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Zeehan Nickel Project - Summary Profile - EL 28/88

Allegiance Mining NL*; Newnham Exploration and Mini
Newnham, L.A. EL28/88; EL43/92



Allegiance Mining N.L.

ZEEHAN NICKEL PROJECT

Summary Profile

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MINERAL RESOURCES	
EL 28/88 P 5 +	
10 MAY 2000	EL 43/92
See folio 25	- EL 28/88
See folio 30	- EL 43/92

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Allegiance Mining NL*; Newnham Exploration and Mini
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May 2000

Prepared by:
Newnham Exploration and Mining Services

S U M M A R Y

Allegiance Mining NL, in Joint Venture with Rio Tinto Exploration, has discovered significant deposits of nickel sulfide at Avebury and Melba Flats to the west and north of Zeehan respectively.

Approximately \$2M has now been expended on a range of sophisticated exploration programs on these prospects, including 8,000 m of core drilling.

Based on results to date, Allegiance believes there is excellent potential to define in excess of 2 million tonnes of 1-2% nickel at Avebury, with scope to locate additional resources elsewhere at Avebury and Melba Flats.

Existing infrastructure in the area is of a high standard and early indications are that the deposits will be amenable to low-cost underground mining and treatment.

There is good reason to conclude that these deposits will be capable of supporting a medium-sized, low-cost modern mining operation, producing readily marketable high grade nickel sulfide concentrates.

Encouraged by this potential, Allegiance has embarked upon a further program of resource evaluation, indicative mining, metallurgical, environmental and financial studies. This will culminate in the completion of a Pre-feasibility study by end of 2000.

T E N U R E

The Zeehan Nickel Project is subject to a Joint Venture Agreement between Allegiance Mining NL and Rio Tinto Exploration Pty Limited.

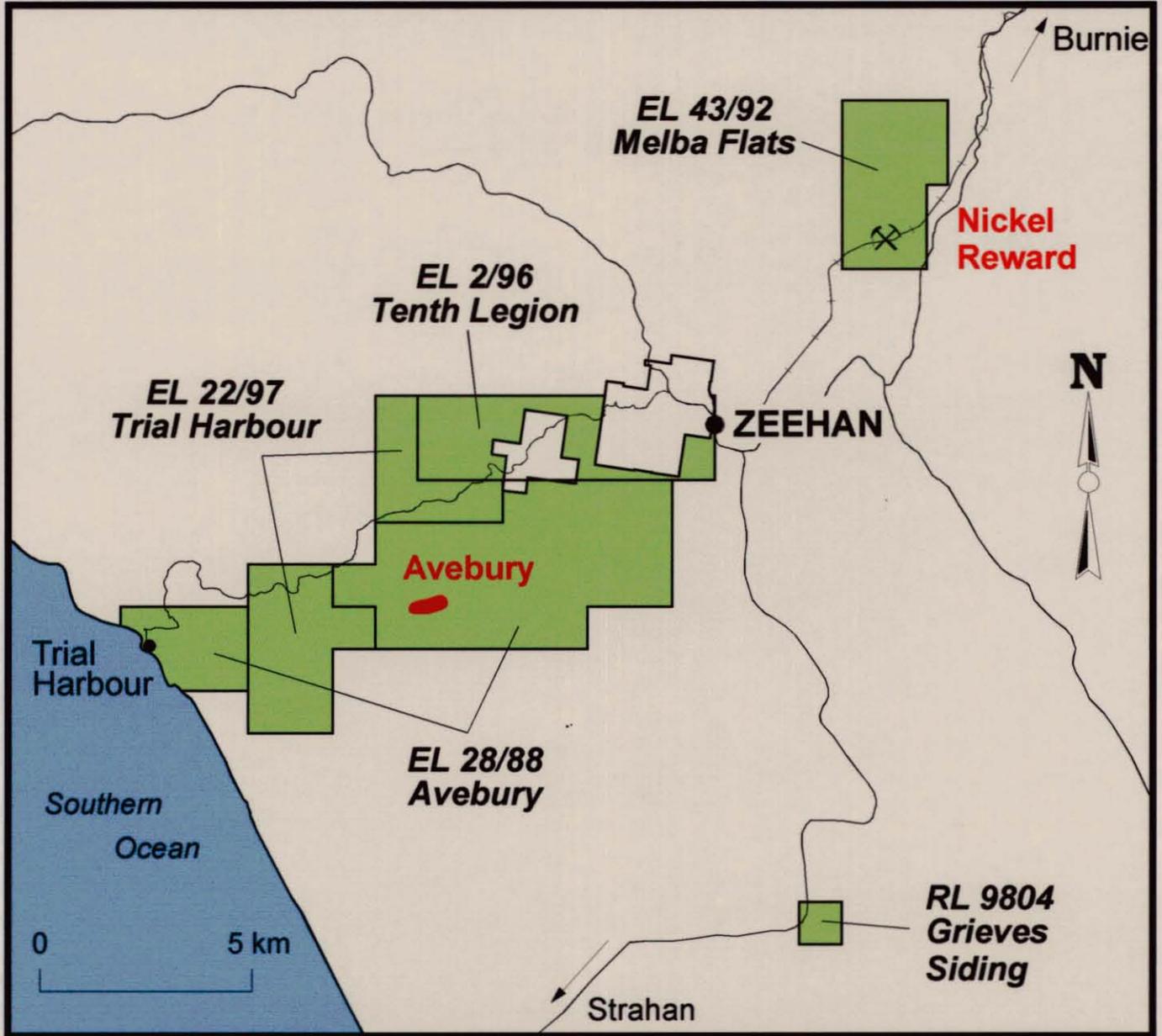
Current interest levels in the project are:

-	Allegiance	90%
-	RTE	10%

Once Allegiance has expended \$2M on the project, RTE may elect to either increase or decrease its interest, dependent on its on-going expenditure commitments.

The project relates to four exploration Licences:

-	EL 28/88	(Avebury)
-	EL 43/92	(Melba Flats)
-	EL 2/96	(Tenth Legion)
-	EL 22/97	(Trial Harbour)



Allegiance Mining N.L.

Western Tasmania Projects - Tenement Locations

WORK COMPLETED

Since assuming management of the project in 1997, Allegiance has undertaken a wide range of technical exploration programs concurrent with a series of substantial drilling programs.

Integrated geological, geochemical, geophysical and cadastral programs have been designed to guide both ongoing drilling programs and the broader search for additional, as yet untested, deposits.

The Avebury nickel sulfide deposit is substantially different to other known nickel deposits, both in Tasmania and elsewhere in the world. Hence, much of the technical work has been unique in character and sometimes experimental in nature.

As geotechnical information on the project has rapidly accumulated, more effective exploration methods and philosophies have evolved. It is justifiably anticipated that this exciting and maturing process will result in further deposit discoveries in the region.

Accompanying the technical and drilling programs has been the development of digital data bases which are being designed to capture all drilling, technical and cadastral information in the project area.

Allegiance Mining N.L.
ZEEHAN NICKEL PROJECT
AVEBURY PROSPECT

Work Completed to Date:

- * detailed geological mapping
- * high resolution heli-mag
- * ground EM
- * IP
- * lithogeochemical sampling
- * soil sampling
- * aerial photography & cadastral surveys
- * 8,000 m. core drilling in 21 holes
- * drill core mineralogy

Allegiance Mining N.L.**ZEEHAN NICKEL PROJECT****MELBA FLATS PROSPECT*****Work Completed to Date:***

- * high resolution heli-mag**
- * surface EM surveys at Nickel Reward**
- * down hole EM surveys at Nickel Reward**
- * IP surveys at Nickel Reward**
- * aerial photography & cadastral surveys**
- * 1,000 m. core drilling in 8 holes**
- * drill core mineralogy**

G E O L O G Y

Avebury:

At Avebury nickel sulfide deposits are located along the margins of folded and faulted ultramafic bodies, in contact with strongly altered sediments.

It is believed the nickel originated from the ultramafics but was remobilised, focused and concentrated into trap sites on the ultramafic margins by the later intrusion of the nearby Heemskirk Granite.

The majority of sulfides present are nickel sulfides, principally coarse grained pentlandite. This is usually accompanied by variable amounts of magnetite, which may constitute up to 50% of the rock.

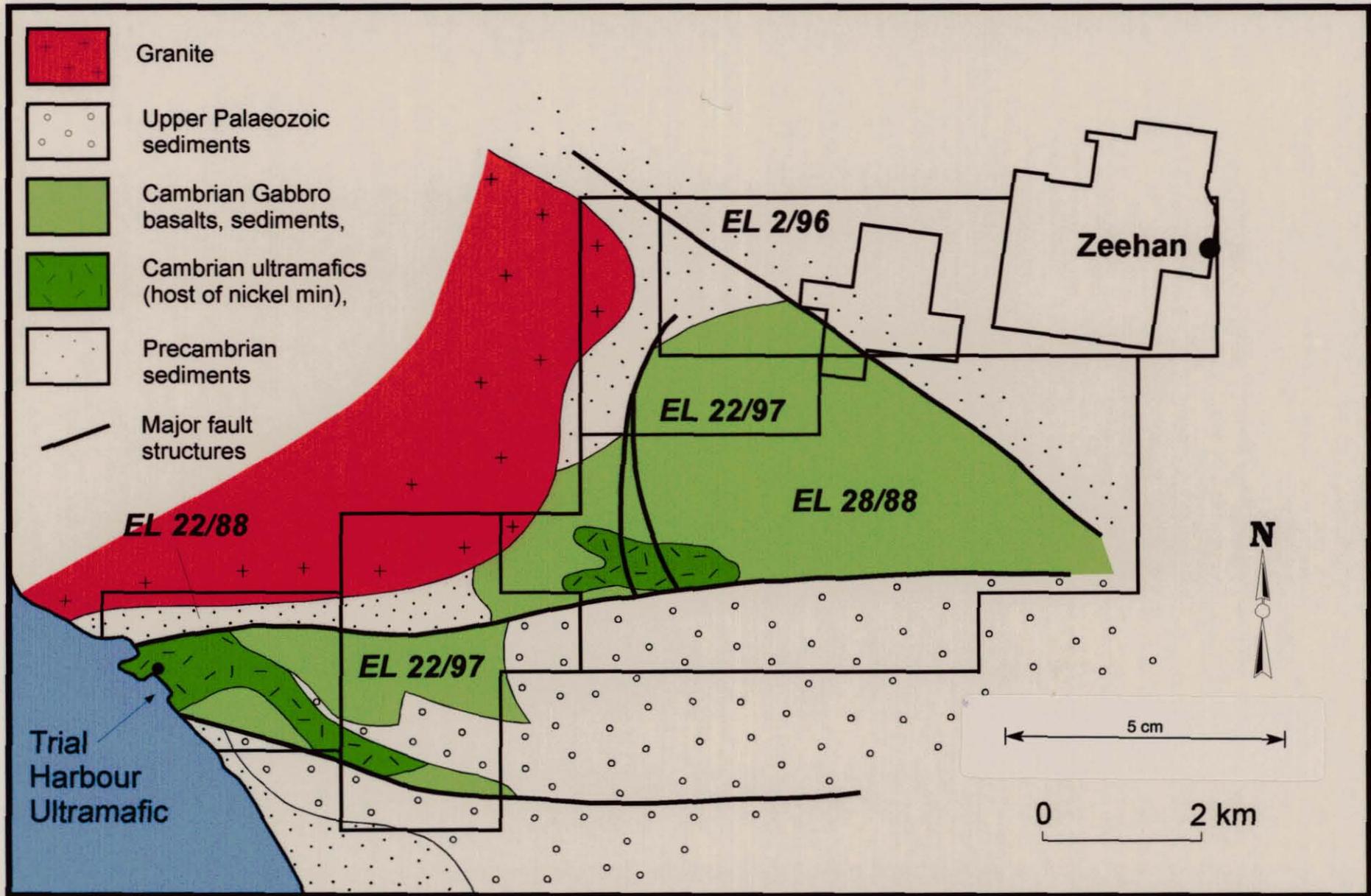
Because the ultramafic host rock is part of a complex, 1,800m-long synclinal structure, there is an extensive development of ultramafic contact zones. Only a small proportion of this potential host rock zone has been drill tested to date.

Melba Flats:

At Melba Flats small high-grade pipe-like deposits of sulfides are developed intermittently along three kilometres of strike within a series of narrow, steeply dipping gabbroic rocks.

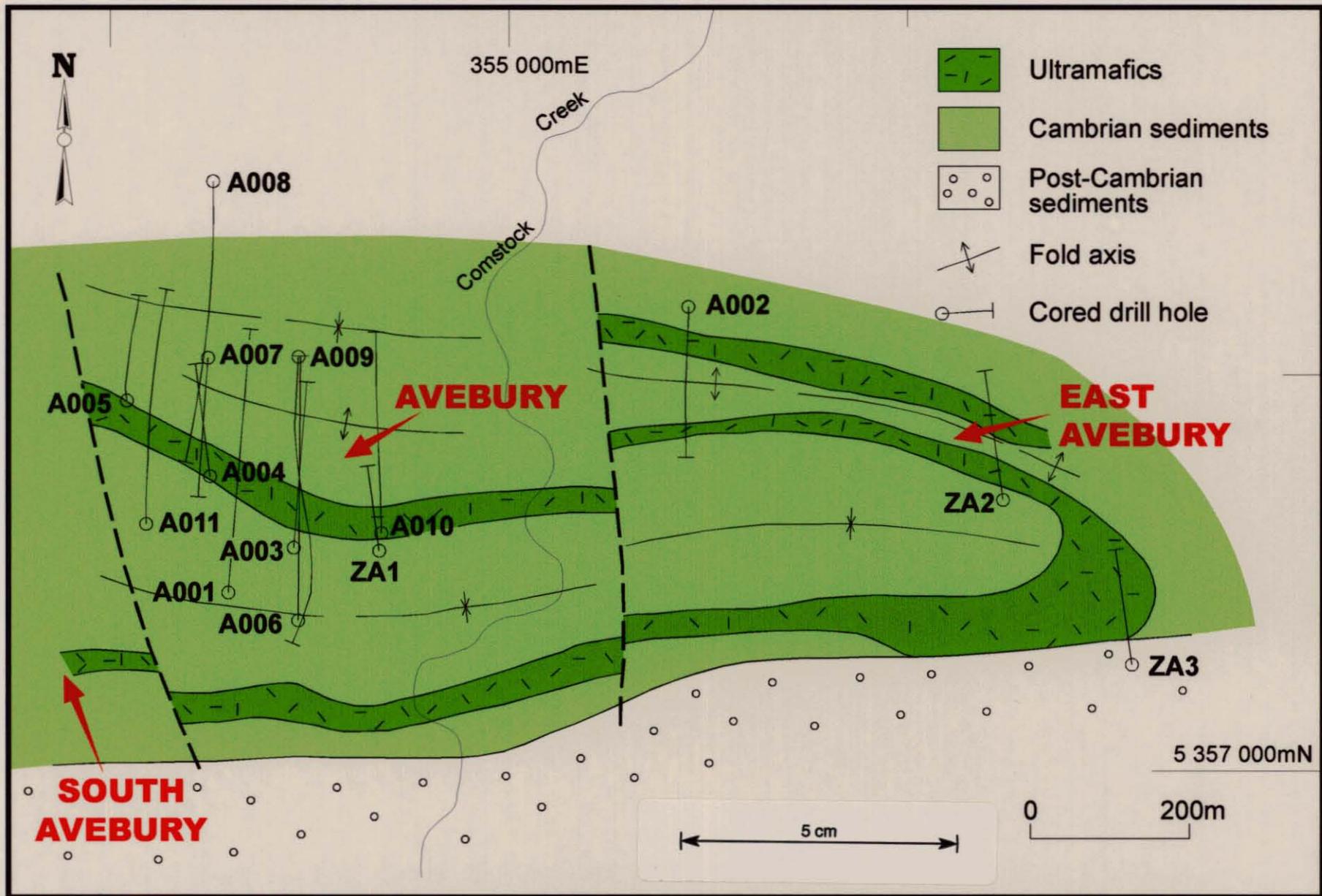
Mineralisation consists of the nickel sulfides pentlandite and millerite, chalcopyrite and pyrrhotite. High-grade zones are accompanied by significant levels of gold, platinum and palladium.

At least six of these steeply dipping pipes were historically mined in the area, to very shallow depths, at grades of 5-10% nickel.



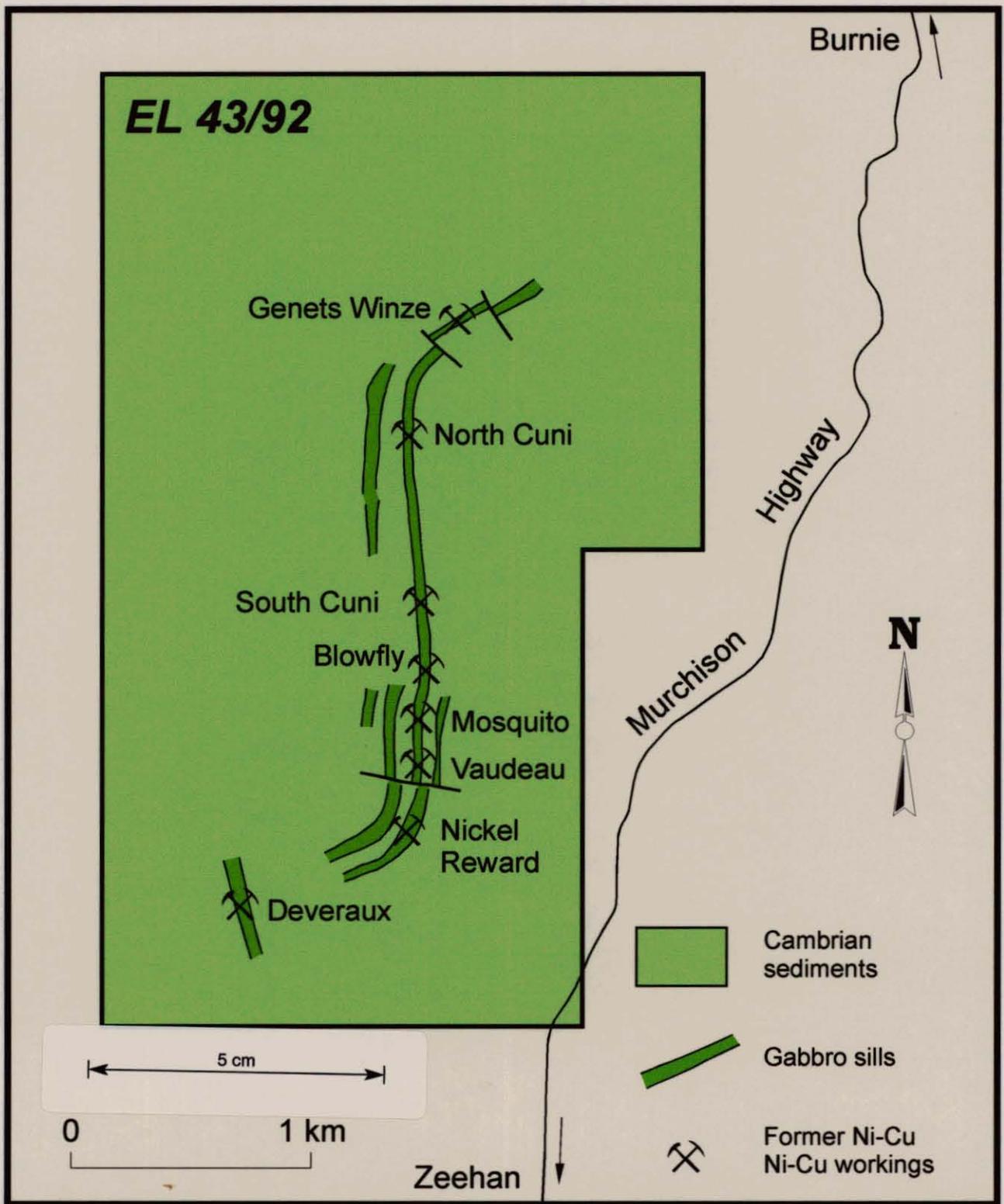
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Fig. a



648010

Fig. 3



 Allegiance Mining N.L.

Melba Flats Project - District Geology

DRILLING RESULTS

Avebury:

Twenty (20) cored drill holes completed at Avebury have located three zones of mineralisation known as Avebury, South Avebury and East Avebury. Most effort to date has focused on Avebury where six drill holes have defined a zone of mineralisation approximately 250 m long, 300 m deep and 5-10 m wide, averaging 1-2% nickel. The deepest three holes were all >2% Ni. Limited drilling to date has also identified a second zone of nickel sulfide mineralisation south and southwest of Avebury, and a third zone to the east of Avebury.

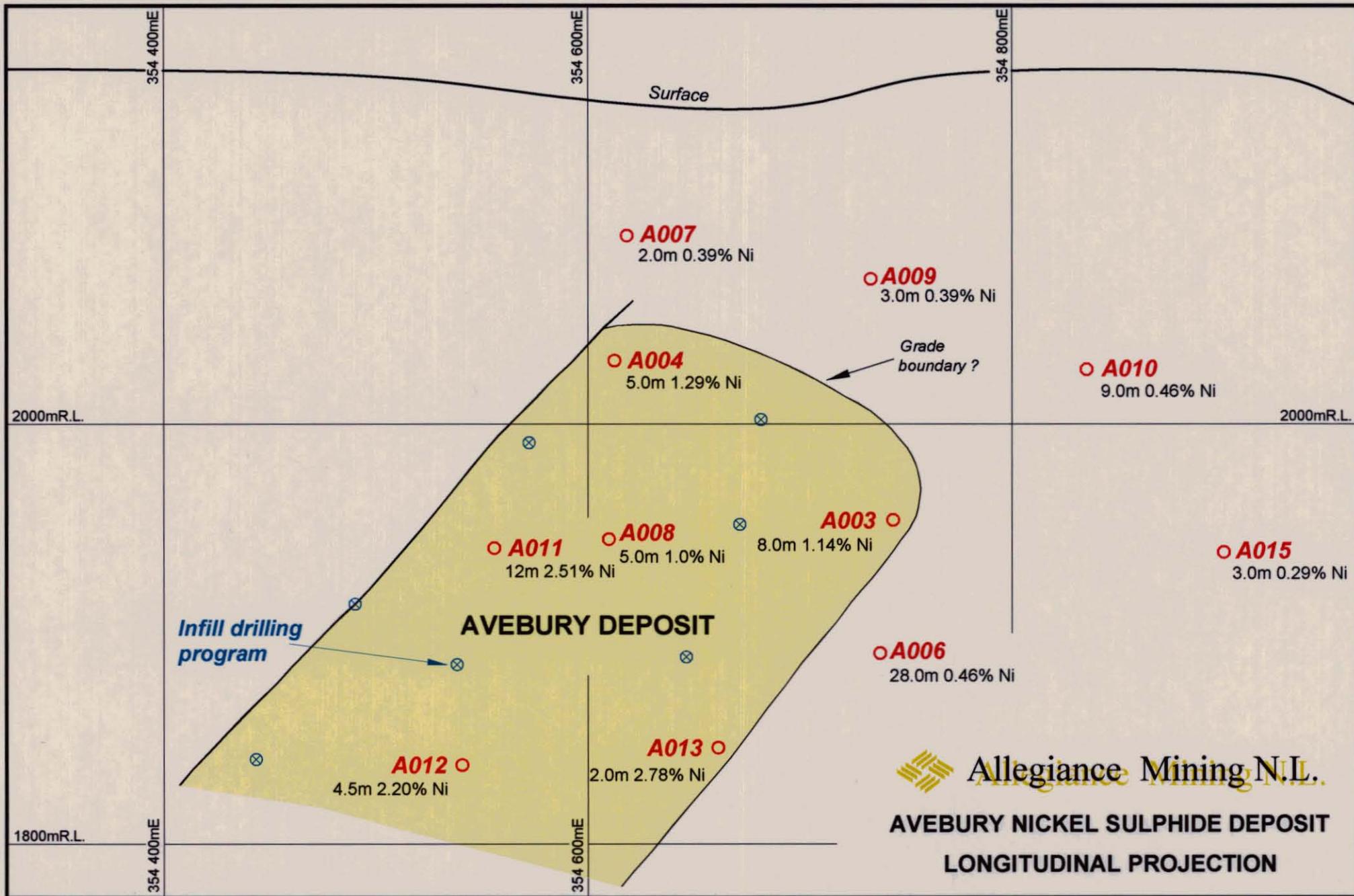
A drilling program designed to elevate the Avebury deposit to an identified resource category recently commenced and is due for completion by the end of July. Further drilling on South Avebury and East Avebury will commence following completion of that program.

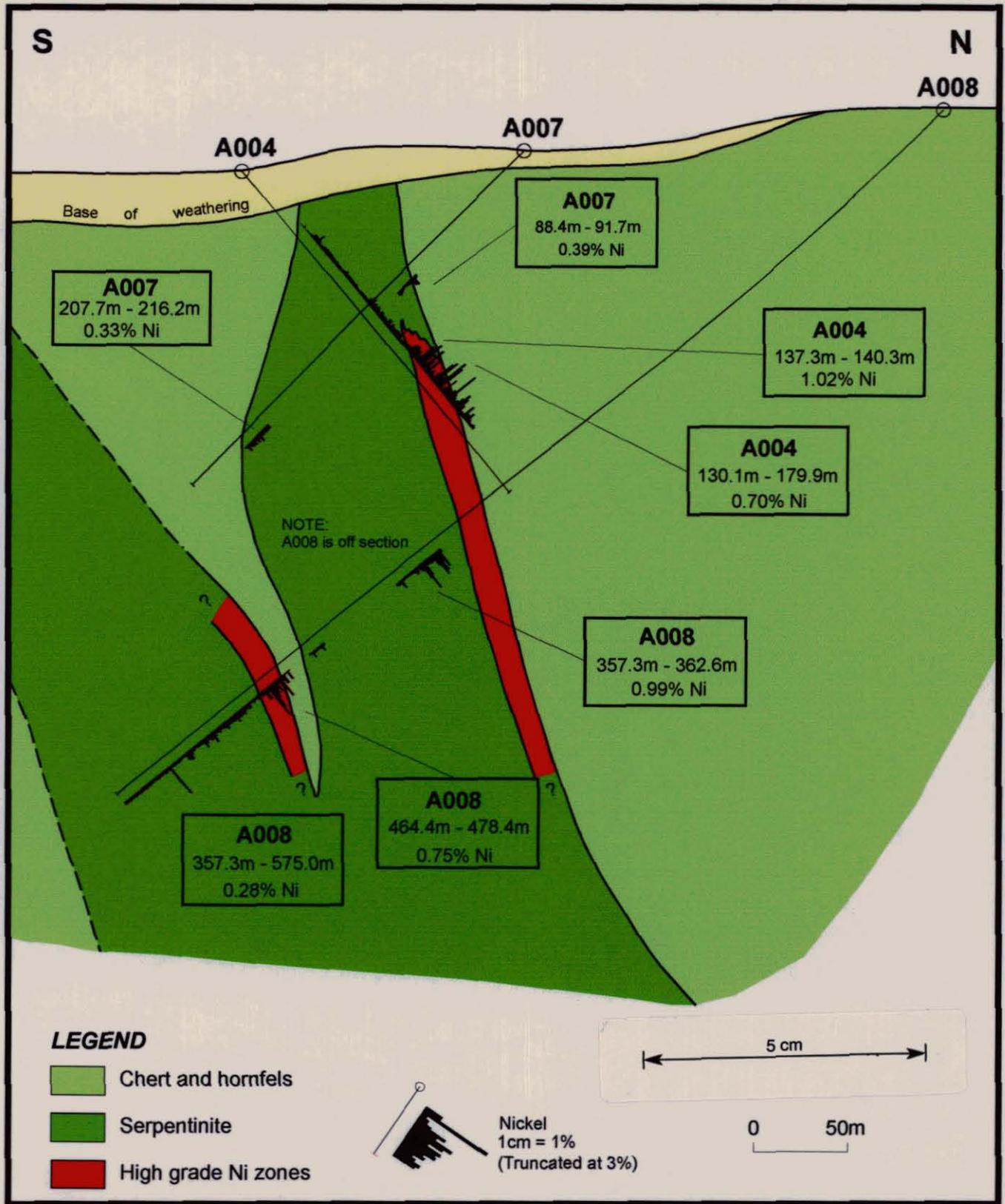
Geophysical and geochemical surveys indicate potential to locate additional deposits in the immediate Avebury area, and these opportunities present attractive future drill targets.

Melba Flats:

Recent drilling by Allegiance at Melba Flats has focused on the Nickel Reward deposit where high-grade mineralisation was intersected in one hole and significant mineralisation in a second hole. Previous drilling to the north of Nickel Reward identified other areas with potential for similar small high-grade pipes.

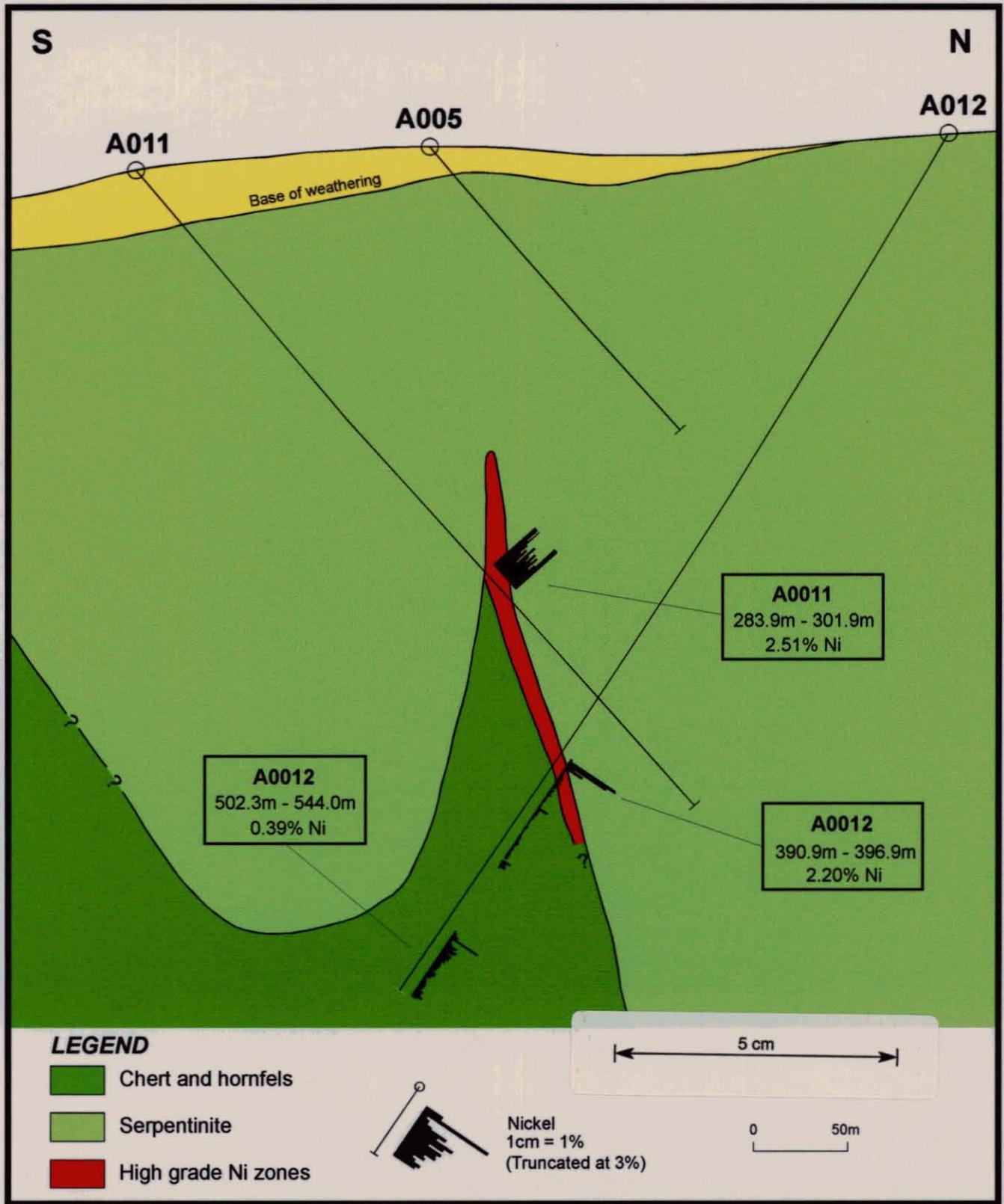
Results of geophysical surveys at Nickel Reward will be used to formulate exploration strategies aimed at defining further drill targets in prospective pipe areas to the north of Nickel Reward. Further drilling is planned at Nickel Reward to follow up the existing encouraging intersections.





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Avebury Project - Cross Section 354 625E



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Avebury Project - Cross Section 354 550E

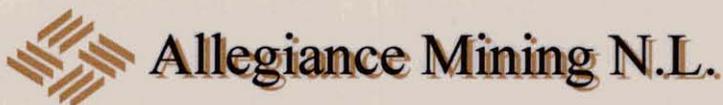
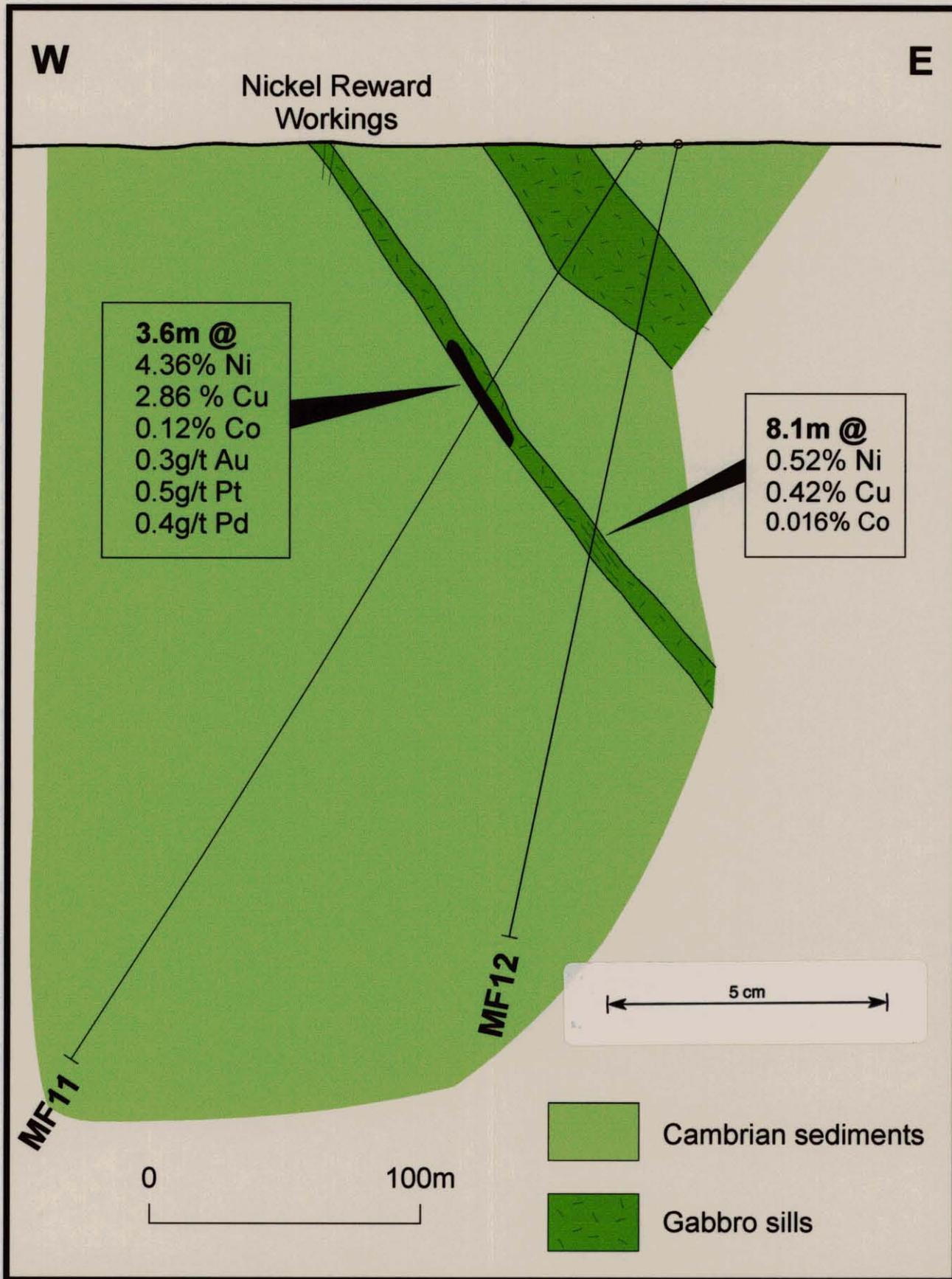
Allegiance Mining N.L.**ZEEHAN NICKEL PROJECT****AVEBURY DRILL INTERSECTIONS**

Drill Hole	Horizontal Width	% Ni
A003	8.0	1.14
A004	5.0	1.29
A008	5.0	1.00
A011	12.0	2.51
A012	4.5	2.20
A013	2.0	2.78

SOUTH AVEBURY**DDH A014****Intersection: 69 m 0.66% Ni****Including: 23 m. 1.24% Ni****Including: 8m. 1.96% Ni****(true widths approx 85% of the above)**

Table 3

EAST AVEBURY**DDH ZA2****Intersection: 3.8m. 1.67% Ni****Vertical depth: 50 m.**



Melba Flats Project - Nickel Reward Cross Section

648019

Allegiance Mining N.L.

ZEEHAN NICKEL PROJECT

MELBA FLATS DRILL INTERSECTIONS

Drill Hole	Width m	Ni %	Cu	Pt	Pd g/t	Au
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Nickel Reward:

MF 11	3.65	4.3	2.8	0.43	0.52	0.30
MF 12	8.10	0.5	0.4	0.10	0.14	0.08

North Cuni - Genets Winze:

MF 01	0.70	9.3	4.5	0.9	1.4	0.8
MF 03	0.50	7.7	2.9	1.1	1.1	1.1
MF 04	0.80	7.8	10.3	1.2	1.6	1.9
MF 05	1.95	0.4	0.6	0.2	0.3	0.2

Widths shown are intersection lengths

PROJECT ATTRIBUTES

The Avebury and Melba Flats projects have a number of positive attributes which should ensure any operation will be low cost:

Favourable Mining & Metallurgical Features:

Drill core factors indicate ground conditions will be favourable to low-cost underground mining. Topographic factors suggest possible rapid decline access to the principal mineralised zone.

Mineralogy completed on drill cores points to potential high recoveries into high grade nickel sulfide concentrates using conventional metallurgical processes. By-product magnetite may be a process bonus.

Excellent Infrastructure:

Both the Avebury and Melba Flats deposits are located close to all major infrastructure requirements - roads, rail, power and water. They are also located close to the township of Zeehan with its supportive and skilled workforce.

Resource Potential:

To date, drilling has identified several significant deposits of nickel sulfide mineralisation. High potential exists to locate both extensions of these deposits and additional deposits within adjacent analogous geological environments.

In summary, the Zeehan nickel project has tremendous potential to be a low-cost producer of premium nickel sulfide concentrates with scope for growth based on further deposit discovery.

Allegiance Mining N.L.

ZEEHAN NICKEL PROJECT

PROJECT ATTRIBUTES

- ✓ **Low production cost potential**
- ✓ **Excellent infrastructure**
- ✓ **Premium concentrate potential**
- ✓ **Exciting resource potential**

FUTURE PLANS

Allegiance plans to continue evaluating the Avebury and Melba Flats areas with a view to be at a development decision stage within 2-3 years.

This will be achieved through completion of three further stages of evaluation:

- Pre-feasibility Study by end of 2000
- Indicative Feasibility Study by end of 2001
- Final Feasibility Study by mid-2002

Key features of the Pre-feasibility Study are:

- identified resource definition drilling program (3000 m) on Avebury deposit
- conceptual mine design studies
- metallurgical test work on drill core
- conceptual treatment flow sheet design
- preliminary environmental studies and issues report
- preliminary marketing investigations
- indicative financial assessment
- drill evaluation of East Avebury, South Avebury, Nickel Reward

The Pre-feasibility Study is estimated to cost \$1.05M and is due for completion by end of 2000.

The outcomes of that study will determine the direction of the more advanced Indicative Feasibility Study.

ZEEHAN NICKEL PROJECT

PRE-DEVELOPMENT

EVALUATION STAGES

648023

STAGE 1: Pre-feasibility

Initial or scoping studies designed to identify a resource and highlight issues, future strategies, outline of envisaged operation etc. Results in a proposal, budget and schedule to complete an Indicative Feasibility Study

COMPLETION:

Dec 2000

COST:

\$1.0 M

— Project Worth - Decision Point —

STAGE 2: IFS

Completion of an Indicative Feasibility Study, which addresses all technical and financial aspects of an envisaged operation. This stage will involve completion of additional technical studies.

COMPLETION:

Dec 2001

COST:

\$2.0M

— Direction of final study —

STAGE 3: FFS

Completion of a Final or Bankable Feasibility Study. Includes detailed technical design and financial analyses. The outcome of this study will determine if a mining operation is to be developed, and includes all public inputs and permitting.

COMPLETION:

Dec 2002

COST:

\$4-5 M ??

ZEEHAN NICKEL PROJECT

March - December 2000 program

648024

AVEBURY RESOURCE DRILLING

Drilling required to identify
an Inferred Resource of
1-2 Mt 1.0-2.0% Ni
3000 m., 4 months

\$372,000

AVEBURY SOUTH & AVEBURY EAST

Drill testing of shallow
nickel sulfide potential
2000 m., 3 months

\$262,000

MELBA FLATS

Exploration and drilling to
identify small tonnage
high grade nickel deposits
as early phase supplement
to Awebury
1000 m. drilling plus
surface exploration

\$ 148,000

LITTLE HENTY

Exploration and drilling to
evaluate nickel anomaly
500 m. drilling plus surface
exploration

\$132,000

AVEBURY DEVELOPMENT STUDIES

Initial mining, metallurgical and
environmental studies to identify
issues and strategies to take
project to Indicative Feasibility
Study Stage

\$135,000

TOTAL BUDGET ESTIMATE

\$1,049,000

CURRICULUM VITAE

648025

Anthony William HOWLAND-ROSE
MSc, DIC, FIMM, FAusIMM, FAIG, FGS, CEng, JP

Anthony William Howland-Rose BSc.Hons (2.1) in Geology graduated from Queen University, Belfast, Ireland in 1962 and has been involved continuously in the exploration industry over a period of 33 years, save for 1966 when he obtained a MSc in Applied Geophysics at London University (RSM).

1962-1965:

Geophysicist with the Bureau of Mineral Resources working throughout the Commonwealth but with particular emphasis in Tasmania.

1967:

Worked in Canada and USA as a Senior Geophysicist.

1968-1993:

Founded Australian Scintrex. During the period, was involved in many discoveries:

- 1963 Cape Horne, Cu Tas
- 1968 Mt Windarra, Ni (Cu), WA
- 1972 Elura, Pb Zb Cu, NSW
- 1973 Henty River, Zn Pb Cu (later gold), Tas
- 1977 South Mt Keith, (Cliffs) Ni Cu WA
- 1978 MacArthur River, Pb Zn Cu (Mississippi Valley), NT
- 1979 Sandy Flat, Cu, Redbank, NT
- 1983 Mt Pleasant, Au pyrite Kalgoorlie, WA
- 1983 Cork Tree Well, Au pyrite Laverton, WA
- 1987 Mineral Hill, Au Cu pyrite, NSW
- 1993 Alford, Chalcocite/chalcopyrite, SA

During the period, founded, organised, managed and administered Scintrex Limited's operations in Asia, Southern Africa and Australasia. Howland-Rose has operational experience in over 15 countries on four continents.

1993-2000:

Principal AW Howland-Rose and Associates providing strategic advice to exploration entities and certain specialised management services.

During this period, involved in the acquisition of control of Allegiance Mining NL (1996) and appointed Chairman and CEO thereof. Exploration programmes initiated in Chile, and latterly in Tasmania leading to the discovery of the new nickel province at Avebury, western Tasmania.

LINDSAY NEWNHAM B.Sc, F.A.I.M.M

CAREER HIGHLIGHTS

Lindsay Newnham graduated in geology from University of Queensland in 1966 and has been continuously involved in the mineral exploration and mine development industries for a period of 34 years.

His career is strongly oriented towards deposit discovery, resource definition, mine development and project management.

Career highlights include:

° **Chief Geologist, Renison Limited**

During an 11-year period, managed the team which discovered and defined major resources which formed the foundations for the Renison Mine becoming a world-class tin operation.

Also managed programs in Eastern Australia which led to deposit discoveries at Gillian, Doradilla and Mt Lindsay.

° **Exploration Manager, RGC**

During a 6-year period, managed the teams which discovered and defined the gold deposits at Henty in Tasmania and Lucky Draw in NSW, both of which became operating mines.

As the first Mine Manager at Henty, was responsible for the early stage development, infrastructure, planning and permitting.

° **Project Manager - Anchor Mine**

Responsible for the overall development of the 100,000 tpa underground Anchor tin mining operation on the East Coast of Tasmania.

° **Mt Lyell Revitalisation Project**

Initiated mineral resource potential studies for the Tasmanian Government on the Mt Lyell Mine in the early 1990s. This resulted in attracting new operators who re-opened the mine.

° **Project Manager - Beaconsfield Mine**

During a 3-year period responsible, firstly, for the definition of deep resources on which the current mine is established and, secondly, for the dewatering and refurbishment of the Hart Shaft and development of underground pump stations, winder and headframe facilities.

° **Manager of Exploration - Allegiance Mining**

Since 1997 responsible for Allegiance's exploration activities in Australia and Chile, highlighted by the involvement of Allegiance in the Zeehan Nickel Project.

McKEOWN MINING PTY LTD
INCORPORATED IN TASMANIA

SERVICES TO THE MINING INDUSTRY
ACN 009 586 814

MICK McKEOWN

Mick McKeown is a geologist with over 30 years' experience in mining and exploration geology.

After graduation, he worked in tin mines in Tasmania and New South Wales, including nine years for Renison Ltd. Mick has been consulting since 1988; during that time he has worked in Tasmania, Western Australia and China.

Mick's experience ranges from supervision of diamond drilling to mine planning. He has been supervising diamond drilling programs since 1970, including deep directional drilling at the Beaconsfield gold mine. He has lithologically and geotechnically logged tens of thousands of metres of diamond drill core from successful base metal, gold and iron projects in Tasmania.

Mick has a record of success in converting mineralisation to ore. He has long experience in the interpretation of structurally complex orebodies, including those at the Renison Mine. His involvement in estimation of ore reserves has ranged from the use of classical manual methods to geostatistical methods. Mick has been using DATAMINE for over ten years, and is a licensed DATAMINE user. In the late 1980s he undertook the first geostatistical ore reserve estimation at Mt Lyell which enabled selective and profitable mining of the Prince Lyell orebody. Over the years he has worked on ore reserve estimates for base metal, gold, iron and nickel projects.

Mick has developed a set of procedures for checking the validity of minerals resource and ore reserve estimates. He has undertaken ore reserve reconciliations in base metal and iron mines in Tasmania and at the Telfer gold mine.

His geotechnical investigations have included nearly ten years' work at the Savage River iron mine dealing with pit wall stability in a high rainfall environment, and also the assessment of the caveability of the deposit during the feasibility study for an underground mine.

He has been involved in the Avebury nickel project since Allegiance Mining's first diamond drilling program in 1998.

Mick graduated with a Bachelor of Science degree in geology in 1969. Since then he has completed a Graduate Diploma in Mining and has been awarded a Master of Engineering Science for his thesis on selective mining at the Mt Lyell mine, guided by geostatistical resource estimation. He is a Fellow of the Australasian Institute of Mining and Metallurgy and is currently Tasmanian representative on its nation governing council.