



31 March 2020

CLARIFICATION REGARDING ANNOUNCEMENT DATED 30 MARCH 2020

Allegiance Coal Limited (**Company**) refers to its announcement to the Australian Securities Exchange dated 30 March 2020 (**30 March Announcement**) relating to US\$25M debt terms sheet (**Loan**) entered into by the Company with Nebari Natural Resources Credit Fund I LP and would like to clarify the following matter.

Clarification around interest and costs relating to the Loan

The Company clarifies the explanation provided in the 30 March Announcement as follows.

In consideration for the Loan, Allegiance will pay to Nebari:

- A closing fee of 1.5% of the Loan;
- A floating rate coupon of 12.5% per annum above LIBOR with a LIBOR floor of 2.17 percent;
- A royalty of 50 cents per tonne, capped at US\$3.75M, on coal sold from the New Elk Mine payable only on tonnes sold when the premium low vol hard coking coal price, as published by Platts, is greater than US\$130 per tonne;
- A repayment bonus calculated by reference to the increase in the Company's market capitalisation during the Loan term, capped at US\$3.75M;
- An original issuer discount of 8% on amounts drawn; and
- A facility fee on undrawn funds of 2% per annum above LIBOR with a LIBOR floor of 2 percent.

Authorised for issue by Mark Gray, Chairman and Managing Director

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 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.