

VAN DIEMAN MINES PTY LTD

RL 1 / 2002 - RINGAROOMA RIVER

ANNUAL REPORT
PERIOD ENDING 30TH JUNE 2004

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DATE PREPARED:

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EXECUTIVE SUMMARY

During the year Mineral Holdings Australia Pty Limited (MHAPL) entered into an "Option to Purchase" agreement with Van Dieman Mines Pty Ltd (VDM). Apart from field inspections undertaken to determine possible drill site locations in the northern sections of the tenement and access to those sites, MHAPL undertook minimal other work.

During the same period VDM commenced compilation of the MHAPL data and also acquisition of additional data from the archives of Mineral Resources Tasmania. All available drill data were re-assessed, drill hole locations were digitised and all of hole data transferred to database. Preliminary ore resource statements were prepared and JORC feasibility studies commenced. VDM contracted the services of Terrence Willstead & Associates to review the work and prepare a "Competent Persons Report" to form part of its submission to listing on the "Alternative Investment Market" (AIM) section of the London Stock Exchange. A copy of that Prospectus has been delivered to the MRT Library.

VDM, as part of this work, has determined that the tenement contains a substantial and potentially economically viable tin bearing resource. This forms part of a much larger resource, the Great Northern Plains Resource, which extends to the south and also northwards, offshore into Ringarooma Bay.

VDM will, on exercise of its "Option to Purchase", commence a very detailed assessment including 3D orebody simulation, basement topographic contouring and further feasibility and environmental studies.

VDM is mindful of the obligation to drill one hole in the palaeochannel and will pursue such drill program subject to availability of a specialist alluvial drill rig and grant of access by Mineral Resources Tasmania.

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1.0 INTRODUCTION

During the year VDM commenced compilation of the MHAPL data and also acquisition of additional data from the archives of Mineral Resources Tasmania. All available drill data from previous drilling programmes on the Great Northern Plains were re-assessed, drill hole locations were digitised and all of hole data transferred to database. Preliminary ore resource statements were prepared and JORC feasibility studies commenced. VDM contracted the services of Terrence Willstead & Associates to review those works and prepare a "Competent Persons Report" to form part of its submission to listing on the "Alternative Investment Market" (AIM) section of the London Stock Exchange.

VDM, as part of this work, has determined that the tenement contains a substantial and potentially economically viable tin bearing resource. Specifically, the north westward trending tin bearing resource of the Great Northern Plains that continues into the tenement. The extension contained within RL 1 / 2002 is estimated to contain some 19 million bank cubic metres (bcm) of alluvium containing an average grade of 180 gm / bcm of cassiterite. In addition the tenement also contains a small wedge of tin bearing alluvium comprising part of a massive offshore marine resource, the Ringarooma Bay deposits.

VDM proposes that on exercise of its "Option to Purchase", it will commence a very detailed assessment of the resources within the tenement including 3D orebody simulation, basement topographic contouring and further feasibility and environmental studies.

VDM is mindful of the obligation to drill one hole in the palaeochannel and will pursue such drill program subject to availability of a specialist alluvial drill rig and grant of access by Mineral Resources Tasmania.

2.0 LOCATION AND ACCESS

The centroid of the tenement is located at approximately 5,477,000mN, 577,000mE some 15 km north west of the township of Gladstone and 4 km north-north east of the abandoned township of Boobyalla in north east Tasmania. See Figure 1. Approximately 50% of the tenement lies onshore on the northern edge of the Great Northern Plain, the balance offshore in Ringarooma Bay.

Access is, at this time, difficult. Formed farm tracks provide access from the Cape Portland Road through Rushy Lagoon and Red Hill Holdings to the vicinity of Bowlers Lagoon. Locally around Bowlers Lagoon access is difficult, swampy ground and high wind blown dunes make vehicular access near impossible.

3.0 EXPENDITURE STATEMENT

Expenditure for the past twelve monthly period as provided by MHAPL to the Department of Mineral Resources was quoted as being \$12,460.00. This expenditure was for the most part work undertaken under the "Option to Purchase" arrangement by Van Dieman Mines Pty Ltd.

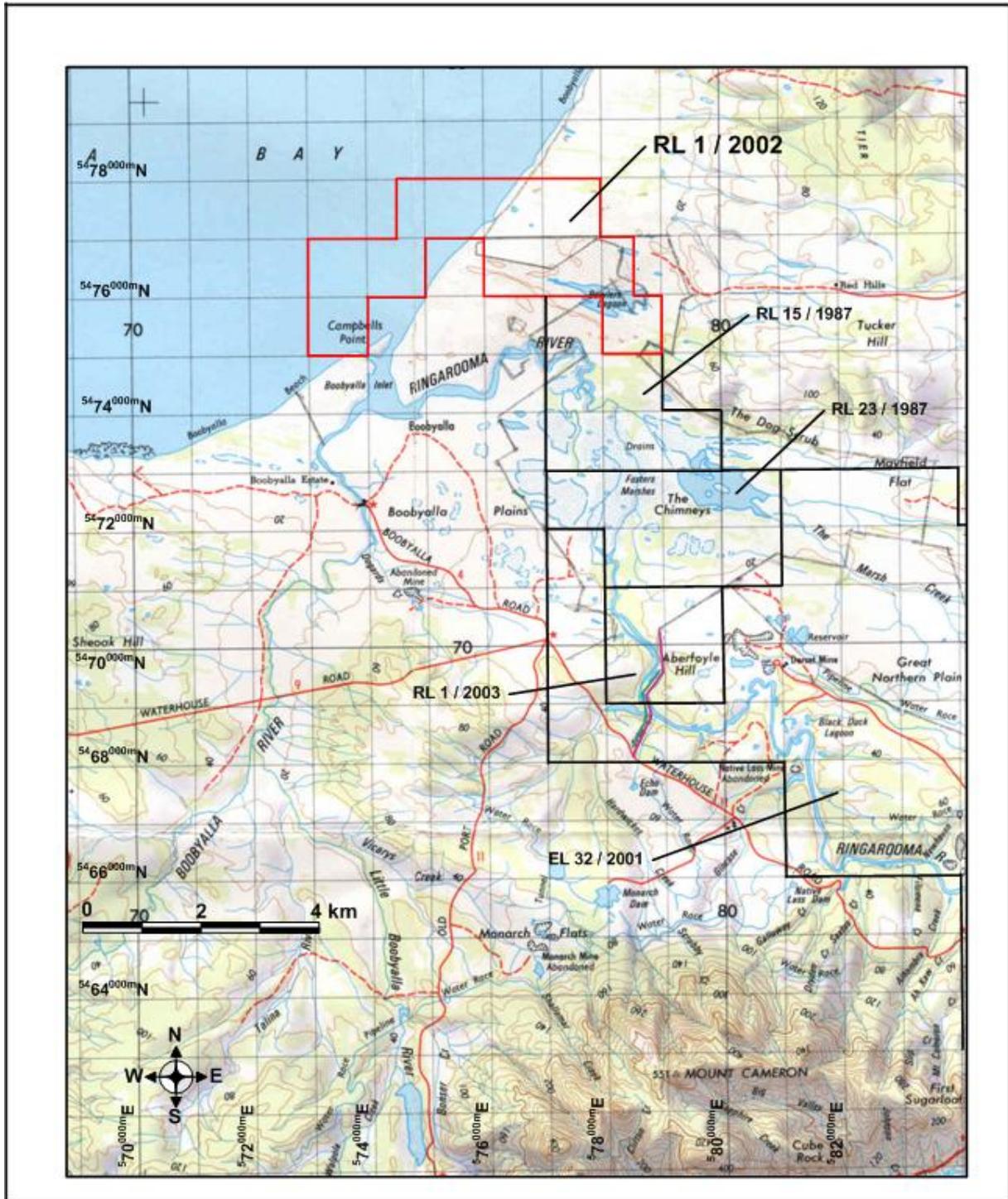


FIGURE 1 - LOCATION PLAN, RL 1 / 2002

4.0 HISTORICAL BACKGROUND

There has been no mining activity conducted on this section of the Great Northern Plain, the nearest workings are located along the northern bank of the Ringarooma River approximately 8 to 9 km south of the tenement.

During the period 1930 to 1982 a number of companies conducted exploratory drilling programs across the Great Northern Plains, they include:

- 1930: Austral Malay Tin - scout drilling;
- 1930 / 40's: Delta Tin Mines - 33 holes for 591 metres in the Delta and Fosters marshes areas;
- 1956-58: Dorset Tin Dredging - 37 holes for 575 metres using a 400 mm bulk rig. The first major resource derived at 45 M m³ at 55 gm/m³;
- 1958: Rio Tinto Australia Exploration - located the Scoloch Lead;
- 1966: Utah Development - 100 auger and 27 churn drill holes mostly regional;
- 1966: Tasmanian Offshore Exploration - conducted regional bathymetric surveys, marine seismic surveys and a drill sampling program comprising some 138 holes in the ocean bottom sediments.
- 1967: Tasmanian Mines Department - a program of holes around the Chimneys area located the Braithwaite's deposits;
- 1972: WANEX - 124 holes for 1,244 metres around McGregor's Mine;
- 1978: Preussag - drilled 23 reverse circulation holes for 470 metres, several holes in areas immediately adjoining the tenement; and
- 1981 - 82: Hellyer Mining - completed 155 churn drill holes for 3,263 metres and 8 Calweld drill holes for bulk samples. Of those holes some 23 holes were drilled within the northern section of RL 15/1987 immediately adjoining RL 1/2002..

Of those programs Ocean Resources drilled three holes offshore within the area now encompassed by the tenement and Hellyer / Santos (1981 - 82) and Preussag (1978) drilled holes within the area immediately adjoining RL 1 / 2002. See Figure 4. Those holes lie at the northern end of the Great Northern Plains marine embayment and within the resource defined in that feature by VDM. The offshore work conducted in 1966 established that the marine embayment of the Great Northern Plain extended offshore for some 15 km, a distinct channel was located and a resource of some 190 to 200 M m³ delineated.

5.0 GEOLOGY

MHAPL has, over recent years, been developing new detail in relation to the general regional geological setting of the Great Northern Plains region. This work recognises the development, during the Tertiary period, of a major marine embayment that now hosts the marine tin bearing deposits.

5.1 REGIONAL SETTING

It is not proposed to provide a detailed description of the older geological units, a brief outline of the nature of each major unit is provided, in tabulated form. Table 1 and a geological map as Figure 2.

The tabulation sets out the significance of each unit. It is the Tertiary units, in particular the basal sections, that are of economic significance as they contain the heavy mineral concentrations; cassiterite, tantalite, gold and sapphire being the most economically important.

The Tertiary marine embayment is a significant local feature and appears to have hosted a number of regressive and transgressive phases during that period. The presence of the embayment is supported by drill data (Great Northern Plains drilling (See Figure 4), by previous gravity geophysical surveys conducted by Shell Exploration in 1981 and by aeromagnetic data (See Figure 3). It is most likely that the tenement encompasses only areas of marine sedimentation. The presence of a possible tributary feeder channel, the Scoloch Lead in the south eastern corner of the tenement may have resulted in some terrestrial influence in that zone.

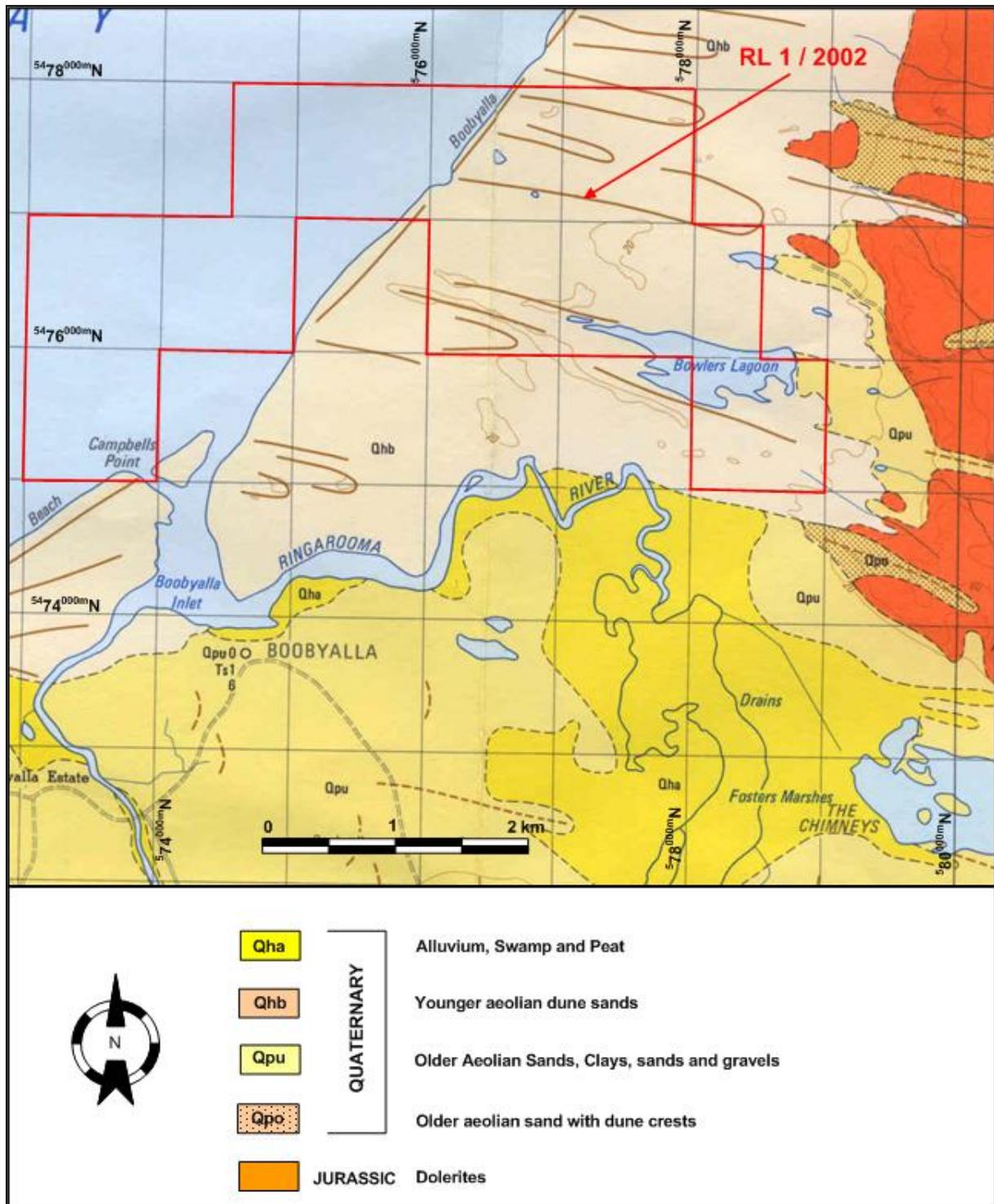


FIGURE 2 - REGIONAL GEOLOGICAL MAP

| TABLE 1 REGIONAL GEOLOGICAL SETTING MAJOR GEOLOGICAL UNITS | | | | |
|--|---------------------|---|---|--|
| AGE | UNIT | DESCRIPTION | SIGNIFICANCE | |
| DEVONIAN - CARBONIFEROUS | Blue Tier Batholith | Porphyritic fine to coarse grained granite / adamellite and biotite-hornblende granodiorite | Forms the tin rich Mt Cameron Massif to the south of Aberfoyle and basement around the southern edge of the Tertiary marine embayment. Locally may be a source of tin. | |
| JURASSIC | Dolerite | Dolerite | Forms a resistant basement outcrop and is the bounding feature of the eastern edge of the Tertiary marine embayment. Sporadic outcrops may occur resting on granite basement along the southern edge of the embayment | |
| ORDOVICIAN TO DEVONIAN | Mathinna Beds | Quartzwacke turbidite sequence locally hornfelsed adjacent to granite bodies | Forms basement in parts of the Aberfoyle area and its low weathering resistance may lead to the development of tin rich Tertiary channels cut into this unit. | |
| TERTIARY | Unnamed | Sands, clays and gravels, locally bouldery. Lignite zones at some localities. Some evidence of ferricrete and silcrete development. | Basal layers are generally tin (cassiterite) enriched, locally of economic significance. Also known to contain gold, sapphire, rutile, zircon and ilmenite. | |
| QUATERNARY | Unnamed | Highly variable; sands, clays, peats, Aeolian dune deposits, swamp and marsh deposits. | Locally represent overburden zones over Tertiary tin bearing alluvial deposits | |

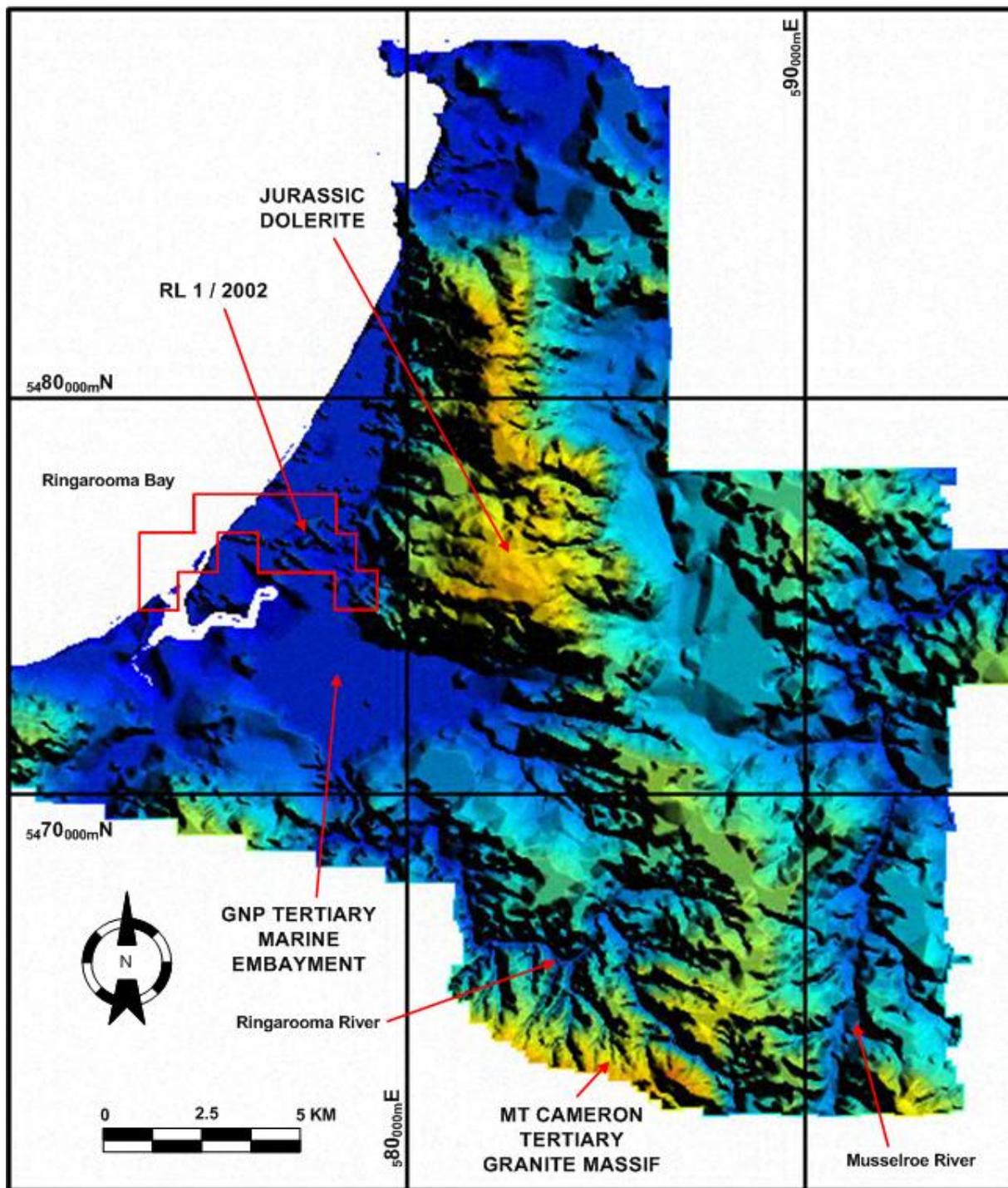


FIGURE 3 - REGIONAL GEOPHYSICAL MAP

The sediment pile consists of surface soils, peaty swamp deposits and thick clay horizons overlying and grading downwards into sands, grits and pebble and cobble beds. More coarse basal horizons are expected to be developed along the eastern edge of the embayment where prevailing winds and seas have caused more rapid erosion of the Jurassic dolerite. There is some evidence of marine reworking within the sedimentary profile, multiple layering of tin bearing horizons occurring as lens like deposits at several locations.

The current shoreline at Ringarooma Bay hosts major aeolian and marine sand beds, their deposition caused by dominant westerly winds. It is most likely that a similar climatic environment existed during the Tertiary with sand build-up at Aberfoyle, deep inside the embayment being driven by both tidal and climatic factors and also by alternating periods of transgression and regression.

5.2 MINERALOGY

The alluvial marine deposits contain a significant suite of heavy minerals, these are for the most part concentrated in the basal layers although marine reworking has resulted in the development of some mineralised lensoidal zones above the basal mineralised layer. The heavy mineral suite consists, in relative order of abundance the following:

- a. Cassiterite: A granite derived mineral occurring as well rounded amber, brown to black grains rarely exceeding 1 mm in diameter. For the most part this material is derived from the granite massifs of the Blue Tier and Mt Cameron to the south although there may be some locally derived material from granite basement bordering the southern section of the embayment towards Aberfoyle Hill and Delta.

While the bulk of the cassiterite is considered to have been deposited as part of the sediment train of the Ringarooma River some may have been deposited from the Boobyalla drainage system.

- b. Spinel: A basaltic mineral considered to be derived in the main from the Older Tertiary Basalt unit. Occurs as more coarse well rounded, polished grains varying in size up to 2 mm and rarely +5 mm.
- c. Ilmenite: In part derived from granitic and from basaltic units, occurring as well to partly rounded grains usually less than 1 mm in size. A major component of the heavy mineral assemblage and often in grades exceeding those of cassiterite, zircon and rutile.
- d. Zircon: This mineral is derived from three sources, the granitic bodies, the Older and the Younger Tertiary Basalts. The granitic zircon is usually of a finer grain size, rarely exceeding 1 mm in diameter; the basaltic material is more coarse in grain size, often reaching +3mm in diameter

Colour is variable, the granitic zircon is usually colourless to brandy or brown while the basaltic zircon is brighter and usually exhibits reddish undertones. Grades within the sediment pile are variable, grades exceeding those of cassiterite are not uncommon.

- e. Rutile: Is considered to be granite derived, occurring as well rounded and fine grained, rarely are grains to 1 mm in diameter observed. Grades are the same or slightly lower than those for zircon.
- f. Gold: Little is known of gold content. The mineral is recorded from throughout the general Great Northern Plains area and was reported as a regular component of the tin concentrate production from the Dorset Dredge when it worked the fringes of the Plain at the Ringarooma River. Anecdotal evidence suggests grades consistently run at around 0.015 gm / m³ in the basal cassiterite bearing horizons although they may be higher given the difficulty in recovering fine gold during both testing and mining activities. Gold is expected to be very fine but still within the recoverable range.

- g. Tantalite: Tantalite has been recognised as an inclusion in cassiterite grains and also possibly occurs as free discrete grains within the basal heavy mineral rich gravels. Preliminary testing indicates that the tantalite is slightly magnetic, thus is probably Fe rich. Further work is planned to determine the occurrence of Ta in the heavy mineral concentrates.
- h. Sapphire: Sapphire (corundum) is widespread within the sedimentary system. Large +7 mm fragments have been recovered from test pits on the Great Northern Plains and well rounded to angular 1 to 5 mm grains are reported from areas immediately adjoining the tenement to the south. As a rule fragments have a dominant blue hue and are quite gemmy. Work relating to sapphire in the sediment sequence is ongoing.

6.0 ORE RESOURCE:

The ore resource defined within the marine embayment in tenements adjoining RL 1 / 2002 on the Great Northern Plain continues north westward into the RL and thence offshore into Ringarooma Bay. See Figure 4.

The work by Terence Willsteed & Associates for Van Dieman quotes the Great Northern Plain (Fosters) Resource as comprising some 34.1 million bank cubic metres (bcm) containing an average grade of 260.36 gm / bcm of cassiterite. This resource was calculated with its northern cut-off boundary along the southern boundary of RL 1 / 2002. It is estimated that the tenement, from that point to the coastline of Ringarooma Bay, contains a further 19 million bcm at grades of around 180 gm / bcm of cassiterite.

From the shoreline of the Bay the tin bearing resource channel trends north westward into Bass Strait for some 15 km. The resource reported for the whole of the offshore area is 190 million m³ at an average grade of between 150 and 250 gm / m³ of cassiterite. Of that resource only a small near-shore wedge occurs within the RL. That wedge is defined by three drill holes. See Figure 4. At this time no work has been undertaken to better define the offshore resource.

Work aimed at increasing resource reliability is ongoing and will form an integral part of the Van Dieman work program for the 2005 year.

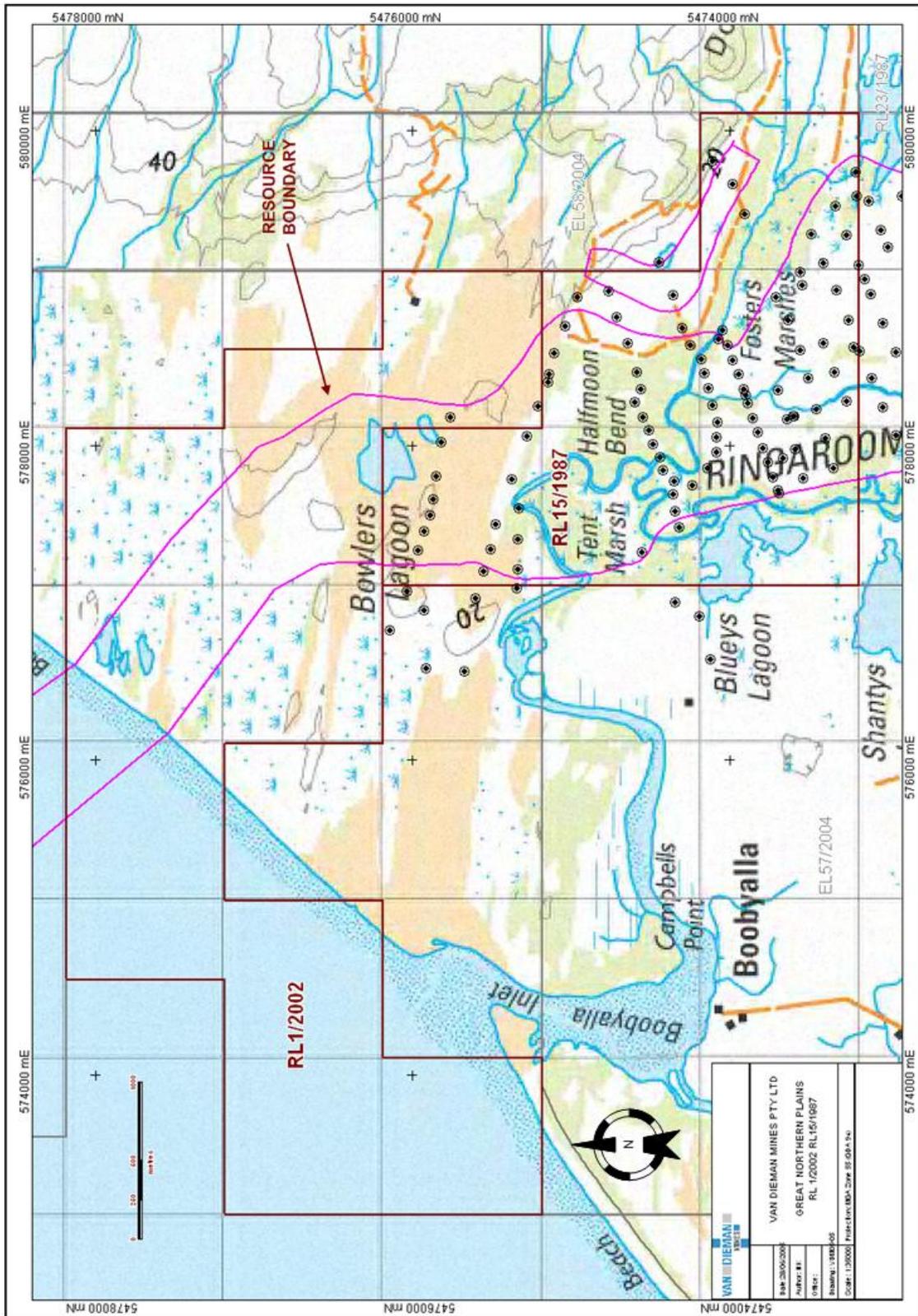


FIGURE 4 - DRILL HOLE LOCATIONS AND RESOURCE OUTLINES

7. CONCLUSIONS:

The onshore section of the tenement is considered to contain a highly prospective extension of the Great Northern Plains tin bearing alluvial resource. Preliminary estimates infer that the extension contains some 19 million bcm at grades of around 180 gm / bcm cassiterite. In addition it is believed that the resource also contains valuable accessory minerals; gold, tantalite, zircon, rutile and possibly sapphire.

In addition to the onshore potential, the offshore section of the tenement is also considered to contain tin bearing deposits both as channel fill material and as near-shore marine reworked wedges.

Exploration during the coming year will be oriented to further delineating and defining these resources.

8. RECOMMENDATIONS:

The work programme recommended for the coming year, 2004 - 2005, subject to exercise of the option by VDM will consist of:

- a. Data compilation - continuing transfer of drilling and associated data to the VDM database;
- b. Construction of 3D models and basement topographic maps;
- c. The works detailed in (a) will be used to site potential drill holes in the palaeochannel north of Bowlers Lagoon;
- d. Conduct further site inspections to determine possible access for the drill rig and associated vehicles;
- e. Drilling of at least one hole in the onshore palaeochannel; and
- f. Reassess offshore data sets including bathymetry and marine seismic and recalculate the offshore marine resources.

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