RETENTION LICENCE 4/1998

GRIEVES SIDING AREA

ANNUAL REPORT

FOR PERIOD ENDING 26 FEBRUARY 2003
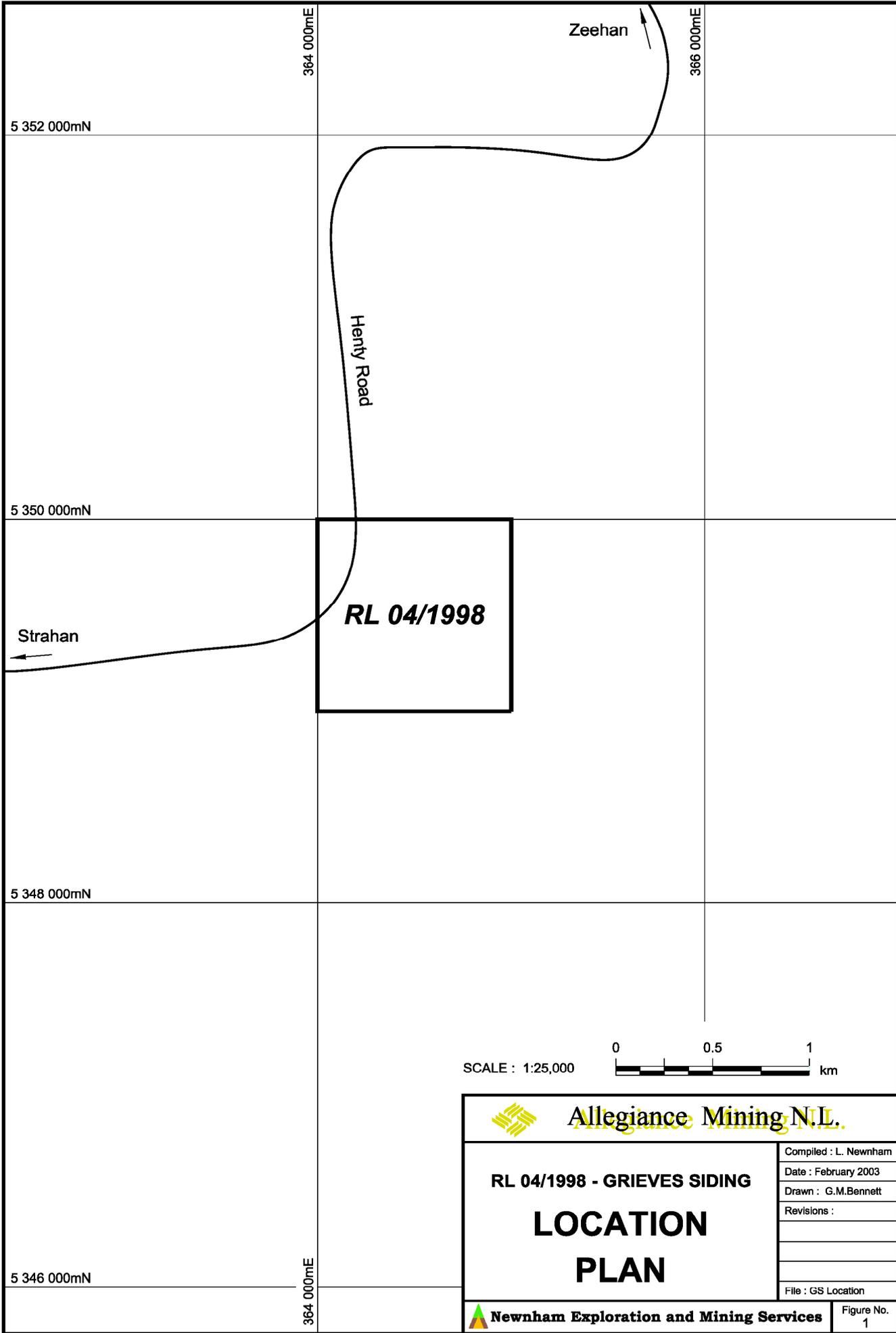
Prepared for Allegiance Mining NL

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364 000mE

Zeehan

366 000mE

5 352 000mN

Henty Road

5 350 000mN

RL 04/1998

Strahan

5 348 000mN

5 346 000mN

364 000mE

SCALE : 1:25,000

0   0.5   1

km

Allegiance Mining N.L.

	Compiled : L. Newnham
RL 04/1998 - GRIEVES SIDING	Date : February 2003
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LOCATION	Revisions :
PLAN	
	File : GS Location

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Figure No.
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1.   INTRODUCTION

Retention Licence 4/1998 covers an area of 1 sq km, adjacent to the Zeehan-Strahan highway, 10 km south of Zeehan.

The underlying deeply weathered Ordovician sedimentary sequence hosts a drill defined deposit of zinc mineralisation.

In the primary zone, the zinc is present as zinc sulfide, zinc-rich siderite and zinc aluminosilicates.

In the secondary zone, the carbonate host is severely degraded to a black pug and studies suggest most of the zinc is present as fine-grained (secondary?) sphalerite.

In 1998 the resource potential was estimated as:

- primary zone   650,000-750,000 t   7-9% Zn

- secondary zone   150,000-200,000 t   4-6% Zn

The complex mineralogy of the zinc present combined with poor zinc market conditions has prevented the prospect progressing towards commercial development.

2.   WORK COMPLETED DURING 2002-2003 YEAR

No field work was undertaken during the year.

3.   FUTURE PLANS

The Grieves siding deposit is currently confronted with three negative factors:

- poor mining conditions

- complex mineralisation (metallurgy)

- low zinc prices

A sustained and substantial improvement in the zinc price will be required to encourage technical solutions to the mining and metallurgical difficulties.

In the meantime, Allegiance continues to talk joint venture opportunities to organisations who hold both a positive longer term outlook on the zinc market and potential technical solutions to the Grieves Siding difficulties.