



ALLEGIANCE COAL
LIMITED

Presentation to Shareholders
By Colin Randall, Managing Director
Allegiance Coal Limited AGM

28 November 2012

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- The information in this material that relates to Exploration Results is based on information compiled by Mr Colin Randall who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Randall is a full-time employee of Allegiance Coal Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit 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 the report of the matters based on his information in the form and context in which it appears.

Year of Significant Progress



- IPO of AHQ raised \$7 million
- Listed on the ASX 29 May 2012

- Back Creek Project: 98 Mt Maiden JORC Resource
 - Completed stage 2 drilling
 - Completed total of 47 holes
 - 98 Mt JORC compliant Inferred resource

- Kilmain Project: Confirmed presence of coking coal
 - 3.1m Castor/Pollux seam
 - Now 200Mt target

- Tenements
 - Mt Marrow tenement EPC 2374 notified of impending grant
 - Three tenements renewed
 - Eleven applications awaiting grant/decision

- Cash position as at 26 November 2012 \$4.42 million

Year of Significant Issues for Coal



- Drop in spot coal prices
- Cyclical nature of the coal industry returns
- Change in investor sentiment regarding resource stocks
- High operating cost in the coal sector
- Increased coal royalties in Queensland
- Queensland coal tenements in future to be allocated on basis of cash tender.
- Carbon Tax on fugitive emissions now legislated

AHQ Approach to Managing Current Situation

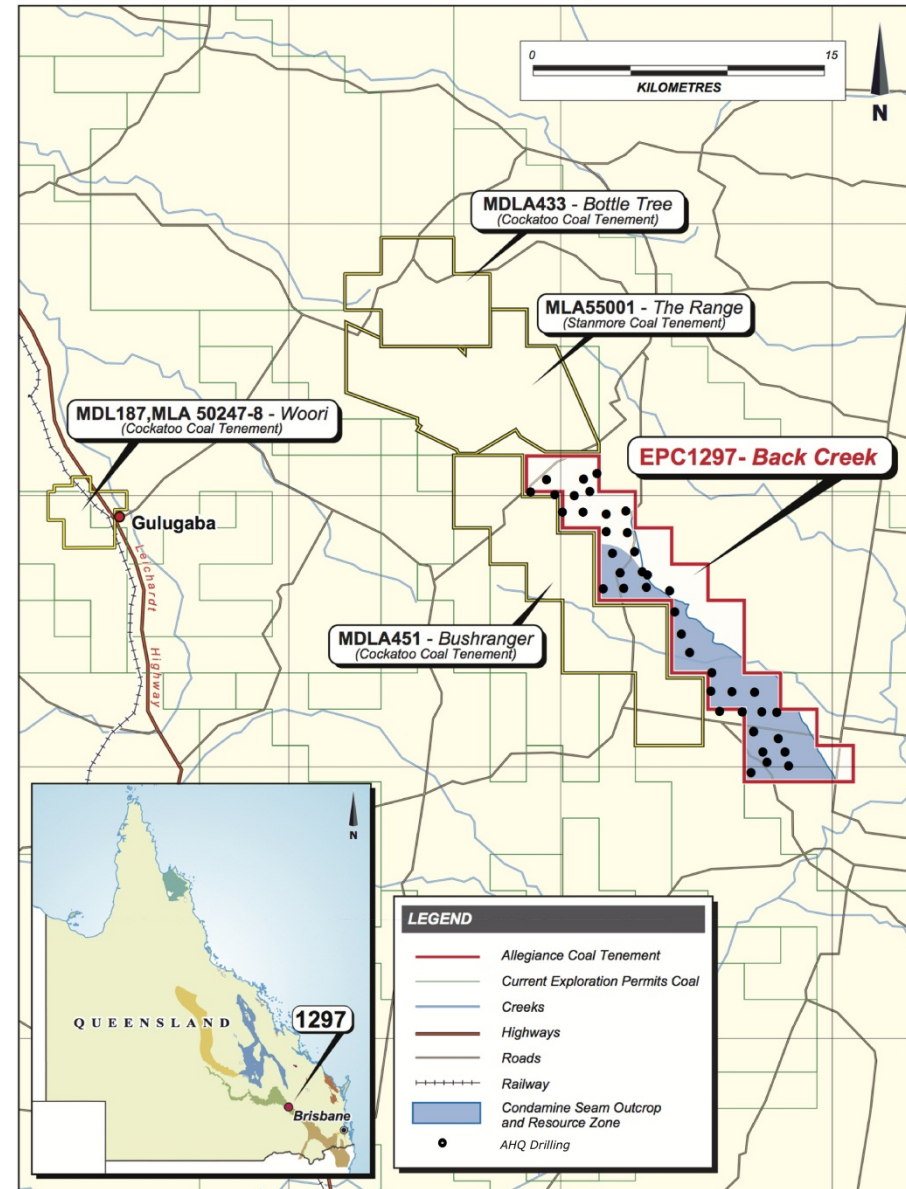


- **Reduction in operating cost**
 - MD takes over role of Exploration Manager
 - Field Manager appointed. Based in Chinchilla, Central Queensland
 - Reduction in use of higher cost outside consultants
 - Closer relations with adjacent tenement holders to gain access to geological data to reduce exploration cost e.g. Kilmain-Bandanna Energy; (Arcturus), Back Creek-Cockatoo Coal; (Bushranger)
- **Kilmain Project**
 - Deferred exploration until assessed all data from Bandanna and until the Comet River dries to allow crossing to other side
- **Farm-out**
 - Negotiating farm-out in the Calen Project with adjacent tenement holder Square Resources
- **Prioritisation of Exploration**
 - Based on a formula we have ranked our projects to ensure prioritisation on application of exploration funds
- **Look for Opportunities**
 - With many juniors in Queensland having reduced cash, tenements are becoming available for sale. AHQ will review these opportunities and rank them against our existing tenements
- **Near term producer opportunity**
 - Look at opportunity to bring Mt Marrow into production in near term

Back Creek Project

Open Cut: low ash thermal coal

- 98 Mt Maiden JORC Inferred Resources confirmed by independent geologist Runge Ltd
- Stage 2 drilling in southern area with seam intersections from 2.85m to 8.26m
- Drilled holes in northern area; intersected 7.2m of coal within Bulwer and Condamine seams
- Completed stage 2 drilling in late September 2012
- Cored seam sections for stage 2 undergoing analysis
- Additional drilling by Cockatoo Coal in the adjacent Bushranger Project has been made available and incorporated in JORC modeling
- Drilling for Stage 1 and Stage 2 enabled a JORC compliant Resource to be reported
- No Strategic Cropping Land within the tenement
- JORC Resource significantly exceeds target of 60-80 Mt
- Low ash thermal coal suitable for open pit mining

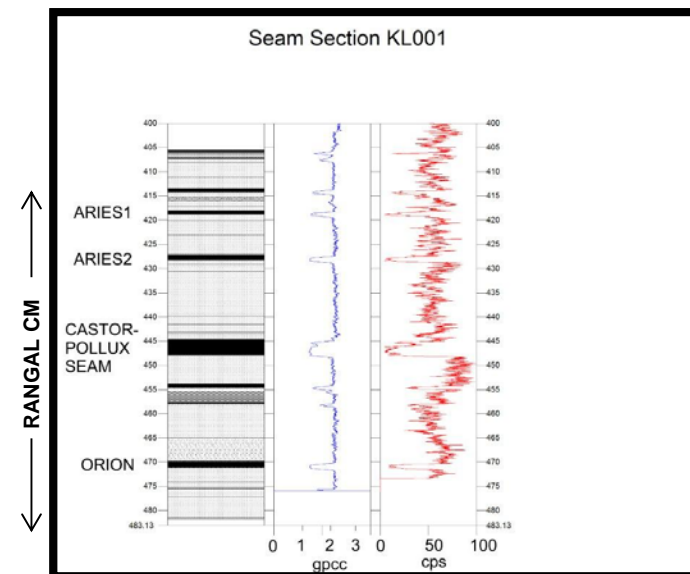
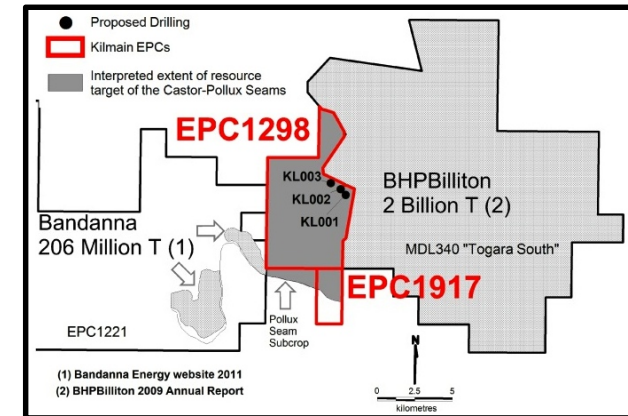


Kilmain Project

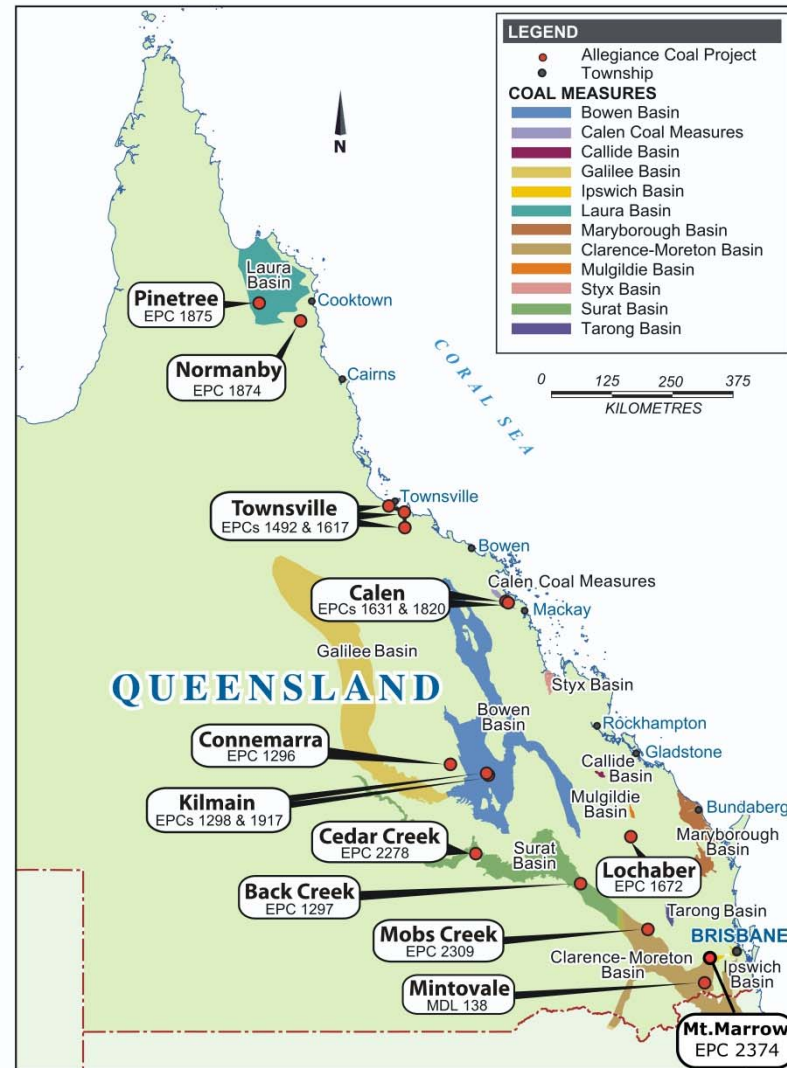
Underground: coking/PCI/low ash thermal coal



- Drilled three holes and intersected full suite of Rangal Coal Measures
- Intersected 3.1m Castor/Pollux Seam
- All seams cored with coal quality and gas concentrations analyses
- New target of 200Mt (previously 100Mt)
- Coal quality analysis indicate coking coal fraction
- Gas concentration too low for commercial extraction prior to mining
- Reviewing geological data from Bandanna Energy's Arcturus Project
- Wait for the Comet River to stop running.
- Underground project with limited negative impacts from either flooding or Strategic Cropping Land



Granted Exploration Tenements

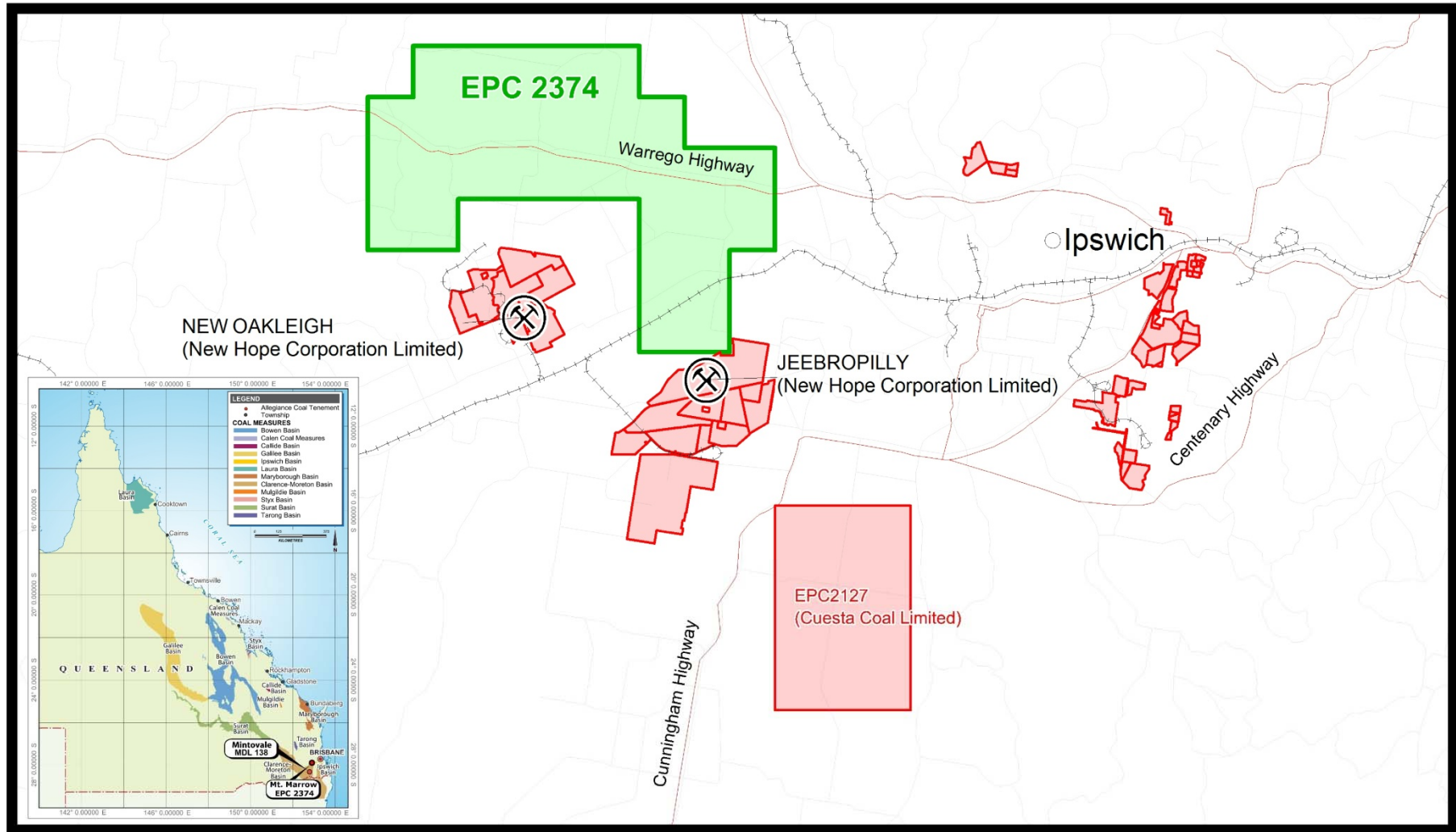


Mt Marrow (EPCA 2374) tenement



- Mt Marrow EPCA 2374 notified of impending grant
- Located West of Ipswich, see map
 - Existing New Oakleigh Mine (New Hope), Ebenezer Project (OGL Resources) and the Amberley Project (Cuesta Coal)
- Targeting shallow open cut coal in Walloon Coal Measures
- Significant project
 - Close to existing rail infrastructure
 - Close to Port of Brisbane
 - Walloon coal is export quality thermal coal with low sulphur and low nitrogen
 - Potential near term producer
 - Potential low operating cost
 - Potential low capital cost

Mt Marrow



Tenement Applications



11 current tenement applications

Mt. Marrow	EPCA 2374	Impending Grant
Sandy Creek	EPCA 2251	Competing
Dingo	EPCA 2281	
Palmeria	EPCA 2474	
Corsia	EPCA 2592	
Galium	EPCA 2634	
Mayaca	EPCA 2644	

Parapi	EPCA 2154	Competing
Lilyvale	EPCA 2182	
Fleetwood South	EPCA 2698	Secondary Applications
Fleetwood South	EPCA 2698	

Project & Tenement Details



Project Name	Basin	Tenement Number	Number of Sub Blocks	Surface Area km ²	Grant Date	Coal Type	Deposit
Back Creek	Surat	EPC 1297	20	68	22 Mar 2010	Thermal	Open cut
Kilmain	Bowen	EPC 1298	16	50	7 Apr 2009	Coking/thermal	Open cut/Underground
		EPC 1917	2	6	22 Mar 2010	Coking/thermal	Open cut/Underground
Calen	Calen	EPC 1631	52	161	5 Nov 2009	PCI	Open cut/Underground
		EPC 1820	17	53	19 Feb 2010	PCI	Open cut/Underground
Lochaber	Mulgildie	EPC 1672	47	146	18 Dec 2009	Thermal	Open cut
Connemarra	Bowen	EPC 1296	40	138	7 Apr 2009	Thermal	Open cut
Townsville	Northern Bowen	EPC 1492	120	494	21 May 2010	Coking/thermal	Open cut/Underground
		EPC 1617	65	202	6 Aug 2009	Coking/thermal	Open cut/Underground
Normanby	Hodgkinson	EPC 1874	86	267	19 Apr 2011	Low vol PCI	Open cut
Pinetree	Laura	EPC 1875	217	670	19 Apr 2011	Low vol PCI/thermal	Open cut
Cedar Creek	Surat	EPC 2278	12	36	31 May 2011	Thermal	Open cut
Mobs Creek	Surat	EPC 2309	28	96	27 July 2011	Thermal	Open cut
Mt Marrow	Moreton	EPC 2374	30	91	Impending Grant	Thermal	Open Cut
Mintovale	Moreton	MDL 138	n/a	244ha	22 Mar 2010	Thermal	Open cut
Total			752	2485			

Other Tenements



Connemarra

- Drilled three shallow holes (120m) that did not intersect coal

The Year Ahead



- Maintain close control on costs
- Decide suitable timing for additional drilling at Kilmain
- Progress Mt Marrow Project as potential near term producer
- Tenements
 - Maintain all tenements in good standing
 - Conclude farm-out agreement on Calen
 - Seek accretive tenements that add value to potential resources on existing tenements

Budget



- Current Shareholdings on completion of IPO

Gullewa Limited	57.6%	100 million shares
C.Randall and Associates	14.2%	25 million shares
Other shareholders	28.2%	52 million shares
Total	100.0%	177 million shares

Current Share Price
Market Capitalisation

\$0.053 as at 26 November 2012
\$9.38m