

MINERAL HOLDINGS AUSTRALIA PTY LTD

EXPLORATION LICENCES

EL 10/2000 MONARCH FLATS

EL 11/2000 SOUTH MT CAMERON

EL12/2000 PIONEER

ANNUAL REPORT ON EXPLORATION

TO DECEMBER 2003

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2nd December 2003**

TABLE OF CONTENTS

ABSTRACT

	Page No
1.0 INTRODUCTION.....	4
2.0 EXPLORATION.....	4
3.0 RESULTS.....	5
4.0 CONCLUSIONS.....	6
5.0 ENVIRONMENT.....	6
6.0 EXPENDITURE.....	6
7.0 REFERENCES.....	7

KEYWORDS

PLAN 1- Locality Map, Geology and Mineral Tenements, NE Tasmania

ELS 10/2000- MONARCH FLATS, 11/2000- SOUTH MT CAMERON, 12/2000- PIONEER.**ABSTRACT**

This combined report describes the third year's work carried out by Mineral Holdings Australia Pty Ltd on the evaluation of the residual alluvial tin resources at the Monarch, Endurance and Pioneer Deposits.

Recalculation of the alluvial tin resource base at Endurance and Pioneer in the current Year 3 has identified, along with the Monarch Deposit, about 6,000 tonnes of cassiterite in concentrates based on pre-stripping the barren overburden.

During this year these licences have been included in the Ringarooma Tin Project of Mineral Holdings which is currently optioned to a Sydney group Van Dieman Mines Pty Ltd operating through Hanbury Capital Ltd. As part of their due diligence, the group has carried out geological re-assessments and pre-mining feasibility studies of a number of the areas including the Monarch, Endurance and Pioneer deposits.

Mineral Holdings Australia Pty Ltd has just applied for a Retention Licence over each deposit to allow time to carry out the further evaluation, engineering and marketing studies which must precede the application for mining leases and to await the expected firming of the tin price due to the predicted global shortage of tin concentrates.

1.0 INTRODUCTION

ELS 10, 11 and 12/2000 were applied for by Mineral Holdings Australia Pty Ltd on 5th May 2000 and granted on 8th December 2000. This combined annual report is for the third year to 8th December 2003.

The licences were selected to allow exploration and evaluation of the alluvial resources and their contained heavy minerals particularly cassiterite, ilmenite, rutile, zircon, monazite, tantalite and gold. Gemstones particularly sapphire and topaz are held under SEL 22/99.

Each licence covers an area of 4 sq km in NE Tasmania (Plan 1) and secures the residual resources of cassiterite in the former alluvial tin mines at Monarch, Endurance and Pioneer respectively.

Desk studies of the three deposits over three years have allowed a modern evaluation and recalculation of the residual resources allowing for pre-stripping of the barren overburden resulting in an enhancement of the grade and volume of the alluvial resource figures. The studies have progressed to a stage which has encouraged Mineral Holdings to apply for Retention Licence status for the three alluvial tin deposits.

These areas are an integral part of Mineral Holdings' Ringarooma Tin Project of North East Tasmania which consolidates all of the potential tin resources in the region and allows exploration and promotion to proceed in a coherent manner with subsequent economies of scale. The project as a whole is currently under option to Hanbury Ltd of Sydney.

2.0 EXPLORATION

Exploration activities by Mineral Holdings Australia Pty Ltd on these licences in Year 1 focused on the Monarch and Endurance alluvial deposits (Duncan, January 2002). The Monarch deposit was bulk sampled and in addition desk studies were carried out at both Monarch and Endurance to recalculate the alluvial resources leaving out the barren overburden. These studies were carried out by Niugini Resources Pty Ltd and are contained in project reports already lodged in Mineral Resources Tasmania (Monarch, Kinnane, August 2001 and Endurance, Kinnane, December 2001).

In Year 2, the emphasis was on the Endurance and Pioneer alluvial deposits (Duncan, December 2002). Desk studies involving recasting of resources were carried further on Endurance and commenced at Pioneer and were forwarded to the Department (Pioneer, Kinnane, December 2002).

The current Year 3 saw the compilation of the old drill data, its tabulation with conversion to metric units and the recalculation of the resource base by deletion of the overburden at Pioneer. The resource figures at Endurance were also revised and brought up to date. This information is contained in the two current project reports by Niugini Resources Pty Ltd (Kinnane, November 2003 and 23rd September 2003) which have just been lodged in the Department.

3.0 RESULTS

The above work by Mineral Holdings Australia Pty Ltd including the new Year 3 data shows that, on the basis of pre-stripping the barren overburden, recalculation of the residual resources at the alluvial tin deposits gives-

**Monarch 556,751BCM at 1,220.00g/BCM of 70% Sn concentrate for 679 tonnes of 70% Sn in concentrates
Indicated Mineral Resource**

**Endurance 1,643,359BCM at 983.72g/BCM of 70% Sn concentrate for 1611 tonnes of 70% Sn in concentrates
Measured Mineral Resource**

**Pioneer 3,186,040BCM at 1,164.82g/BCM of 70% Sn concentrate for 3711 tonnes of 70% Sn in concentrates
Measured Mineral Resource**

These modern resource figures have been calculated by Niugini Resources Pty Ltd following extensive study of the previous exploration and mining history of the alluvial tin deposits. They involve the metrification of the old imperial data, the use of modern computer software, the elimination of the barren overburden in the calculation and an appreciation of the geological setting of the deposits. The detailed information is contained in the five project reports already lodged in the Department and cited in full at the end of this report.

During this year these licences have been included in the Ringarooma Tin Project of Mineral Holdings which is currently optioned to a Sydney group Van Dieman Mines Pty Ltd operating through Hanbury Capital Ltd. As part of their due diligence, the group has carried out geological re-assessments and pre-mining feasibility studies of a number of the areas including the Monarch, Endurance and Pioneer deposits. They are close to achieving the final non-exclusive option which will pave the way for registration in the Department, transfer of titles and the securing of funds for further evaluation and development of the Ringarooma Tin Project.

Mineral Holdings Australia Pty Ltd has just applied for a Retention Licence over each deposit to allow time to carry out the further evaluation, engineering and marketing studies which must precede the application for mining leases and to await the expected firming of the tin price due to the predicted global shortage of tin concentrates.

4.0 CONCLUSIONS

4.1 Exploration and evaluation by Mineral Holdings Australia Pty Ltd of three previously mined alluvial tin deposits in the middle Ringarooma Valley over the duration 2000-03 have identified about 6,000 tonnes of 70% Sn in concentrates.

4.2 There is scope for additional tin concentrates from marginal extensions and satellite deposits adjacent to the main resources as well as from prospective areas outside the current mineral tenements.

4.3 The relatively well-defined deposits at Monarch, Endurance and Pioneer offer the best potential for the initial production of tin concentrates in a phased mining operation in NE Tasmania. The Ringarooma Tin Project which has the potential to provide a resource of up to 100,000 tonnes of cassiterite concentrates is currently optioned to Hanbury Capital Ltd of Sydney.

5.0 ENVIRONMENT

As all of the work involved desk studies apart from some field inspections, there was no requirement for rehabilitation.

6.0 EXPENDITURE

Exploration expenditure for the twelve months to September 2003 as expressed in the quarterly reports has been EL 10/2000 - \$822, EL 11/2000 - \$5853 and EL 12/2000 - \$13,370. When added to the expenditures for Years 1 and 2, these amounts bring the total expenditures for the three years on the licences as follows-

EL 10/2000 Monarch	\$51,046
EL 11/2000 South Mt Cameron	\$14,763
EL 12/2000 Pioneer	\$18,277

As all of the work involved desk studies, there was no surface disturbance and consequently no need for rehabilitation.

7.0 REFERENCES

Duncan, D. McP. January 2002. ELS 10, 11 & 12/2000- Monarch Flats, South Mt Cameron and Pioneer, NE Tasmania. Annual Report on Exploration to December 2001.

Duncan, D. McP. December 2002. ELS 10,11 & 12/2000- Monarch Flats, South Mt Cameron and Pioneer, NE Tasmania. Annual Report on Exploration to December 2002.

Kinnane, N.R. August 2001. EL 10/2000- The Monarch Project, Mt Cameron, Gladstone District, North East Tasmania. Geological Assessment and Ore Resource Statement.

Kinnane, N.R. December 2001. EL 11/2000- The Endurance Project, Mt Cameron, Gladstone District, North East Tasmania. Reassessment.

Kinnane, N.R. December 2002. EL 12/2000- The Pioneer Project, North East Tasmania. Reassessment.

Kinnane, N.R. November 2003. EL 11/2000- The Endurance Project, Mt Cameron, Gladstone District, North East Tasmania. Reassessment.

Kinnane, N.R. September 2003. EL 12/2000- The Pioneer Project, North East Tasmania. Reassessment.

KEYWORDS: Monarch, Endurance, Pioneer, Alluvial Deposits, Cassiterite, Rutile, Ilmenite, Zircon, Monazite, Sapphire