



Allegiance Mining NL

July 2006

ASX: **AGM**

Avebury Nickel Project
Birth of a Nickel Province

Tony Howland-Rose
Chairman &

Ian Levy
CEO



 **Nothing but Nickel** 

Management



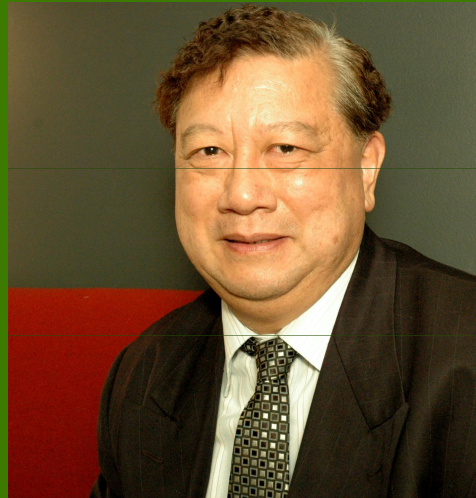
Ian Levy
CEO



Tony Howland-Rose
Chairman



David Deitz
Director, CFO & Secretary



Eddie Lee
Non-Executive Director



Barry Sullivan
Non-Executive Director



Allegiance Mining NL



Discovery hole A001 Jan 1998



Hole A001 intersected 12m @ 1.7% Ni
or 2% Ni if length x density weighted



Discovery History

- Pre 1991 Allegiance pegged ground west of Zeehan for Zinc expln.
- 1991-1997 CRAE-managed Zn exploration joint venture. Allegiance dilutes to a 2% royalty.
- 1996-97 CRAE drills many holes and conducts multi-element scans. 3 holes hit nickel: 8m @ 0.6%Ni, 3.9m @ 1.7%Ni & 0.7m @ 1.1%Ni
- Nov 1997 CRA merges with Rio Tinto and ceases Zinc exploration. Allegiance assumes management & CRAE eventually dilutes to a 2% net smelter revenue royalty.
- Late 1997 Allegiance assesses CRAE data for nickel potential.
- Jan 1998 Allegiance drills its first hole at Avebury – A001. Discovery hole A001 intersects Central Avebury orebody. Hole A001 requires reassaying – finally returns 12m @ 1.7%Ni

The Allegiance Exploration Edge



Lindsay
Newnham



Mining Journal
Bonanza Award 2004



Tony
Howland-Rose

- ❖ New nickel province is 100% held by Allegiance
- ❖ Strong record with geophysics
- ❖ 'Signature' has a 100% hit rate for NiS pentlandite

London Metal Exchange

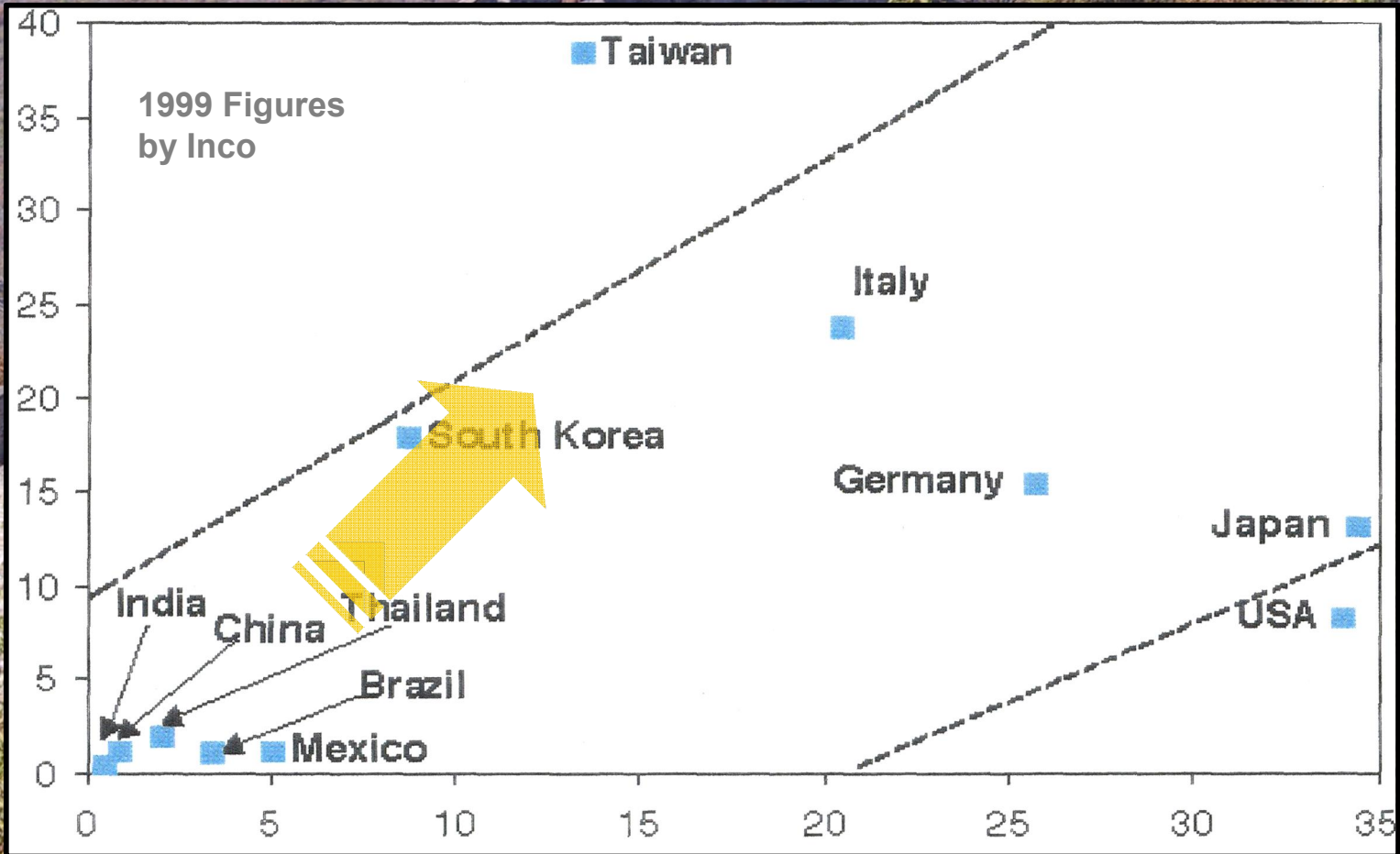
Primary Nickel Price Graph – 1/1/1998 to 26/5/2006



Stainless Steel Intensity

Nickel consumption per person is rising - especially in Asia (China).

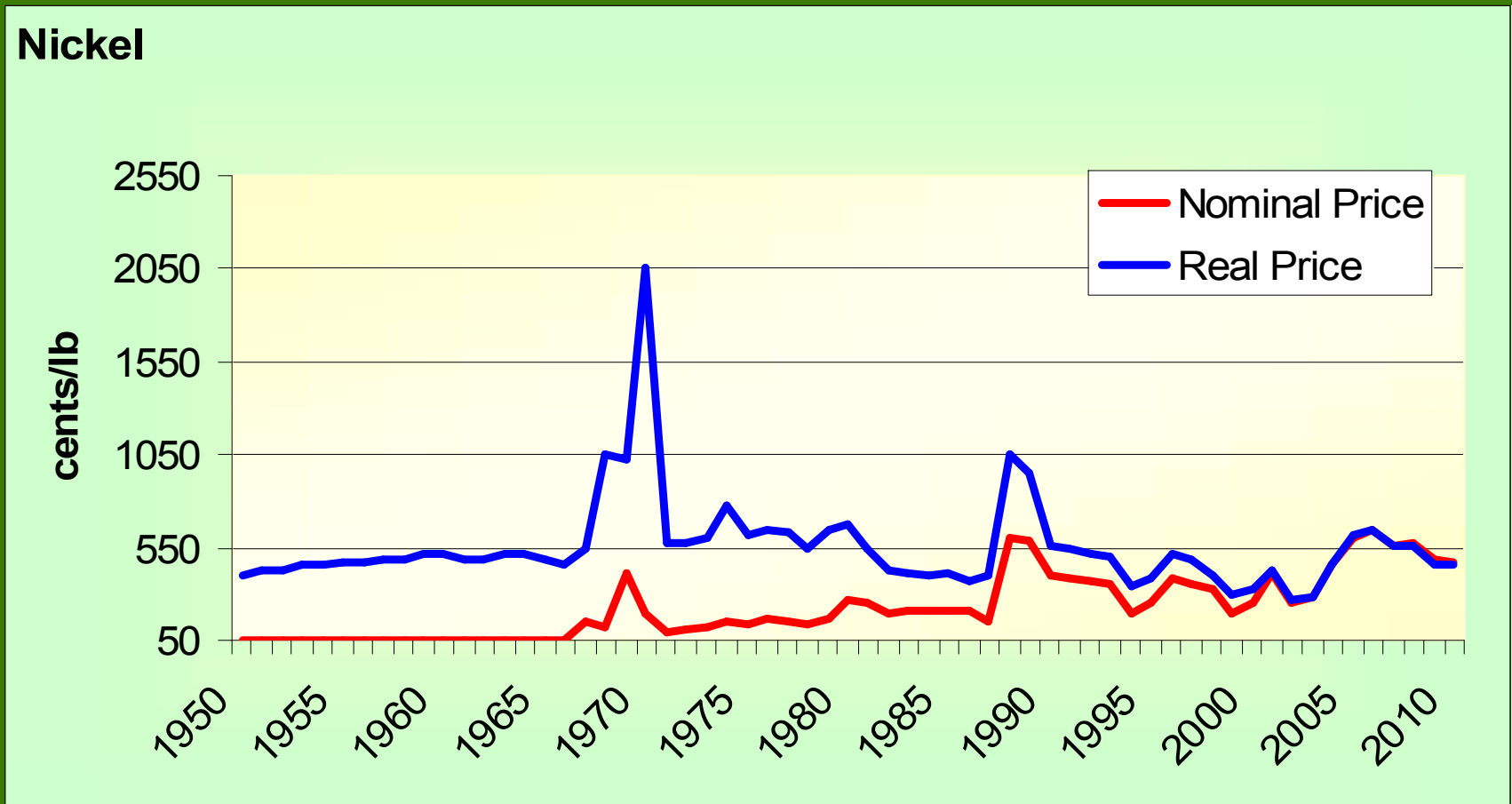
Kg Ni per person pa



GDP per capita US\$000s

Macquarie Research Commodities

Wednesday 18 January 2006



Note: Real prices are measures in constant 2005 dollars and are adjusted by US CPI



Share Performance

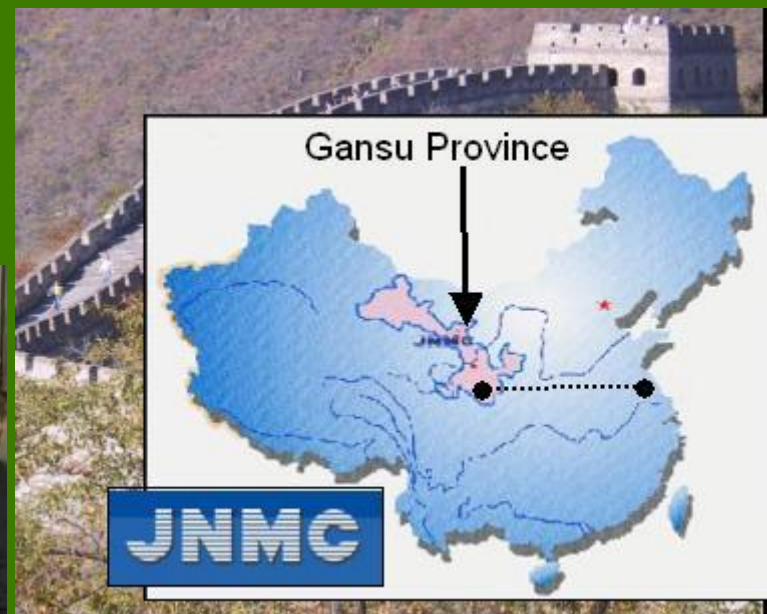


ASX: **AGM**



April 06 **Jinchuan** Partnership

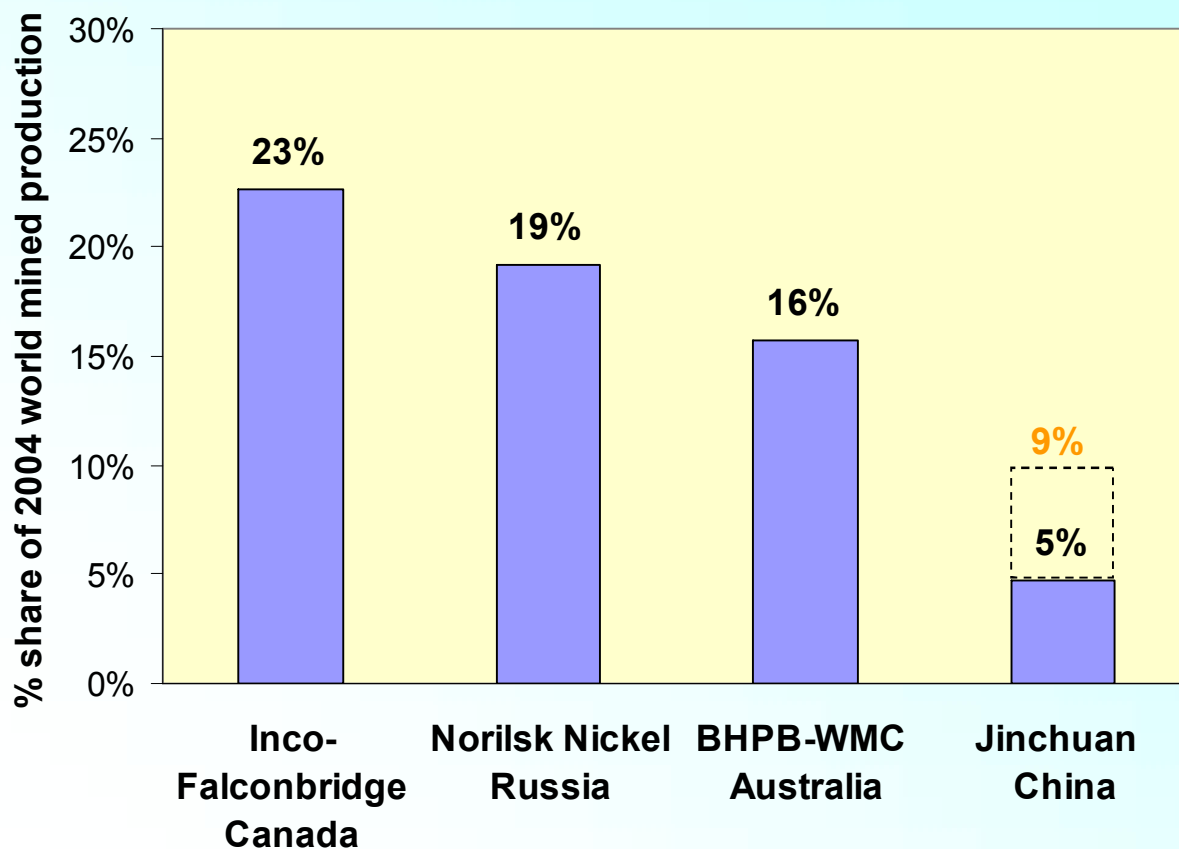
- US\$1.3 billion **offtake agreement** for Avebury Ni Project removes sales risks
- Strong third party **endorsement** by a nickel major (4th largest)
- **Jinchuan supplies 90% of China's** nickel. It is the world's fastest growing nickel company in the world's fastest growing nickel market
- **Premium** paid for mutual benefits of Avebury's high value concentrates
- Jinchuan offers Allegiance 50 years of nickel **technology and knowledge**
- A\$5m subordinated **loan provided**





Nickel Market Concentrated

Largest Nickel Producers



- 3 big companies control 58% of global production
- China's Jinchuan to double output to 150,000 tpa Ni by 2008 – must buy more nickel concentrates
- Jinchuan to triple to 200,000 tpa Ni by 2011-12



Avebury Mine



Mt Agnew

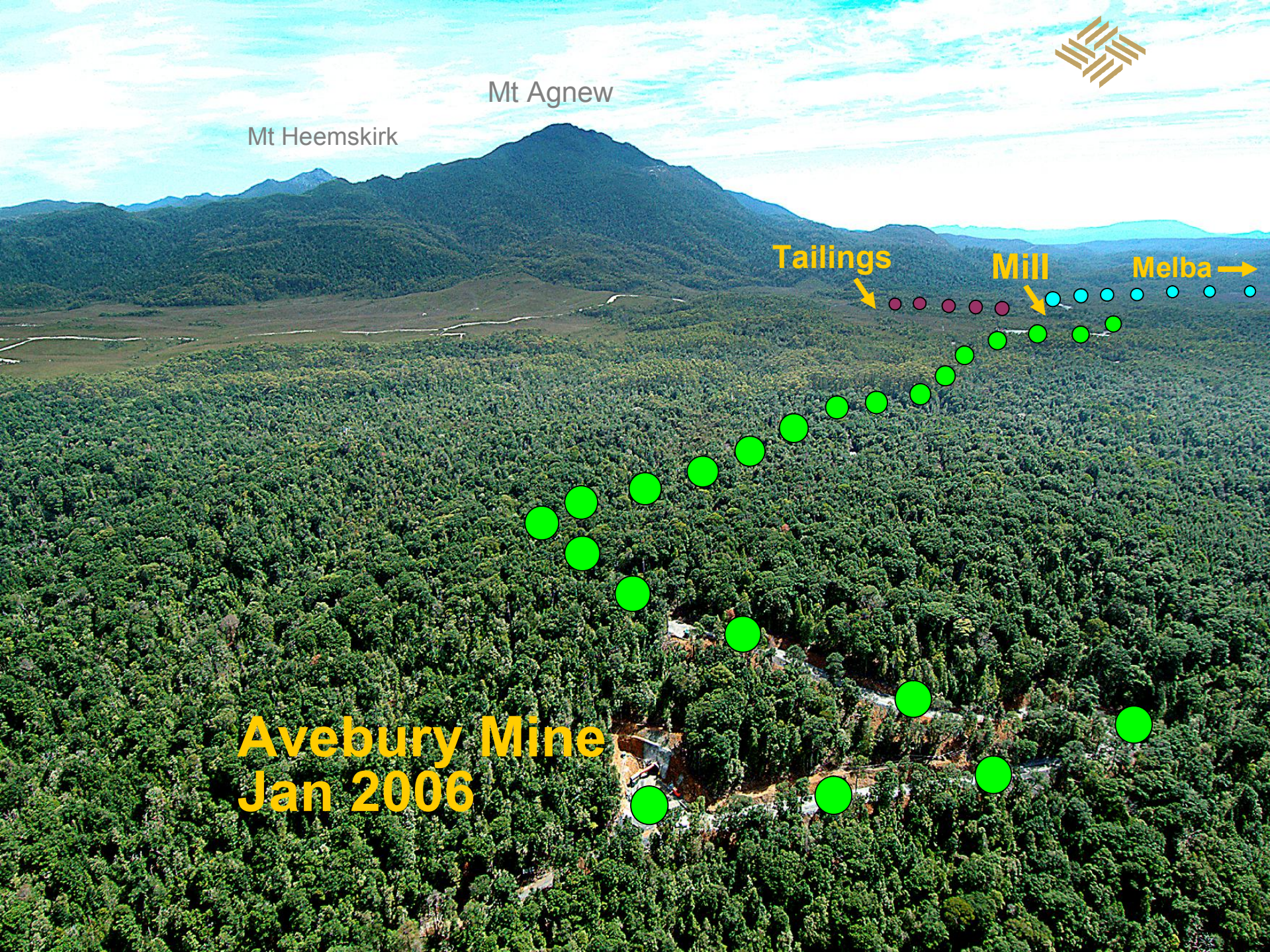
Mt Heemskirk

Tailings

Mill

Melba →

Avebury Mine
Jan 2006





Mt Lyell

Southern Ocean

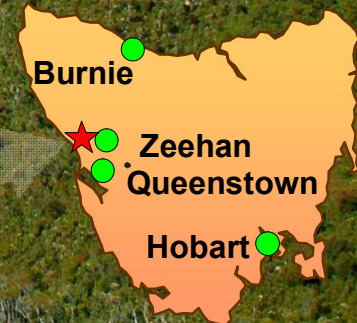
Viking decline

Avebury Mill Site

Mt Agnew

Tailings

Avebury looking south







Avebury Operations at a Glance

- Bulk mining – 10 to 40m wide stopes
- Ore not folded or intruded & ideal geometry
- Mine capacity 1.5 million tonnes pa
- Disseminated coarse grain
- Consistent recoveries
- Uniform grade
- Simple Milling @ 900,000tpa
- +80% recovery at 1.2% Ni
- Exploration discoveries continue – a nickel province is emerging





Ore Style

Mar 06 Resources 10Mt @ 1.14% Ni
at 0.7% Ni cut-off contains 114,000t Ni

NORTH
AVEBURY



VIKING DECLINE

Wide continuous orebodies

Open-ended along-strike

0 40
metres

SOUTH
VIKING

NORTH VIKING





Advantage Tasmania



Tasmanian Ni

Western Australian Ni

Tonnes

Big 5 - 20Mt

Small 0.5 - 5Mt

Grade

Mod 1 - 2% Ni

High +2% Ni

Widths

Wide 5 - 40m

Narrow 1 - 3m

Ground stability

Good & continuous

Difficult & disjointed

Mining costs

Low \$30/t

High \$80 - \$160/t

Labour

Stable - local

Hard to find

Concentrates

+ 20% Ni - premium

6% - 16% Ni

Infrastructure

Already exists

Rare

Distances

Short

Long

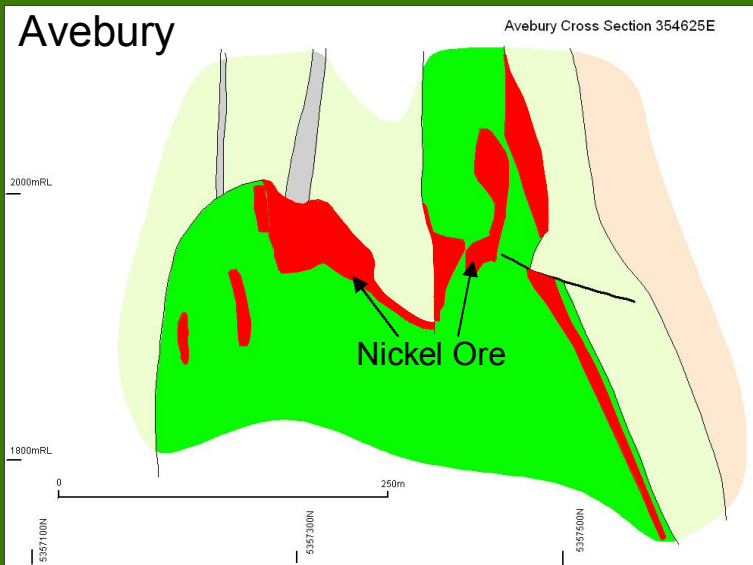
These are generalisations – significant exceptions exist



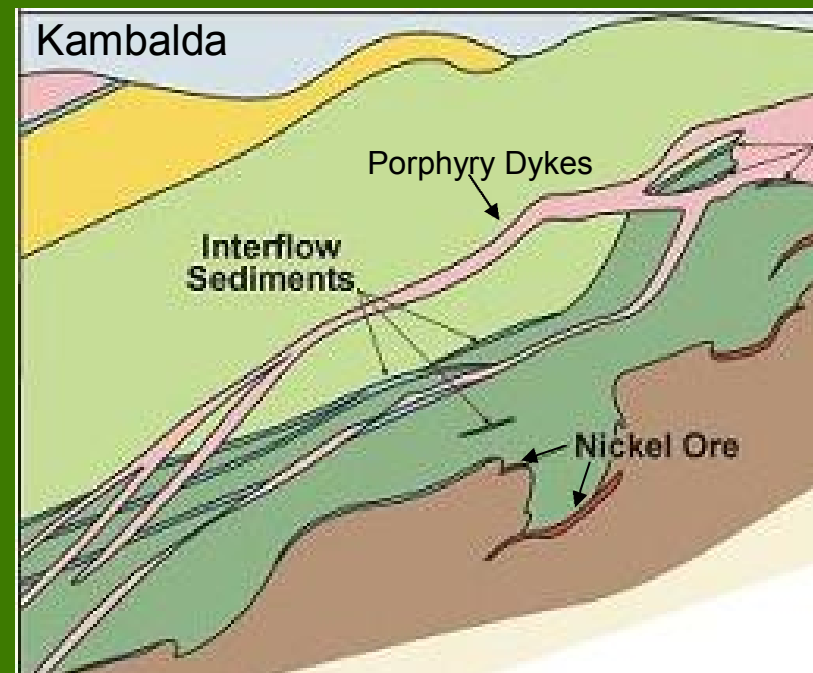
Advantage Tasmania



Ground Level



250 metres



250 metres

Avebury, Tas

Large, relatively continuous ore blocks.
Rare faults; no post ore dykes

Kambalda, WA

Thin, discontinuous ribbons of ore.
Many offsetting faults & post-ore dykes

Avebury Under Construction



- ❖ **Mine built 2004: resource-reserves still growing**
- ❖ **Construction started late 2005: increasing fast**
- ❖ **Avebury Project expanded 50% to 900,000 tpa after better-than-expected 6,000t mine & mill trials**
- ❖ **Road & grid hydro-power now 100% to site**
- ❖ **Raise bore shafts well advanced - good ground**
- ❖ **Mine pumps installed – mine tenders being issued**
- ❖ **Appointed Project Manager & EPCM engineers**
- ❖ **Final engineering designs well advanced.**
- ❖ **Purchased new 3.1Mw ball mill – main long lead item is now being manufactured.**



Grid Power 2 Shafts & Pump Station On Site





Corporate Snapshot: Allegiance Mining NL

Overview

- Focus: development & exploration of nickel sulphide deposits in Tasmania
- 100% owner of Avebury nickel project & emerging Ni province
- Nickel production at Avebury is expected to commence mid 2007
- Allegiance executed a US\$1.3 billion offtake agreement & partnership with Jinchuan Nickel Group, China
- Raised A\$51M in May 06
- **Construction at full pace**

Register

Management:	6%
Lion Selection Group:	7%
Top Twenty Shareholders:	53%
Top Fifty Shareholders:	59%
Total No. of Shareholders:	5,250
Ordinary Shares:	620M
Market Capitalisation @ 26c	\$160M

Financial Snapshot

Cash as at 30 June 06:	A\$53M
Debt with Societe Generale:	A\$4.0M
Subord'd Loan (Jinchuan):	A\$5.0M
Capital spent on Avebury Project:	A\$30M+

Mine & Infrastructure has been built



Board and Management

Board

Tony Howland Rose	Chairman
David Deitz	CFO & Secretary
Eddie Lee	Non-Exec Director
Barry Sullivan	Non-Exec Director

Senior Management

Ian Levy	CEO
Paul Richardson	GM Operations
Mike Wilkes	Project Manager Avebury Construction
Lindsay Newnham	GM Exploration & BD

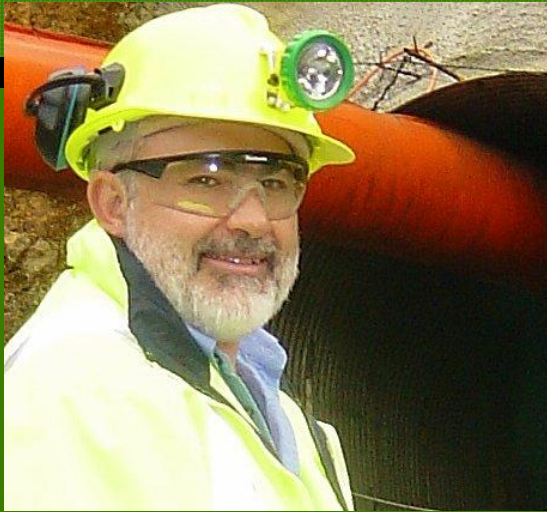
Operations Management Tasmania

Paul Richardson	GM Operations
David Leedham	Mining Manager
Peter Clay	Processing Manager
Tim Callaghan	Chief Geologist
John Campbell	O H & S Manager
Trevor Emmerton	Decline Superintendent

KEY STAFF ARE IN PLACE

Allegiance is guided by a highly experienced Board and Management Team

Project Management Tasmania



Paul Richardson
General Manager Ops



David Leedham
Mining Manager



Lindsay Newnham
GM Exploration & BD



Tim Callaghan
Chief Geologist

Mike Wilkes
Project Manager
New appointment



Trevor Emmerton
Decline Supt

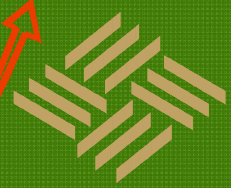
Peter Clay
Processing Manager

New appointment

Tasmania



To smelters



- 125 years of mining
- Excellent workforce
- 24km to rail head
- Highly efficient port
- Strong Govt support
- Hydro power, low exposure to oil price

Iron Pelletising
Furnaces



Burnie



Railway

Highway



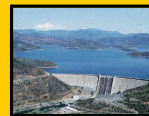
Aluminium & Ferro-
manganese Smelters

Launceston

Melba

Zeehan

Avebury Nickel Project



Hydro Power



Zinc Refinery

Hobart

100 kms





Dec 05 Feasibility Study Outcomes

Mining:

Mechanised u/g bulk mining +1.4% then 1.2% Ni ore

Milling:

600,000 tpa ball mill & flotation @ 80% recovery.

Hellyer test:

Expand by 50% to 900,000tpa & 84% recovery

Marketing:

28,800tpa high grade concentrates (+20%Ni) = 5,700tpa Ni

Expanded:

43,000tpa concentrates (+20%Ni) = + 8,500tpa Ni

Cost setting:

Excellent: Mining 30/t; Milling \$20/t;
Overheads & Marketing \$13/t TOTAL C1 Opex = \$63/t ore

Environment:

No major issues identified

Ore Potential:

Excellent - a new province



Dec 05 Feasibility Study Outcomes

Value (NPV):

Expanded case

Business Plan \$ 94m (@10% discount rate) at Base Prices

Business Plan \$207m (@10% discount rate) at US\$15,000/t

Return IRR:

29% IRR at Base Prices and 45% IRR at US\$15,000/t

Capital Costs:

A\$77 million (includes \$14.5M contingency) + A\$7M working cap

Expanded 900,000tpa case not much more

Op Costs (C1):

A\$63/tonne ore all-up

US\$4,900/tonne contained Ni (US\$2.20/lb contained Ni)

Base Prices:

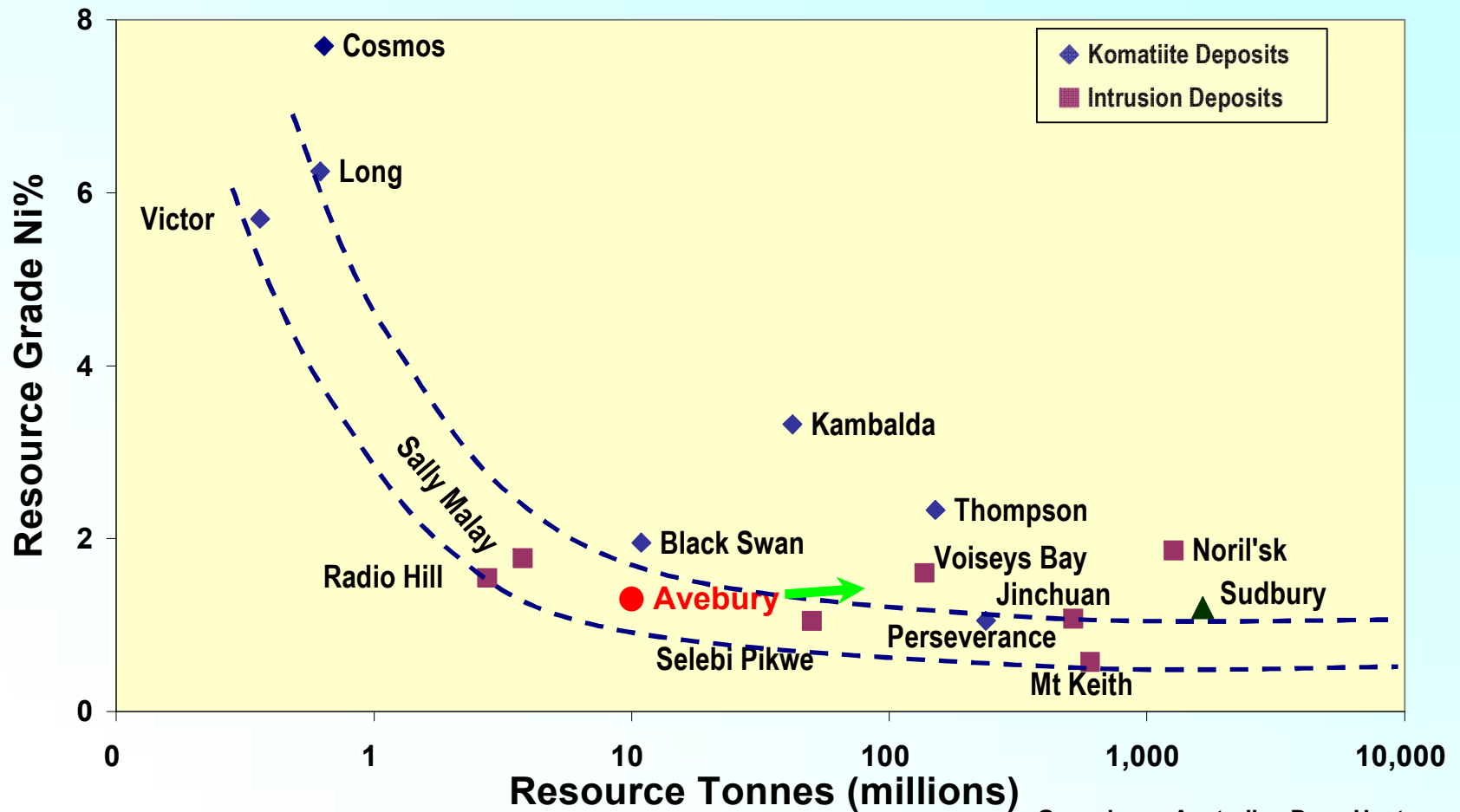
US\$12,000/tonne Ni to US\$10,000/tonne Ni = Base Prices

US\$ / A\$ fx at 0.735

Comparative Ni Resources



World Nickel Sulphide Deposits





Allegiance: “Nothing but Nickel”

Avebury’s **20%-plus** nickel concentrates will define a new global benchmark.

As our metallurgists put it, they are ‘**Nothing but Nickel**’.



Mixed Ore

Liberation: 3 Ore Types

Coarse

Pentlandite

(Ni,Fe)₉S₈

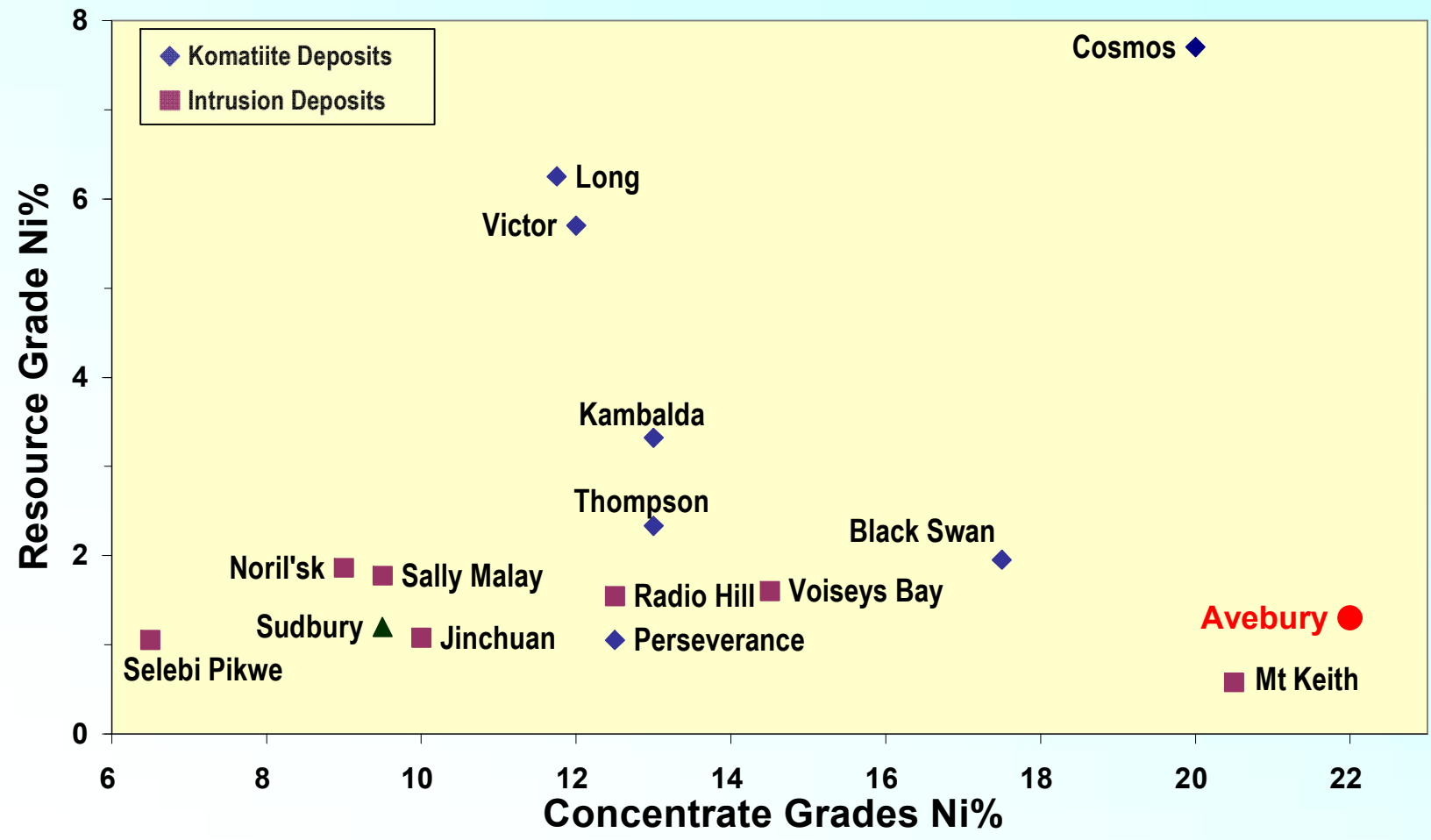


Massive Nickel Ore



Comparative Ni Concentrates

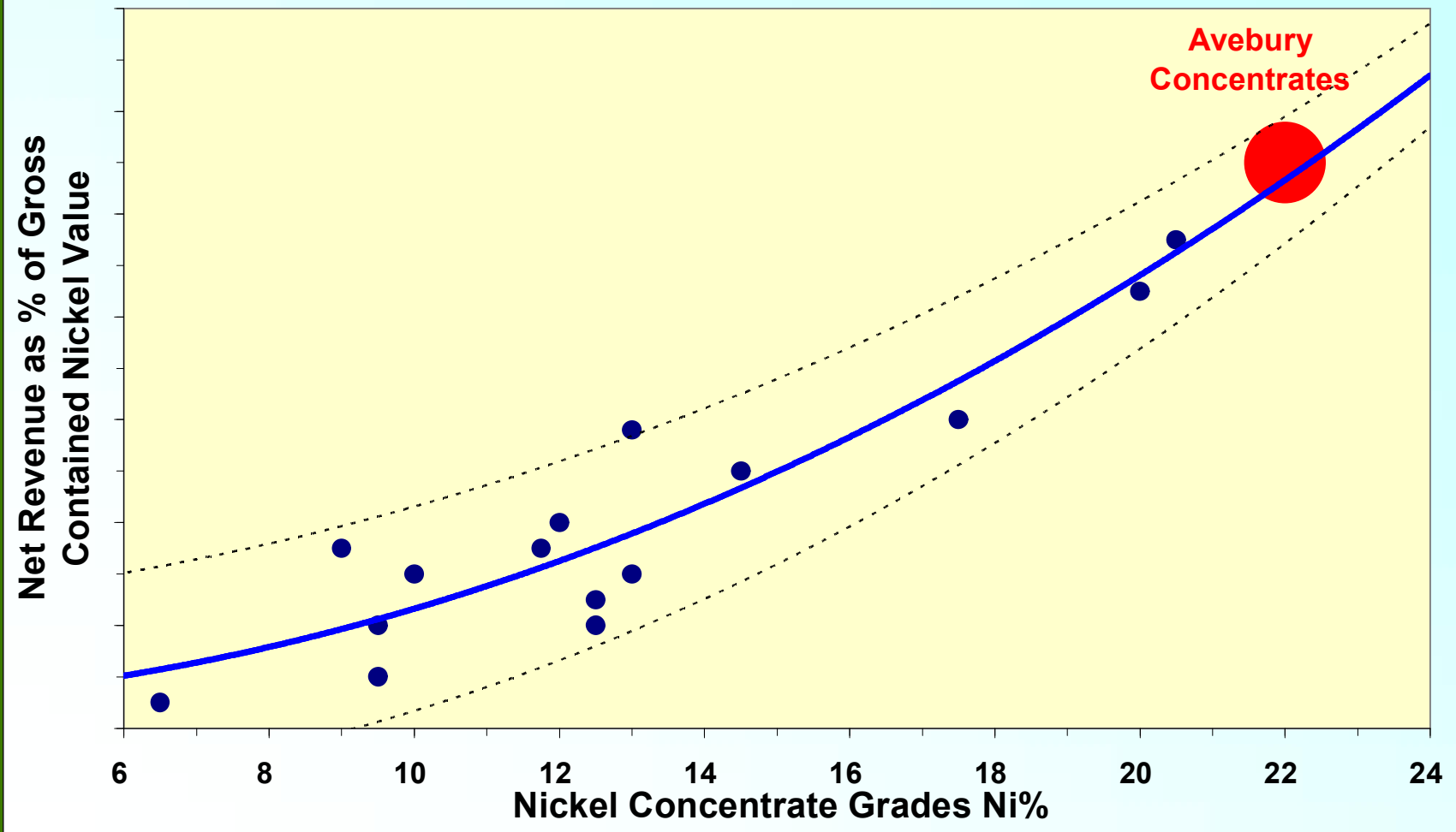
Resource Grades & Concentrate Grades





Comparative Ni Concentrates

Nickel Net Smelter Returns



Ore Style

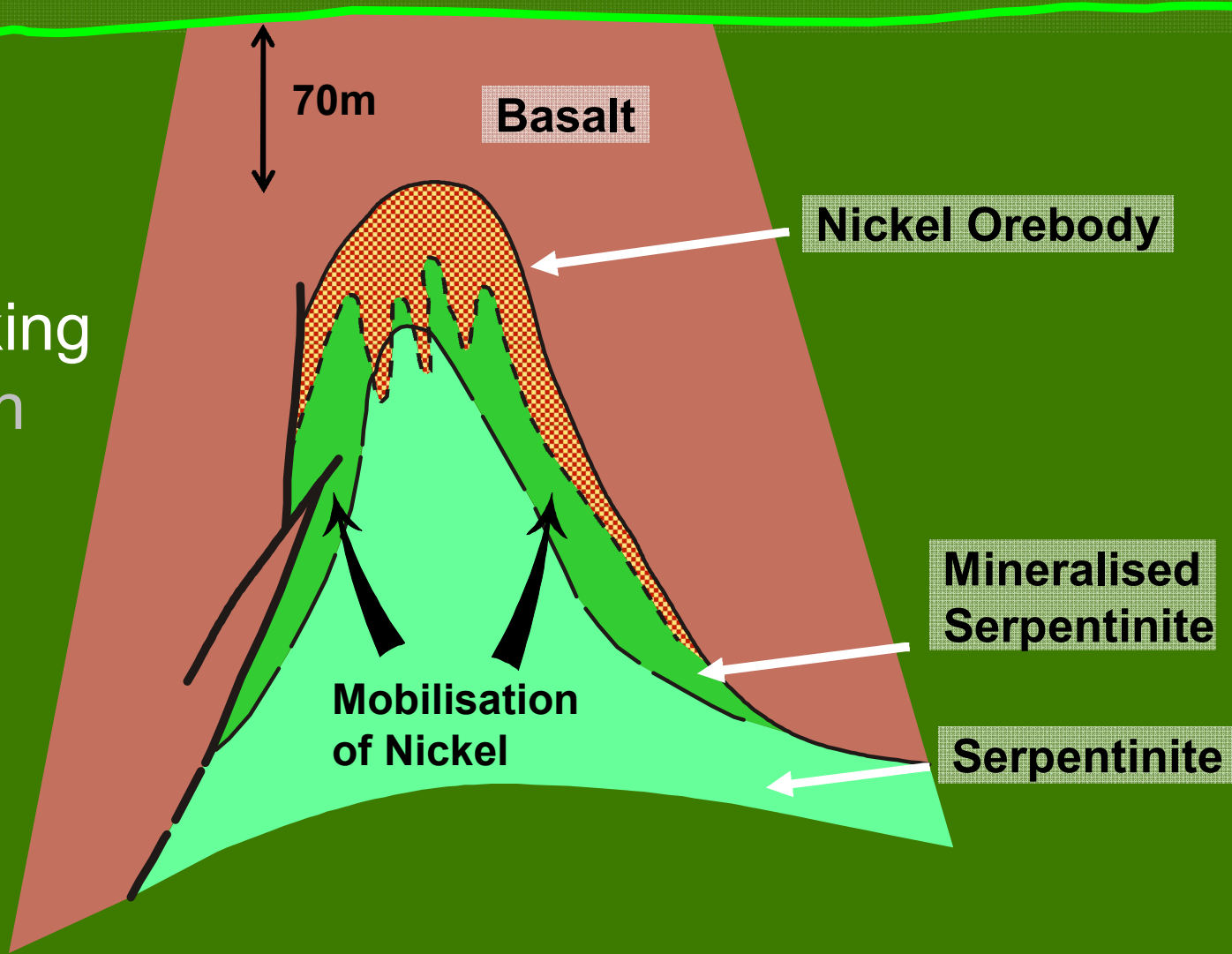
S

+300m across structure

N



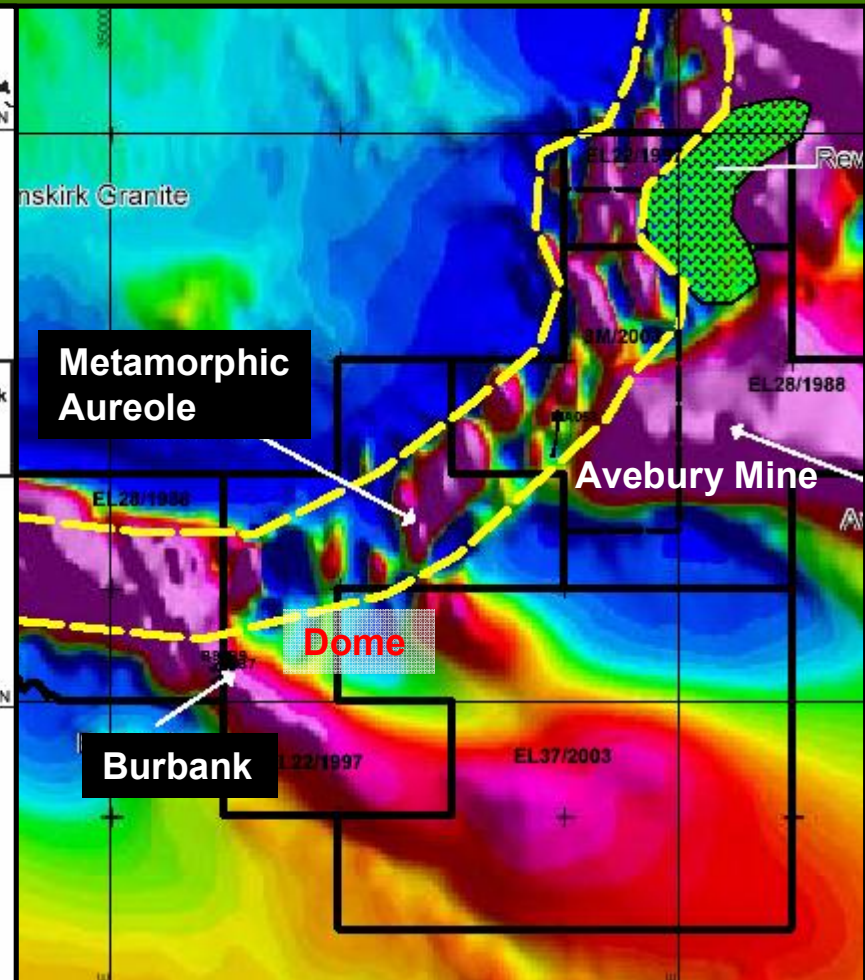
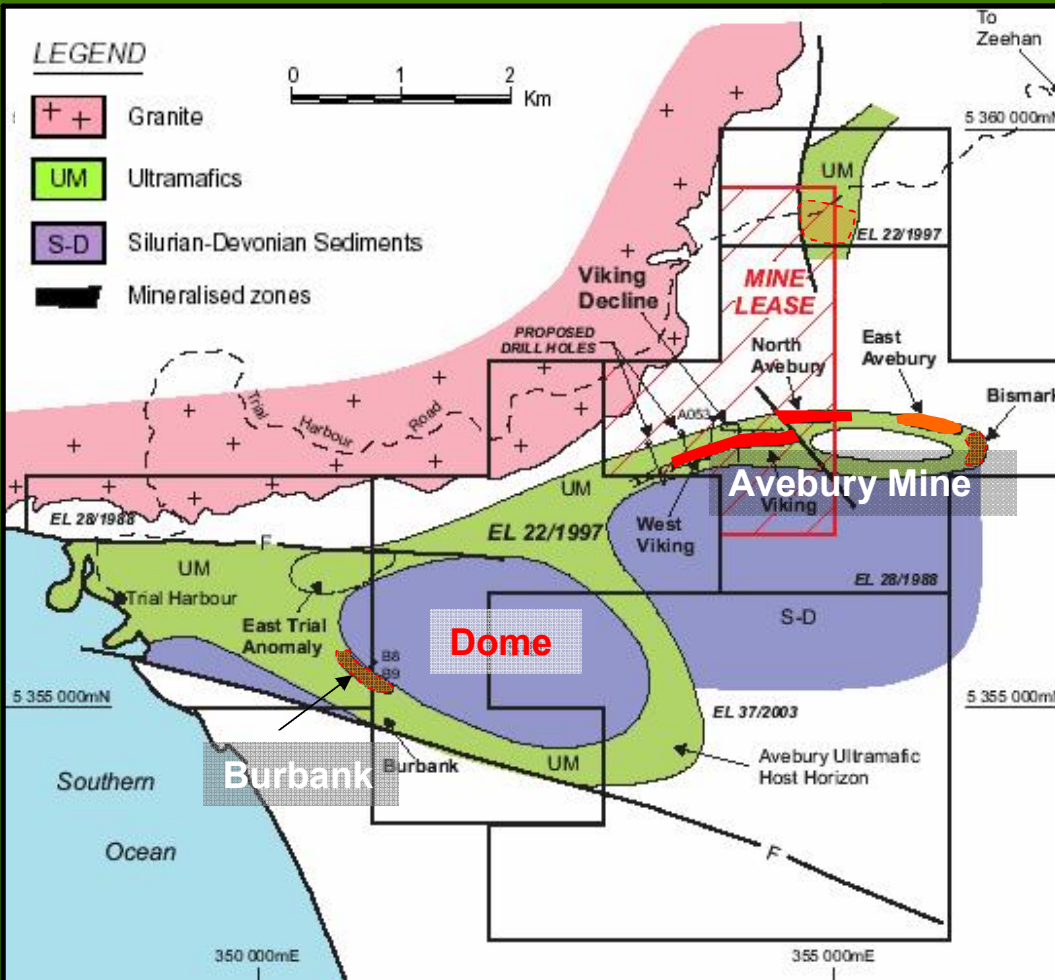
Avebury / Viking
Cross Section
Looking East



Nothing but Nickel



Avebury Arc Nickel Belt



The Kambalda Connection...



- ❖ I was at Kambalda 1973-78 as mine geologist
- ❖ WMC's recognition of signatures led to a rapid succession of discoveries by expl'n geos
- ❖ Discoveries led to the rise of the WMC's world class nickel business
- ❖ Important that we control the province
- ❖ I believe Allegiance can do it again at Avebury





Avebury

Birth of a Nickel Province

Mine finance committed

A province to ourselves

First nickel mid 07 to Q3 07

ASX : AGM