



30 March 2020

NEW ELK PROJECT LOAN FACILITY

HIGHLIGHTS

- Allegiance has entered into a terms sheet for a proposed US\$25M loan facility with the Nebari Natural Resources Credit Fund 1 LP (**Nebari**).
 - The Loan will contribute to the start-up capital requirement of the New Elk hard coking coal mine located in south-east Colorado, US (**New Elk Mine**).
 - The Loan is subject to formal documentation and several conditions precedent, including Nebari completing technical, legal and business due diligence of the project as summarised in Allegiance's updated mine plan announced on 31 January 2020 (**Start-up Mine Plan**).
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Allegiance Coal Limited (**Allegiance** or **the Company**) is pleased to announce it has entered into a US\$25M loan terms sheet with Nebari. The Loan will contribute to the start-up capital requirement of the New Elk Mine as set out in the Start-up Mine Plan.

Nebari is a New York based private credit asset manager, leveraging its leadership team's extensive experience with leading global mining companies and financial institutions.

The Loan is subject to several conditions precedent including:

- Nebari completing technical, legal and business due diligence of the project as summarised in Allegiance's Start-up Mine Plan, and in particular a peer review of the Start-up Mine Plan prepared for the Company by Stantec;
- Allegiance completing the acquisition of the New Elk Mine, including Allegiance raising the balance of the start-up capital for the Start-up Mine Plan and the Initial Debt Repayment to Cline Mining Corporation;
- Allegiance completing key material contracts to the Start-up Mine Plan such as rail, port and sales and marketing (all of which Allegiance is currently finalising); and
- Formal documentation.

The Loan will be subject to interest and costs usual for this form of finance.

The term of the Loan is 36 months from the date of drawdown with repayments commencing 18 months after drawdown of the first tranche.

The Loan will be secured by a first ranking charge over the Allegiance group of companies, including assets related to the New Elk Mine and excluding the shares in, and any assets of, Telkwa Coal Limited.



Authorised for issue by Mark Gray, Chairman and Managing Director.

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About Allegiance Coal

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company based in Vancouver, BC Canada, and is focussed on developing and mining metallurgical coal projects in North America and Western Canada. The Company is developing the Tenas metallurgical coal project, located in northwest British Columbia, in partnership with Itochu Corporation. The Tenas Project has a completed definitive feasibility study and is now in the permitting process targeting H2 2022 for the commencement of production. On 15 July 2019, the Company announced the planned acquisition of the New Elk hard coking coal mine, a fully permitted and constructed mine located in southeast Colorado, US. The Company is targeting to return the New Elk mine to production mid-2020.
