

HEAZLE PTY LIMITED

EL 14/2001 - HEAZLEWOOD AREA

ANNUAL REPORT Year Ending August 2005

Prepared for:

**Heazle Pty Ltd
Level 11, Quantum House
49-51 York Street
Sydney NSW 2000**

14 August 2005



Prepared by:
**Lindsay Newnham, Bsc, FAusIMM, CPGeo
Newnham Exploration and Mining Services
PO Box 183 Exeter Tasmania 7275
Ph: (03) 6394 3434 Fax: (03) 6394 3435**

CONTENTS

- 1. EXPLORATION PHILOSOPHY and STRATEGY**
- 2. WORK COMPLETED 2004-05**
- 3. WORK PLANNED 2005-06**

Map:

Location Plan

1. EXPLORATION PHILOSOPHY and STRATEGY

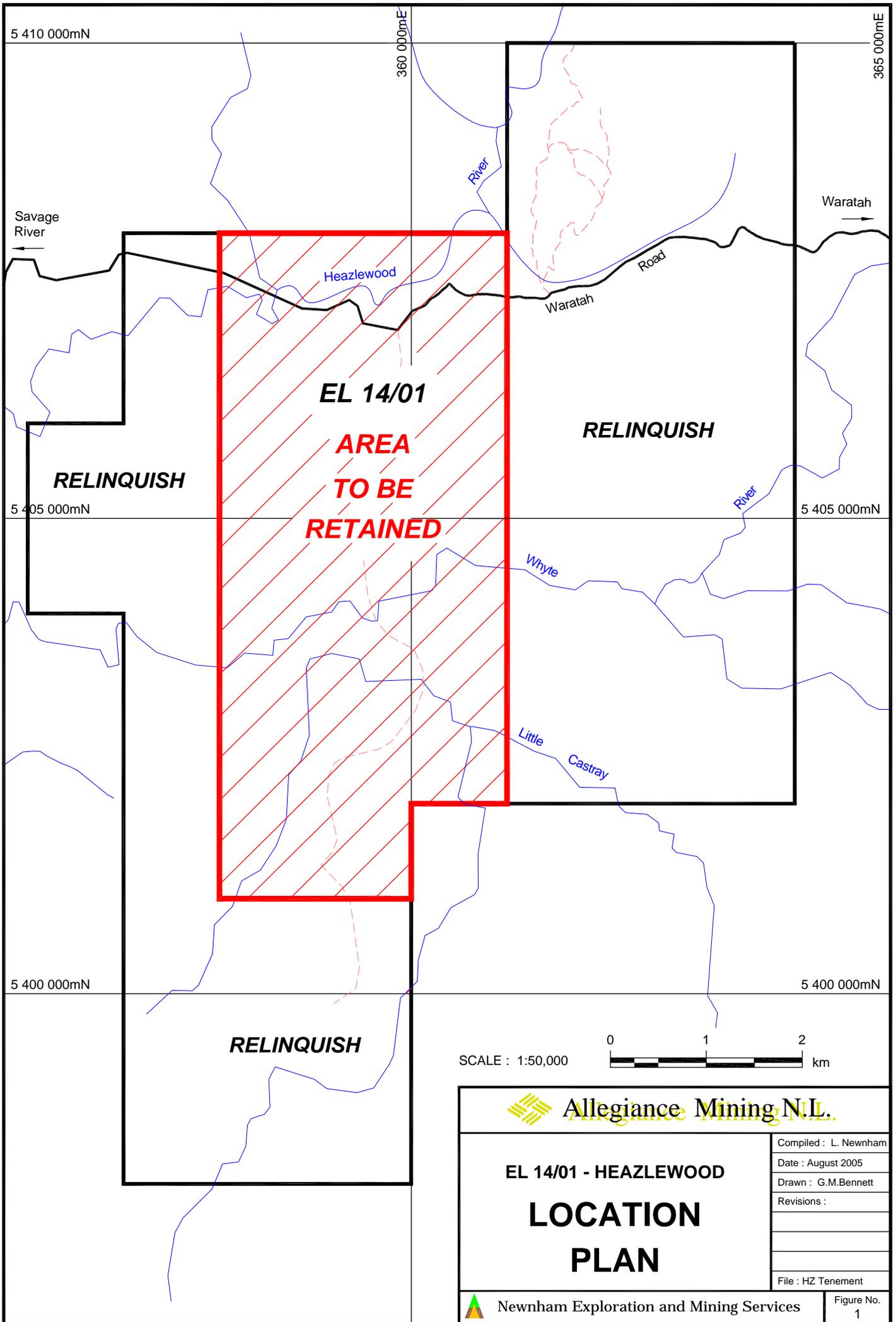
EL 14/2001 is held by Heazle Pty Limited, a wholly-owned subsidiary of Allegiance Mining NL.

The licence area is considered prospective for 'Avebury Style' nickel sulfide deposits. Such deposits are hosted by altered ultramafics and are thought to have formed by hydrothermal concentrating influences associated with the intrusion and alteration of nickeliferous ultramafic formations by highly fractionated and hydrothermally active younger granites. Such deposits are essentially nickel sulfide skarn deposits.

The ultramafic alteration process usually results in the formation of serpentinites and magnesium silicate assemblages accompanied by development of abundant magnetite.

EL 14/2001 is regarded as prospective for such deposits for the following reasons:

- altered ultramafics are widespread
- confined and large amplitude magnetic anomalies
- granite interpreted at shallow depth
- widespread faulting (hydrothermal plumbing system)
- widespread mineralisation genetically associated with the granite intrusion



5 410 000mN

360 000mE

365 000mE

Savage River

Heazlewood

River

Waratah

Road

Waratah

EL 14/01

**AREA
TO BE
RETAINED**

RELINQUISH

RELINQUISH

5 405 000mN

5 405 000mN

River

Whyte

Little
Castray

5 400 000mN

5 400 000mN

RELINQUISH

SCALE : 1:50,000



Allegiance Mining N.L.

EL 14/01 - HEAZLEWOOD

**LOCATION
PLAN**

Compiled : L. Newnham

Date : August 2005

Drawn : G.M.Bennett

Revisions :

File : HZ Tenement

Newnham Exploration and Mining Services

Figure No.
1

2. WORK COMPLETED 2004-05

Apart from a half-day inspection of the Mt Stewart Mine workings, no active field work was undertaken on the licence during the year.

3. WORK PLANNED 2005-06

Because the licence will be in its final year of tenure, it is planned to focus attention in 2005-06 on drilling in the Jasper-Mt Wright area.

This area is underlain by amygdaloidal Cambrian basalts and altered sediments which have been intruded by the Mt Stewart-Heazlewood ultramafic complex. The area is disrupted by the NNE-trending Mt Stewart Fault and a series of north-west trending splays off that fault.

The Meredith Granite intruded this area in the Carboniferous. Silver-lead-zinc and copper-gold mineralisation genetically associated with this intrusive event is widespread, along the fault structures, providing evidence of the hydrothermally active nature of the granite and its influence on the intruded formations.

An alternative interpretation of the Cu-Au mineralisation in the old Jasper, New Jasper and Duffs Hill mines is that it is genetically associated with vesicular tops of the Cambrian basalts. Mine development in these deposits however, strongly suggests a structural control.

The aim of drilling by Heazle in 2005-06 will be to test for nickel sulfide mineralisation in the underlying altered ultramafic bodies adjacent to major mineralised structures.

Three drill holes are planned to test:

- (i) altered ultramafics beneath the Cambrian sediments in the vicinity of the New Jasper Mine
- (ii) altered ultramafics beneath the mineralised basalts in the vicinity of the Old Jasper Mine
- (iii) altered ultramafics beneath Cambrian sediments adjacent to the fault controlled Mt Wright Mine silver-lead mineralisation

This program will cost \$120,000-\$150,000 and is scheduled for completion in February-March-April 2006.