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NEWNHAM EXPLORATION & MINING SERVICES

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ALLEGIANCE MINING NL

EL 10/96

ANDERSONS CREEK AREA

RELINQUISHMENT REPORT

MICROFILMED
FICHE No. 015271 -

Prepared For:

Allegiance Mining NL
Level 1 55 York Street
Sydney NSW 2000

AMG REFERENCE POINTS ADDED

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Relinquishment Report - Andersons Creek Area - EL

10/96

Allegiance Mining NL*

Newnham, L.A.

EL10/96

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1. SUMMARY

Two drilling programs by Allegiance, combined with results from drilling by previous workers, has identified an inferred resource of 12 Mt 0.94% Ni, 0.05% Co in the Andersons Creek area, west of Beaconsfield.

The resource consists of a near-surface/outcropping lateritic deposit, formed by weathering of an underlying Cambrian ultramafic body.

Initial metallurgical tests indicate high recoveries of nickel by high pressure acid leach methods.

Potential to substantially increase this resource is considered limited.

Compared with other lateritic nickel deposits elsewhere in Australia and the world, the Andersons Creek deposit is small and slightly low in grade. These negative factors are substantially offset by the excellent infrastructure aspects of the deposit.

Expenditure by Allegiance on EL 10/96 to the end March 2000 was \$283,797.

2. INTRODUCTION

Drilling programs completed by other companies in the Andersons Creek area identified the presence of a modest sized lateritic nickel deposit.

Encouraged by developments elsewhere in Australia with lateritic nickel, Allegiance acquired EL 10/96 over the Andersons Creek deposit on the basis that scope existed to increase the identified resource. A larger resource, combined with the excellent (low cost) location of the deposit may have enhanced the commercial viability of the deposit.

EL 10/96 was a strata title, granted to Allegiance Mining NL for nickel and cobalt only, and to a vertical depth of 30 m. Tenure for all minerals below 30 m, and for all minerals other than nickel and cobalt above 30 m, was held by another Company.

3. WORK COMPLETED

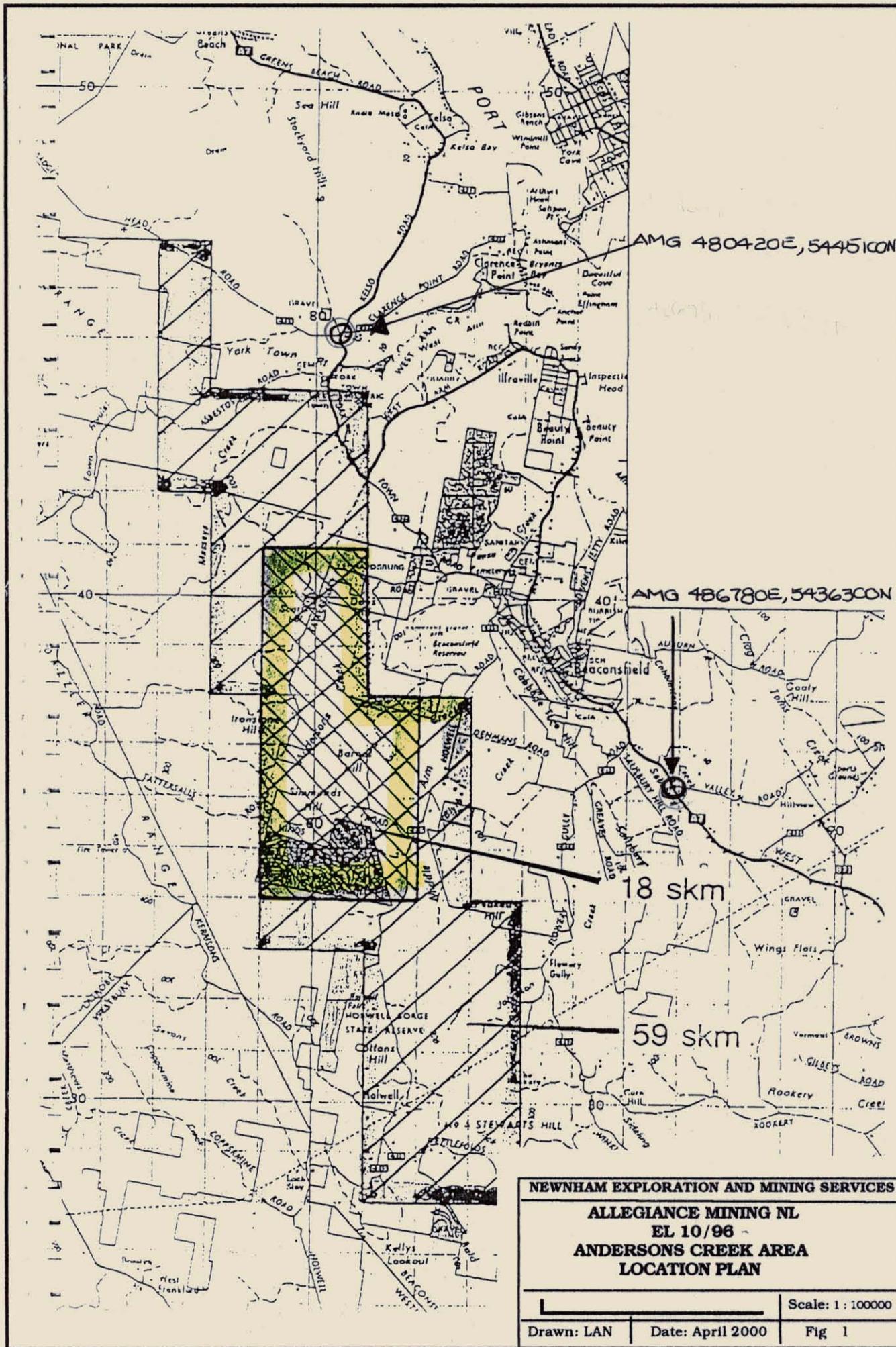
Main work programs completed on EL 10/96 by Allegiance were:

- (i) collation of all previous exploration in the area
- (ii) aircore drilling program of 51 holes totalling 549 m in February-March 1997
- (iii) mineralogical studies on aircore samples by Amdel
- (iv) initial nickel leach extraction testwork by Amdel
- (v) aircore/RC drilling program of 65 holes totalling 492 m in November-December 1997
- (vi) resource estimate study March 1998

4. REFERENCES

Reports initiated by Allegiance Mining NL on EL 10/96 are:

- (i) "EL 10/96 Andersons Creek Area, Northern Tasmania. Annual Report To End April 1997" by LA Newnham, 20 May 1997
- (ii) "Mineralogy of Eleven Laterite Samples" Amdel Report G686300G/97, dated 28 August 1997
- (iii) "Nickel Laterite Leaching" Amdel Report G693500G/97, dated 07 October 1997
- (iv) "Andersons Creek Laterite Mineral Resource Estimate, August 1997" by MV McKeown
- (v) "EL 10/96 Andersons Creek Lateritic Nickel Project. Recommended Drilling Program Budget and Schedule" by LA Newnham, 18 September 1997
- (vi) "EL 10/96 Andersons Creek Project, Tasmania. Proposed Drilling Program, March 1998" by MV McKeown, March 1998
- (vii) "Andersons Creek Laterite Mineral Resource Estimate, March 1998" by MV McKeown, March 1998



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AMG REFERENCE POINTS ADDED