



26 June 2019

ITOCHU CORPORATION CONFIRMS TRANCHE 2 INVESTMENT IN TELKWA COAL LTD

- Itochu Corporation of Japan (**Itochu**) has completed its review of the Tenas Metallurgical Coal Project Definitive Feasibility Study (**Tenas DFS**) and confirmed tranche 2 investment into Telkwa Coal Ltd (**TCL**).
 - Allegiance expects to complete the tranche 2 investment of C\$1.5M from Itochu in early July 2019, which will take Itochu's investment in TCL to C\$3M in consideration for a 10.1 percent equity interest in TCL.
-

Allegiance Coal Limited (**Allegiance**) is pleased to announce that Itochu has completed its review of the Tenas Metallurgical Coal Project Definitive Feasibility Study (**Tenas DFS**) and has confirmed tranche 2 investment into TCL. The review included amongst other things a technical assessment of the Tenas DFS by Itochu's internal technical team, as well as an independent third party consulting firm based in Vancouver.

Mr Mark Gray, Chairman and Managing Director, commented:

"The review of the Tenas DFS by Itochu was effectively a peer review of our own consultants' work and thus, an extremely valuable exercise. I am very pleased that the review was positive, and that Itochu is continuing with its investment in TCL, and the Tenas Metallurgical Coal Project. It is a testament to the project that Itochu committed investment money in TCL before the Tenas DFS was completed, and now that it is, they continue to support the project moving forward".

As previously announced on 5 November 2018, Itochu agreed to invest C\$6.6M, by way of a subscription for shares in TCL representing 20 percent of the issued share capital of TCL, as follows:

- C\$1.5M for a 5.3% interest in TCL, following the issue of a section 10 order under the Environmental Assessment Act of British Columbia (which formally acknowledges the Tenas Project has been accepted for environmental review and permitting), which was completed in mid-November 2018;
 - C\$1.5M for a further 4.8% interest in TCL taking its holding to 10.1%, following completion of a review of the Tenas DFS to its satisfaction, which is now completed; and
 - C\$3.6M for a further 9.9% interest in TCL taking its holding to 20%, following lodgement of an application for an Environmental Assessment Certificate, targeted for Q3 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.
