VAN DIEMAN MINES PTY LTD

COMBINED ANNUAL REPORTS

RL 1 / 2002 - RINGAROOMA RIVER

RL 2 / 2002 – BOOBYALLA BEACH

AND

RL 3 / 2002 – RINGAROOMA BAY

ANNUAL REPORT
PERIOD ENDING 20th JUNE 2007

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DATE PREPARED:
20th June 2007

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EXECUTIVE SUMMARY

During the period Van Dieman Mines (VDM) completed a reassessment of all available drill data. Drill hole locations and all of the available drill hole data were rechecked and necessary alterations made to the GIS database.

Problems with the accurate location of elevation datum's, has, for the most part, been overcome and datum information currently in use is considered accurate. This has enabled VDM to significantly update basement information and make a number of significant alterations to resource outlines. By association these works will result in amended resource statements.

The regional airborne magnetic and radiometric surveys have been completed and the company is now waiting for release of that data. When available the airborne information will be correlated to palaeo-basement information. Results of that assessment may alter the drilling proposal contained in the previous report.

VDM has located a drill rig suitable for the proposed palaeo-channel drilling program and has utilised the machine in drilling geotechnical holes at the Scotia Mine Site. Both rotary percussion and auger techniques, used at Scotia with some success are still being assessed.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

1.0 INTRODUCTION

During the year VDM completed another re-assessment of all available drill data from previous drilling programmes; drill hole locations were corrected and all of the hole data checked and corrected as necessary. The company is now confident it has overcome the problems of inaccuracy of old location data, in particular the "Z" coordinate information which now correlates to the AHD format. Appendix 9.1 lists the drill hole locations.

Replotting of onshore drill holes and thus the resource boundaries, resulted in significant changes in the basement topographic map particularly in the on and near shore sections of the tenements. Specifically, the northward trending tin bearing resource of the Great Northern Plains appears to split into two channels around a basement high located just south of RL 1/2002. That double channel continues into RL 1/2002 where it recombines to form part of the major offshore resource body.

The company has also entered much of the offshore drilling data into the GIS database and as a result is able to provide a preliminary rendition of the basement topography running northward from the marine embayment of the Great Northern Plain into offshore Ringarooma Bay.

The "NETas" regional air geophysical survey was completed in March 2007, preliminary results are to hand for that section of the survey contracted by VDM. Results indicate some possible correlation between magnetics and the tin bearing resource areas. Ongoing work programs will depend on the possible correlation of those data to basement topographic mapping and resource boundary locations.

2.0 LOCATION AND ACCESS

The centroid of the tenement is located at approximately 5,479,000mN, 575,000mE some 17.5 km north west of the township of Gladstone and 4.5 km north of the mouth of the Ringarooma River in north east Tasmania. See Figure 1. The tenement lies offshore of the Great Northern Plain.

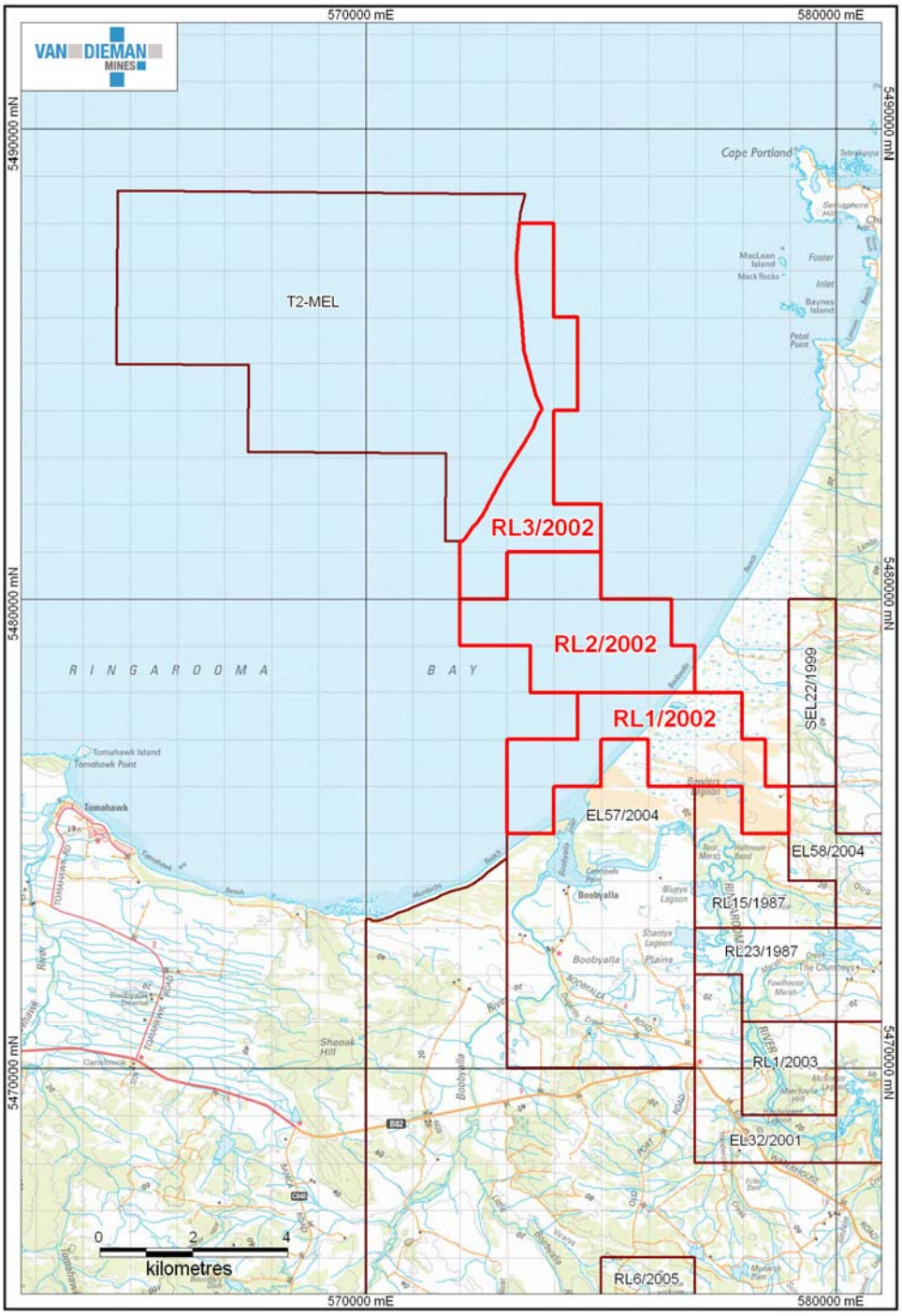

Figure 1 - Tenement Location Map (on 100K topography)

VDMmap0608-012

FIGURE 1 - LOCATION PLAN, RL's 1, 2 & 3 / 2002

3.0 HISTORICAL BACKGROUND

There has been no mining and only 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, Figure 8. 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.

4.0 GEOLOGY

VDM has extended the previous work conducted by MHAPL and now has the bulk of the available historical data into its own GIS database. This work recognises and confirms the previous regional geologic interpretation that saw 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. A geological map, Figure 2, is provided to illustrate to onshore geology immediately south of the tenement area.

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. Recent air magnetic and radiometric data may change this interpretation. 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 to a series of plateaus at water depths of around 25 to 30 metres. To the north west of the tenement depths again increase to in excess of 35 metres, Figure 8. The tenement contains two distinctive heavy mineral bearing deposits, specifically:

AREA 1: The main channel interpreted by Macarthur and others as being the palaeo-channel of the Ringarooma River; and

AREA 2: A near-shore sediment wedge developed by a combination of marine reworking influences including wave, tidal and longshore current action.

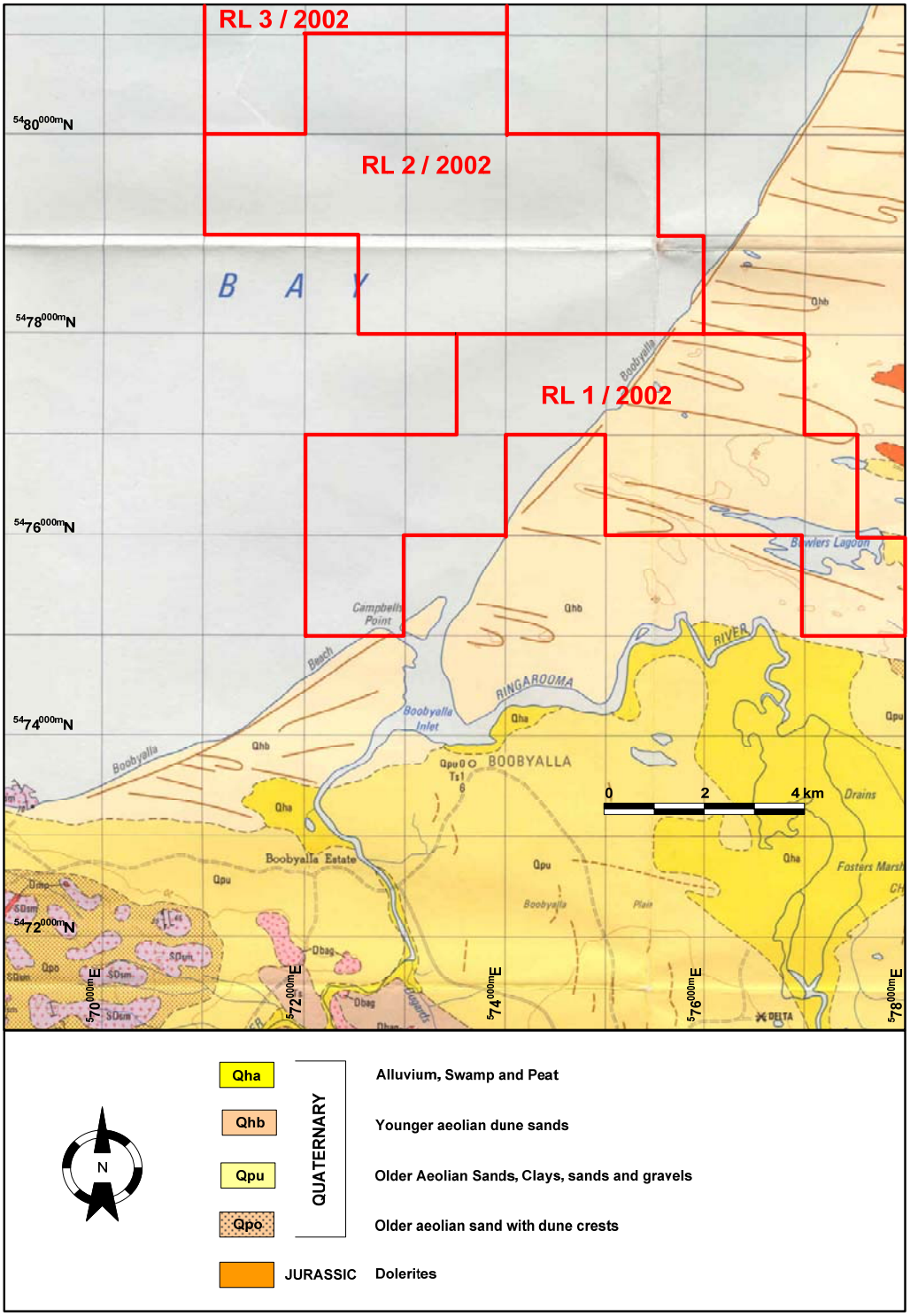

FIGURE 2 - REGIONAL GEOLOGICAL MAP

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 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

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.

5.2 RECENT EXPLORATION:

Recent additions to the company's GIS database have resulted in changes in interpretation of basement topography and thus resource boundaries. Figure 3 is the 3D basement topographic map produced by VDM in 2004. Changes to basic data by way of additional drill hole information and more accurate positioning of historical hole locations have resulted in the production of a new basement maps, Figures 4, 5 and 6 and drill hole and resource locations, Figure 8.

Of particular interest is the apparent basement high located just south of the boundary of RL1/2002. This feature appears to cause a split in the embayment, the multiple channels continue northwards into the RL where they recombine before progressing into the marine section of the tenement. The definition of this feature can only be achieved by drilling across the multiple channels. This is now being reviewed along with conduct of seismic geophysical surveys.

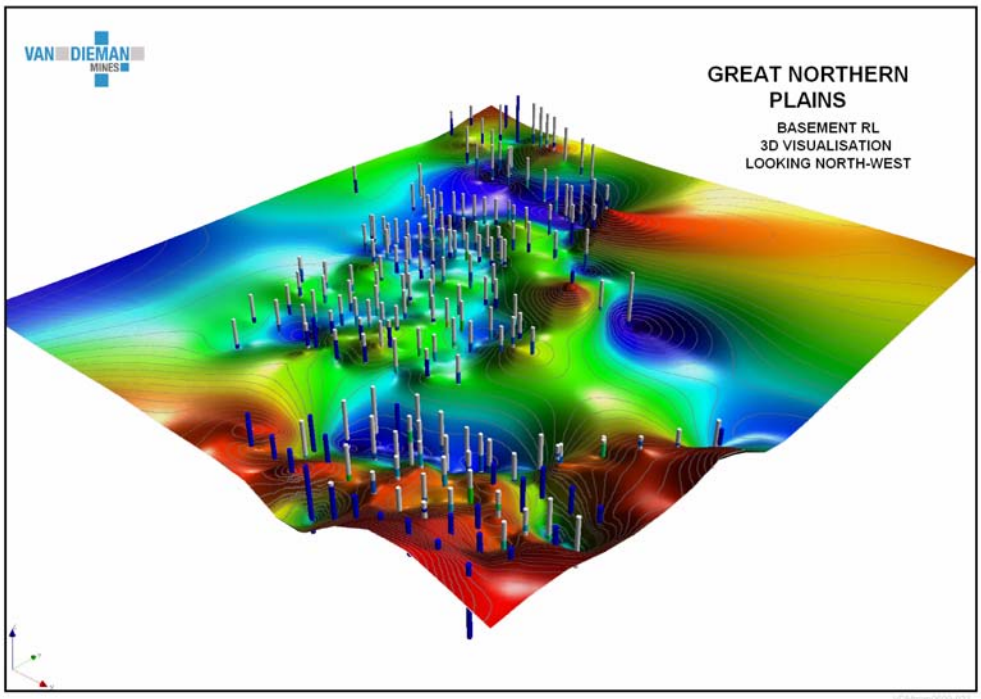

FIGURE 3 - 3D VISUALISATION OF BASEMENT TOPOGRAPHY (GREAT NORTHERN PLAINS ONSHORE)

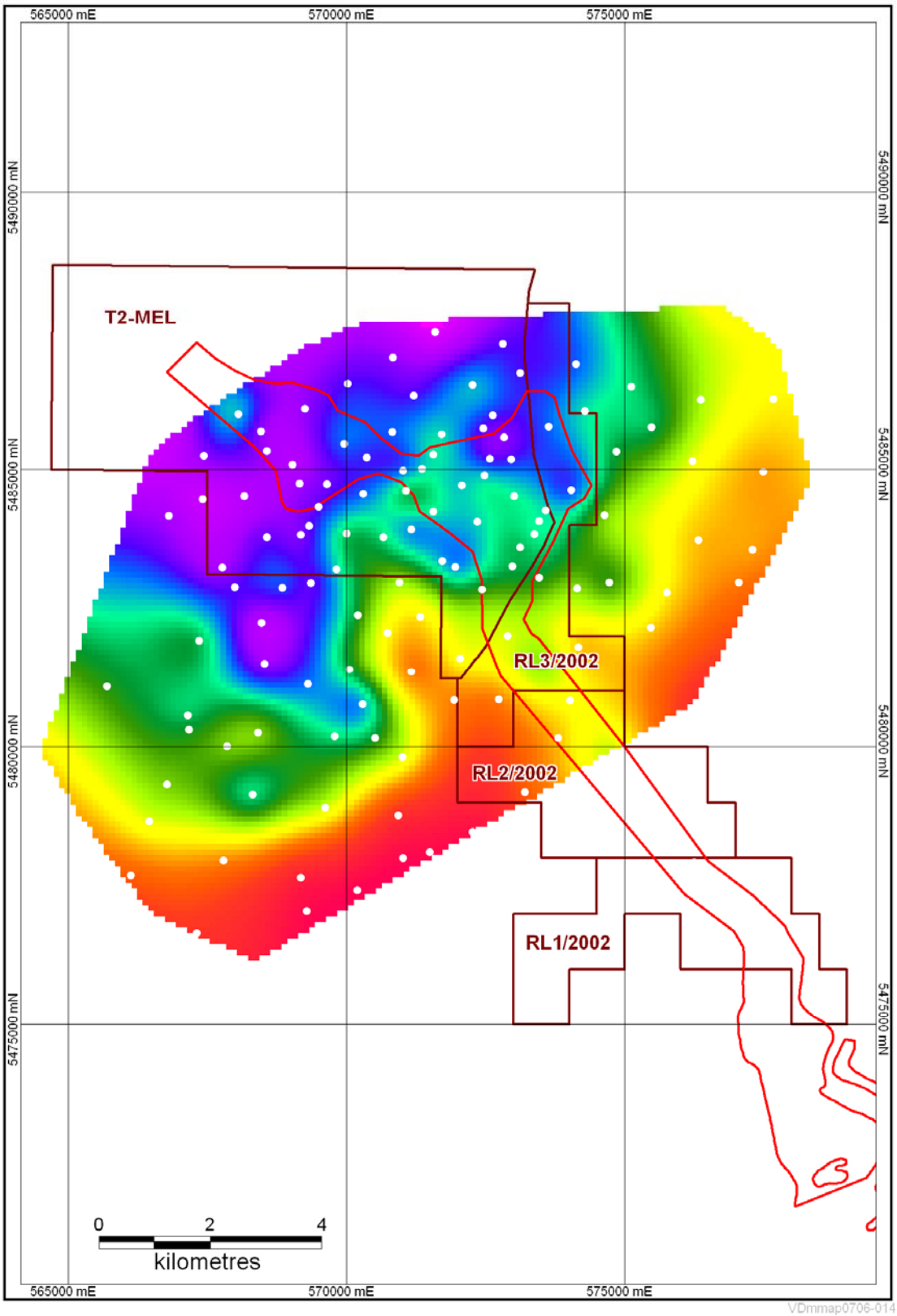

FIGURE 4 - BASEMENT TOPOGRAPHIC MAP
(WITH DRILL HOLE LOCATIONS)

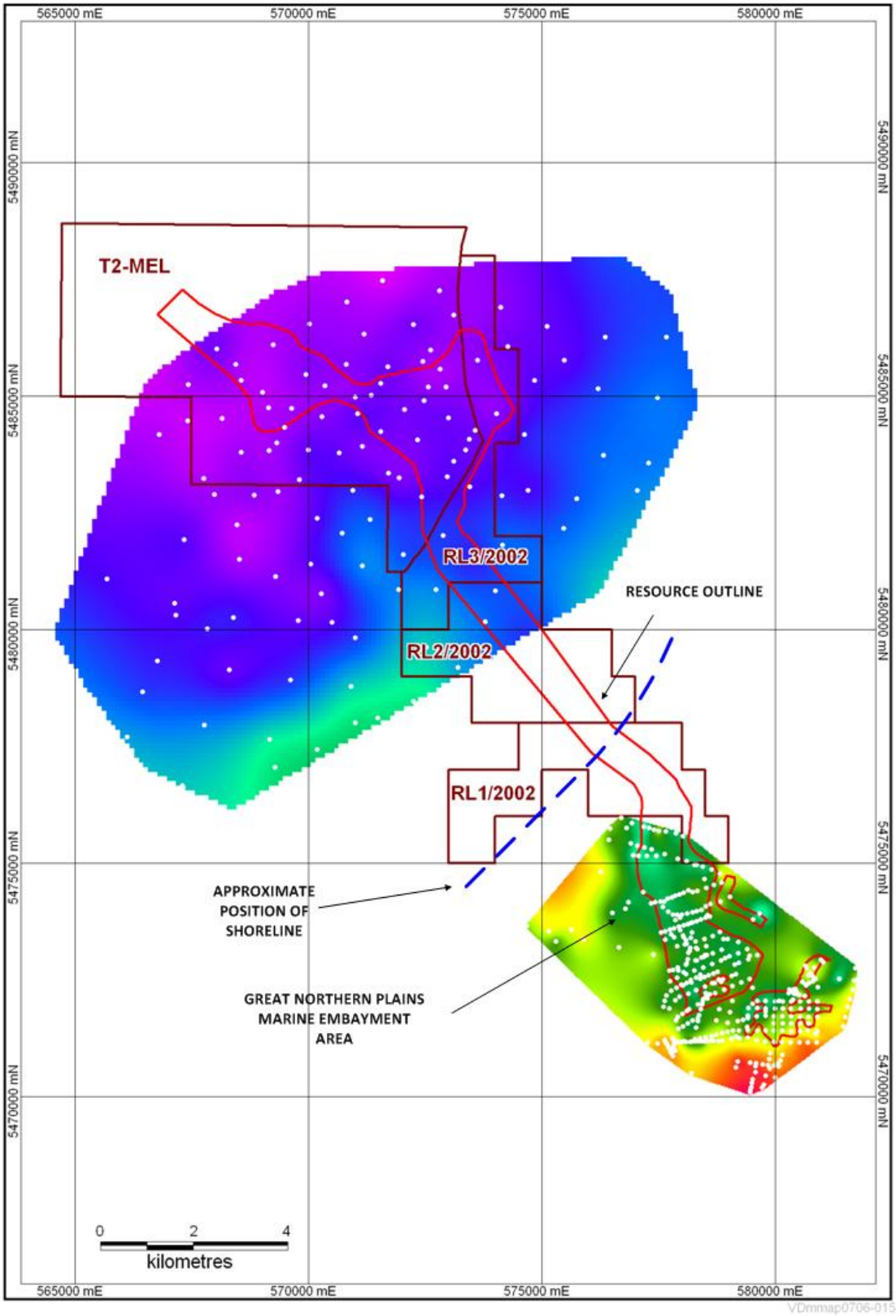

FIGURE 5 - BASEMENT TOPOGRAPHIC MAP
INCLUDING ONSHORE GREAT NORTHERN PLAIN)

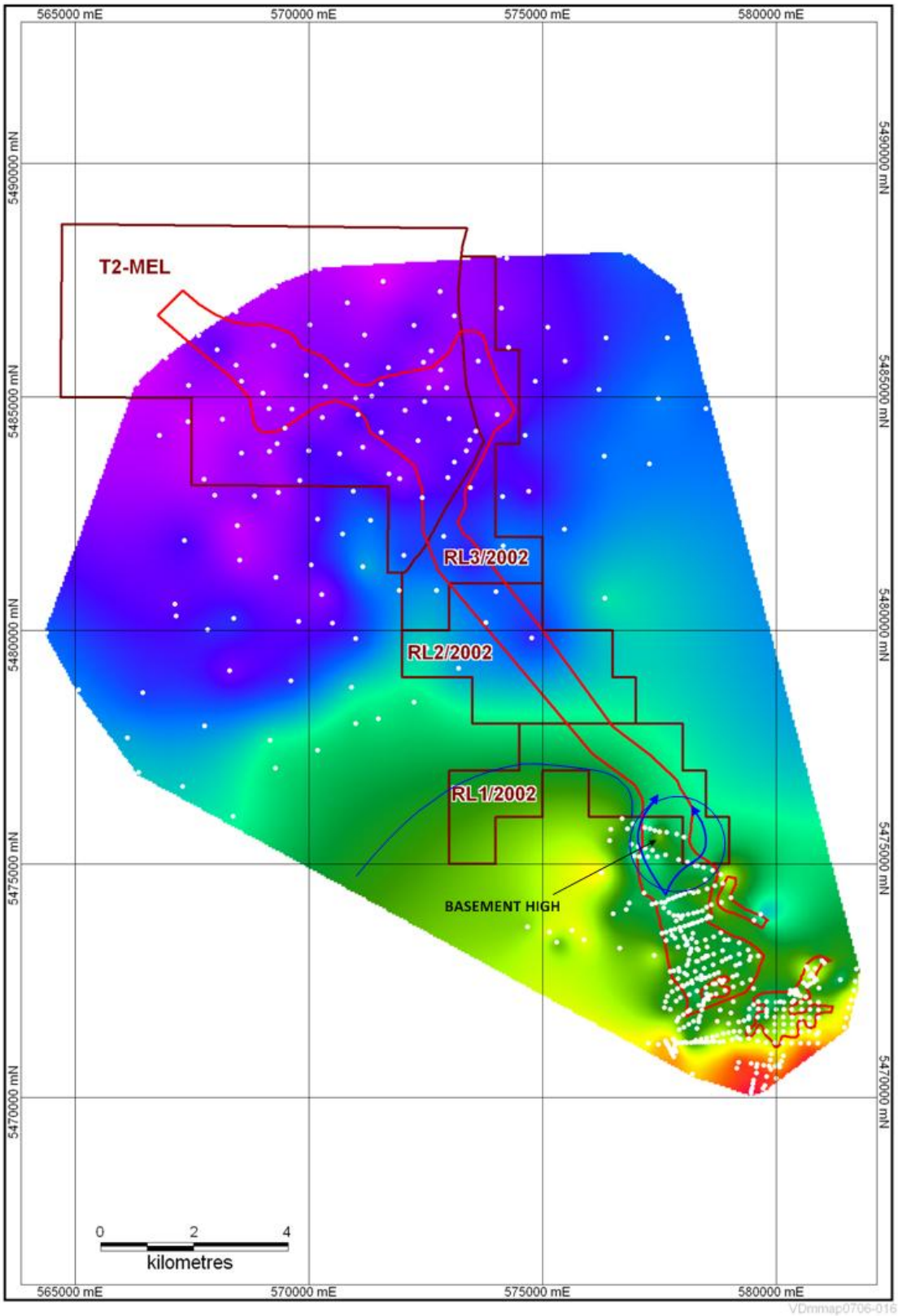

FIGURE 6 - BASEMENT TOPOGRAPHIC MAP
(INCLUDING COASTAL STRIP AND NEARSHORE AREAS)

The basement topographic rendition appearing in Figure 6 lacks definition in the near shore and coastal onshore sections due to the widespread nature of the drill data. There is some evidence to suggest that the boundary between the light green and green-yellow zones may represent the Tertiary palaeo-shoreline. The channel becomes very indistinct near the boundaries of T2-MEL and RL 3/2002 where it appears to descend into deeper water.

Ongoing work may enable the various Tertiary shore lines to be located. Comparison of the three basement plots certainly gives the impression that shorelines are visible. At least three possible positions appear likely and these probably represent establishment of shorelines during marine transgressive and regressive phases.

Preliminary results are to hand from the airborne magnetic and radiometric survey flown in March 2007. The plot of results of air magnetics appears here as Figure 7.

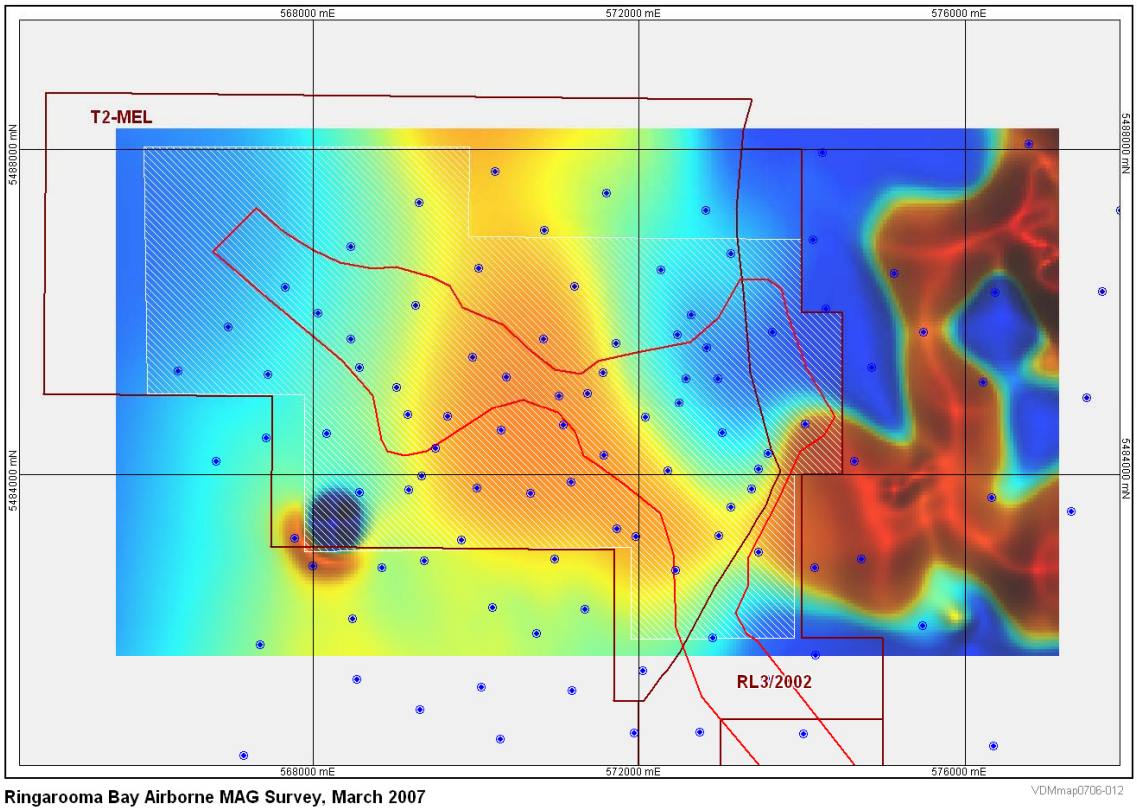

FIGURE 7 - AIR MAGNETIC SURVEY RINGAROOMA BAY

Within RL 3/2002 there appears to be some correlation between the eastern edge of the resource boundary and a magnetic high but little correlation elsewhere between magnetics and the resource. Results will be interpreted when the full survey becomes available.

5.0 PROPOSED EXPLORATION PROGRAM:

The ore resource defined within the palaeo-channel extends offshore from RL 1 / 2002 at Boobyalla Beach into RL 2 / 2002 and thence further offshore into RL 3 / 2002 and MRL T2. See Figure 7.

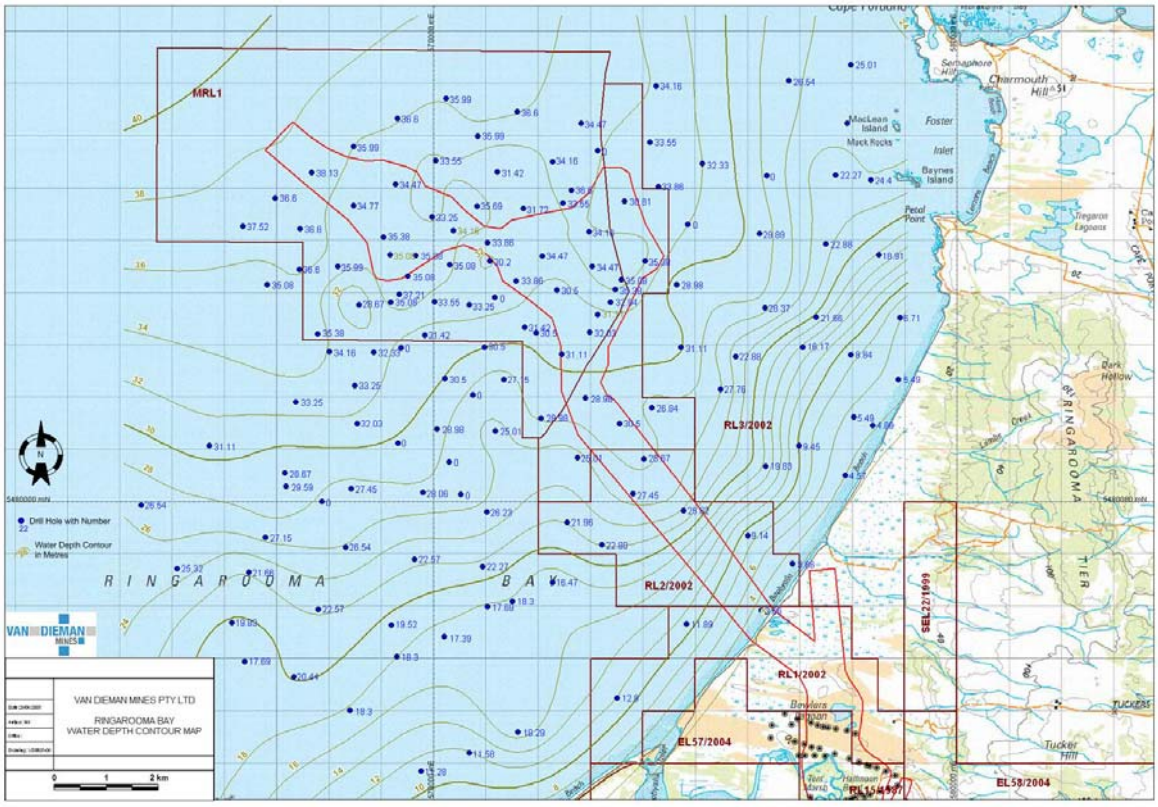

FIGURE 8 - MARINE BATHYMETRY AND RESOURCE LOCATION

There is a noticeable gap in drill data at several locations along the postulated palaeo-channel. Within RL 1 / 2002 there is a 2 km gap between the northernmost line of onshore drilling within RL 15 / 1987 and Hole 228. A further 2 km gap occurs northwest of Hole 228 to Hole 2. Offshore data does however confirm that the tin bearing channel trends north westward into Bass Strait for some 15 km.

Recent studies indicate that in the onshore section of the channel splits into two sections around a basement high approximately 1 km south of the split shown on Figure 6.

Onshore both drilling and refraction seismic have been considered. The latter has been discounted at this time due to poor results obtained in a recent survey within EL 32 / 2001 although further seismic surveys using different signal stacking methods met with better success. Recent drilling at Scotia, further to the south, using a track mounted rig and both auger and percussion techniques met with only limited success. While drilling remains the best option casing of holes will be essential and augering in the dune country almost if not impossible.

TABLE 2
PROPOSED OFFSHORE EXPLORATION

TENEMENT	LINE NUMBER	SEISMIC & BATHYMETRY Line Km	DRILLING
RL 1 / 2002	1	3.0	1
RL 2 / 2002	1	3.0	4
	2	4.5	5
	3	4.5	3
	4	4.5	4
	5	3.5	2
RL 3 / 2002	5	1.0	1
	6	4.0	2
	7	3.5	3
	8	1.0	2
	9	1.0	1
	10	1.5	1
	Other		2
MRL1	8	2.0	
	9	3.5	
	10	3.0	
TIE LINE		12.0	
TOTALS		**55.5**	**31**

The aim of the onshore program is to determine the location of the extension to the Great Northern Plains alluvial channel, spacing in the postulated central channel area is 100 m with hole spacing being closed in to 50 m along the edges of that channel. Three lines are now proposed, 1 and 2, each of 10 holes and 3 of 9 holes.

Final decisions regarding offshore seismic, bathymetry and drilling will be made when the full airborne survey results are to hand.

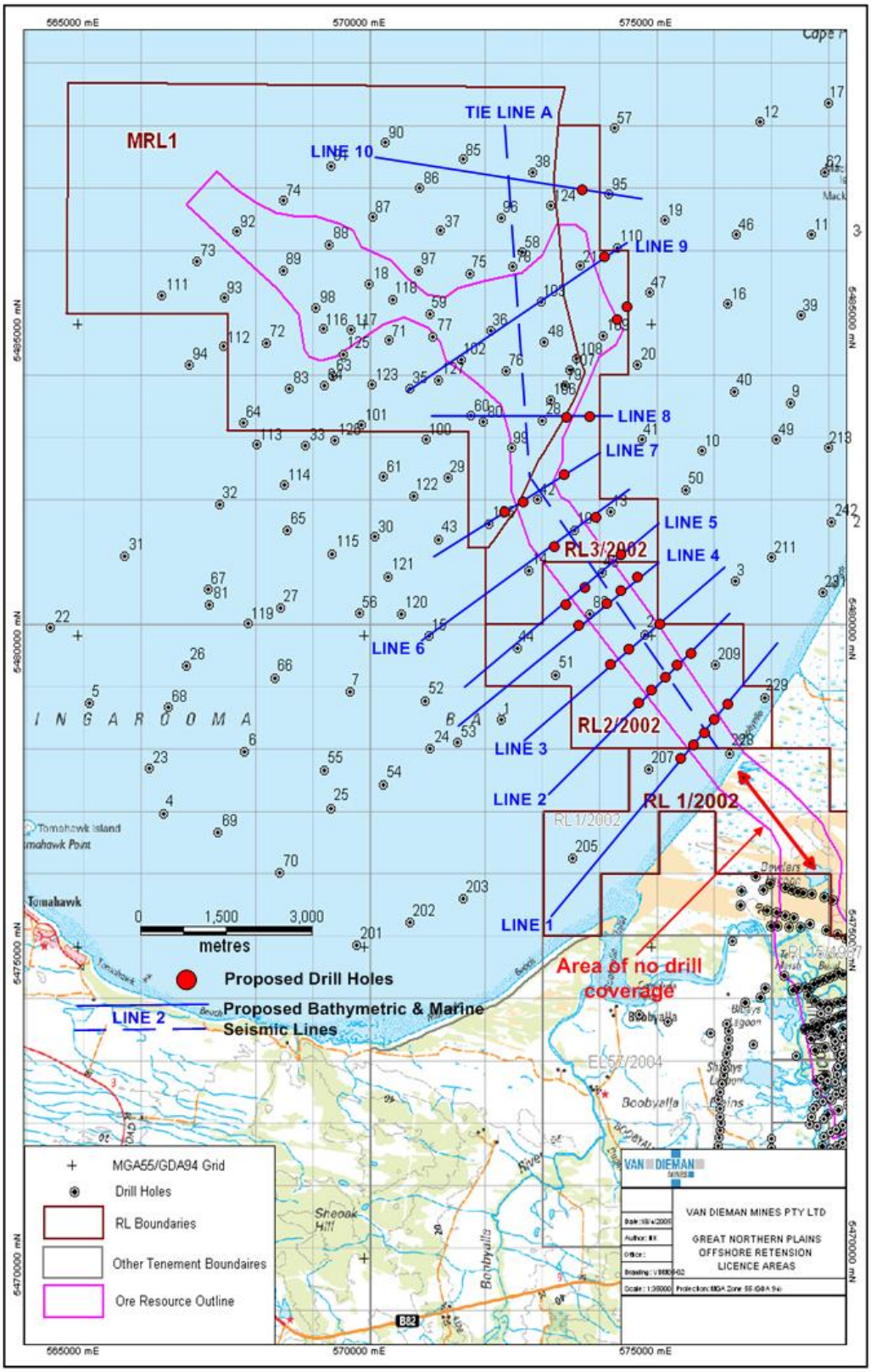

FIGURE 9 - DRILL HOLE, BATHYMETRIC & SEISMIC SURVEY LOCATIONS OFFSHORE SECTION

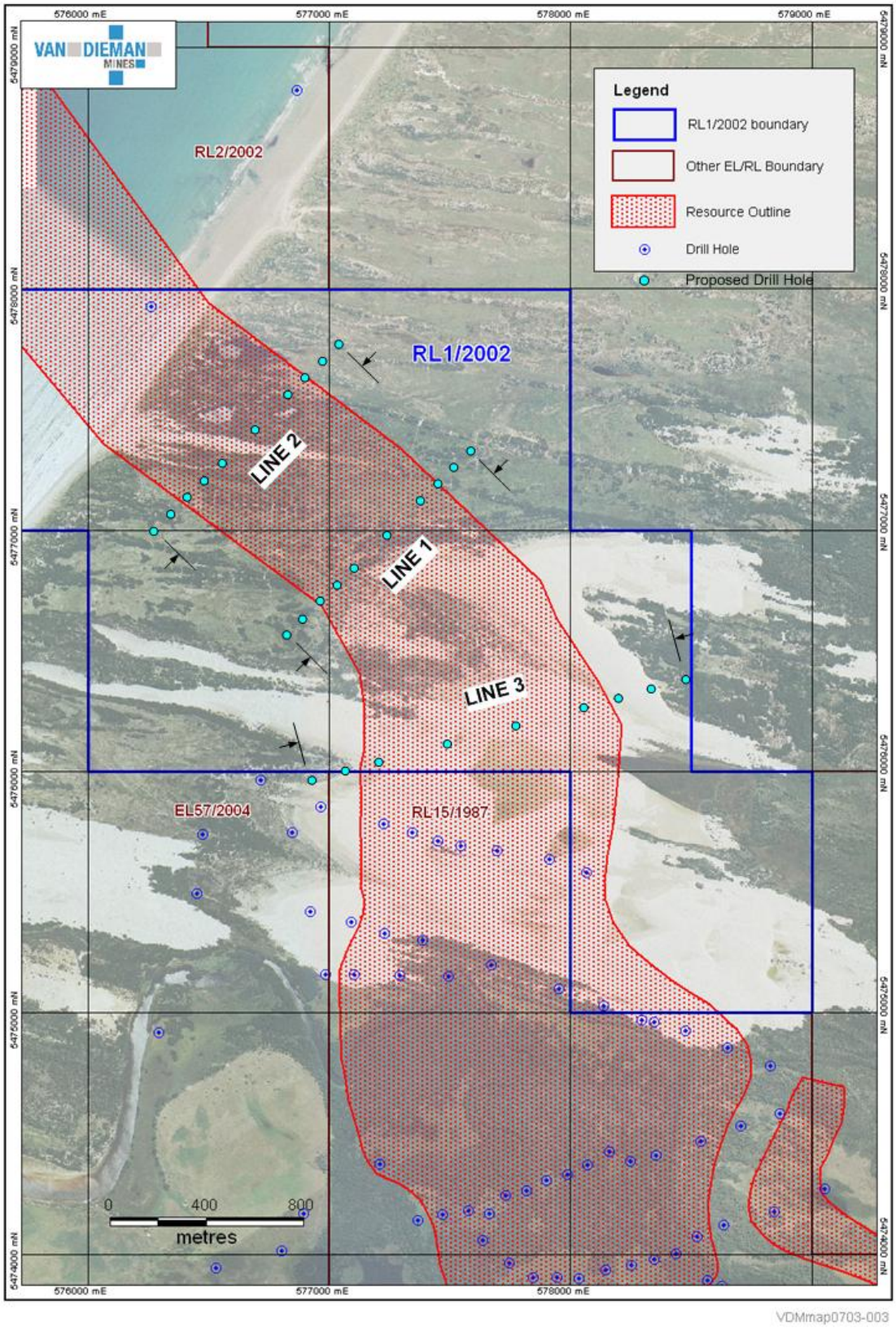

FIGURE 10 - PROPOSED DRILL HOLE LOCATIONS
ONSHORE SECTION

6.0 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 both channel fill material, near-shore marine reworked wedges and longshore strand lines and plateau top wave action reworked thin sediment veneers.

Several sections of the palaeo-channel have been targeted as requiring additional defining data, either geophysically derived or derived by a drill program data. Final planning of any such works will be dependent on the results obtained from the "NETas" regional airborne geophysical survey. Preliminary results for the area encompassed by T2 – MEL and RL 3/2002 are encouraging but need to be viewed in conjunction with the "NETas" survey. The lack of correlation between the resource boundary and the preliminary air magnetics results, while disappointing does provide some useful information. The data will be reassessed when the full data set becomes available.

Seismic surveying has not as yet been discounted although high, shifting, sand dunes will make placement of cabling difficult and the vegetation layer buried beneath the advancing dunes will, it is believed, provide a layer that may prove difficult to penetrate using shot shell or steel plate sound generation. The use of explosives in these shifting dunes is not considered safe or practicable.

The identification of a split in the main tin bearing channel has necessitated a review of the previous drill proposal, a third line of onshore holes is recommended. Drilling at Scotia using auger and / or percussion was not overly successful. Caving of holes and poor mineral return indicate that some form of cased drilling is required, cable tool techniques appear the best option.

7.0 RECOMMENDATIONS:

In relation to the areas lying offshore it is recommended that:

a. Any final planning for marine seismic, bathymetric and rill programs be delayed until the full suite of results of the airborne geophysical survey are to hand;

b. Notwithstanding a. above the company further investigate suitable contractors for the program of offshore marine seismic, bathymetry and drilling as set out in the text;

In relation to the onshore section of the tenements lying within RL 1 / 2002 the company:

c. Review possible seismic surveys along lines of proposed drilling;

d. In light of recent drill experience revisit proposals by Stacpoole Drilling and Richardsons.

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9.0 APPENDICES:

9.1 DRILL HOLE LOCATION TABULATION: