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## Drilling Delayed At Back Creek Due To Wet Weather

Drilling at Allegiance Coals' Back Creek project has been delayed due to rain. Allegiance plans to resume drilling as soon as weather permits using two drill rigs to accelerate the operation. This will allow reporting of JORC inferred resources in or before Q4 2012.

The Back Creek project has a target tonnage of 60 to 80 million tonnes of shallow open cut low ash thermal coal<sup>(1)</sup>.

Colin Randall  
BE (Mining), FAusIMM (CP)  
**Managing Director**

18 July, 2012

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### Exploration Target Clarification

(1) All statements pertaining to the Company's exploration target and statements as to the potential quantity and grade made in this Statement are conceptual in nature. There has been insufficient exploration undertaken to date to define a coal resource in accordance with the JORC Code, and it is uncertain if further exploration will result in the definition of a coal resource in accordance with the JORC Code.

### Competent Person Statement

Mr Colin Randall is the Managing Director of Allegiance Coal Limited and is a Fellow of the Australasian Institute of Mining and Metallurgy. He has a minimum of 15 years experience in the field of activity being reported on and is a Competent Person as defined in the JORC Code. This announcement accurately summarises and fairly reports his assessment and where required, has consented to the report in the form and context in which it appears.

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