



12 April 2021

GLOBAL MINING AND RESOURCE INVESTMENT HOUSE TAKES STRATEGIC STAKE IN ALLEGIANCE

HIGHLIGHTS

- Golden Energy and Resources Limited (**GEAR**) agrees to invest A\$15M in Allegiance by way of a private placement.
 - GEAR also agrees, in principle, to provide funding of US\$27M to New Elk Coal Company, LLC. (a wholly owned subsidiary of Allegiance that owns the New Elk Mine), for the reconstruction of the 27 mile rail spur from BNSF's main rail line to the New Elk Mine.
 - These investments underwrite Allegiance's growth plans for the New Elk Mine which are currently budgeted to be funded from retained earnings generated from the first production unit, which is intended to commence mining later this month.
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Allegiance Coal Limited (**Allegiance or the Company**) is pleased to announce a \$15.5M placement at \$0.09 per share with:

- GEAR as to A\$15M; and
- M Resources Pty Limited (New Elk's sales agent), as to A\$500k,

(together, **Placement**).

Funds raised under the Placement will be used to accelerate production at the New Elk Mine and in particular, to refurbish the second production unit which would have otherwise been funded from retained earnings.

In addition to the Placement, GEAR has agreed, in principle, to fund reconstruction of the 27 mile rail spur from BNSF's main line to New Elk Mine's wash-plant, subject to due diligence and agreement of terms. The rail spur existed until 2000 when following final closure of the New Elk Mine (then known as the Allen Mine), the track was uplifted and sold as scrap metal to an electric arc furnace steel mill 100 miles north of the Mine.

Expediting the reconstruction of the rail spur is critical to the Mine's growth:

- First, it removes the restriction on production tonnes allowed to be trucked on the road 25 miles from the Mine to Jansen rail loadout adjacent to BNSF's main line (currently less than 1M tonnes per annum); and
- Second, it instantly reduces cash costs by US\$6 per tonne (the cost of trucking coal noting Union Pacific's rail rate is the same to Jansen rail loadout as it is the Mine).

In addition, and of equal importance, the rail spur fulfils Allegiance's commitment to the local community that road trucking of coal will only be for the first 2 years of production following start-up.

GEAR is listed on the mainboard of the Singapore Exchange and principally engages in the exploration, mining and marketing of metallurgical coal and gold in Australia, as well as energy coal in Indonesia.

As at 31 December 2020, the Group's subsidiary, Stanmore Coal Limited (SMR:AU), has coal resource estimates of 1.7 billion tonnes, marketable coal reserve estimates of 130 million tonnes, and a coal handling preparation plant capacity of up to 3.5 million tonnes per annum. Its Indonesia subsidiary, PT Golden Energy Mines tbk (GEMS:ID), has more than 2.9 billion tonnes of energy coal resources and more than 1 billion tonnes of coal reserves.

The GEAR Group has also extended its product suite to include gold via its 50% joint venture with EMR Capital in Ravenswood Gold. As of 31 December 2020, Ravenswood has 3.9 million ounces of gold resources and 2.6 million ounces of gold reserves.

In addition to GEAR's A\$15M investment, M Resources Pty Limited, New Elk's sole sales and marketing agent already a shareholder of Allegiance, has agreed to invest a further A\$500k in Allegiance alongside GEAR.

Mark Gray, Chairman and Managing Director said:

"I am delighted to announce this investment, and welcome GEAR as a shareholder, in our company. While we are fully funded in our plans to recommence mining at New Elk, the insurance that GEAR's investment and commitment provides our company in terms of its growth and development, is of enormous comfort to the Board."

The Company cautions that GEAR's in principle agreement to provide funding is subject to the negotiation and execution of definitive and legally binding agreements. There can be no certainty that such agreements will be executed, or that if executed, any conditions to draw-down under such agreements will be satisfied. The Company therefore cautions investors against placing undue reliance on the in principle agreement at this time.

Petra Capital Pty Limited acted as sole lead manager and sole bookrunner to the Placement. The Placement price of \$0.09 per share represents a 9.2% discount to the 5 trading day VWAP.

The agreement to issue the Placement shares is subject to the receipt of prior shareholder approval. Should the resolutions at the Company's General Meeting to be held on 16 April 2021 be approved, the Directors intend to waive the requirement to obtain shareholder approval for the Placement and complete the Placement using the Company's available placement capacity under Listing Rule 7.1.

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

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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. In October 2020, the Company completed the acquisition of the New Elk hard coking coal mine, a fully permitted and constructed mine located in southeast Colorado, US. The Company is scheduling to return the New Elk mine to production in mid-2021.
