ASX Release

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Three Metre Coal Seam Intersections at Back Creek in Queensland

Drilling by Allegiance Coal Limited at Back Creek (EPC 1297) has intersected the three metre thick Condamine Seam. Gullewa holds an 80% interest in Allegiance Coal Limited.

The two open drill holes that intersected the seam, BC17 and BC19, were in the northern part of the tenement.

The seam was intersected at a depth of 40m in the up dip hole BC17 and together with the shallow dip of the seam, is a significant discovery of coal at depths that may be amenable to open cut.

One cored hole BC17C has been completed and the recovered core sent for sampling and analysis.

At the site of the down dip open hole B19 a second cored hole is now being drilled.

The quality analysis results from the two recovered coal cores will provide information to assist in the quantification of Inferred Resources for the Back Creek project.

Managing Director Colin Randall said :

"It is very pleasing that our initial drilling at Back Creek is consistent with the modelled depths and seam location.

I look forward to our continuing drilling program providing further confirmation of the modelling of the Back Creek deposit that was the basis for our target of 80 million tonnes of open cut mineable coal for the project". [1]

David Deitz
Director & CEO

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[1] All statements as to exploration target size and potential quality and grade referred to in this announcement are conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The information contained in this announcement is based on information compiled by Mr Colin Randall who is a Fellow of The Australasian Institute of Mining and Metallurgy and Managing Director of Allegiance Coal Limited. Mr Randall has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Randall consents to the inclusion in this announcement of the matters based on his information in the form and the context in which it appears.

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