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STOCK EXCHANGE ANNOUNCEMENT

MELBA FLATS PROJECT – TASMANIA

HIGH GRADE NICKEL SULPHIDE INTERSECTIONS

Wednesday, 28 April 2004

COMMUNIQUE AS RECEIVED FROM NEWNHAM EXPLORATION AND MINING SERVICES

Allegiance has intersected high grade nickel sulphides with values up to 9.2% nickel at shallow depths in its current drilling program at Melba Flats in western Tasmania.

The high grade nickel intersections also contained high grade copper mineralisation accompanied by a combined platinum/palladium/gold to 4 g/t.

This current shallow, close spaced core drilling program at Melba Flats is designed to follow up high grade intersections in the same area by previous explorers at the Genets prospect.

The program objective is to define a modest tonnage of high grade mineralisation which can be readily mined at low cost in the short term, to generate a cash flow ahead of future production from Avebury.

The drilling program commenced in March, and to date five (5) holes totalling 350 m have been completed at Genets and one at North Cuni. The North Cuni hole (MF 27) failed to intersect significant mineralisation.

The Genets holes (MF 28 to MF 32) have intersected a 1-5 m wide zone of sulphide mineralisation on the footwall of a north-east trending gabbro dyke, which dips to the south-east. The mineralised zone is dominated by disseminated pentlandite (nickel sulphide), chalcopyrite (copper sulphide) and pyrrhotite (iron sulphide), with some shoots of massive sulphide.

Because of the irregular nature of the geology and mineralisation at Melba, the drill holes are being drilled on a close pattern, with intersections typically 15-25 m apart. The drill holes reported below have tested a strike length of approximately 50 m to a depth of approximately 50 m below surface.

Drilling is continuing along strike to follow-up on this early encouragement.

MF 28 is the most north-east hole drilled to date by Allegiance. It intersected 2 m of disseminated mineralisation assaying 0.58% Ni, 0.49% Cu, 25 m beneath surface. This result supports the case for further drilling in the future along strike to the north-east.

MF 29 is a shallow hole drilled above and south-west of MF 28. It intersected 1.75 m 1.50% Ni, 2.0% Cu including 0.3 m of massive sulphide which assayed 5.85% Ni, 9.15% Cu, 0.7 g/t Au, 1.26 g/t Pt, 1.7 g/t Pd.

MF 30 and MF 31 were drilled further south-west along strike. They intersected the gabbro host dyke which carried only trace mineralisation.

MF 32 is the furthest south-west hole drilled to date by Allegiance. It intersected 4.5 m 1.98% Ni, 1.46% Cu, including 0.75 m 9.20% Ni, 4.55% Cu, 0.92 g/t Au, 0.90 g/t Pt, 1.55 g/t Pd. This intersection lies up-plunge and south-west of drill hole MF 01 (drilled previously by CRA) which intersected 0.7 m 9.3% Ni, 4.5% Cu, 0.8 g/t Au, 0.8 g/t Pt, 1.4 g/t Pd.

Details of these drill holes are:

Hole	Collar Details	Intersection From To	Drill Width (m)	Estm True Width (m)	% Ni	% Cu	Assays % Co	Au g/t	Pt g/t	Pd g/t
MF 27 North Cuni	366355 E 5367614N 2205 RL brg 292° dip -47° length 86 m	56.5 - 64.8 gabbro	8.30	7.00	NSM					
MF 28 Genets	366467 E 5367812 N 2208 RL brg 325° dip -46° length 97 m	33.8 - 35.8	2.00	1.80	0.58	0.49	0.02			
MF 29 Genets	366452E 5367815N 2208 RL brg 317° dip -46° length 61 m	24.5 - 26.25 Incl 25.3 - 25.6	1.75 0.30	1.60 0.27	1.50 5.85	2.00 9.15	0.04 0.17	0.19 0.70	0.33 1.26	0.46 1.79
MF 30 Genets	366452E 5367790N 2209 RL brg 325° dip -45° length 60 m	36.9 - 45.1 gabbro	8.20	7.30	NSM					
MF 31 Genets	366431E 5367792N 2210 RL brg 325° dip -45° length 45 m	21.2 - 29.3 gabbro	8.10	7.30	NSM					
MF 32 Genets	366426E 5367768N 2209 RL brg 328° dip -45° length 50 m	37.8 - 42.3 Incl 41.55 - 42.3	4.50 0.75	4.00 0.70	1.98 9.20	1.46 4.55	0.04 0.17	0.30 0.90	0.37 0.90	0.51 1.55

NSM = no significant mineralisation

CHAIRMAN'S COMMENTS

Genets lies some 2 km north of similar intersections previously announced at Nickel Reward, where an initial modest inferred mineral resource of 30,000 tonnes at 3% Nickel has been defined based on seven shallow drill holes. In spite of the attractiveness of the mineralisation at Melba Flats, namely high grade (Ni-Cu-Co-Pt-Pg-Au), there is no doubt that the potential of the area has been underestimated over a long period of time. Allegiance is initially directing its attention to the delineation of shallow high grade deposits capable of early exploitation. Very little drilling at depths greater than 50 m has been carried out in the past, so even the potential for shallow high grade deposits has not really been assessed - in spite of the fact that this district where nickel was first mined in Australia in the 1930's. As well as the shallow drilling now underway, further exploration and testing to depth is obviously warranted in the near future. We consider these results most encouraging.

At present metal prices, 1% nickel is equivalent to 4.2% Copper, 11.5% Zinc, 16.3% Lead or 1.25% Tin.

A W HOWLAND-ROSE
MSc, DIC, FGS, FIMMM, FAusIMM, CEng
Chairman

This announcement was written by Tony Howland-Rose and is based on, and accurately reflects, certain information provided by Lindsay Newnham. Both Tony Howland-Rose and Lindsay Newnham are corporate members of the Australasian Institute of Mining and Metallurgy and/or Australian Institute of Geoscientists, and who have more than five year's experience in the field of activity being reported on.