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27 November, 2012

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## **Allegiance Coal Limited Announces 98 Million Tonnes Maiden JORC Code Inferred Resources at Back Creek**

The following significant Maiden JORC Code Inferred Resource was announced by Allegiance Coal Limited yesterday on its Back Creek Coal Project in the Surat Basin in Queensland.

- Maiden JORC Code Inferred Resource for Back Creek Project of 98 million tonnes<sup>(1)</sup>
- Resource exceeds expectations based on target of 60 to 80 million tonnes<sup>(2)</sup>
- Resource defined within 6 months of Allegiance Coal listing on ASX on 29 May 2012

The full announcement by Allegiance Coal Limited follows. Gullewa owns 57.79% of Allegiance Coal Limited.

David Deitz  
**Director & CEO**  
B.Comm, MAusIMM, CPA

(1) See table 1

(2) Exploration Target Clarification

All statements pertaining to the Company's exploration target and statements as to the potential quantity and grade made in this Statement were conceptual in nature. There was insufficient exploration undertaken at that date to define a coal resource in accordance with the JORC Code, and it was uncertain if further exploration would result in the definition of a coal resource in accordance with the JORC Code.

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26 November, 2012

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## **Allegiance Coal Limited Announces 98 Million Tonnes Maiden JORC Code Inferred Resources at Back Creek Project**

### **Highlights**

- Maiden JORC Code Inferred Resource for Back Creek Project of 98 million tonnes<sup>(1)</sup>
- Resource exceeds expectations based on target of 60 to 80 million tonnes<sup>(2)</sup>
- Resource defined within 6 months of Allegiance Coal listing on ASX on 29 May 2012

Queensland coal explorer Allegiance Coal Limited (ASX : AHQ) (The Company) is pleased to announce a significant Maiden JORC Code Inferred Coal Resource of 98 million tonnes for its Back Creek Project. It is an open cut project with low ash thermal coal in the Surat Basin and located within EPC 1297, approximately 50km northeast of Miles and 45km southeast of Wandoan.

To the north of Back Creek and along strike, Stanmore Coal Limited's the Range project has a 287 million tonne JORC Resource<sup>(3)</sup> and Cockatoo Coal Limited's Bottle Tree Project has a 35 million tonne JORC Resource.<sup>(4)</sup> *see Figure 1*

In addition, down dip from Back Creek, Cockatoo Coal Limited has reported significant coal intersections at its Bushranger project.

In the prospectus for Allegiance Coal Limited the Company projected a 60 to 80 million tonne target<sup>(2)</sup> within EPC 1297. The JORC Code Inferred Resource now identified is substantially higher than the originally defined target.

The JORC Code Resource was able to be assessed following Stage 2 drilling by the Company that included 1,696m of non-cored geophysically logged holes as well as 203.75 meters of diamond drilling.

The modelling of the deposit was based on this and previous drilling by the Company as well from data provided under data swap arrangements with adjacent tenement holders Cockatoo Coal and Stanmore Coal.

The resource estimate was compiled by Runge Limited (Runge). Runge validated the geological model and provided the resource estimate, in accordance with the JORC Code guidelines and standards.

The JORC Code Inferred Resource is located wholly within EPC 1297 and comprises multiple seam groups.

The resource model has been created based on geological data from open drill holes and cored holes. Analytical data from the cored holes has been used to determine coal quality. All drill hole depths have been validated.

The resources for EPC 1297 have been determined and reported in accordance with the JORC Code and are tabulated in *Table 1*.

**Table 1** – Summary of JORC Inferred Resources reported by Runge

<b>Seam Group</b>	<b>Volume M cu. Metres</b>	<b>Mass M Tonnes (ad)</b>	<b>Ash % (ad)</b>
Auburn	4.5	6.3	19.1
Bulwer Upper	18.0	25.8	21.6
Bulwer Middle	24.2	33.8	19.9
Condamine Upper	6.7	9.8	30.9
Condamine Middle	16.7	23.0	15.8
<b>Grand Total</b>	<b>70.1</b>	<b>98.6</b>	

*# Note: All qualities and tonnages are reported on an air dried basis.*

### **Runge report available**

The full JORC Code Resource Report prepared by Runge is available from Allegiance Coal Limited.

### **Contacts**

For further information please contact

**Mr Colin Randall**  
 Managing Director  
 0408 969 424

**Mr Mendel Deitz**  
 Tenement and Corporate Relations Manager  
 02 9299 5007

### **Footnotes**

**(1)** See table 1

**(2)** Exploration Target Clarification

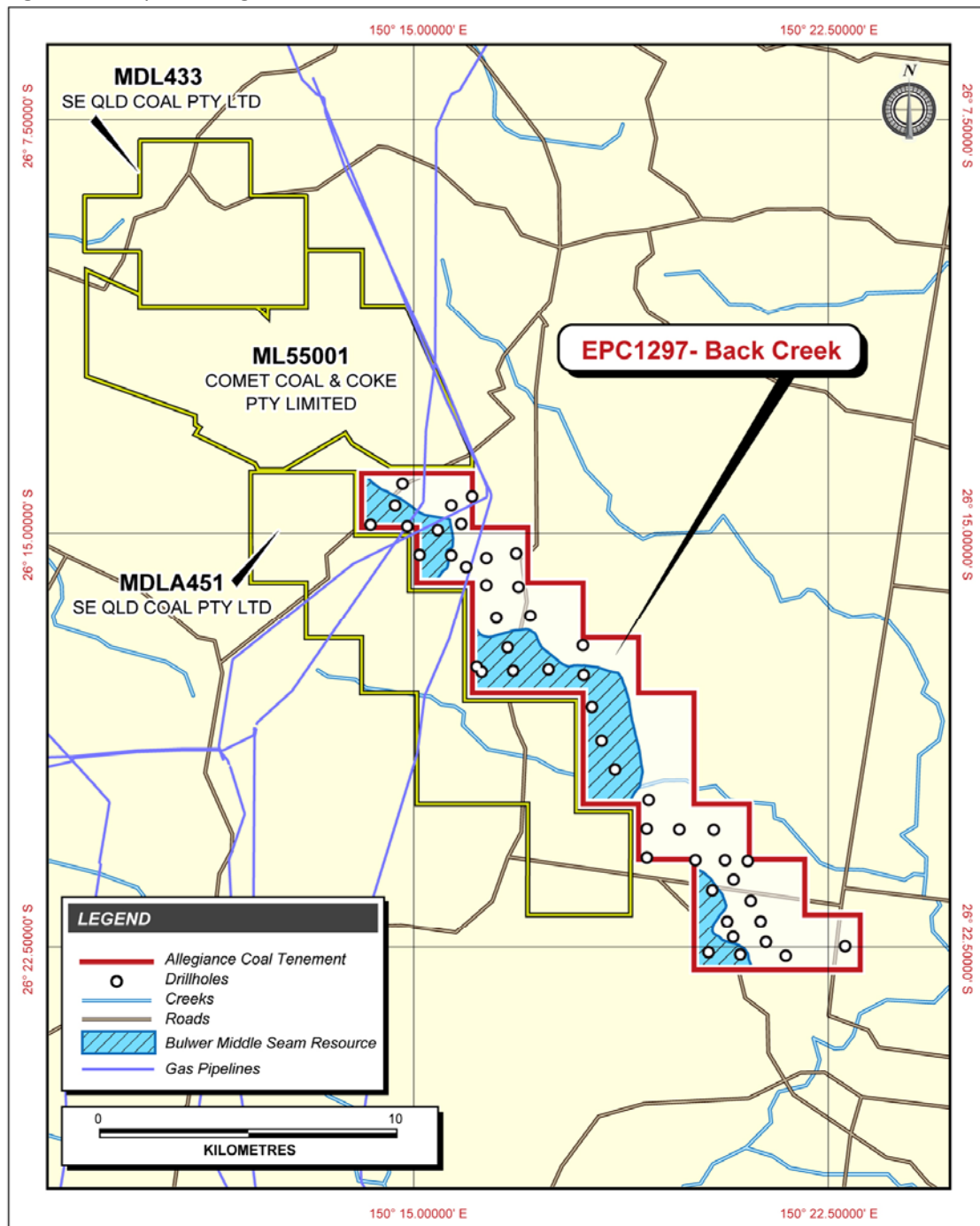
All statements pertaining to the Company's exploration target and statements as to the potential quantity and grade made in this Statement were conceptual in nature. There was insufficient exploration undertaken at that date to define a coal resource in accordance with the JORC Code, and it was uncertain if further exploration would result in the definition of a coal resource in accordance with the JORC Code.

**(3)** Stanmore Coal Limited Quaterly Report of the period ended 30 September 2012

**(4)** Cockatoo Coal Limited Quaterly Report of the period ended 30 September 2012



**Figure 1 - Map showing areas of JORC Code Inferred Resources**



#### Competent Persons Statements

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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### **Competent Person's Consent Form**

Pursuant to the requirements of ASX Listing Rule 5.6 and clause 8 of the 2004 JORC Code (Written Consent Statement)

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Runge Limited  
ABN 17 010 672 321

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### **Report Description**

Allegiance Coal Limited

"ASX Release – Allegiance Coal Limited Announces 98 Million Tonnes maiden JORC Code Inferred Resources at Back Creek Project" dated 26<sup>th</sup> November 2012. ("Announcement")

### **Statement**

I, Christine Helen Robertson confirm that:

- I have read and understood the requirements of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("2004 JORC Code").
- I am a Competent Person as defined by the 2004 JORC Code, having five years' experience which is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which I am accepting responsibility.
- I am a Member of *The Australasian Institute of Mining and Metallurgy*.
- I have reviewed the Report to which this Consent Statement applies, the Report being the document entitled, "Resource Estimation for Back Creek Project, Surat Basin – November 2012", prepared by Runge Limited.
- I am a full time employee of Runge Ltd.

I verify that the circled and ticked portions of the Announcement (attached as Appendix A) is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation being the above mentioned Report.

**CONSENT**

I consent to the release of the Announcement and this Consent Statement by the directors of:

Allegiance Coal Limited



Signature of Competent Person:

26th November 2012

Date:

AusIMM

Professional Membership:  
(insert organisation name)

305613

Membership Number:



Signature of Witness:

GORDON NAIDOO, MANLY WEST

Print Witness Name and Residence (eg. Town/Suburb):