VAN DIEMAN MINES PTY LTD

RL 3 / 2002 – RINGAROOMA BAY

ANNUAL REPORT
PERIOD ENDING 30th JUNE 2004

PREPARED BY:
Neil R. Kinnane – Executive Director

DATE PREPARED:
15th June 2004

VAN DIEMAN MINES PTY LIMITED
Level 2, HSBC Building,
580 George Street,
SYDNEY, 2000 NSW
Phone: +61 2 9264 0433
Fax: +61 2 9264 0944
Email: info@vandiemanmines.com

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 database work undertaken by VDM minimal other work was undertaken by MHAPL.

During the 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. VDM contracted the services of Terrence Willsteed & Associates to review the tenement 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 "Ringarooma Bay Resource", which extends from onshore on the Great Northern Plains through RL's 1 and 2 / 2002 to the southern boundary of the tenement and into the tenement itself.

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

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF ELECTRONIC FILES

MS WORD FORMAT

RL32002_200406_01_report.doc

ADOBE PDF FORMAT

RL32002_200406_01_report.pdf

1. 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 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, those works are not as yet complete. VDM contracted the services of Terrence Willsteed & 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 offshore into this and adjoining tenements. The resource totalling around 200 M m^3 at grades of between 150 and 250 gm / m^3 of cassiterite is contained within this and three adjoining tenements, MRL-T2, RL's 1 and 2 / 2002.

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 to support JORC Resource classification..

2. LOCATION AND ACCESS

The centroid of the tenement is located at approximately 5,482,000mN, 573,000mE some 22 km north west of the township of Gladstone and 8.0 km north of the mouth of rhe Ringarooma River in north east Tasmania. See Figure 1. The tenement lies offshore of the Great Northern Plain in the middle section of Ringarooma Bay.

3. EXPENDITURE STATEMENT

Expenditure for the past twelve monthly period as provided by MHAPL to the Department of Mineral Resources was quoted as being $1,910.00. This expenditure was for the most part work undertaken under the “Option to Purchase” arrangement by Van Dieman Mines Pty Ltd.

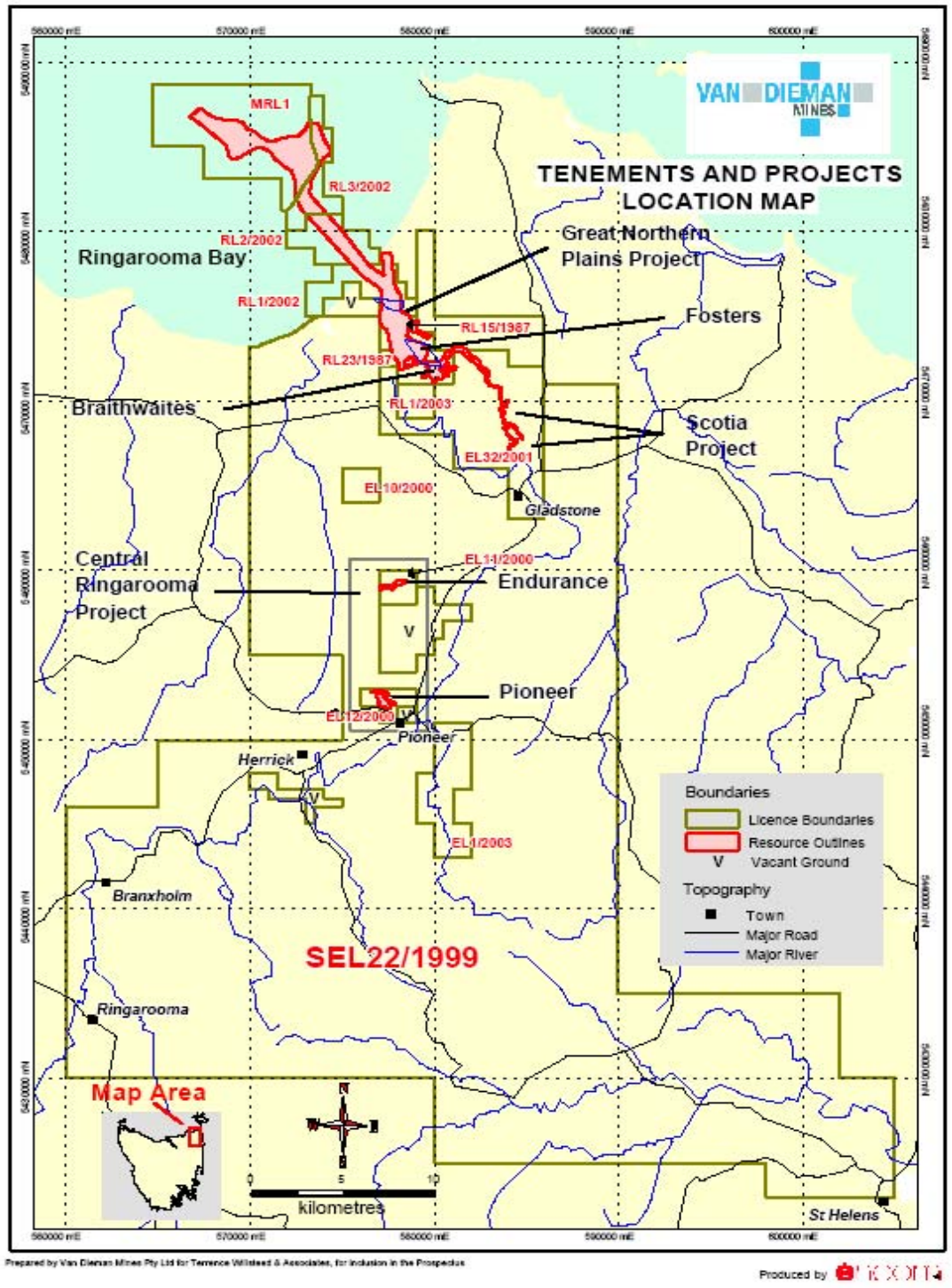

FIGURE 1 - LOCATION PLAN, RL 3 / 2002

4. HISTORICAL BACKGROUND

There has been no mining and limited exploration activity conducted within this tenement.

During the period 1966 to 1969 Tasmanian Offshore Exploration (Ocean Resources AG) conducted bathymetric and marine seismic surveys in Ringarooma Bay and subsequently conducted a drill sampling program comprising some 138 holes in the ocean bottom sediments.

This work established that the large onshore alluvial cassiterite bearing deposits of the Great Northern Plain extend offshore into the marine environment. A distinct cassiterite bearing channel was delineated and a resource of some 190 to 200 M m^3 defined. Grades were difficult to assess as many holes failed to intersect basement and finished in sediments short of basement, with tin grades increasing downwards. Grades of between 150 and 250 gm / m^3 were postulated. In addition to channel deposits the survey identified areas of increased cassiterite concentration developed as a result of marine reworking.

During the late 1990's Mineral Holdings Australia Pty Limited (MHAPL) carried out further bottom sampling in the Bay and established that the palaeo-lead is in fact exposed in several areas of the Bay and is recognisable as a sequence of distinctive iron rich, pebbly and cobbly horizons.

A Pre-Feasibility review of these and the onshore deposits was undertaken for MHAPL in 1995 by Macarthur, that review was revised by MHAPL in 2001.

5. GEOLOGY

MHAPL has, over recent years, been developing new detail in relation to the general regional geological setting of the Great Northern Plains and offshore marine deposits. 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 regional geology here as this, apart from depositional characteristics controlled by palaeo topography, has little direct influence on the geological nature of the deposits. Older geological units briefly outlined in tabulated form appearing in the following text as Table 1.

The onshore deposits, hosted within a Tertiary marine embayment, while apparently intimately related to the offshore deposits may in fact be younger and deposited as a result of a period of marine transgression into a flooded ancient river valley. The presence of the embayment is supported by drill data (Great Northern Plains drilling (See Figure 3), by previous gravity geophysical surveys conducted by Shell Exploration in 1981 and by aeromagnetic data (See Figure 2). Marine reworking of the older alluvial sediments is thought to have created the broad Great Northern Plains deposits. The offshore channel delineated in this tenement has been confirmed by marine seismic and drilling activity.

The seabed slopes relatively steeply from the shoreline of the Bay to around 15 metre depths near-shore and then flattens. Within RL 3 / 2002 the channel still appears well defined however to the west the deposit consists of a series of plateaus at water depths of around 25 to 30 metres. To the far west of the tenement depths again increase to in excess of 35 metres. The tenement contains only one distinctive heavy mineral bearing deposit, specifically the main channel interpreted by Macarthur and others as being the palaeo-channel of the Ringarooma River.

The sedimentary sequence consists of coarse sands, grits, pebbly sands, gravels and cobble horizons. The sediments coarsen downward and drill results indicate this increase in grain size is accompanied by increased heavy mineral contents. Heavy minerals are not restricted to the main and well defined channel.

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 know 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

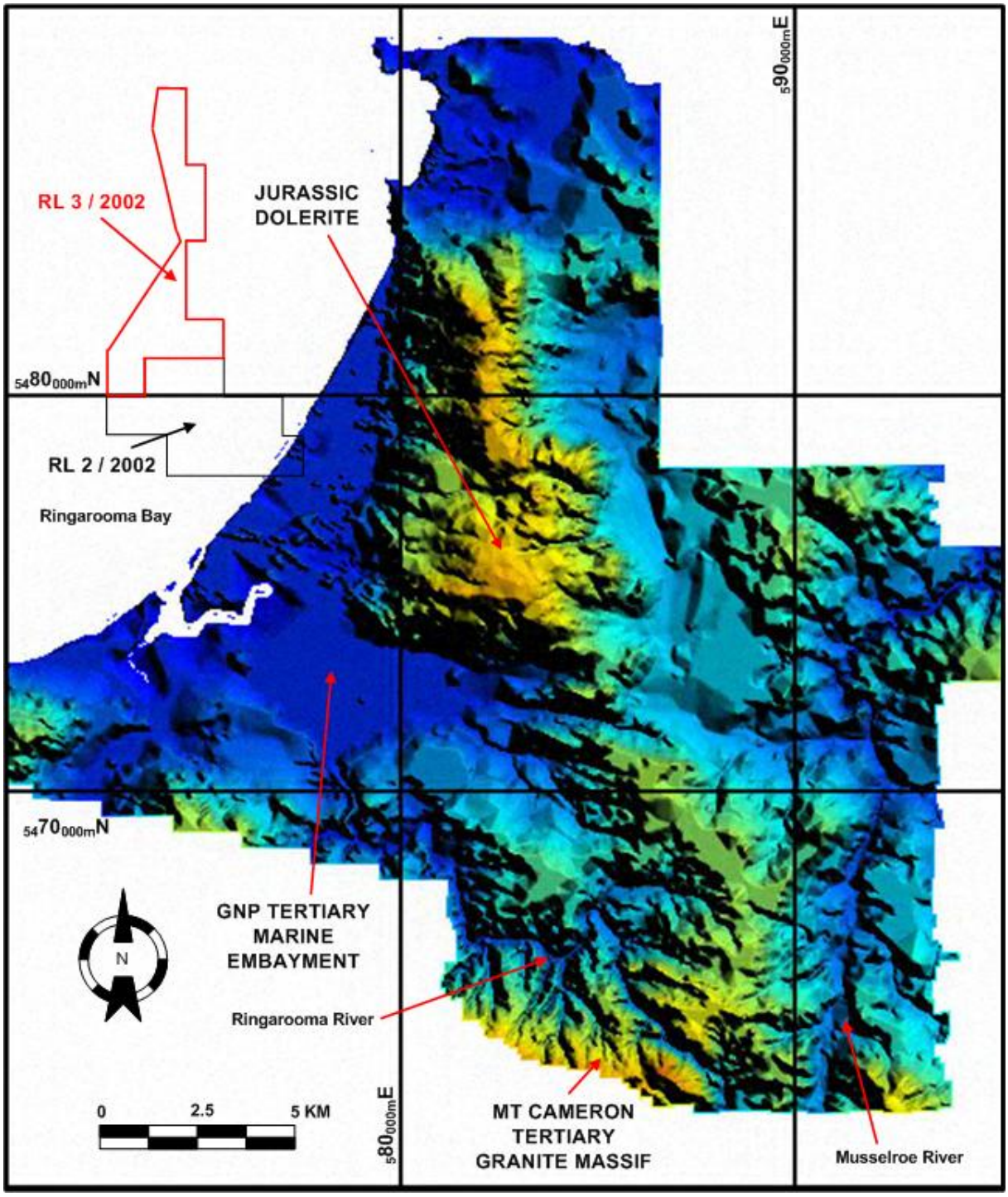

FIGURE 2 - REGIONAL GEOPHYSICAL MAP

6. ORE RESOURCE:

The ore resource defined within the palaeo-channel in the adjoining tenements, RL 1 and 2 / 2002 continues northward into RL 3 / 2002 and then west into MRL T2. See Figure 3.

From the shoreline of the Bay the tin bearing channel trends north westward into Bass Strait for some 15 km. The resource reported for the whole of the offshore area is 190 to 200 million m^3 at an average grade of between 150 and 250 gm / m^3 of cassiterite. See Figure 3. At this time no work has been undertaken to better define the offshore resource and thus the resource has not been dissected into individual segments for each licence.

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

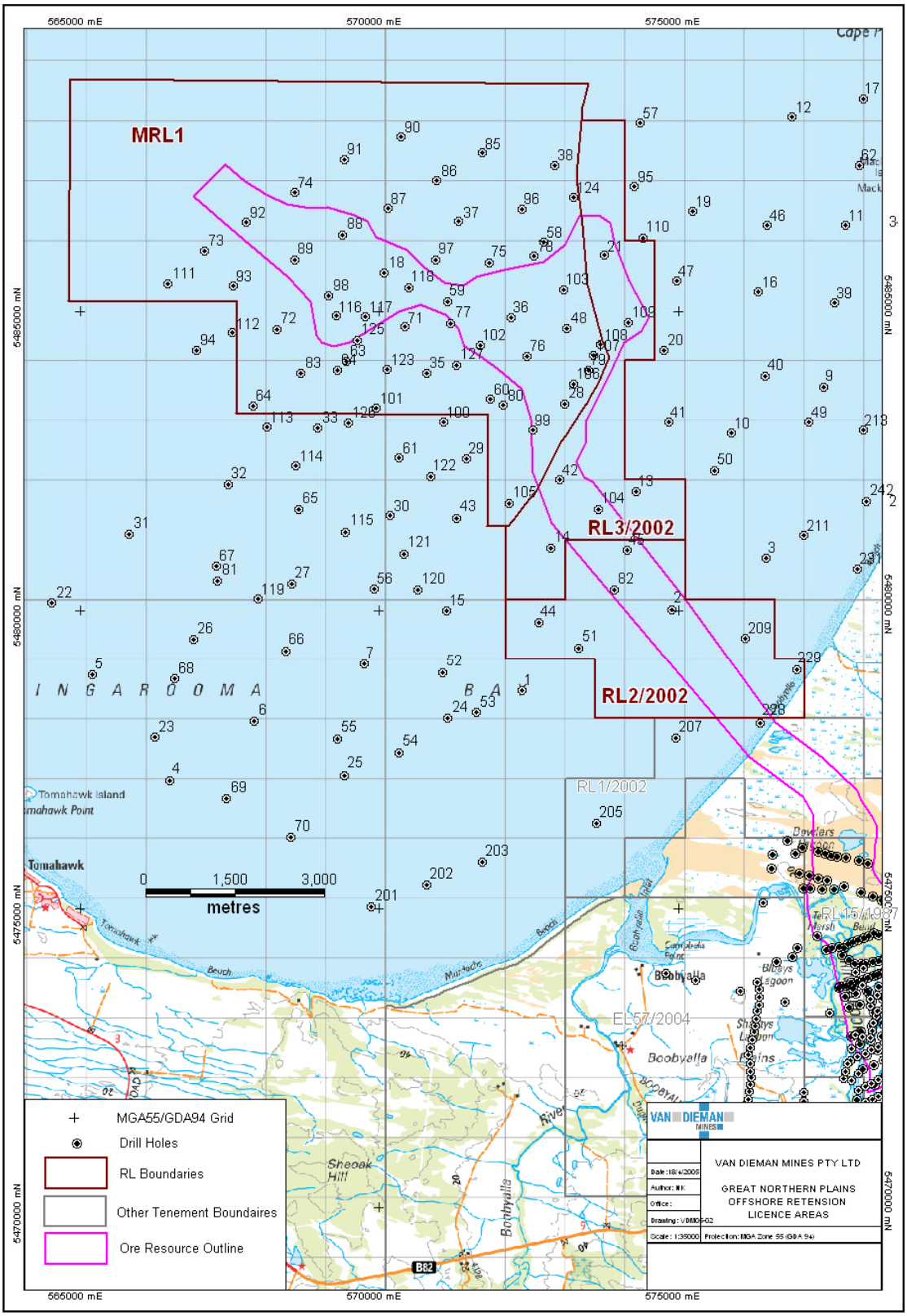

FIGURE 3 - DRILL HOLE LOCATIONS AND RESOURCE OUTLINES

7. CONCLUSIONS:

The offshore section of the tenement is considered to contain tin bearing resource of in the order of 200 M m^3 of alluvium containing between 150 and 250 gm / m^3 of cassiterite. The resource comprises channel fill material and possibly plateau top wave action reworked thin sediment veneers.

Work during the coming year will be oriented to further delineating and defining these resources and reviewing possible dredging feasibility studies.

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 palaeo-channel in the offshore sections of the resource.

d. Re-assess offshore data sets including bathymetry and marine seismic and recalculate the offshore marine resources.

9. BIBLIOGRAPHY:

BERKMAN. D.A. (Ed) 2001.

Field Geologist Manual

The Aus IMM, Monograph No. 9, Fourth Edition.

BRAITHWAITE. J. B. 1976

Great Northern Plain, A Possible Dredging Area.

Mineral Resources Tasmania, File TR20_62_76

LEE. S. D., 1983

Geological Summary Report, Great Northern Plain, EL 19 / 77, CML 42M / 76 & ELA 17 / 82.

Santos Limited, Unpublished.

MACARTHUR. N. A. & MASON. A. J. 2000

Pre Feasibility Review, Ringarooma Alluvial Tin, sapphire and Mineral sand Project. 25th September 2000.

Mineral Holdings Australia Pty Limited, Unpublished.

HELLYER MINING & EXPLORATION

a. (Extract). 1982

Quarterly Progress Report to Oct. 1982.

Great Northern Plain, CML 42M / 76.

b. Drilling Records, Great Northern Plain. 1983.

c. Analytical Results, 1981

TASMANIA OFFSHORE EXPLORATION, 1969.

Joint Venture Summary, Ringarooma Bay, Tasmania.

Ocean Mining AG

WONG. Y. F., 1979

Ringarooma Joint Venture, North-East Tasmania. Scout Drilling Report. Preussag Australia Pty Ltd. Unpublished.

ZEPHYR MINERALS NL. 1995

Compilation File of Data Relating to the Great Northern Plains.

10. APPENDICES:

10.1 OFFSHORE DRILL HOLE DATA SHEET:

HOLE NUMBER	WATER DEPTH m	INTERVAL DRILLED m	BASEMENT DEPTH BELOW MSL in m	GRADE gm/T Sn	SG T/ m^3	GRADE gm/m^3 Sn	GRADE gm/m^3 SnO_2
13	26.82	3.35	28.34	5.50	1.6	8.80	**12.58**
14	24.99	2.44	27.12	1.43	1.6	2.28	**3.27**
21	30.78	10.97	36.57	43.65	1.6	69.85	**99.89**
32	33.22	3.05	35.96	10.0	1.6	16.60	**23.74**
57	34.14	6.10	38.10	18.61	1.6	29.78	**42.59**
95	33.53	9.75	43.28	17.59	1.6	28.15	**40.25**
104	30.48	5.94	36.27	38.37	1.6	61.39	**87.79**
108	35.05	3.05	No Depth	?	1.6		
110	33.83	4.88	No Depth	?	1.6		