



**CONTENTS**

- 1. INTRODUCTION**
- 2. WORK COMPLETED**
- 3. WORK PLANNED**
- 4. EXPENDITURE**

**Maps:**

**Map 1      Location Plan**

## 1. INTRODUCTION

EL 28/88 of 29 sq km west of Zeehan is subject to a joint venture agreement between Allegiance Mining NL and Rio Tinto Exploration Pty Limited.

Allegiance is currently the operator and is incurring all expenditure.

The licence was originally granted with reference to a 64 sq km area with carbonate hosted zinc deposits being the prime target.

However, substantial exploration programs have highlighted the potential for both metasomatic nickel sulfide deposits and Proterozoic shale hosted zinc deposits. Potential for carbonate hosted Zn deposits appears to have diminished.

The licence area was reduced to 29 sq km, and recent exploration has focused on the Avebury prospect where drilling programs have located a substantial occurrence of nickel sulfide, and Stonehenge where drilling has intersected significant zinc in a Proterozoic shale hole.

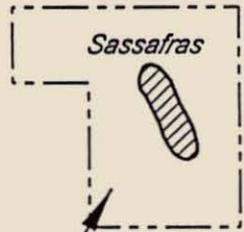
These two discoveries are regarded as highly encouraging and further exploration is planned in both areas.

5 cm

350 000mE

360 000mE

△ Mt. Heemskirk



RELINQUISHED AREA

5 360 000mN

△ Mt. Agnew

Road

ZEEHAN

5 360 000mN

Harbour

Trial

Stonehenge

EL 28/88

Avebury

△ Mt. Zeehan

Trial Harbour

EL 28/88

Pyramid

RELINQUISHED AREAS

Myrtle

Firewood Siding

5 350 000mN

5 350 000mN

SOUTHERN

OCEAN

360 000mE

350 000mE

NEWNHAM EXPLORATION AND MINING SERVICES  
*Serving the Minerals Industry*

ALLEGIANCE MINING NL

# LOCALITY DIAGRAM

COMPILED : L.A.N.

DATE : June 1998

DRAWN : G.M.B.

REVISIONS :

FILE No.

SCALE: 1:100,000

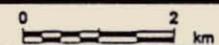


FIGURE 1.

## 2. WORK COMPLETED 1997-1998

In the 12-month period to end September 1998, \$216,826 was spent on the following work:

- a further two (2) cored drill holes on the Avebury prospect (A 001, A 002)
- a high resolution aeromagnetic survey over the whole licence area
- detailed planning and permitting procedures for an active exploration program for 1998-1999 and 1999-2000.

The drilling and aeromagnetic programs were reported upon in detail to Mineral Resources Tasmania in the following three reports:

- |             |       |  |
|-------------|-------|--|
| TCR 98-4183 | (i)   | <i>"Results of Diamond Drilling on the Avebury Grid EL 28/88"</i><br>by M V McKeown              |
| TCR 98-4184 | (ii)  | <i>"A New View of the Zeehan Mineral Field"</i> by M V McKeown                                   |
| TCR 98-4182 | (iii) | <i>"Report to Support Application for Two-Year Extension of EL 28/88 - Zeehan"</i> by L A Newham |

### 3. WORK PLANNED

The deposit discoveries at Avebury and Stonehenge are regarded as highly significant and substantial exploration programs have been designed to further evaluate them.

These programs were detailed in report (iii) above.

In the 12 months to November 1999 (Year 1 of the licence extension), Allegiance plans to expend \$250,000 on the following work:

- geophysical surveying at Avebury
- core drilling at Avebury (2 holes)
- core drilling at Stonehenge
- mapping and sampling at Trial Harbour

#### 4. EXPENDITURE

In the 12-month period to end October 1998 the following expenditure was incurred:

	\$
Geology	72,360.64
Administration:	23,231.45
Drilling:	56,284.40
Equipment Hire:	39,255.25
Aeromagnetic Survey:	19,596.20
Licence Fees:	320.00
Analytical Charges:	<u>5,778.95</u>
<b>Total</b>	<b><u>\$216,826.89</u></b>

In the 12-month period to end October 1999 the following expenditure is proposed:

	\$
Avebury road access	20,000
Avebury grid development	10,000
Avebury ground geophysics	15,000
Avebury drilling	96,000
Stonehenge drilling	87,000
District mapping	<u>22,000</u>
<b>Total</b>	<b><u>\$250,00</u></b>