

**EASTREN PTY LIMITED**  
**(Wholly Owned Subsidiary of Allegiance Mining NL)**

**EL 5 / 2002 - EAST RENISON**

**ANNUAL REPORT**

**Year Ending April 2006**

*Prepared for:*

**Eastren Pty Limited  
Level 11 Quantum House  
49-51 York Street  
Sydney NSW 2000**

**15 May 2006**



*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**

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## **1. SUMMARY**

The area covered by EL 5/2002 is considered prospective for a range of deposit styles formed by hydrothermal activity associated with the Pine Hill granitic intrusive.

These include tin and silver-lead-zinc mineralisation in fault zones and replacement bodies, tungsten and copper skarns, and nickel deposits hosted by altered ultramafic formations.

Exploration to date by Eastren has been limited to:

- high resolution aeromagnetic survey
- initial assessment of existing data
- ground assessment of Lynton Mine area

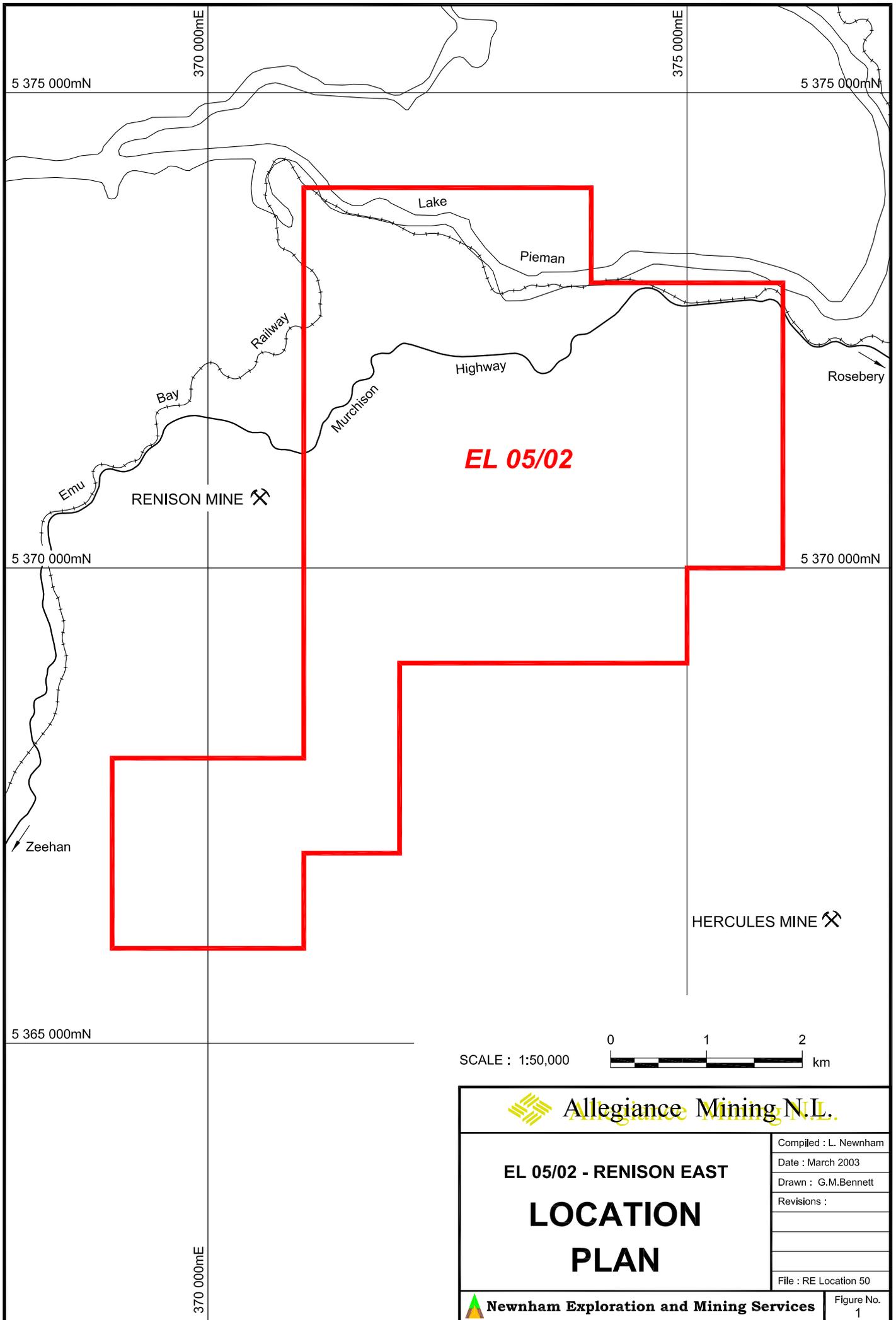
Over the next 12 months it is proposed to substantially expand this exploration effort with a strong focus on core drilling.

The following work is planned:

- development of a detailed digital drill hole data base
- detailed collation of previous exploration
- core drilling programs to further test the Salmon-Pieman deposits, copper-tungsten skarns on Colebrook Hill and nickel sulfide targets along the flanks of ultramafic bodies

It is anticipated that helicopter support will be required for some of this drilling.

Budget estimate for 2006-07 is \$563,000.



SCALE : 1:50,000



 Allegiance Mining N.L.

**EL 05/02 - RENISON EAST**  
**LOCATION PLAN**

Compiled : L. Newnham
Date : March 2003
Drawn : G.M.Bennett
Revisions :
File : RE Location 50

## **2. OBJECTIVES and STRATEGY**

### **2.1 Geology:**

EL 5/2002 is underlain by formations of Cambrian sediments and volcanoclastic rocks. Within these sediments are two parallel Cambrian ultramafic formations, which could be either extrusives or intrusives.

The area was intruded in the upper Devonian-Carboniferous by a highly fractionated granite which forms a high level ridge running ENE beneath the central portion of the licence.

Intense hydrothermal activity, alteration, tectonic activity and mineralising events were associated with this granitic intrusion.

A massive 1,000m wide aureole of boron-fluorine-iron metasomatism surrounds the granite ridge, resulting in the extensive alteration of ultramafic rocks to serpentinite and talc-carbonate bodies.

High levels of sulfur, arsenic, tin, tungsten, copper, lead and zinc accompanied the metasomatic event and resulted in the formation of a wide range of mineral deposits including:

- Tin and tin-copper at Renison Bell as carbonate replacement, fault and fracture infilling deposits. Renison pre-mining resources are approximately 27 Mt 1.35% Sn.
- Tin in faulted and altered rocks at Pieman, east of Renison, where drilling has identified 1.2 Mt 0.55% Sn, including 400,000 t 1% Sn.
- Silver-lead-zinc-copper at Salmon, adjacent to Pieman, where drilling has identified 1.8 Mt 0.33% Cu, 2.11% Pb, 1.76% Zn, 78 g/t Ag, including 0.8 Mt 0.61% Cu, 3.2% Pb, 2.2% Zn, 104 g/t Ag.
- Magnetite skarns in altered ultramafics at Karlson-Riley adjacent to the fluorine rich granitic cupola outcropping at Pine Hill.
- Copper skarns in altered calcareous sediments on Colebrook Hill.
- Tungsten deposits in skarns or fault zones (?) above the Exe granite cupola beneath Colebrook Hill, where drill hole CB1 intersected 10.8 m 1.22% WO<sub>3</sub>.

All of these deposits are known from previous drilling.

The Pieman-Salmon tin-base metal deposits, the Colebrook tungsten deposits and the Karlson-Riley magnetite deposits are all regarded as important deposits warranting further drill evaluation.

With the discovery of the Avebury nickel deposits (12.8 Mt 1.0% Ni) in altered and skarned ultramafic rocks west of Zeehan, the two similarly affected ultramafic bodies transecting EL 5/2002 are considered highly prospective for similar nickel deposits.

There are no historical records of nickel within the licence area, and no systematic modern exploration for nickel has occurred. In this regard, the area is similar to the Avebury area prior to 1997 when Allegiance and CRA commenced exploration in that area.

Clearly, a major nickel sulfide exploration program is warranted in this area.

The principal exploration targets within EL 5/2002 are:

- nickel sulfide deposits within the two ultramafic belts
- copper-tungsten skarns on Colebrook Hill
- tin-silver-lead-zinc at Pieman-Salmon
- magnetite skarns at Karlson-Riley

### **3. WORK COMPLETED - CURRENT YEAR**

With the current focus of exploration work on the tenements contiguous with the Avebury deposits, Allegiance (Eastren) undertook only minimal work on EL 5/2002 during the 2005-06 year.

A minor effort was directed to identification and collation of previous exploration work ahead of a major exploration program planned for 2006-07.

#### 4. WORK PLANNED - NEXT YEAR

It is planned to complete core drilling programs to further test the following:

- tungsten skarn/vein intersected on Colebrook Hill in drill hole CBI (10.8 m 1.22% WO<sub>3</sub>)
- nickel sulfide potential in altered ultramafics at Lynton Mine, Karlson-Riley and elsewhere
- extensions of Pieman-Salmon vein deposits

Because of local access conditions, some of this drilling will require helicopter support.

Approximately eighty (80) cored drill holes have previously been drilled in this area and it is planned to immediately commence development of a digital data base of this drilling data. OMI Pty Limited has been engaged to do this work.

In addition to the drilling, a substantial amount of geological mapping, geophysical and geochemical surveying has been completed by various companies over the past 30-40 years. This data will be acquired and collated into a comprehensive data base. Gill Bennett Drafting has been engaged to do this work.

A budget for this program is:

	\$
- digital drill hole data base	15,000
- digital data collation	30,000
- drilling at - Colebrook (800 m) Pieman (600 m) Karlson-Riley (600 m) Lynton (600 m) Total 2,600 m @ \$130/m	338,000
- ground access	30,000
- helicopter support	100,000
- management	<u>50,000</u>
<b>TOTAL:</b>	<b><u>\$563,000</u></b>

**PIEMAN: 0.4 Mt 1% Sn**  
**SALMON : 0.8 Mt 0.6% Cu, 3.2 Pb**  
**2.2 Zn, 104g/t Ag**  
*Drilling planned to test for extensions to EXE Workings to South*

**COLEBROOK SKARNS**  
*Drilling planned to test for Cu-Wo3 mineralisation*

**RENISON MINE**  
**REPLACEMENT TIN DEPOSITS**  
**27Mt 1.35 Sn**

**LYNTON MINE**  
*Drilling planned here and elsewhere to test for Ni sulfides in altered ultramafics*

**KARLSON - RILEY SKARNS**  
*Drilling planned to test for Ni sulfide mineralisation*

**LEGEND**

 Cambrian ultramafics

Topo base data supplied by the LIST - www.the.list.tas.gov.au  
 Geological data supplied by MRT - www.mrt.tas.gov.au

 **Newnham Exploration and Mining Services**

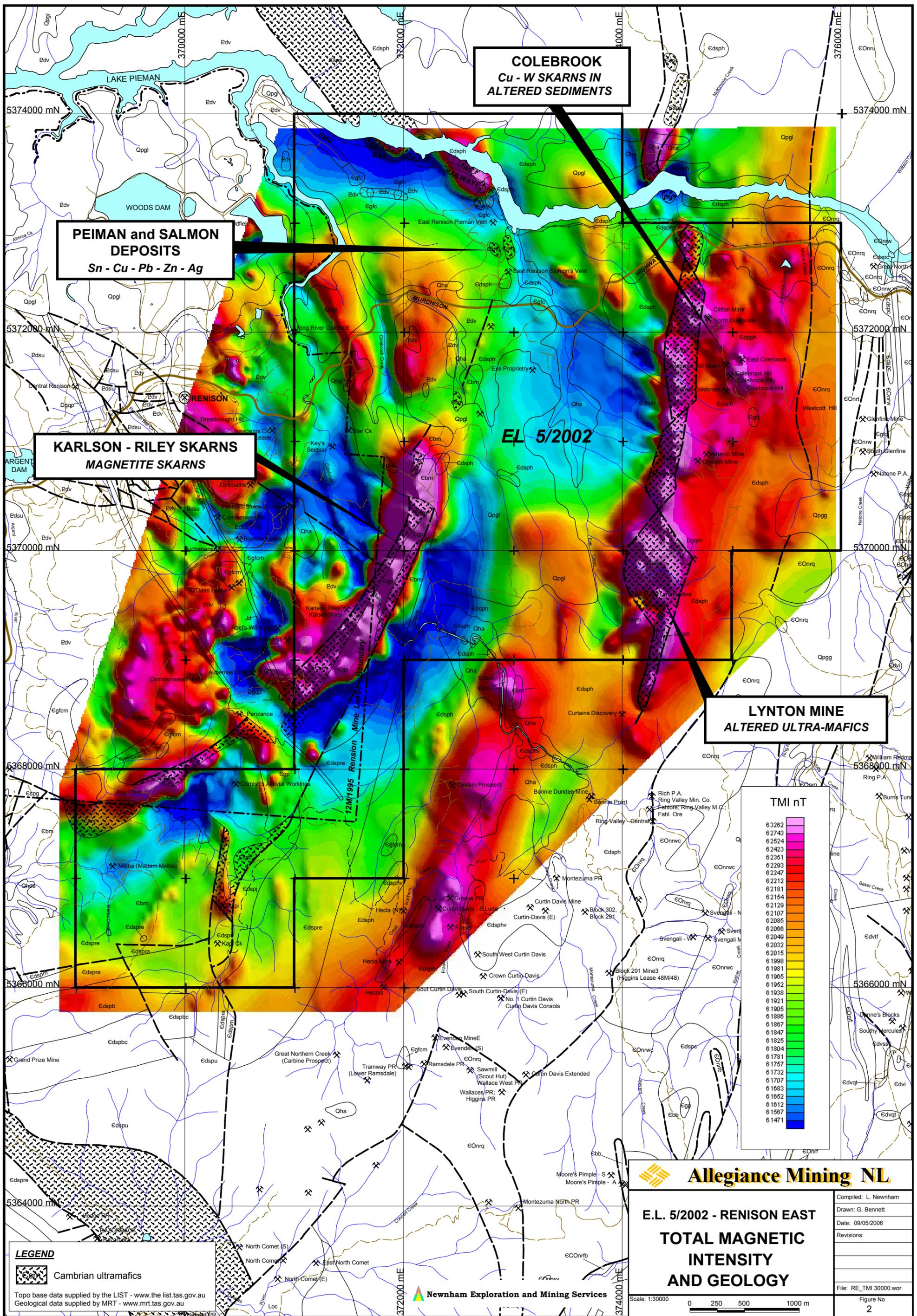
 **Allegiance Mining NL**

**E.L. 5/2002 - RENISON EAST**

**TARGET LOCATION**

Scale: 1:30000  
 0 250 500 1000 m

Compiled: L. Newnham	Drawn: G. Bennett
Date: 09/05/2006	Revisions:
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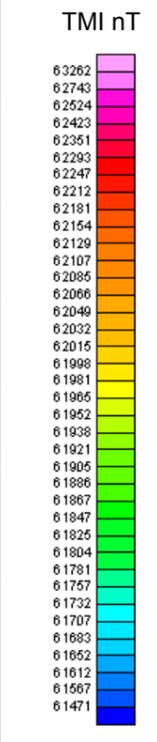
**COLEBROOK**  
Cu - W SKARNS IN  
ALTERED SEDIMENTS

**PEIMAN and SALMON**  
DEPOSITS  
Sn - Cu - Pb - Zn - Ag

**KARLSON - RILEY SKARNS**  
MAGNETITE SKARNS

**LYNTON MINE**  
ALTERED ULTRA-MAFICS

**EL 5/2002**



**LEGEND**

Cambrian ultramafics

Topo base data supplied by the LIST - [www.the.list.tas.gov.au](http://www.the.list.tas.gov.au)  
Geological data supplied by MRT - [www.mrt.tas.gov.au](http://www.mrt.tas.gov.au)

**Allegiance Mining NL**

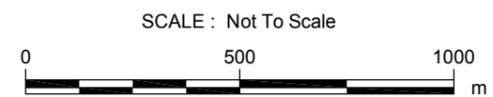
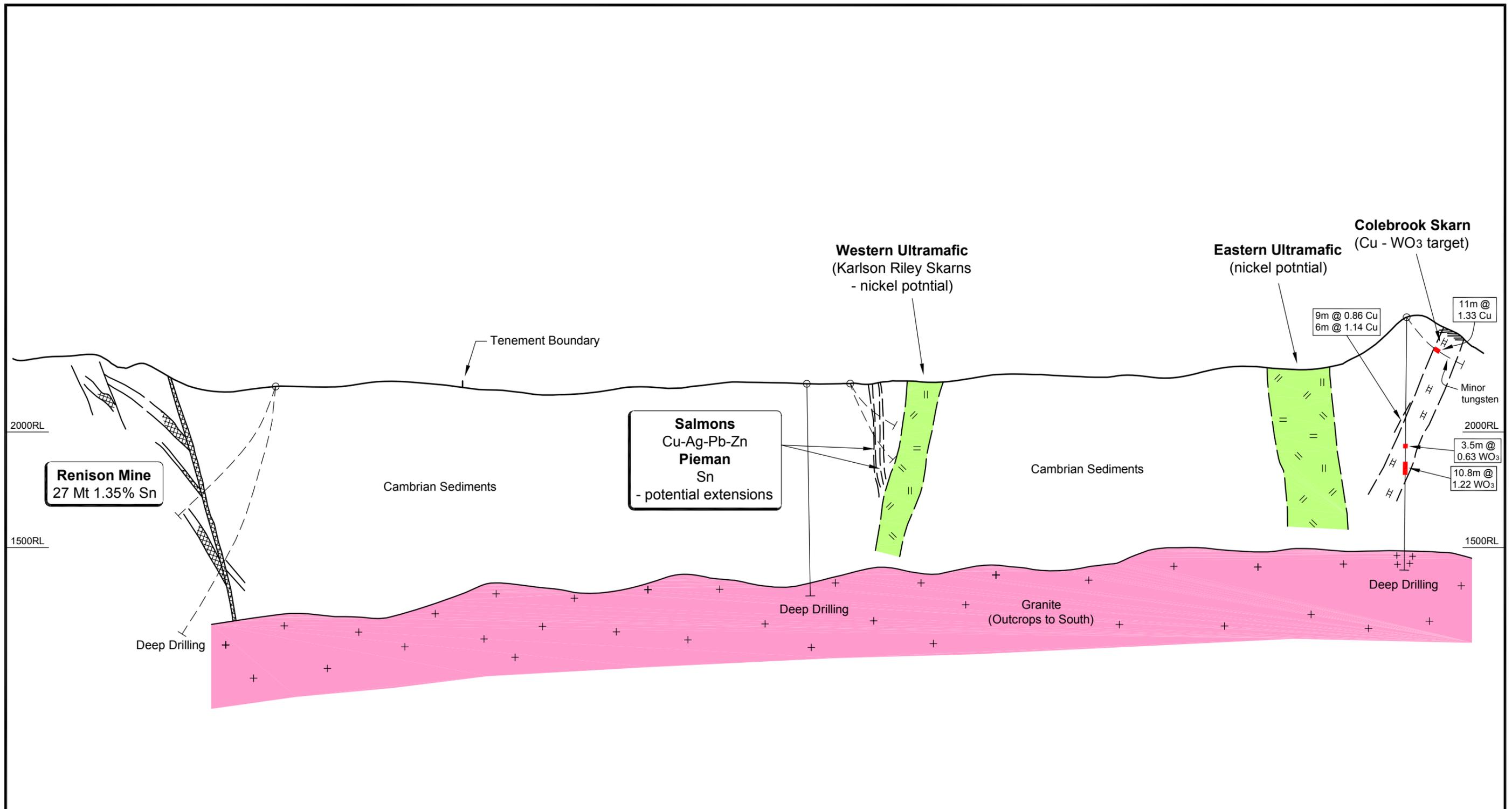
**E.L. 5/2002 - RENISON EAST**  
**TOTAL MAGNETIC INTENSITY AND GEOLOGY**

Scale: 1:30000

0 250 500 1000 m

Compiled: L. Newham  
Drawn: G. Bennett  
Date: 09/05/2006  
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**Nenham Exploration and Mining Services**



<b>EL 5/2002 - RENISON EAST</b> <b>SCHEMATIC SECTION</b> <b>SHOWING PRINCIPAL</b> <b>TARGET STYLES</b>	
Compiled : L. Newnham Date : 11/05/06 Drawn : G. Bennett Revisions : File : RE SS PTS	Figure No. 4