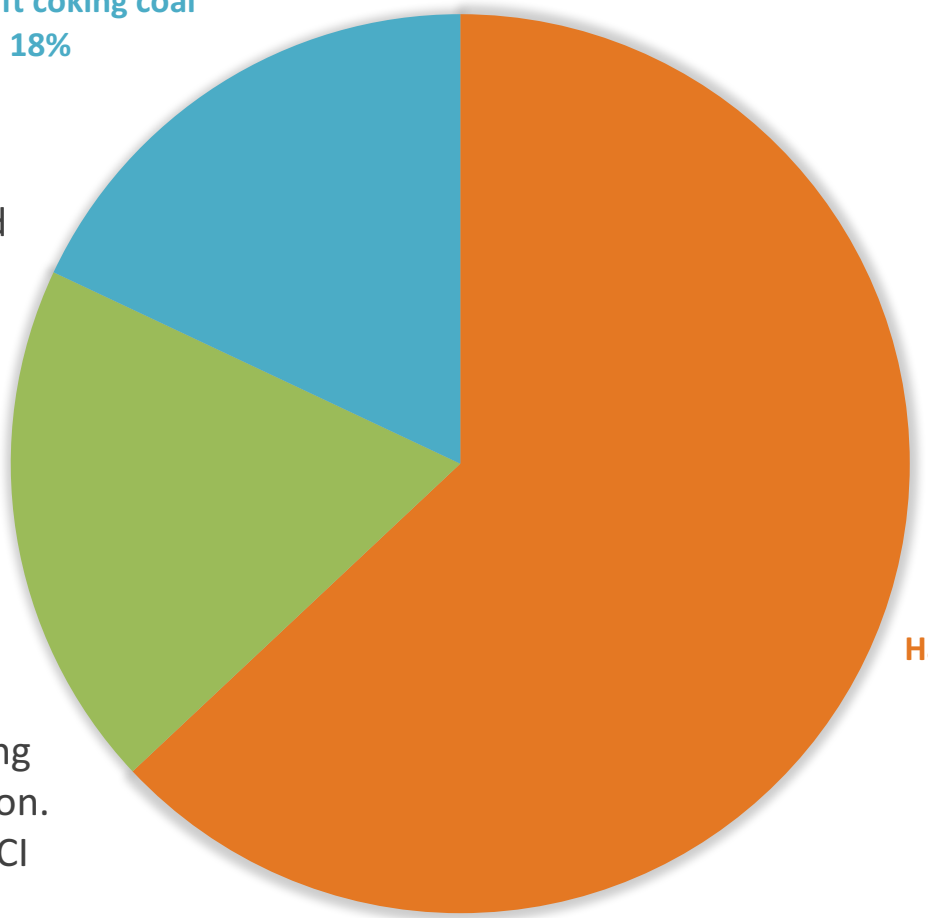
Tenas coal washes well from an average raw ash of 16%:

- At SG 1.6 a yield of 74% for a 9% ash product;
- At SG 1.55 a yield of 71% percent for an 8% ash product; and
- At SG 1.5 a yield of 67% for a 7% ash product.

An 8% ash product has appeal to steel mills as the typical SSCC on the seaborne market has 9%-10% ash.

The top 2 seams are high in sulphur and coking properties while the bottom seam is lower in sulphur and coking properties – all 3 seams will be blended at the washplant to optimise coal characteristics.

315 Mt of metallurgical coal hits the seaborne market each year



Mid-volatile SSCC is quite limited on the seaborne market which is dominated by HV SSCC from the Hunter Valley, and is sought after by some steel mills.

PCI is injected direct into the blast furnace to supplement carbon reducing the need for coke production. The replacement ratio of PCI to HCC therefore is important.

All steel mills use a blend of coals for the production of coke, ranging as high as 20 different coals.
The north-Asian steel mills target a 70:30 coke oven blend of HCC:SSCC.

Some steel mills rely more on SHCC and SSCC than they do HCC.

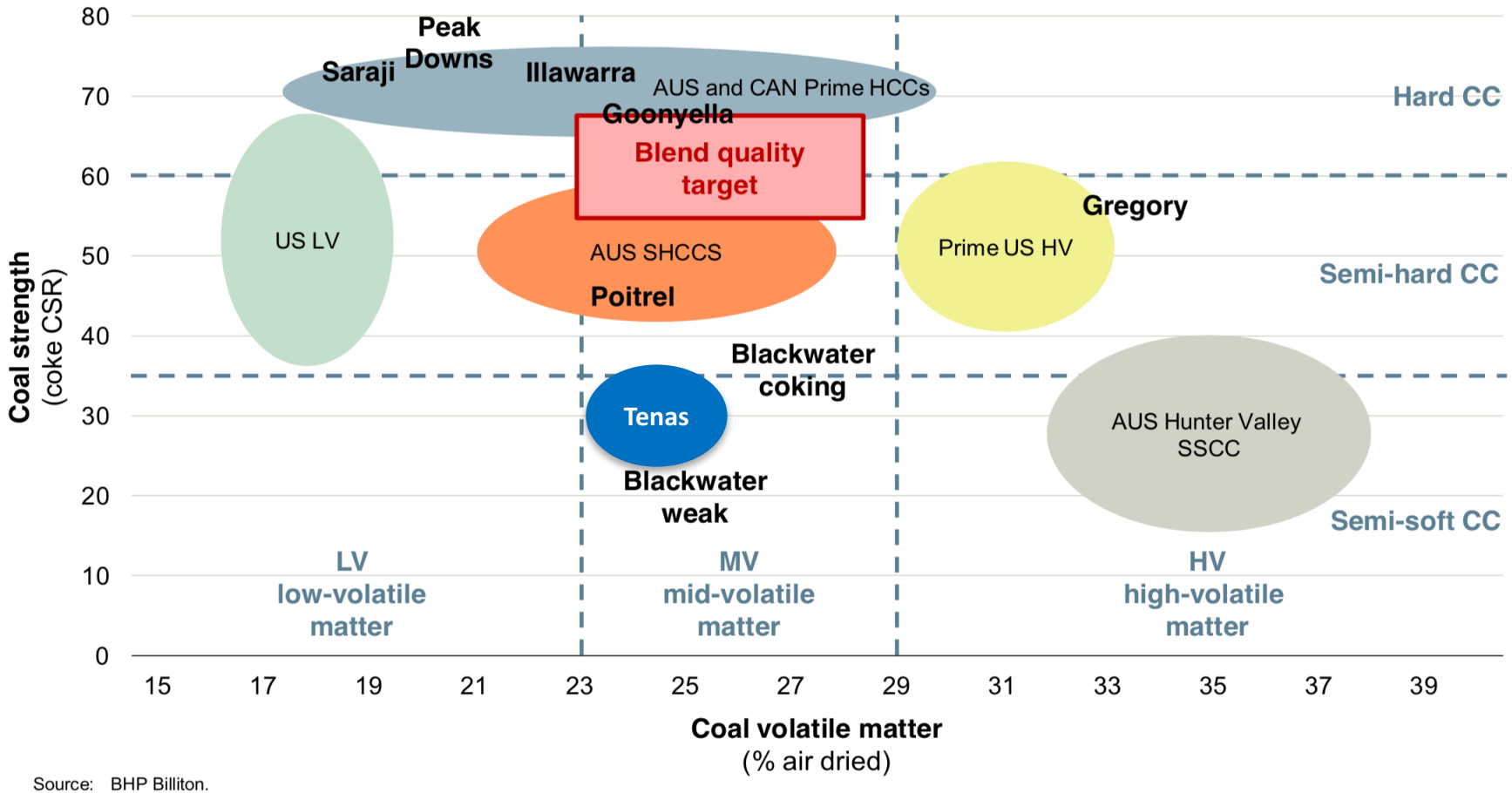
Tenas DFS product options - mid volatile SSCC or PCI

The north-Asian steel mills have an interest in both the MV SSCC and MV PCI products. Below is a selection of products that the Tenas Project could supply to the seaborne market providing options to the steel mills.

Key parameters - adb		SSCC	PCI	1 seam only PCI
Inherent moisture	%	1.1	1.1	1.1
Volatile matter	%	25.8	25.8	25.8
Ash – 71% yield for 8% ash	%	8.0	8.0	8.0
Sulphur	%	0.98	0.98	0.69
Fixed carbon	%	64.1	64.1	66.1
Carbon ultimate DAF	%	-	86.6	85.9
Hydrogen ultimate DAF	%	-	4.9	4.6
CV GAD Kcal/kg	GAD	-	7,700	7,627
RoMax		0.95	0.95	0.95
Replacement ratio		-	0.87	0.86
Fluidity	ddpm	10	-	-
Swell index	FSI	3-5	-	-
Coke strength reactivity	CSR	30	-	-
Phosphorous		0.046	0.046	0.046

Tenas coal ranks well amongst SSCCs by reference to VM and CSR

BHP Billiton brands[1] and coal basins



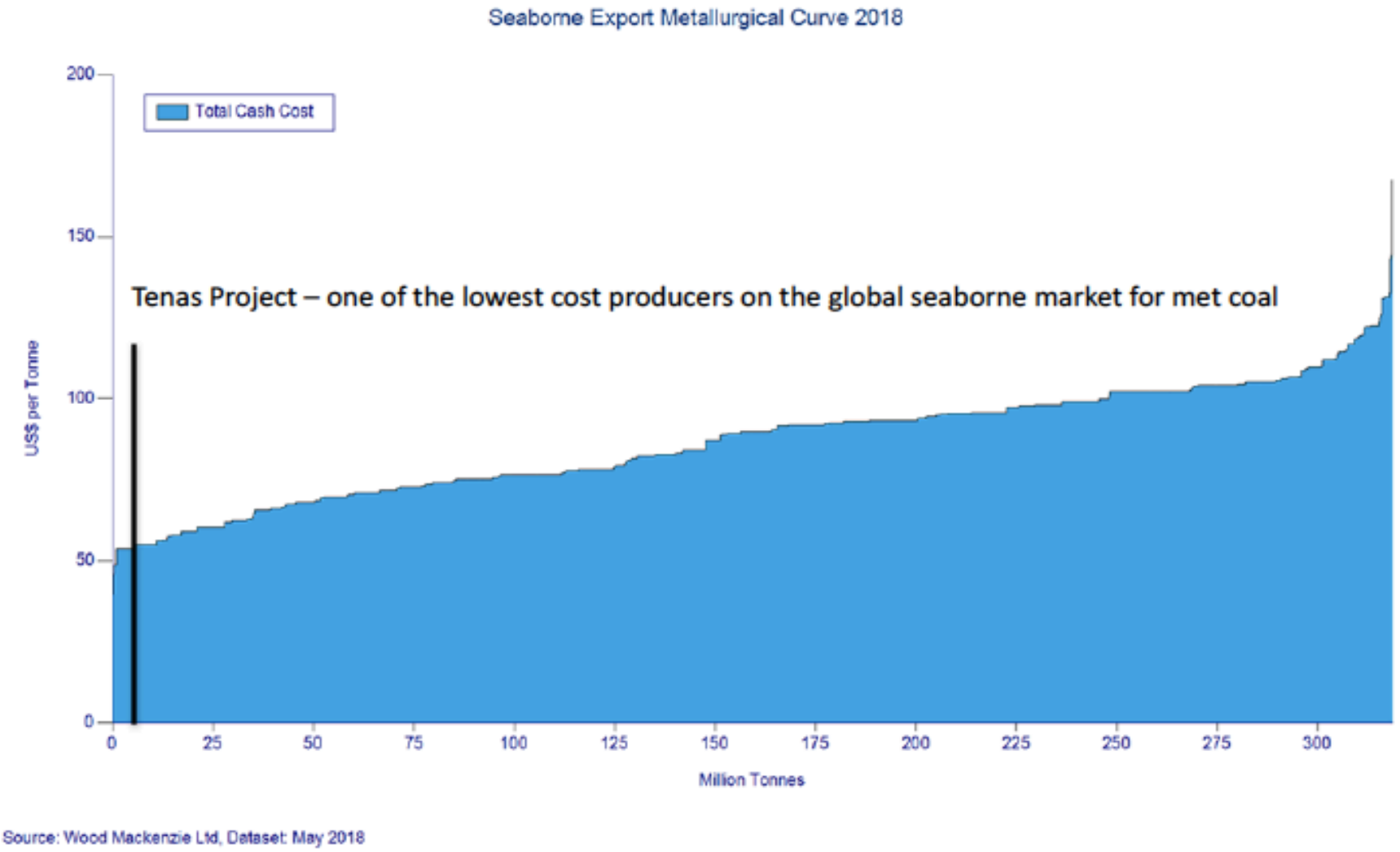
Source: BHP Billiton.
1. BHP Billiton coking coal brands in bold text.

Tenas DFS headline projections and production target metrics

Headline financial projections		
Annual revenue	US$M	100.1
Life of mine revenue	US$M	2,201.9
Annual EBITDA	US$M	58.2
Life of mine EBITDA	US$M	1,281.2

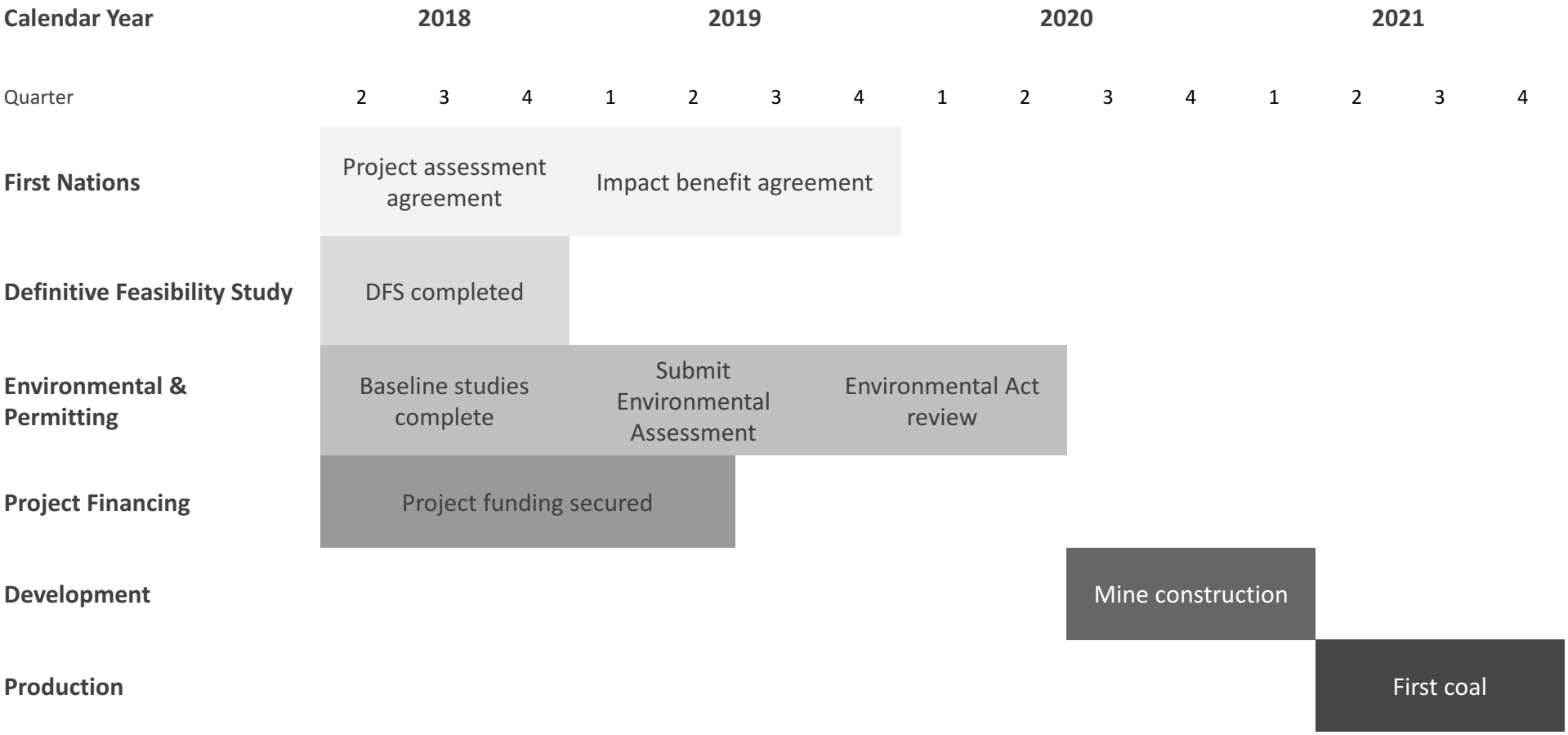
Tenas key metrics for DFS production target		
Total coal resource	Mt	36.5
Total mined coal	Mt	23.7
Total saleable coal production	Mt	16.8
Annual saleable coal production	Tonnes per annum	750,000
Life of mine average strip ratio	BCM/ROMt	3.2:1
Life of mine yield for 8% ash product	%	71
Mine life	Years	22
Initial capital expenditure	US$M	61.8
Average life of mine operating cost	FOB US$/t	55.8
Current estimated market price for Tenas MV SSCC	US$/t	133.45

Almost … the lowest cost producer on the seaborne met coal market



Source: Wood Mackenzie Ltd, Dataset: May 2018

Key activities and timeline



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