RL 15 & 23 / 1987

FOSTERS MARSHES

NORTH EAST TASMANIA

COMBINED ANNUAL REPORT

PERIOD ENDING 30TH MAY 2008

VAN DIEMAN MINES PTY LIMITED

31st July 2008

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1.0 INTRODUCTION:

Van Dieman Mines (VDM) gained title to RL15/1987 and RL23/1987, amongst other Great Northern Plains (GNP) tenements, from Mineral Holdings (Australia) Pty Ltd (MHAPL) in 2004, and immediately began a re-assessment of the MHAPL database.

During 2005 and 2006 VDM continued to acquire historic data from the Mineral Resources Tasmania archives and after digitizing and conversion of results from “imperial” to “metric” units, those data were added to the regional GNP database.

During 2007 and 2008 (to-date), a VDM Gladstone-based field survey crew has continued to locate and survey :

- historic exploration data, such as drill hole locations, pit locations and survey markers
- cultural heritage features such as dams and water races
- geological features such as basement outcrops

This work has led to a reinterpretation of the regional basement topography and general geological setting. Basement topographic interpretation has defined a series of “sub-basins”; specifically the Boobyalla and the Scoloch sub-basins.

Work is continuing on the depositional environment around the southern embayment margins, in particular at the Braithwaite’s, McGregor, Beltz and Aberfoyle workings.

The company has downloaded 2007 “TasExplore” geophysical survey data, recently released by MRT. This data has been incorporated into the GIS database and we have begun to visualize this data against surface geology and basement topography.

Baseline water sampling and analysis at a site within Fosters Marshes has commenced (AMG55 579,463mE, 5,473,827mN).

2.0 LOCATION AND ACCESS:

The Great Northern Plain Project area is located in north eastern Tasmania in the Gladstone District approximately 90 kilometres north east of the northern City of Launceston. More specifically the cassiterite bearing estuarine and alluvial deposits are located approximately 10 km north-west of Gladstone and north and east of the Ringarooma River.

The tenements are located almost totally within private land, Rushy Lagoon and Red Hill pastoral holdings. Location plans are presented here in three formats, on a February 2005 aerial photographic base (Figure 1), on 100K Topographic Mapping (Figure 2) and on SRTM elevation imagery (Figure 3).

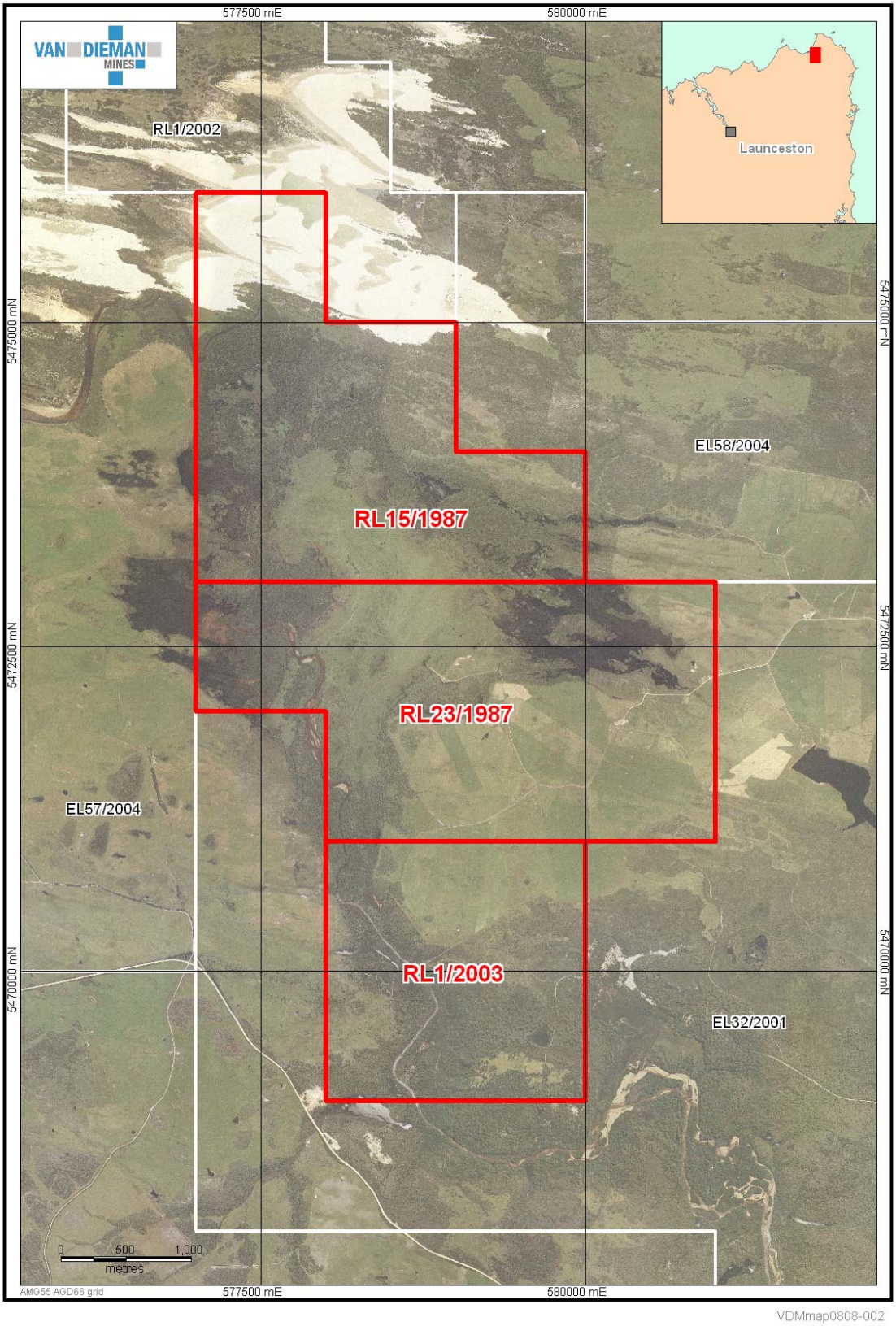

FIGURE 1 LOCATION MAP ON 2005 AERIAL PHOTOGRAPHY

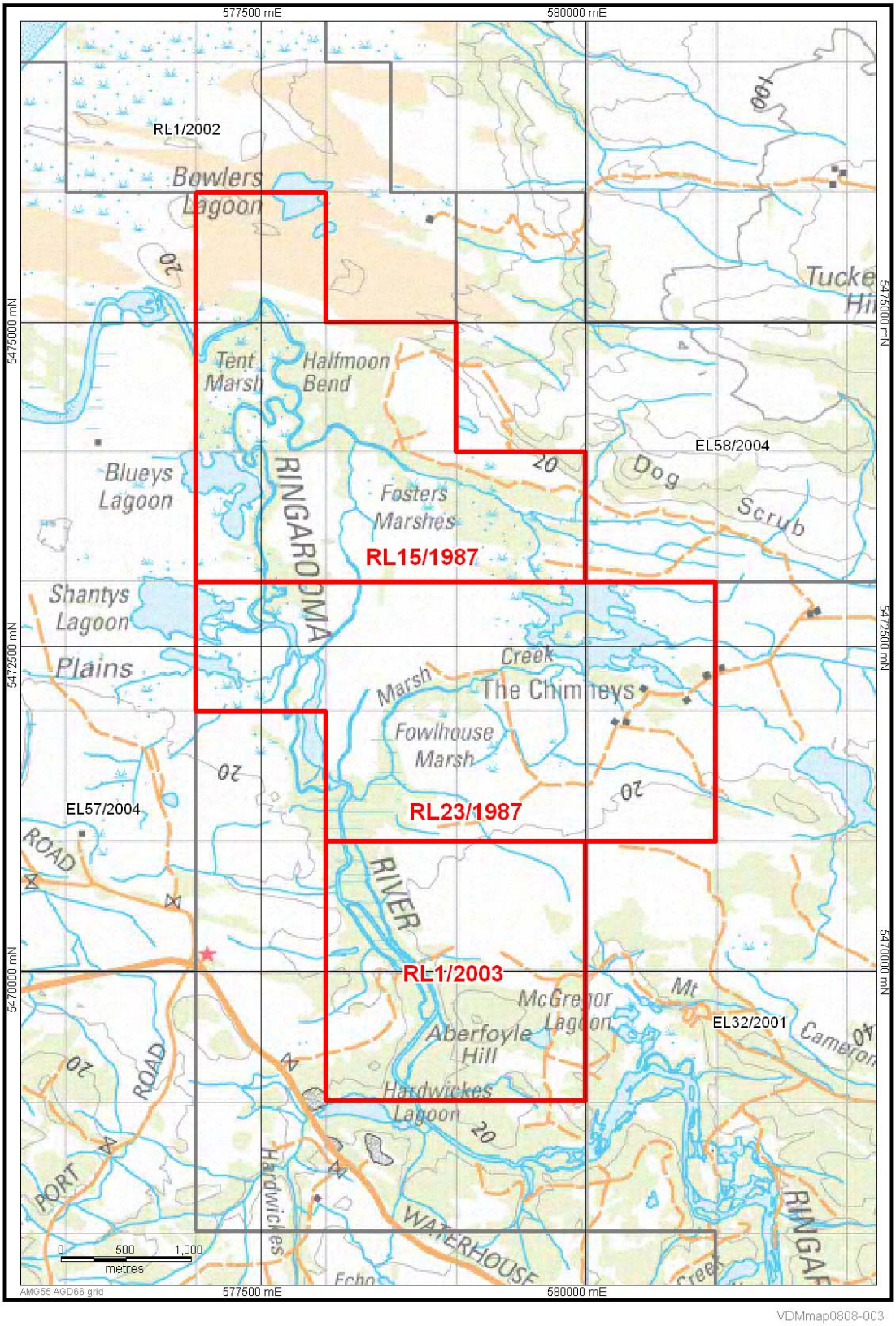

FIGURE 2 LOCATION MAP ON 100K TOPOGRAPHY

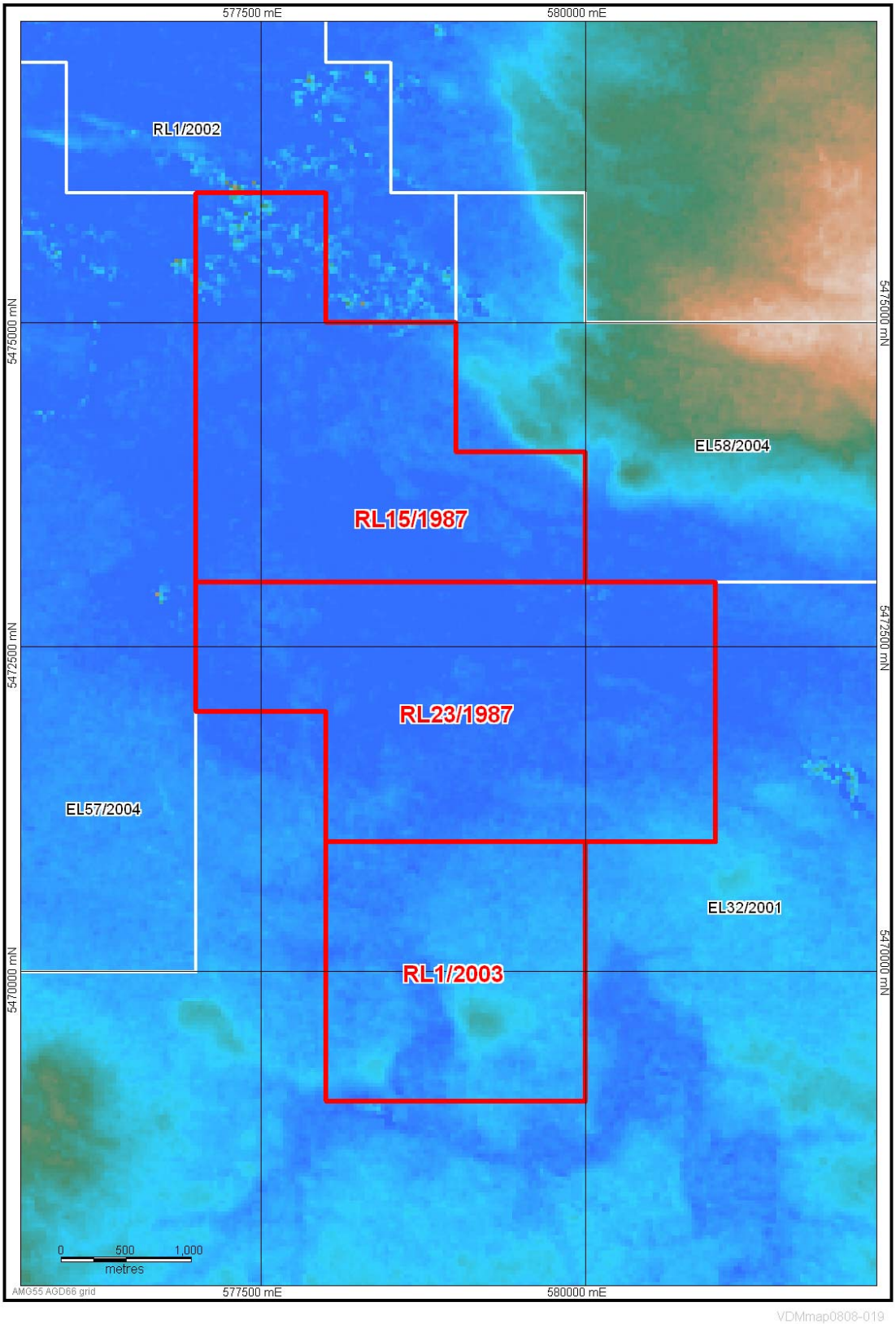

FIGURE 3 LOCATION MAP ON SRTM (ELEVATION) GRID

3.0 HISTORICAL BACKGROUND:

Alluvial tin was first worked in the early 1880's in the Aberfoyle, McGregor's, Beltz and Taylor's areas, just south of RL's 15 and 23/1987. The following text provides a summarized history of the main mining activity in the Great Northern Plain region. Specifically:

A. BELTZ WORKINGS:

Commenced by H. Beltz in 1911 and operated for a number of years.
Working continued by Ogilvie & Packett until water supply was cut-off in 1922.
In 1917 Roach drilled 39 bores in this area of those 23 drilled as three lines ahead of the face. These have not as yet been located either on the ground or on plan.
Subsequent drilling by Carey indicated deeper ground to the NW.
Little work was carried out after 1922.

B. McGREGOR'S WORKINGS:

History uncertain but was worked prior to 1902.
Government drilled a line of four bores – "No 6 Line" in 1902.
Mallinson worked an area to the west of McGregor's.
Difficulty encountered with water supply, main workings worked by races but became "Tailed In".

C. ABERFOYLE WORKINGS:

In 1906 the New Aberfoyle Company commenced operations.
New Aberfoyle was succeeded in 1909 by the Aberroe Tin Mining Co. N. L. but this group did not register its operations until 1912.
Mining continued until around 1916 at which time many of the working faces were connected resulting in three main worked cuts; the Eastern, the Main and the Western or Curnow's workings.
There are no production records for the early production years up to 1906.
From 1906 to 1916 the New Aberfoyle and Aberroe companies produced some 129.3 tons of concentrate with peak production of 22 tons occurring in 1910.

Development of all these deposits was limited by water supply and operating hydraulic head. Water races were developed from the Boobyalla River across the Ringarooma River by an inverted siphon system and from the Mt Cameron Water Race.

Work in the area and more specifically in the Great Northern Plains appears to have recommenced in about 1935, specifically these works include:

- 1935 Austral Malay drilled on the Great Northern Plains just north of Aberfoyle
- 1937 Delta Tin drilled on Boobyalla Plains north of Aberfoyle
- 1955-57 Dorset Tin Dredging investigated the area and drilled north and east of Aberfoyle looking for a dredge path onto the Great Northern Plains
- 1958 Rio Tinto Exploration drilled in the region but generally west and east of Aberfoyle
- 1960-68 Storeys Creek Tin Mining drilled various programs around Aberfoyle, McGregors and Black Duck areas which they termed “New Dorset”.
- 1966 Utah development conducted regional auger drilling in the general area
- 1967 The Mines Department drilled a line of holes just north of Aberfoyle from the Delta Workings eastward to the Scoloch Lead
- 1971 Portland Holdings carried out pitting and auger drilling in the immediate vicinity of the old alluvial workings at McGregors and Beltz
- 1979 Preussag Australia conducted work in the region including several lines of drill holes, one of which was located just north of the Aberfoyle workings
- 1981 Hellyer conducted a comprehensive drilling program across the area

Figure 4 shows the main drilling programs, by operator, in and around RL15/1987 and RL23/1987.

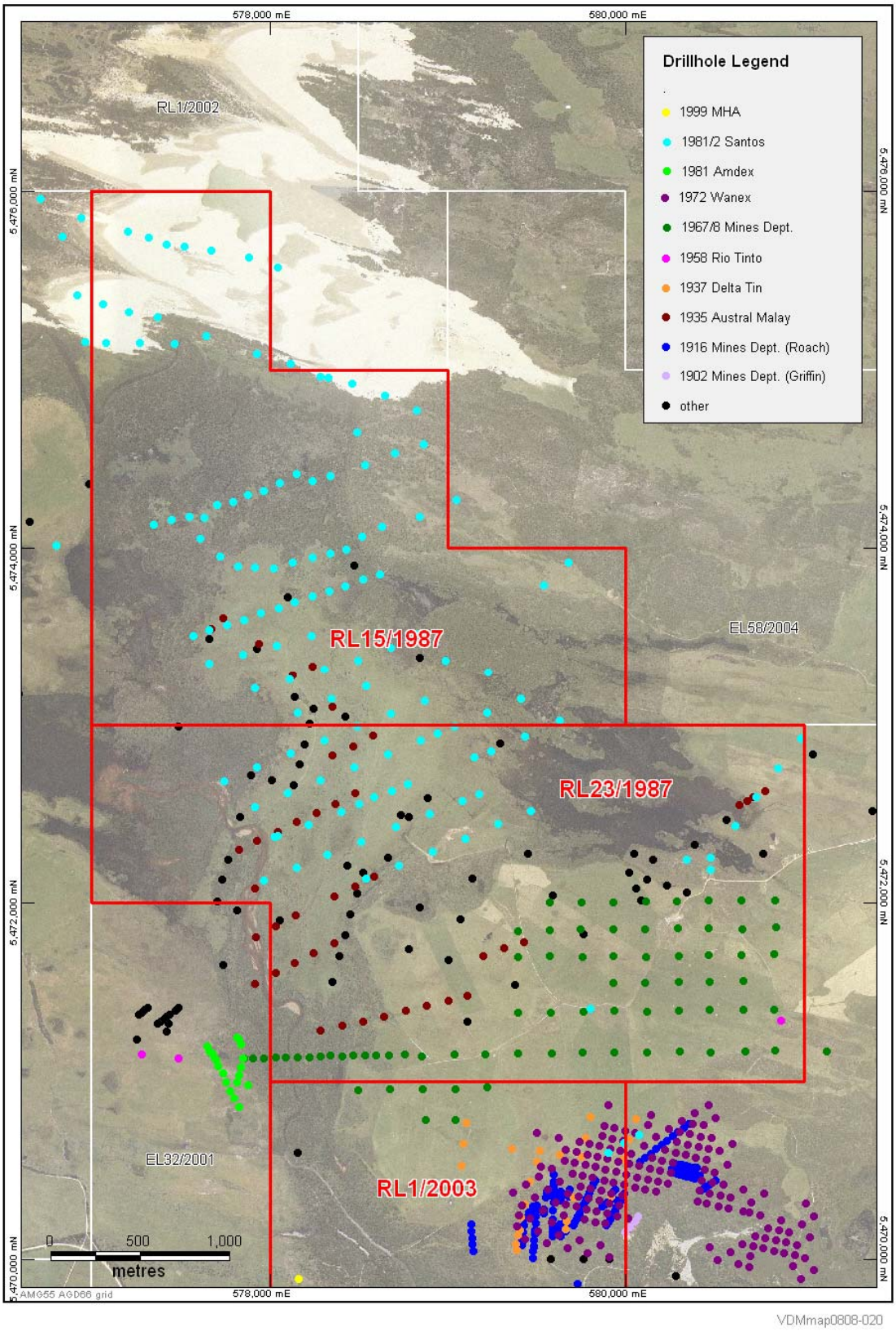

FIGURE 4 DRILLING PROGRAMS BY OPERATOR

4.0 GEOLOGY:

Since acquiring tenure to GNP tenements VDM has continued to reassess the regional geological setting particularly as it pertains to the alluvial deposition during the Tertiary period. In 2004 the construction of a Tertiary basement map, confirmed the presence of a major marine embayment developed within the RL's. This work has been continually repeated and results reassessed as new data comes to hand.

4.1 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 as Table 1 and a geological map as Figure 5.

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, first recognized by MHA, 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.

Both terrestrial and marine sediments are represented in the Tertiary profile within and draped along the flanks of the embayment. A basement high located roughly along the boundary of RL 23/1987 and RL 1/2003 may host a near shore deltaic type and shoreline beach type environment with terrestrial sediments; grits, pebble and cobble beds representing terrestrial channel fill deposits and thick sands containing shelly fossils a near-shore marine environment. The latest basement topographic map can be seen in Figure 6. This interpretation may now no longer hold and a more detailed reference is made to this in Section 4.2.

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

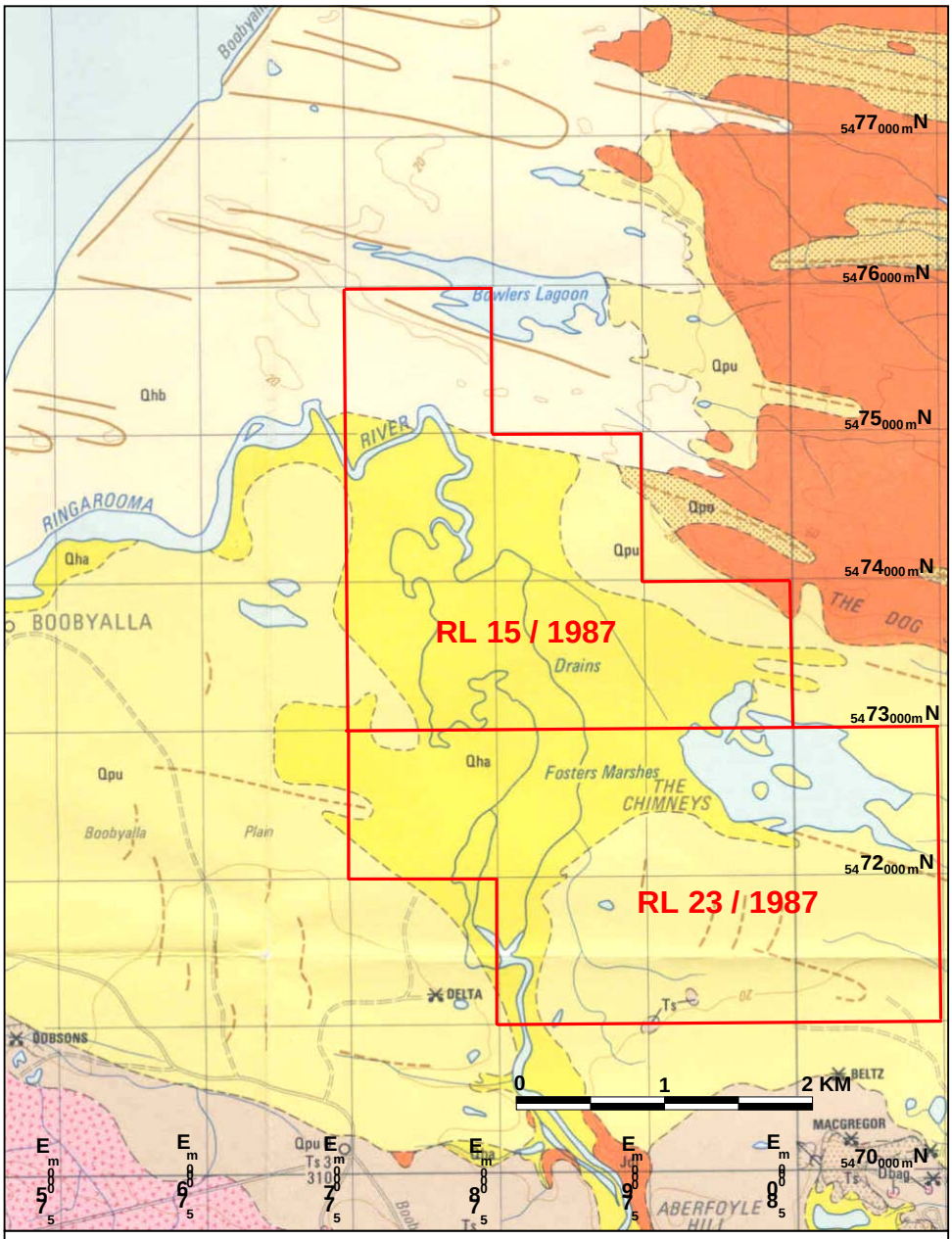

Figure 5 - Geological Map

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

TABLE 1 - REGIONAL GEOLOGY
MAJOR GEOLOGICAL UNITS

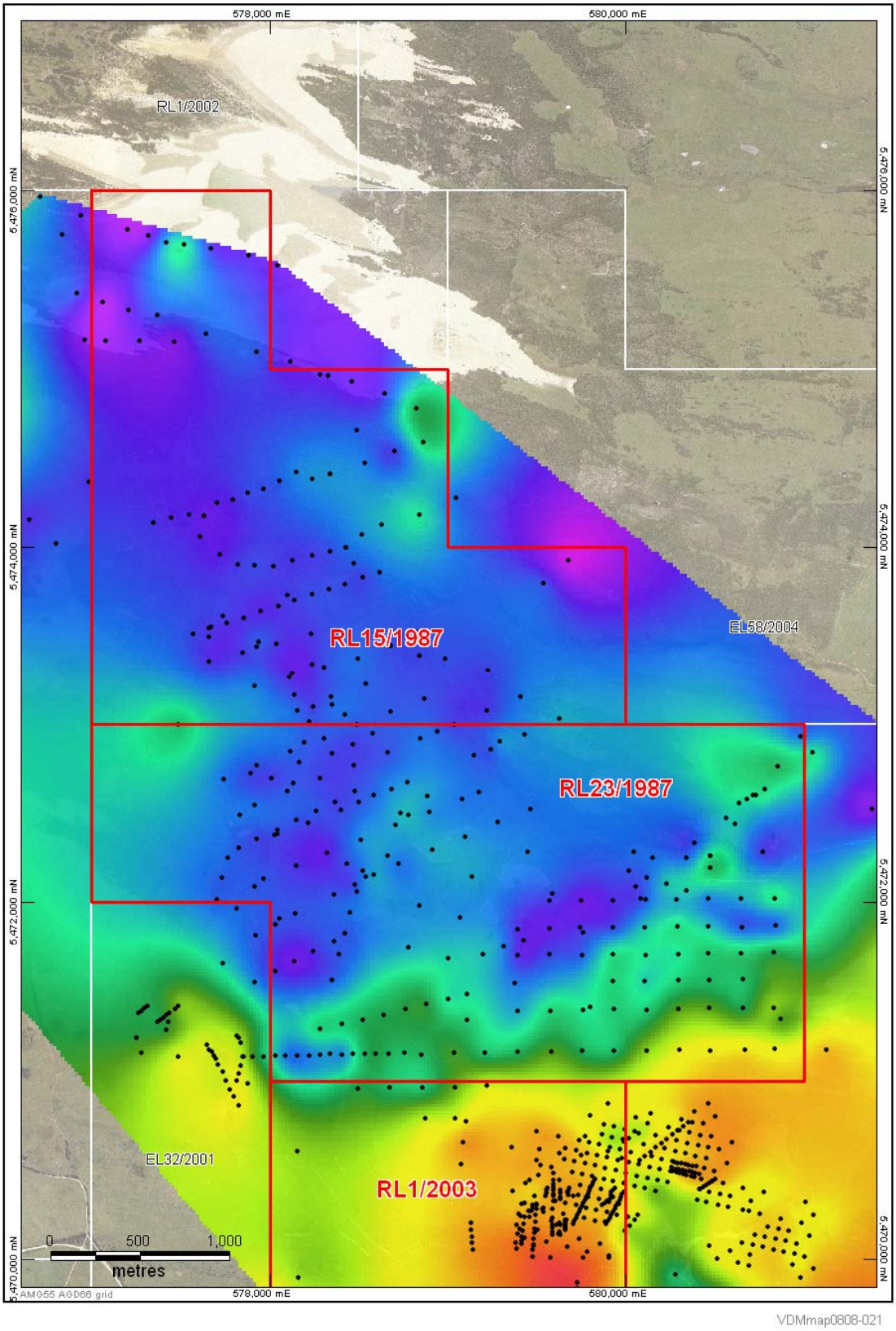

FIGURE 6 - DRILL HOLE AND BASEMENT TOPOGRAPHY MAP

4.2 THE EXPLORATION DATABASE

The Company's GIS-based exploration database covering RLs 15/1987 and 23/1987 has expanded with the :

1 DGPS location of 1972 "Wanex" drilling at McGregors and Beltz
2 Re-positioning of 1967/68 Mines Dept. drilling at Braithwaites
3 DGPS location of basement outcrops

Although the database can be said to be "upgraded" with this data, the regional basement topography has not changed in any major way. To do so, additional data would have to be generated via drilling/pitting and/or by location of basement outcrops either on the land surface or within existing mine workings.

Ongoing DGPS surveying is concentrating on the accurate location of old drill holes around mine workings and on picking up "Z" coordinate of basement outcrop within the old workings. These data will be added to the GIS database as they come to hand.

The company has downloaded 2007 "TasExplore" geophysical survey data, recently released by MRT. This data has been incorporated into the GIS database and we have begun to visualize this data against surface geology and basement topography. A TMI image covering RL1/2003 and surrounds appears as Figure 7. This work is on-going.

4.3 THE RESOURCE

A resource outline covering RL15/1987 and RL23/1987 has been published previously by Hellyer, MHA and VDM. The interpretations have been solely based upon total or "whole of hole" tin grades recorded on drillers logs and/or assay sheets. See Figures 8 & 9 showing the GNP resource outline in 2D and 3D respectively.

VDM have begun the task of QC'ing the grade data, checking that :
- drill holes encountered a "true" basement as opposed to "false" basement
- drill holes were assayed top to bottom, and therefore a true total figure can be calculated
- reported grades can be reproduced using sample volume, weight and %tin data

This work, used in conjunction with basement topography, will lead VDM to re-defining the resource boundary. Possible extensions to the resource boundary can be postulated based upon the basement topography. At the same this work will provide greater confidence in the resource location.

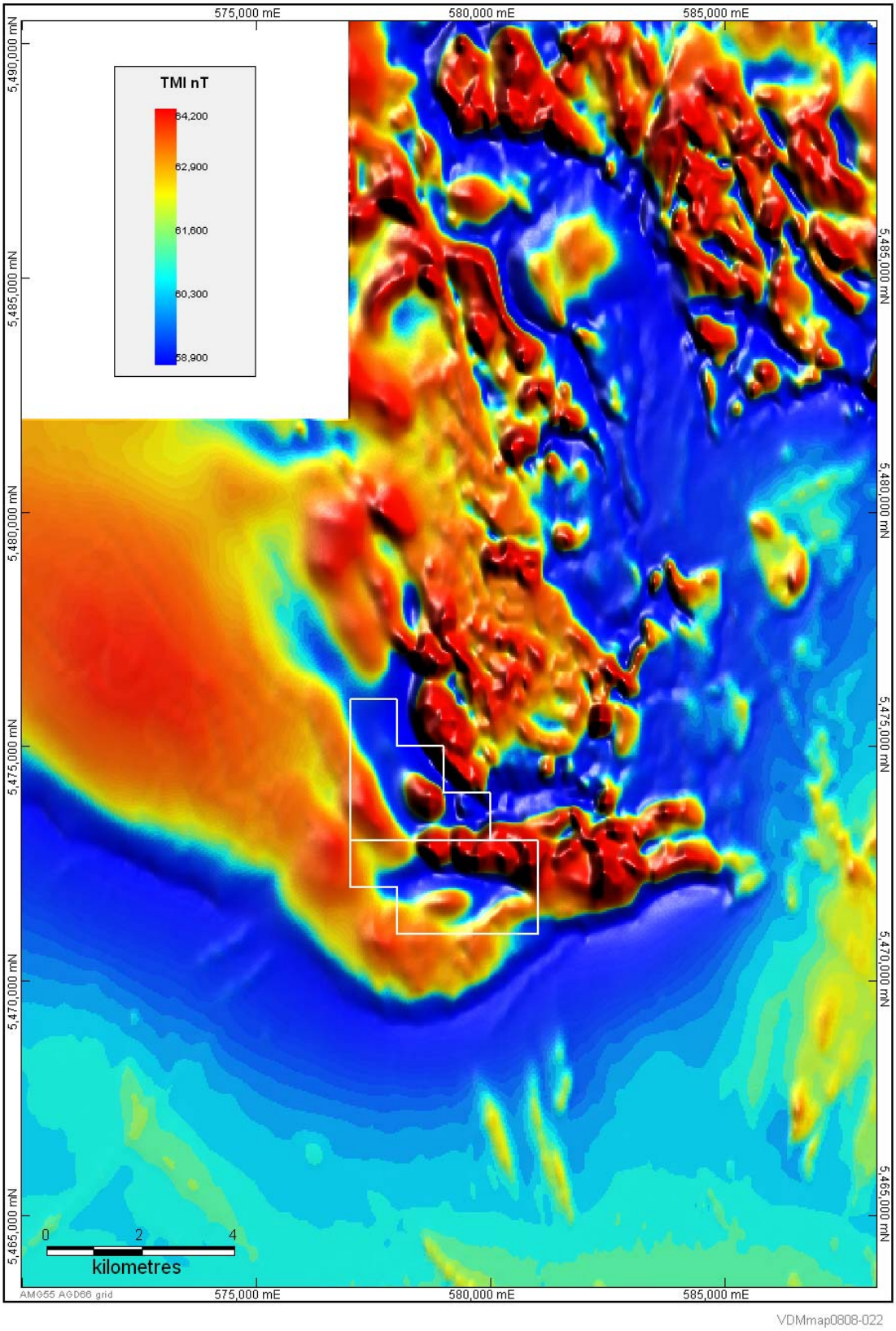

FIGURE 7 - TMI IMAGE OF GREAT NORTHERN PLAINS

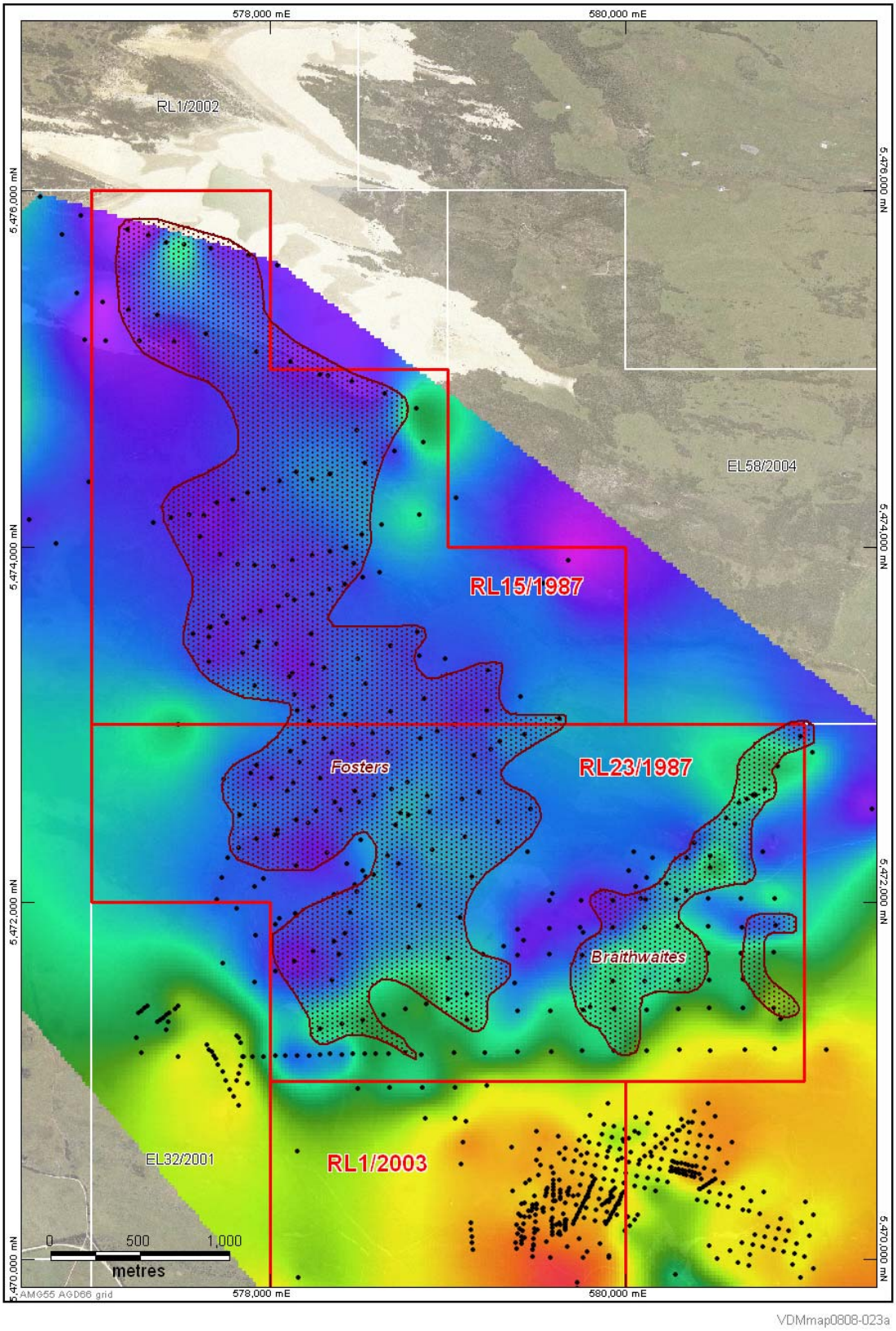

FIGURE 8 - GNP RESOURCE OUTLINE ON BASEMENT TOPOGRAPHY (2D)

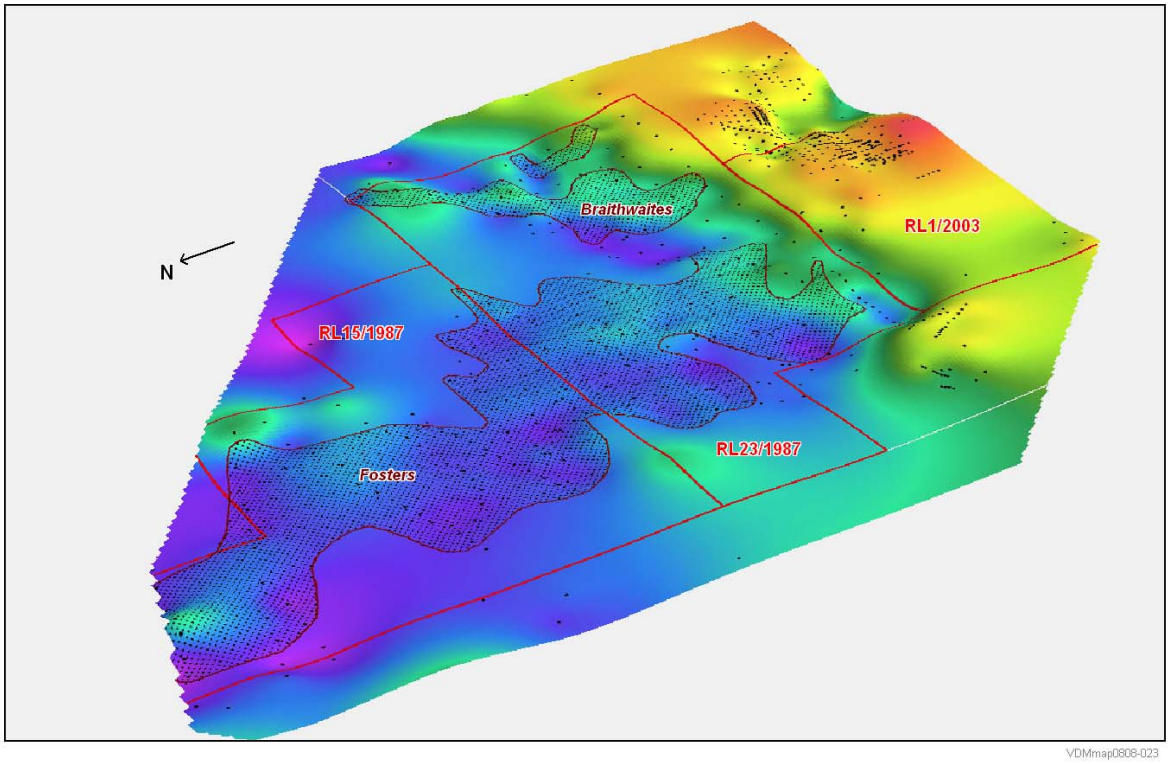

FIGURE 9 - GNP RESOURCE OUTLINE ON BASEMENT TOPOGRAPHY (3D)

Features of the resource identified from the latest basement topography include:

- the Braithwaites resource has developed on the northern flank of a basement high at the edge of a marine embayment zone. It may represent a reworked shoreline deposit as the basement drops immediately to the north
- the Braithwaites resource may not be the outfall of the Scotia lead. That lead may in fact flow into the embayment north of Braithwaites
- there is scope to join the Braithwaites and Fosters resources. Further drilling would confirm or deny this theory
- the Fosters resource could be extended by further drilling, especially on the western flank

5.0 WATER SAMPLING PROGRAM

The company has begun water sampling at a site on Fosters Marshes, in order to gather a baseline of test results pre any development activity. See Figure 10 which shows the location of the site, designated by "GNP1".

To-date three samples have been taken, each being three months apart. The samples were tested in the field for pH, conductivity and temperature. The samples were then sent to the Analytical Services Tasmania laboratory in Hobart for further testing, including acidity, alkalinity and heavy metal concentration.

A tabulation of all test results appears in Appendix 1.

6.0 PROPOSED EXPLORATION PROGRAM

VDM plans to continue its data acquisition during the coming year. Time will be spent concentrating on QC of historical drilling data, in particular making sure the vertical (elevation) datums are consistent and correct in order to accurately compile basement topography. Similarly, assay data with be QC'd in order to accurately delineate resource outlines.

Specifically the exploration program will involve:

- GPS Surveying:

Location of old drill holes, pits and mine workings will continue and this work will be supported by DGPS survey pick-up. Data will be transferred to the VDM database and used to adjust old survey data. In addition the field crew will continue to locate and pick-up cultural historical features such as tracks, water races and dams. This work is well advanced.

- Geophysical Data Interpretation:

The TasExplore survey data and available interpretations and presentations will be used to better define the extent and location of relevant features within the tenements, such as basement, basalts and tertiary deposits.

Water sampling and testing will continue in lieu of development activities. As other required sample sites are identified by the Company, they will be added to the program.

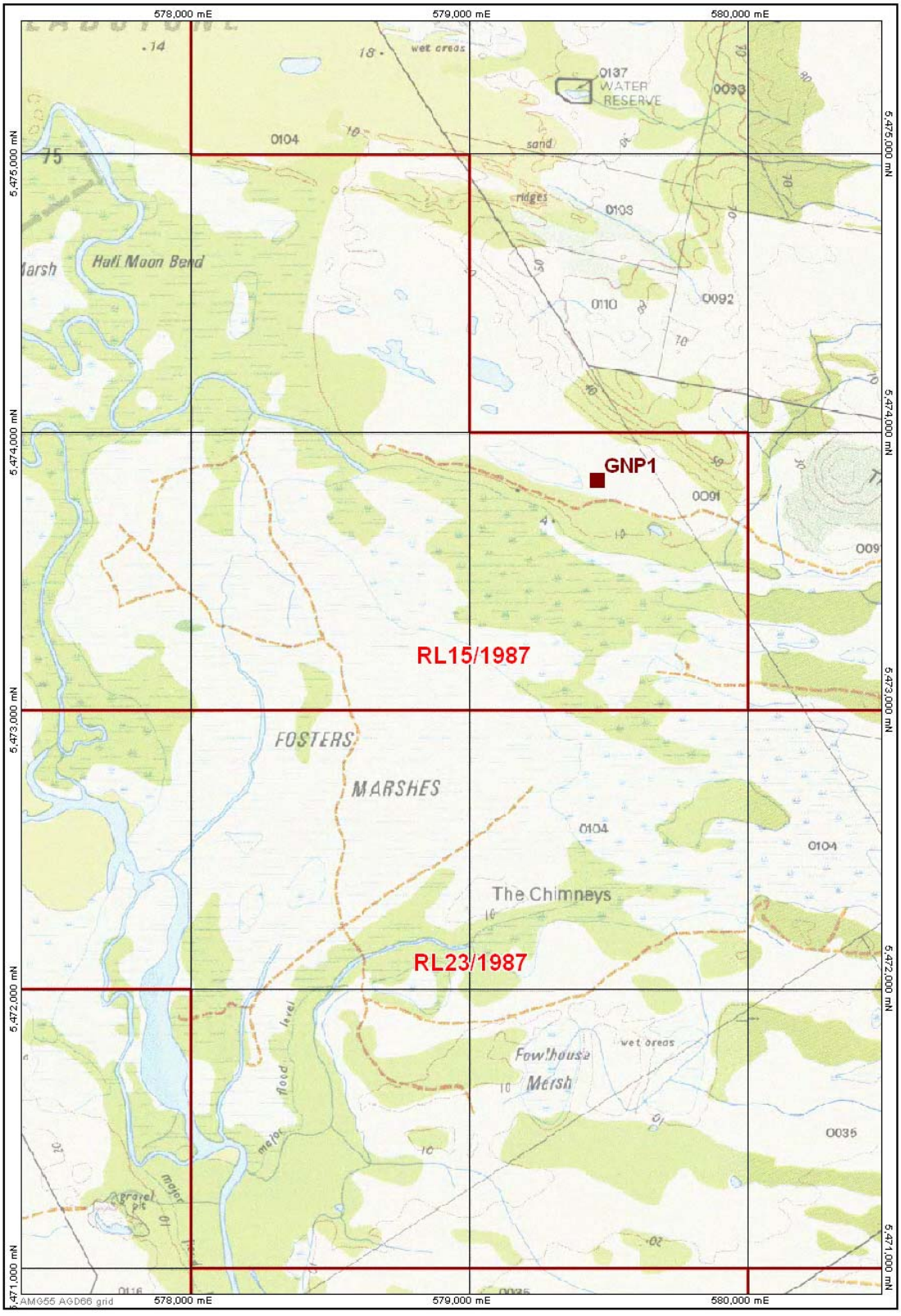

FIGURE 10 - WATER SAMPLE LOCATION MAP

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8.0 APPENDICES:

8.1 WATER SAMPLING RESULTS

Van Dieman Mines **Water Sampling**

GNP1		5/09/2007	5/12/2007	12/03/2008
Analyte	**Units**			
Acidity	*mg CaCO3/L*	4	6	7
Acrylamide	*ug/L*			
Al Dissolved	*ug/L*	67	9	7
Al Total	*ug/L*	205	78	1430
Alkalinity Total	*mg CaCO3/L*	13	33	33
As Total	*ug/L*	<1		
Cd Total	*ug/L*	<0.1		
Chloride	*mg/L*	45.3	108	118
Co Total	*ug/L*	0.6		
Cr Total	*ug/L*	2		
Cu Total	*ug/L*	2		
Fe Dissolved	*ug/L*	692	1100	416
Fe Total	*ug/L*	1340	4880	3390
K Total	*mg/L*	2.57	5.89	6.6
Mn Total	*ug/L*	75.9		
Na Total	*mg/L*	22.5	50.8	53.9
Ni Total	*ug/L*	1.1		
Pb Total	*ug/L*	<0.5		
Sulphate	*mg/L*	5.3	2.5	2.8
Zn Total	*ug/L*	<1		
Field Results				
pH		5.77	5.65	5.8
Conductivity	*(uS)*	210	447	480
Temperature	*Celsius*	10.1	16.4	17.4