

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 2008

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1.0 INTRODUCTION

During the year VDM continued with re-assessment of all available data from previous drilling and sampling programmes.

Replotting of onshore and offshore drill holes has resulted in further definition of the basement topography which trends northward from the marine embayment of the Great Northern Plain into offshore Ringarooma Bay.

Analysis of assay results from offshore drilling and sampling programmes, has yielded valuable information on resource location, both within paleochannels and in areas where deposits have formed from marine erosion sediment re-distribution.

Interpretation of the "TasExplore" regional airborne geophysical survey, as well as the offshore extension contracted by VDM, is continuing. Preliminary results indicate some possible correlation between magnetics and the tin bearing resource areas. The company is using this data to identify areas suitable for further geophysical surveying.

The company is also evaluating joint venture opportunities which exist on the Ringarooma Bay tenure, and has entered into preliminary discussions with a number of parties.

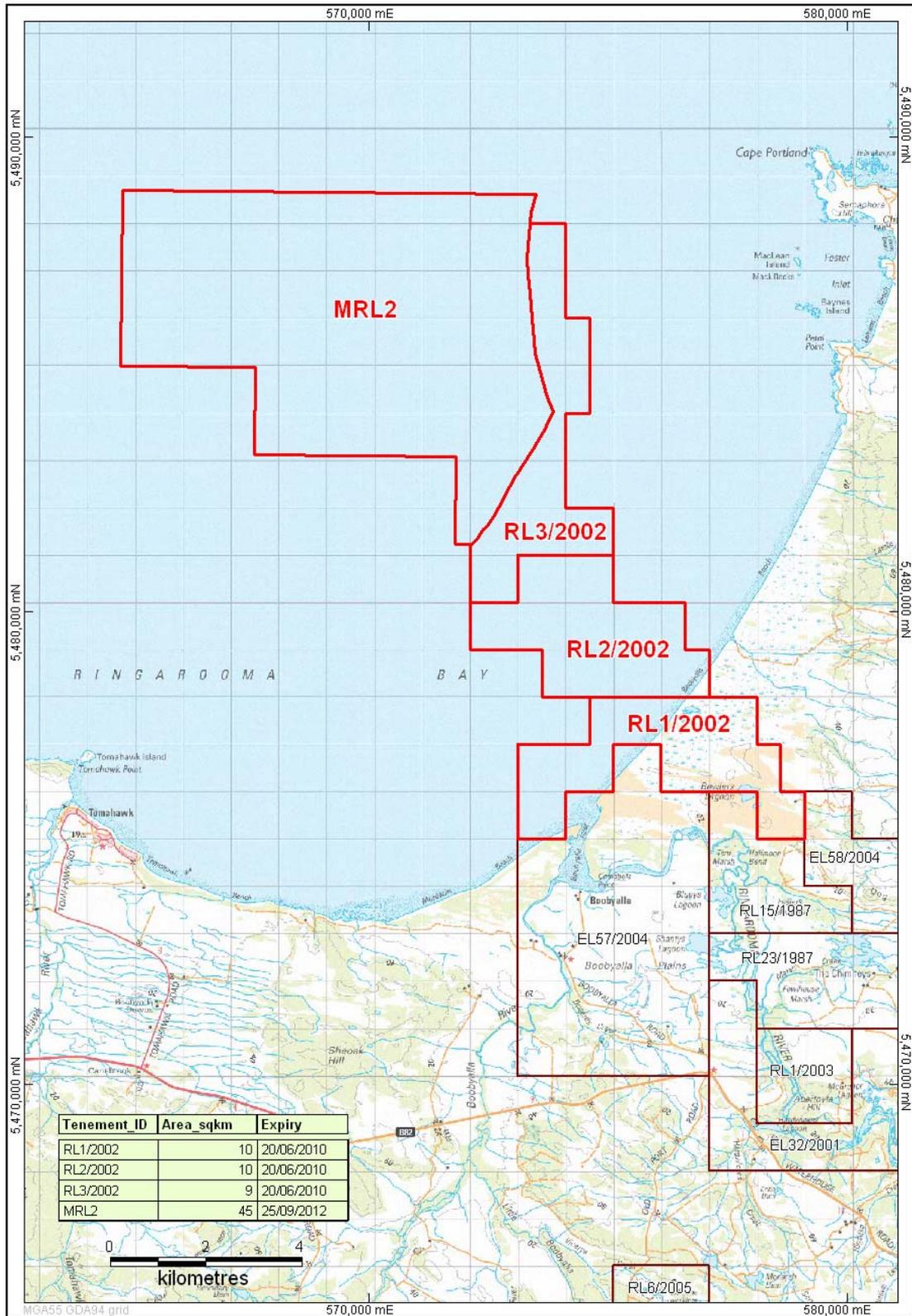
2.0 LOCATION AND ACCESS

Ringarooma Bay is located in north-east Tasmania about 70km north-east of Launceston and 15km north-west of the historic mining township of Gladstone. See Figure 1 for a regional location map.



FIGURE 1 - REGIONAL LOCATION MAP

See Figure 2 showing the location of VDM's three retention licences, RL1/2002, RL2/2002 and RL3/2002. This tenure covers the resource contained within the ancestral Ringarooma River where it drained into the ancestral Ringarooma Bay.



Ringarooma Bay - VDM Tenement Location Map (on 100K topo)

VDMmap0809-001

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

3.0 HISTORICAL EXPLORATION

Exploration in Ringarooma Bay has been carried out by various parties since the mid 1960's and has included geological mapping, drilling and seabed sampling. The main explorers, and a summary of their work, includes :

** 1966 - BHP*

In February 1966, BHP carried out a reconnaissance geological mapping and sampling program along 80 miles of shoreline along the north-east coast of Tasmania. The primary object of the program was to test the fore-beach zone for the presence of heavy minerals, in particular cassiterite. Of the 20 samples taken, only 5 are located in Ringarooma Bay, and none of the five lie within VDM's tenements.

BHP concluded that "the ancient Ringarooma channel appears to be the only major possible deep lead type placer deposit existing within the area."

** 1966-67 - Ocean Mining A.G.*

Between February 1966 & March 1967, TOEC (Tasmanian Offshore Exploration Company), a consortium led by Ocean Mining A.G. (OMAG) of Germany, conducted an intensive exploration program for alluvial tin, rutile and zircon off the north coast of Tasmania.

Phase I of exploration involved engaging a fleet of 3 vessels equipped with seismic and sampling equipment. Within 5 months, 3500 line miles of bathymetric and seismic profiling were run. From this data, detailed maps and profiles were compiled showing bathymetry, sediment thickness and bedrock topography, and based on this information 158 samples were obtained and assayed, and drilling targets were selected. Evaluation of the data indicated several areas of potential interest, including Ringarooma Bay.

Phase II operations were focused at Ringarooma Bay and involved a drilling campaign using a vessel specifically equipped to drill unconsolidated sediments of the ocean floor. 138 holes were drilled at an average depth of 6m in water up to 33m deep. Hole spacing averaged 90m. 1040 core samples were recovered and assayed for Sn, Ti and Zr.

Phase III operations, involving close-spaced drilling over "hot spots", were proposed by TOEC but were not conducted.

** 1968 - Utah & BHP*

During February-May 1968, Utah & BHP carried out an offshore drilling program in Ringarooma Bay and Deep Bay (Cape Barren Island). The program included 15 holes in Ringarooma Bay averaging 8.5m (total 128m). Of the 15 holes, 2 were of nil depth (ie hard basement on sea floor), 2 holes reached basement, with the other 11 holes not reaching basement. The two best holes were within 600m of shore and averaged 50-85 g/cu.m.

** 1981-82 – Hellyer Mining*

During 1981 and 1982 Hellyer completed a program of bathymetric, seismic and magnetic work, and a comprehensive reinterpretation of the TOEC data. They confirmed the existence of the main river palaeochannel and revealed other prospective structures. A proposed drilling program planned for January 1982 was postponed for 12 months due to the unavailability of a rig and vessel, and in that time they subsequently changed priorities and withdrew their interest.

** 1983 – CRAE (Rio Tinto)*

CRAE interpreted the identified resource to range from 21M cu.m at 175 g/cu.m to 14M cu.m at 200 g/cu.m, depending on the area of influence assigned to the TOEC samples. Together with an onshore review, they concluded the area was too small for their requirements.

** 1997-2002 Mineral Holdings Australia*

In 1998, Mineral Holdings Australia Pty Limited (MHAPL), after conducting a pre-feasibility review of the onshore and offshore deposits, carried out further bottom sampling in Ringarooma Bay. They 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.

MHA revised the pre-feasibility review in 2001.

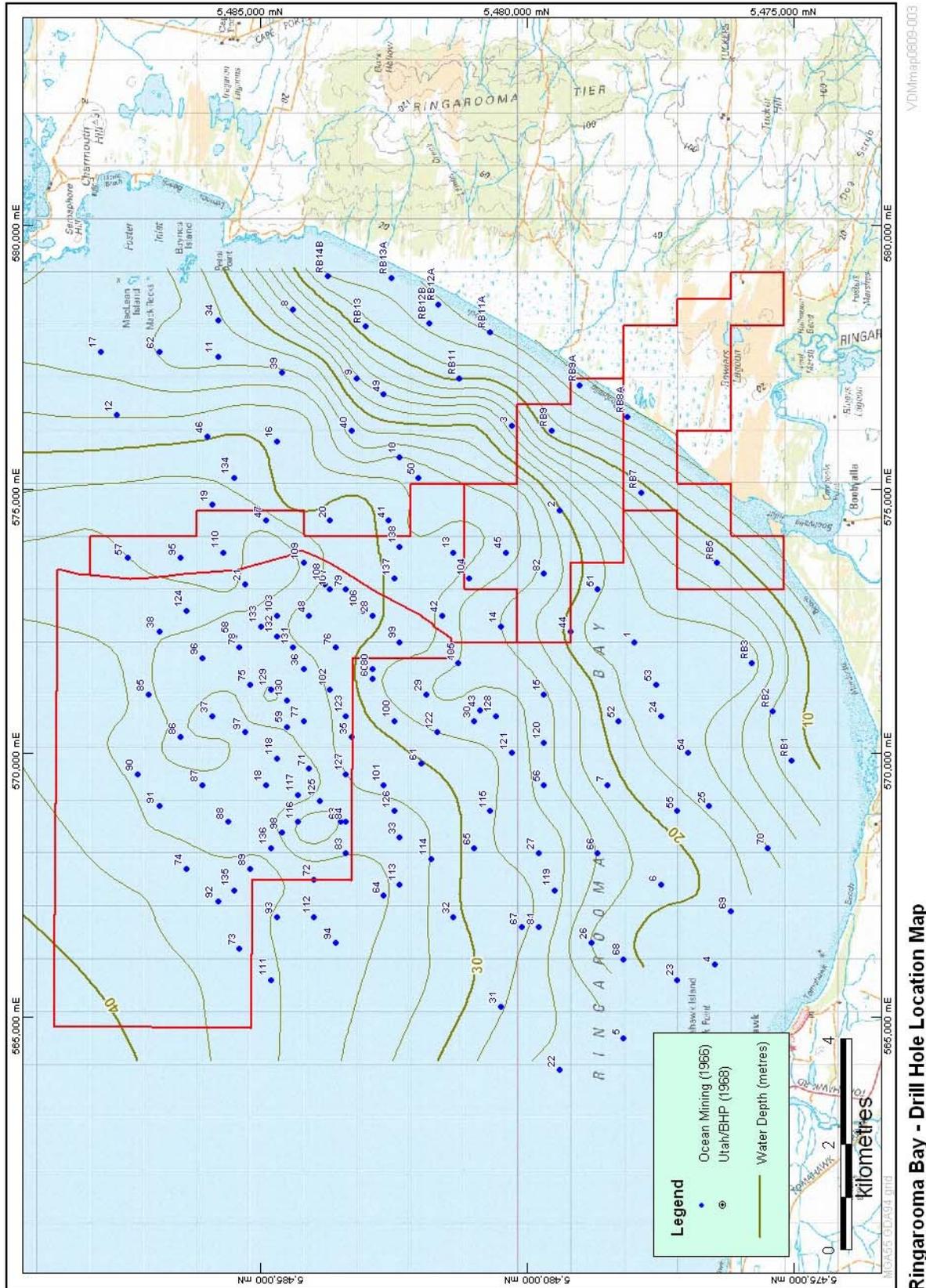


FIGURE 3 - DRILL HOLE LOCATION MAP

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.

4.1 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 4, 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 Great Northern Plains drill hole data, 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 these tenements 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 tenements, depths again increase to in excess of 35 metres, See Figure 3 which shows drill hole locations in Ringarooma Bay and surveyed water depth contours. The tenements also contain 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.

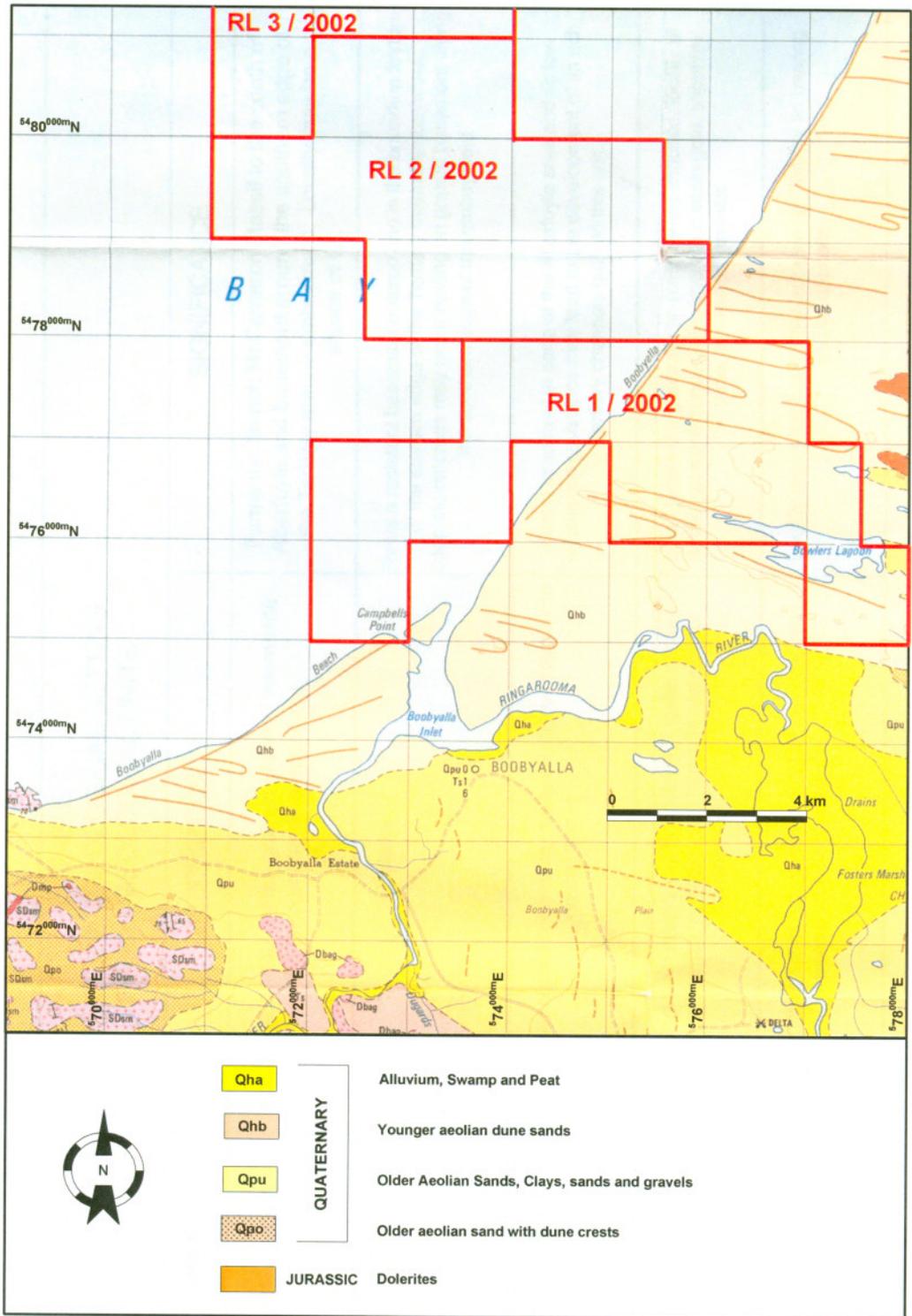


FIGURE 4 - REGIONAL GEOLOGICAL MAP

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

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.

4.2 RECENT EXPLORATION

Recent work has focused on re-plotting of known drilling programs, in particular the OMAG 1966 offshore drilling (138 holes).

As a result of this work, basement topography has been upgraded. Results clearly show the ancient Ringarooma River extending into the present-day Ringarooma Bay. However it is still not possible to define the position of the Tertiary palaeo-shoreline, mainly due to lack of data with the relatively wide spacing of the drill holes at ~900m. Results also show a strong correlation between water depth and basement topography. This can be explained by the suggestion that there is an even distribution of sediments lying above basement, due to marine re-distribution. Figure 5 shows the latest version of Ringarooma Bay basement topography.

Assay results for tin, titanium and zirconium have been digitised. The data has been displayed as histograms for easy analysis and comparison. Analysis is continuing however it is evident that :

- of the 138 holes, 29 yielded relatively high tin concentrations ; 16 of these showed grade over their total depth, which averages 10-13m
- traces of tin are found in most holes
- tin isograds reflect the interpreted palaeochannel, as would be expected
- the higher-grade tin is found nearer to the seabed and the grade, in general, rapidly decreases with depth

See Figure 6 showing down-hole Sn, Ti, Zr assay results for drill hole OMAG-02 which is located near-shore within the interpreted palaeochannel.

Drill holes have been rated according to the grade and thickness of the tin-bearing section, as follows :

<i>Rating</i>	<i>Grade</i>	<i>Thickness</i>	<i>Count</i>
1	>100 g/m ³ Sn	>2m	10
2	>100 g/m ³ Sn	<2m	19
3	34-99 g/m ³ Sn	>2m	8
4	34-99 g/m ³ Sn	<2m	28

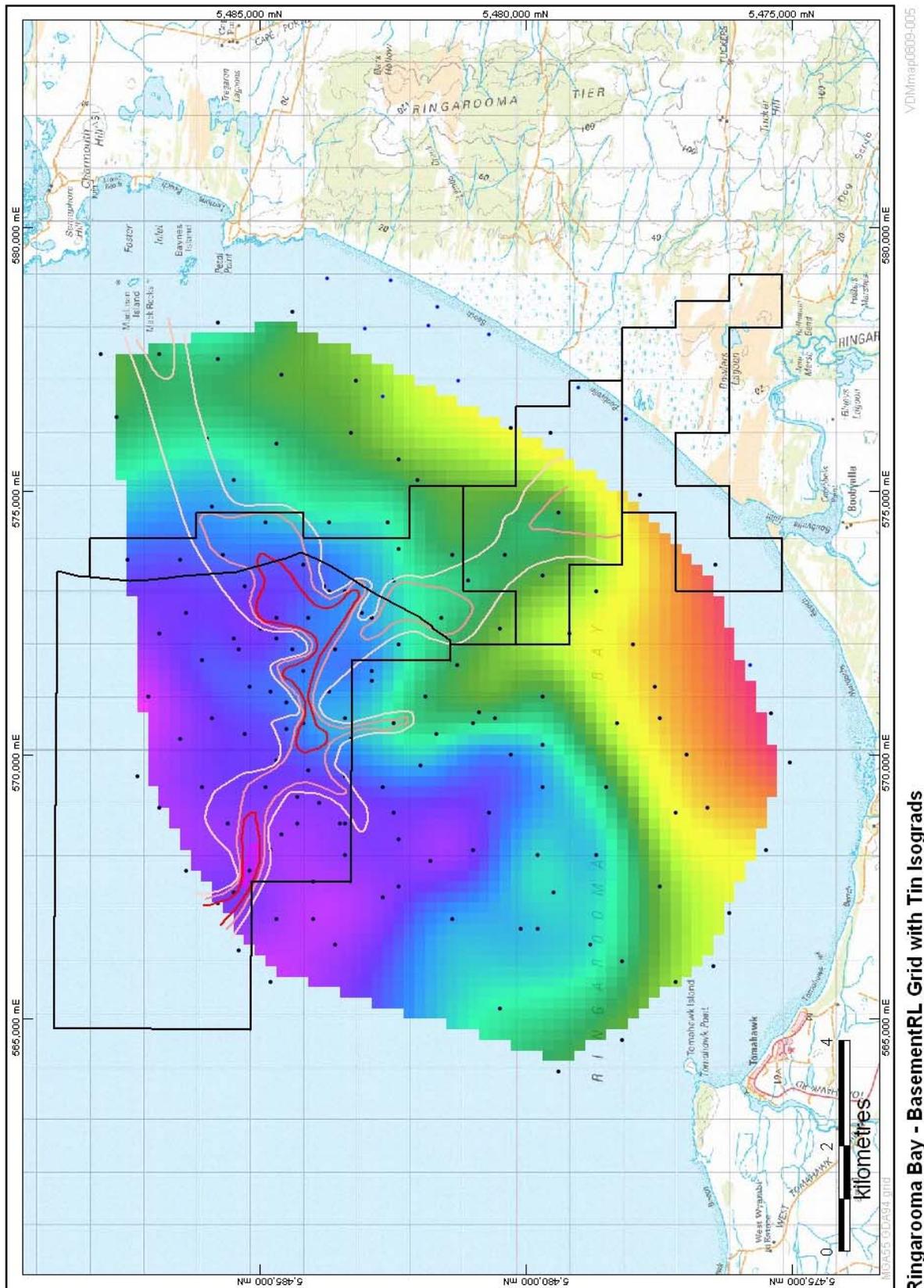


FIGURE 5 - BASEMENT TOPOGRAPHIC MAP
(WITH DRILL HOLE LOCATIONS)

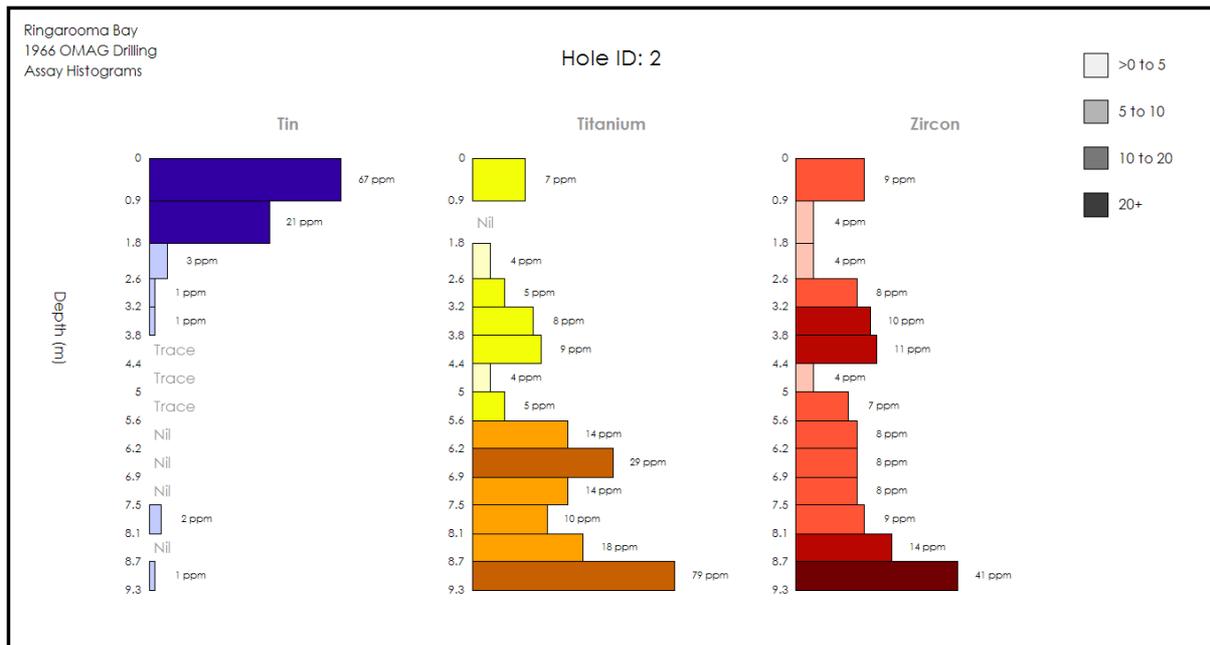


FIGURE 6 - OMAG-02 ASSAYS

See Appendix 1 for OMAG 1966 drilling assay displays, sorted according to this rating system. Drill holes with tin-bearing grades less than 34 g/m³ are not shown.

5.0 PROPOSED EXPLORATION PROGRAM:

The company is still evaluating the 2007 “TasExplore” geophysical data and various published interpretations (Leaman, Webster, Godber), as made available by Mineral Resources Tasmania. In conjunction the company has the data acquired as part of their contracted additional survey in Ringarooma Bay. The strategy is identify areas suitable for geophysical surveying prior to possible drilling.

There is a commitment to drill at least one hole within the palaeochannel in RL1/2002. The company has engaged three local drilling contractors with the past 12 months to perform work in its other tenements, and those experiences have given the company a very good understanding on what rig to use to drill into unconsolidated sediments.

The company has made contact with a service company specialising in hydrographic and geophysical surveying. Discussions are continuing.

The company will continue with discussions with various parties re joint venture opportunities on the Ringarooma Bay tenure. As part of the discussions, the company has put together a “data package” for distribution to potential JV partners.

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7.0 APPENDICES:

7.1 1966 OMAG ASSAY RESULTS