



14 June 2019

ALLEGIANCE COMPLETES \$2.65M CAPITAL RAISING

HIGHLIGHTS

- The Company has received binding commitments for \$2.65 million, before costs, pursuant to a private placement.
 - The proceeds will be applied principally to the Company's own working capital requirements relying on ongoing investment by Itochu Corporation (**Itochu**) in Telkwa Coal Limited (**TCL**) to support the working capital demands of the Tenas Metallurgical Coal Project (**Tenas Project**).
 - The private placement was lead managed by Bell Potter Securities.
-

Allegiance Coal Limited (**Company**) is pleased to announce the successful completion of a capital raising. The Company has accepted firm commitments raising \$2.65 million at \$0.075 per share. Funds are due to be received by 19 June 2019, with new shares to be allotted on 20 June 2019.

The offering was made to both institutional investors pursuant to section 708(11) of the Corporations Act 2001 (**Act**), and sophisticated investors pursuant to section 708(8) of the Act.

The funds raised are intended to be applied by the Company towards its own working capital requirements. Itochu is nearing completion of its internal review of the Tenas Project definitive feasibility study (**Tenas DFS**), the results of which were previously announced on 18 March 2019. As advised in its March 2019 quarterly cash flow report, the Company expects TCL to receive the Itochu Tranche 2 subscription (C\$1.5 million) before the end of this month. That will take Itochu's shareholding in TCL to 10 percent.

In addition to the on-going work relating to the preparation of applications for an environmental certificate and permits to mine for the Tenas Project, TCL is undertaking an optimisation of the Tenas DFS. The Company intends to release the results of an updated Tenas DFS in the September 2019 quarter.

On the basis of the commitments received, the maximum number of new securities that will be issued under the Placement is 35,317,480 new fully paid ordinary shares (**Placement Shares**) to raise \$2,648,811, before costs (**Placement**). The Placement will be issued under the Company's existing 15 percent capacity in accordance with ASX Listing Rule 7.1. The Placement price of \$0.075 per share represents a 15.7% discount to the 11 June 2019 closing market price of \$0.089 (source IRESS).

Subject to shareholder approval:

- Mr. Mark Gray, Company Chairman and MD has, through his entity Telkwa Holdings Limited, subscribed for 666,666 shares; and
- Mr. Jonathan Reynolds, Company CFO and Finance Director, has subscribed for 135,000 shares.



An Appendix 3B in connection with the Placement will be lodged on or about 20 June 2019.

For more information, please contact:

Mr Mark Gray

Chairman & Managing Director

Mobile : +61 412 899979

Email : mgray@allegiancecoal.com.au

Mr Jonathan Reynolds

Finance Director

Mobile : +61 408 229 953

Email: jreynolds@allegiancecoal.com.au

About Allegiance Coal

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company advancing a metallurgical coal mine into production in British Columbia, Canada. The Telkwa metallurgical coal complex (**Telkwa Complex**) includes three pit areas comprising 125.8Mt of JORC compliant coal resource of which 102.3Mt is in the Measured Category; 22.3Mt is in the Indicated Category; and 1.2Mt is in the Inferred Category. In July 2017 the Company completed a pre-feasibility study declaring 42.5Mt of saleable coal reserves (**Telkwa PFS**) across the entire Telkwa Complex. In March 2019 the Company completed a definitive feasibility study (**Tenas DFS**) of the Tenas Pit (**Tenas Project**) in relation to 16.5Mt of those saleable coal reserves, and is now advancing the Tenas Project towards permitting and production.

Coal Resources & Reserves

The coal resources referred to in this announcement (unless otherwise stated in this announcement) were first reported in the Company's release of its updated geological model on 18 June 2018, supplemented by its 26 June 2018 announcement (together the **June 2018 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 Telkwa PFS results on 3 July 2017 (**July 2017 Announcement**), updated in the Tenas DFS on 18 March 2019 (**March 2019 Announcement**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the July 2017 Announcement, the June 2018 Announcement or the March 2019 Announcement and that all material assumptions and technical parameters underpinning the estimates in the July 2017 Announcement, the June 2018 Announcement or the March 2019 Announcement, continue to apply and have not materially changed.
