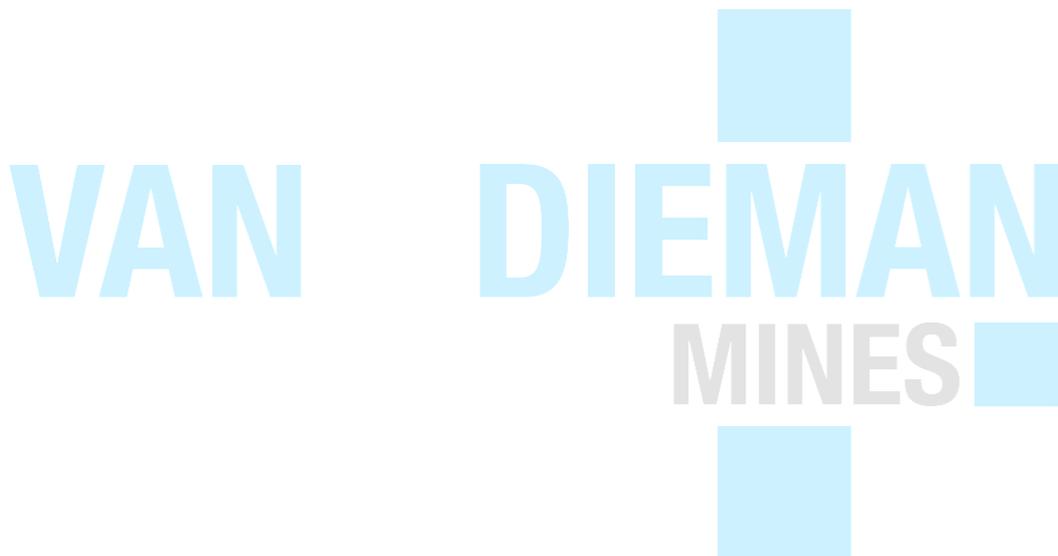


RL 6 / 2005 - MONARCH
NORTH-EAST TASMANIA

ANNUAL REPORT
FOR THE YEAR ENDING
12TH MAY 2009



VAN DIEMAN MINES PTY LIMITED (In Liquidation)

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OVERVIEW

After the acquisition of the North East Tasmanian mining tenements from Mineral Holdings Australia (MHA) in 2004 and subsequent collection of the data package accompanying that acquisition, Van Dieman Mines Pty Limited (VDM) conducted a re-assessment of the tenement. Previous work within EL 10/2000, Monarch has delineated a Probable Resource containing both tin and sapphire.

In 2005 VDM made application to convert that Exploration Licence to a Retention Licence. That application was subsequently granted in May 2006 as RL 6/2005 for a period of 2 years.

In 2006 following grant, VDM commenced field work within the tenement. These works were oriented to collection of survey data, specifically drill hole locations, old workings, mining cultural features and other cultural features such as roads, fence lines, etc. Field crews managed to locate a number of old drill holes that enabled old drill location and resource plans to be accurately digitized and added to the VDM GIS database.

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1.0 INTRODUCTION:

The tenement encompasses an area of 4 blocks on the north western end of the tin bearing Mt Cameron Granite massif.

A number of drill programs were undertaken between 1958 and 1980 by BHP, Austminex, BMI Mining and AMDEX Mining. These resulted in the delineation of a tin bearing resource within the tenement. That resource trends in a SE-NW direction, running outside of RL 6 / 2005 to the south-east, and into EL 59 / 2005 to the north-west.

Assessment of historical data will be used to define possible targets for bulk sampling and geophysical surveys such as GPR or seismic.

Early last year the company purchased an RTK (real time kinematic) GPS system enabling highly accurate surveying of features such as drill hole locations, test pits and lease pegs. The X,Y,Z positions, accurate to 10-15 mm were incorporated into the drill hole database, and a basement topography surface was re-generated.

2.0 LOCATION AND ACCESS:

The tenement is located in north eastern Tasmania approximately 10 km west of the Township of Gladstone ; see Figures 1, 2, and 3..

Access to Monarch is via the Gladstone to Bridport Road and then southwards along Old Port Road to the Monarch turn-in. Numerous old mining tracks provide access throughout RL 6 / 2005.

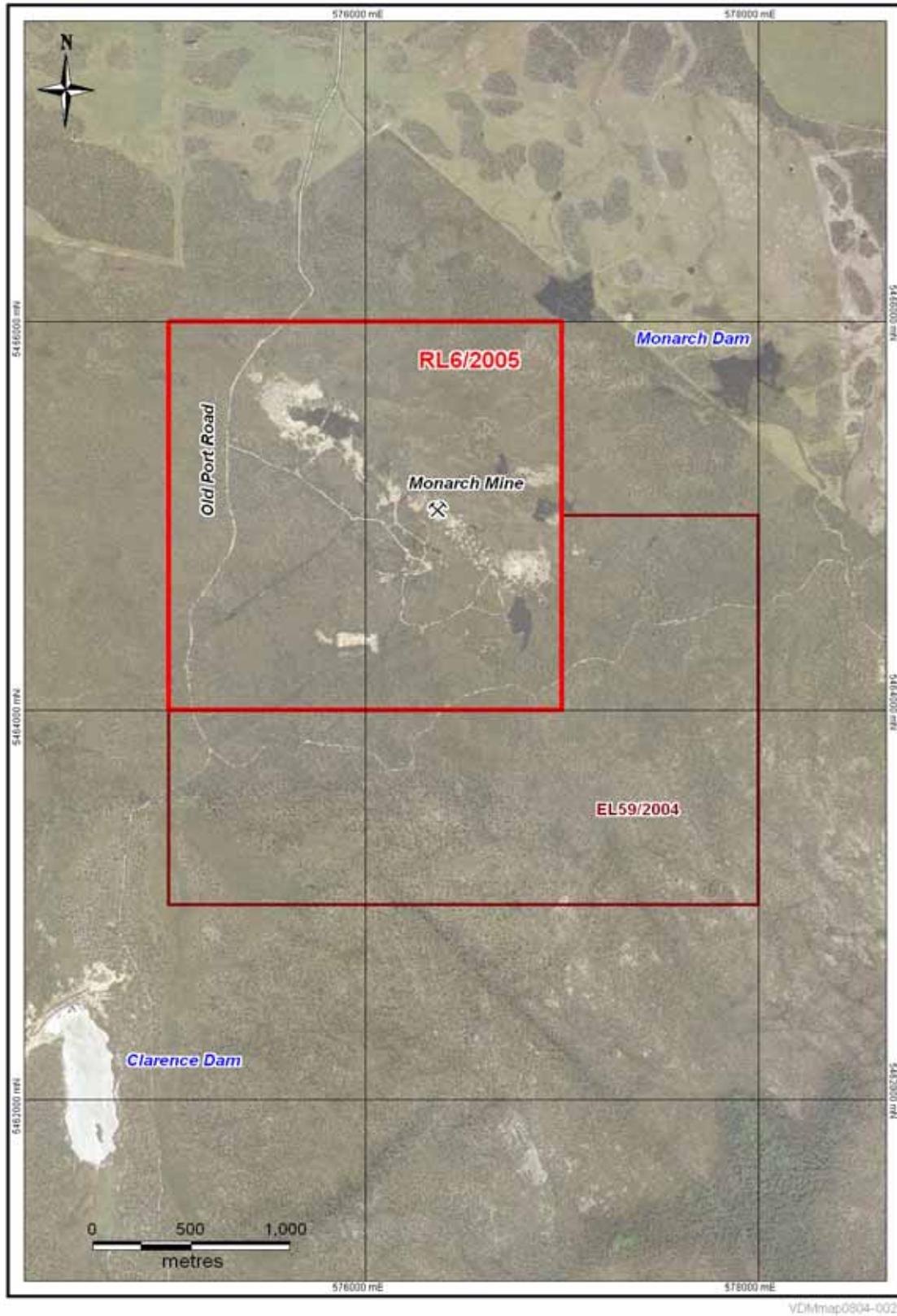


FIGURE 1 - LOCATION PLAN
AERIAL PHOTOGRAPHY BASE



FIGURE 2 - LOCATION PLAN
25K TOPOGRAPHIC BASE

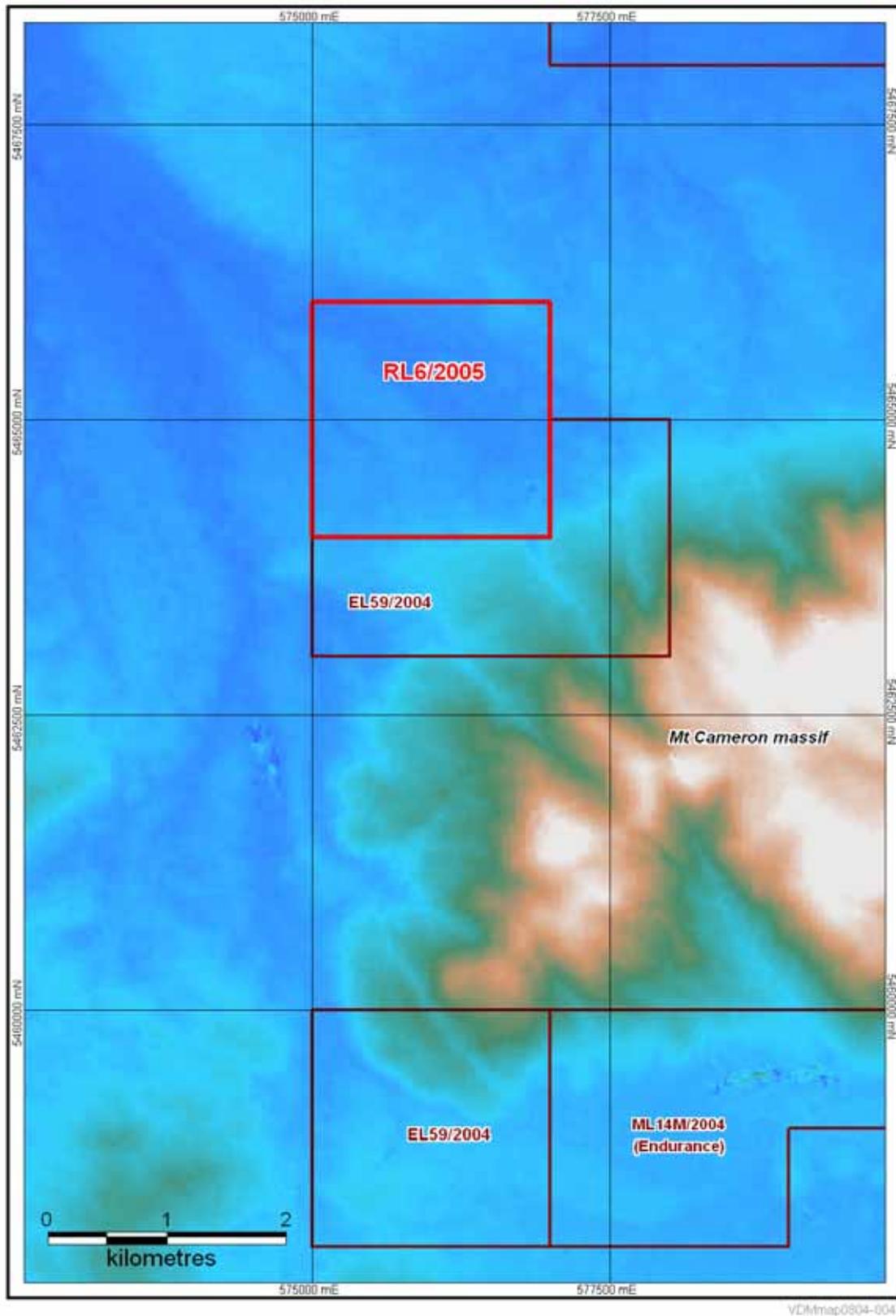


FIGURE 3 - LOCATION PLAN
SRTM (SURFACE ELEVATION) BASE

3.0 HISTORICAL BACKGROUND:

The following historical data has been reproduced from a report by Amdex Mining dated 24th March 1980 (MRT ref : 80-1497).

The first discovery of tin in this area is known but it was probably in the late 1800's. The early plans show working by the Chinese.

The only recorded early production from the area is 71.5 tonnes from 1928 to 1936 although many other operations have probably been carried out since the beginning of the century.

In the early 1960's Mr. V. Wood and Company took out Special Prospecting License No. 399 over the Monarch area.

B.H.P took an option over the area in 1964 but abandoned it in the next year after carrying out geological and geophysical surveys and a drilling program. The Monarch reserves estimated by B.H.P were 2.29 million m³ containing 450 tonnes of SnO₂ with an average grade of 200g SnO₂/m³.

Later in 1965 a similar option was taken up by Austminex Pty. Ltd. but after a short drilling program it too was abandoned.

In March 1966 Kathleen Investments (Aust.) Limited signed an option agreement with Mr. Wood which was a free option for one year, twelve months extension for \$2,000 and a purchase price of \$40,000. In the autumn of 1966 the Company carried out a short testing program by backhoe in early summer of the same year a limited program on the Bonser Creek area. Kathleen Investments did not proceed after the expiry of the first option period.

The Endurance Tin Mining Company purchased the Monarch area from Wood in September 1968 for \$55,000. At this time Wood was appointed as Production Manager of Endurance. By December of the same year work had commenced on a dam to supply water to the mine. Mining had commenced at Monarch prior to the purchase of the Endurance Mining Corporation's holdings by B.M.I. in early 1970.

The equipment used by Endurance to mine Monarch consisted of hydraulic monitors, gravel pumps and sluice boxes. B.M.I. continued mining operations in a similar

manner but replaced the Endurance sluice boxes with jigs. Later on, mining was carried out with a scrape dozer and finally by dragline.

As mining progressed, B.M.I. carried out an extensive auger drilling program. The results of this program were used to guide the mining operations. The use of this data for mining control has most certainly resulted in payable ground being missed. Hence the section of the lead mined by B.M.I. has good potential for additional reserves. B.M.I. ceased operations at Monarch in 1973 and concentrated mainly on shallow terrace ground in the Endurance area.

Historical tin production by the Monarch Tin Company appears in Table 1. A summary of historical drilling programs appears here as Table 2 and as Figure 4.

TABLE 1 - HISTORICAL TIN PRODUCTION AT MONARCH

YEAR	TONS OF METAL Contained in Concentrates
1923	8.99
1924	21.05
1925	6.31
1928	21.21
1929	8.80
1934	2.30
1935	2.85
TOTAL	71.51

TABLE 2 - SUMMARY OF HISTORICAL DRILLING AT MONARCH

COMPANY	AREA	YEAR	TYPE	# HOLES
Rio Tinto	Dead Horse Creek	1958	Percussion	1
	Shallamar Flats	1958	Hand Plant	5
Mr. V. Wood	Monarch Flats	1964	<i>Unknown</i>	8
BHP	Vicary Creek	1964-65	Percussion	134
BHP	Bonser Creek	1964-65	Auger	14
Austminex	Monarch Flats	1965-66	<i>Unknown</i>	16
Kathleen Investments	Bonser Creek	1966	Percussion	7
Endurance Tin		1969	<i>Unknown</i>	12
BMI	Monarch Flats	1971-73	Auger	641
BMI	Monarch Flats	1979	Backhoe Pit	10
Amdex	Clarence	1978	Percussion	17
Amdex	Monarch Flats	1980	Rev. Circulation	48
Amdex	Monarch Flats	1980	Percussion	9
Amdex	Bonser Creek	1980	Percussion	1
Amdex	Bonser Creek	1981	Percussion	9
			TOTAL	932

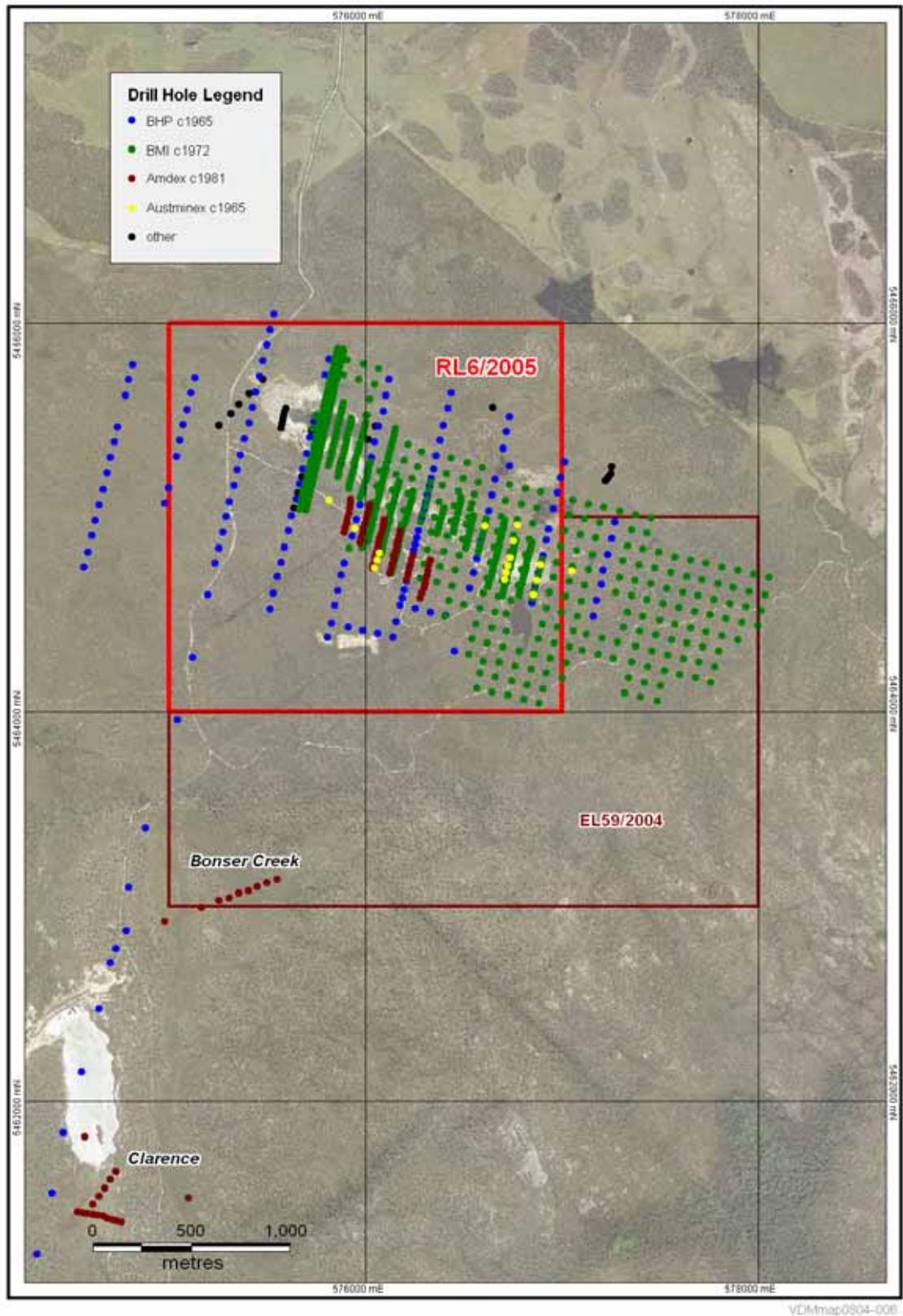


FIGURE 4 - MONARCH DRILLING PROGRAMS BY OPERATOR
AERIAL PHOTOGRAPHY BASE

3.1 HISTORICAL BACKGROUND - UPDATED:

The company drill hole database was “upgraded” with the highly accurate X,Y,Z survey data. The surveyed holes are well “spread” across the resource, as depicted by the large blue-coloured circles in Figure 5, which greatly assists in accurately locating the resource on the ground.

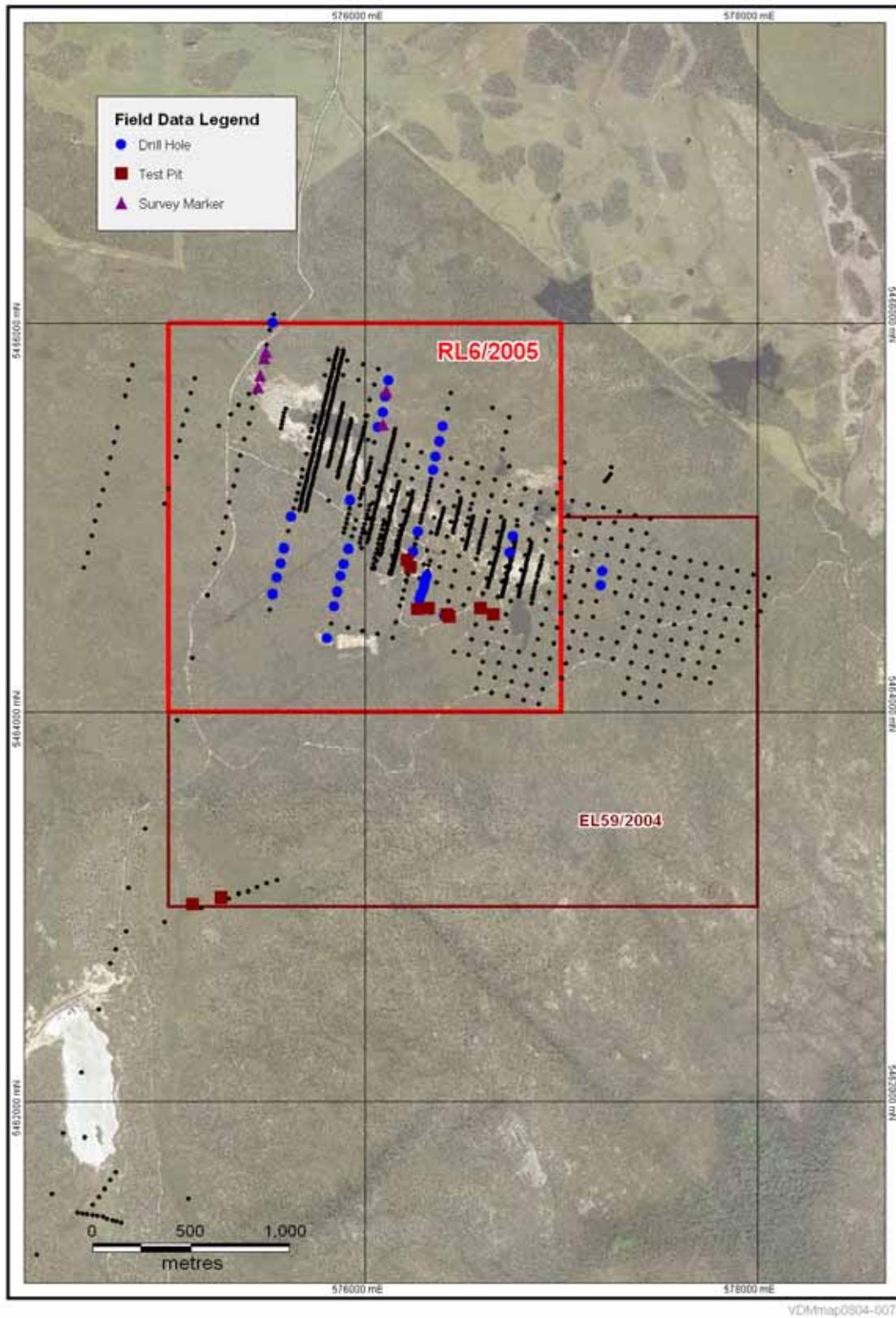


FIGURE 5: DGPS-SURVEY DATA LOCATION PLAN

New data was added to the drill hole database by way of a previously unknown drilling found amongst drill hole maps stored at MRT. A program of 16 holes was drilled by Austminex in 1966 ; see yellow-coloured circles on Figure 4. This program "in fills" the BHP 1965 program, keeping with their hole name convention.

The Pioneer drill hole database now includes data for over 920 drill holes. A tabulation of drill hole data digitised from various drill logs and annotated maps appears in Appendix 1.

With the incorporation this data, basement topography has been re-modelled. The latest 2D basement topography model can be seen in Figure 6. A 3D representation can be seen in Figure 7.

The addition of the extra drill data has confirmed the general basement topography and the presence of a possible marine embayment feature north west of the main Monarch resource. There is some evidence to suggest that the Monarch deposits are not alluvial but may represent, in part, marine reworked strand line deposits that grade eastwards into true terrestrial alluvials.

The 3D visualization provides a more detailed impression of the steep walls of the postulated marine embayment. Low basement highs along the northern edge of the embayment appear to have dissected the outflow from the Shallamar deposits. These features may represent low near shore islands behind which marine reworking of the Monarch tin bearing deposits developed a series of tin bearing strands along the embayments shoreline.

Down hole grade data derived from drill logs has been digitized from all available BHP and Amdex drill logs.

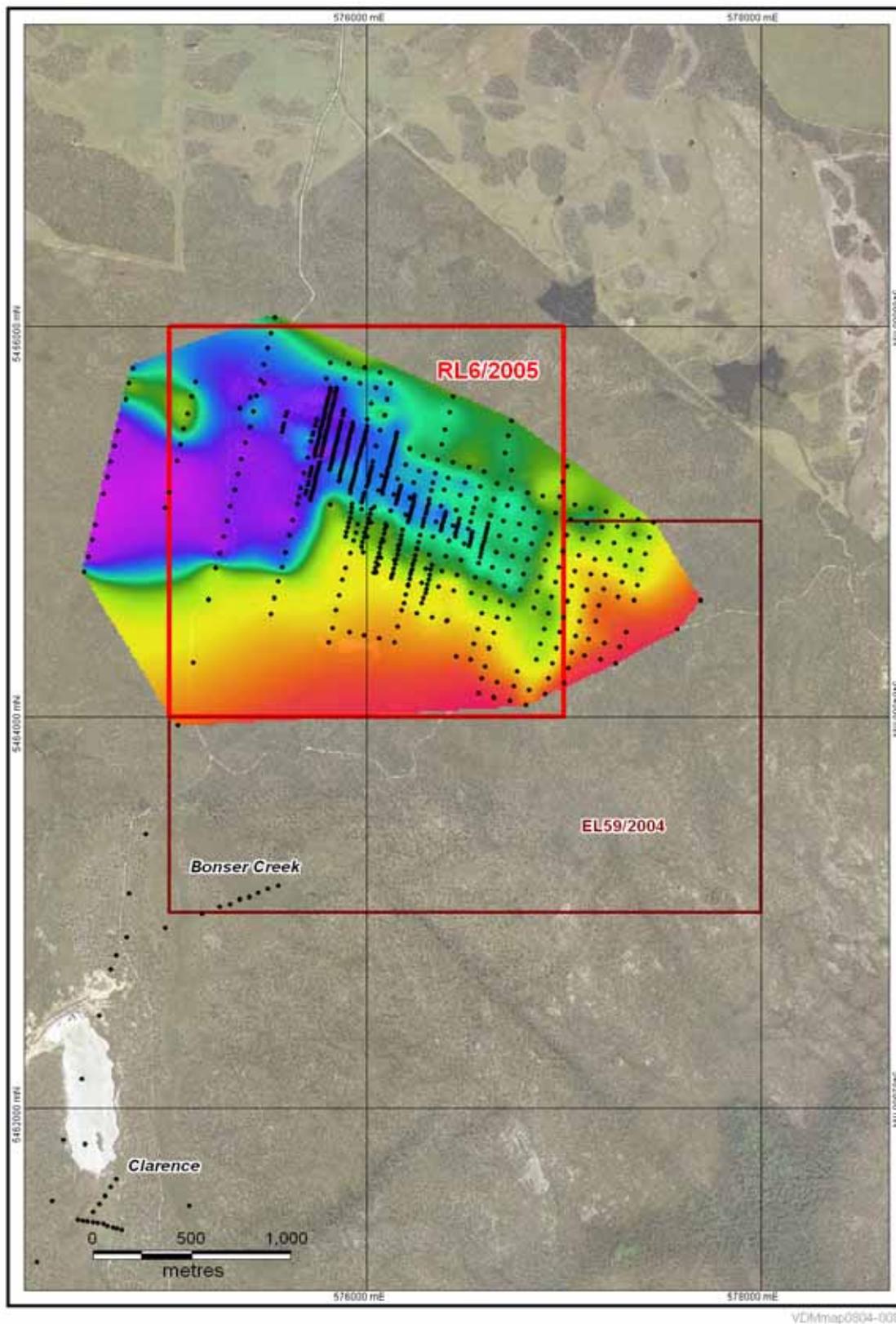


FIGURE 6: BASEMENT TOPOGRAPHY - APRIL 2008

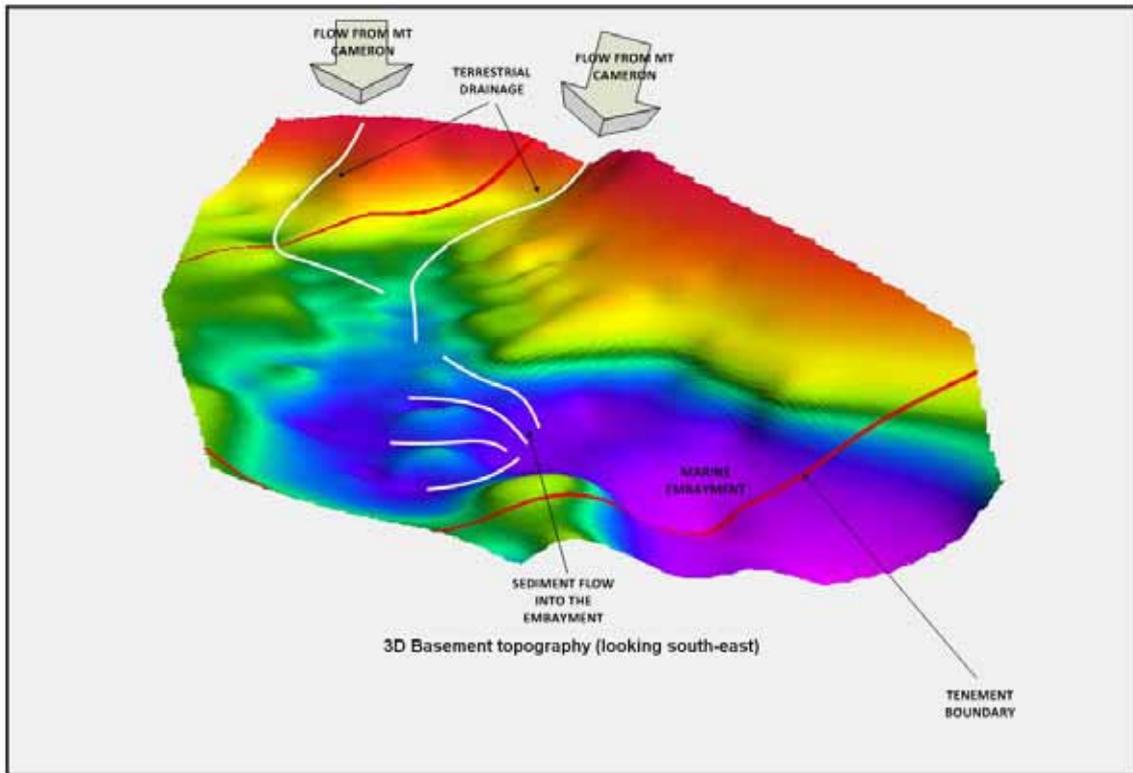


FIGURE 7 - 3D VISUALISATION OF BASEMENT TOPOGRAPHY

4.0 GEOLOGY:

Since acquiring tenure to this property VDM reassessed the regional geological setting particularly as it pertains to the alluvial deposition during the Tertiary period. Historical data; mine locations, drill hole locations and geophysical data were progressively added to a regional database.

4.1 REGIONAL SETTING:

A detailed description of the older geological units has not been provided, a brief outline of the nature of each major unit is provided, in tabulated form, Table 3 and a geological map as Figure 4.

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.

At Monarch the tin bearing deposits consist of Quaternary alluvials deriving their sediment load from the granitic rocks of the Mt Cameron granite massif.

Uplift and massive erosion in the Tertiary is the main influence controlling the development of all the tin bearing deposits of the north east. Locally the deposits may vary in the nature of their deposition however the sediment source of the alluvial gravels remains basically the same. In some instances granite based sediments predominate and in others meta-sediments.

At Monarch the presence of a zirco-spilic suite of heavy minerals in addition to the tin bearing granitic suite is somewhat puzzling. There is no evidence to suggest that any Tertiary basalts were deposits north of the Mt Cameron granite body. The granite body would have been present as a granite basement high during the youngest period of Tertiary volcanism. Further, there is ample evidence to suggest the Shallamar Creek deposits are derived directly from the Mt Cameron granites, tin is coarse and locked cassiterite - quartz particles are quite common. The presence of older Tertiary alluvials surrounding the younger Shallamar Creek deposits may account for, and be the source of, the zircon-spilic suite.

Tertiary geomorphology is not fully understood. The palaeo-channels of the ancient Ringarooma, Boobyalla and Musselroe Rivers that dominated the drainage system in the north east have yet to be accurately defined.

Periods of uplift and faulting, marine transgression and regression are also not well understood. Faulting observed in Tertiary gravels at Pioneer and postulated at Endurance indicate that the area was geologically quite unstable up to and including the period of Younger Basalt volcanism. There is now strong evidence to suggest that the Quaternary deposits of the Shallamar Creek area may in fact be early Tertiary in age as they appear to plunge over a steep drop-off just west of Monarch into the ancient Boobyalla River marine embayment. BHP in their early work record marine fossils in drill holes west of Monarch.

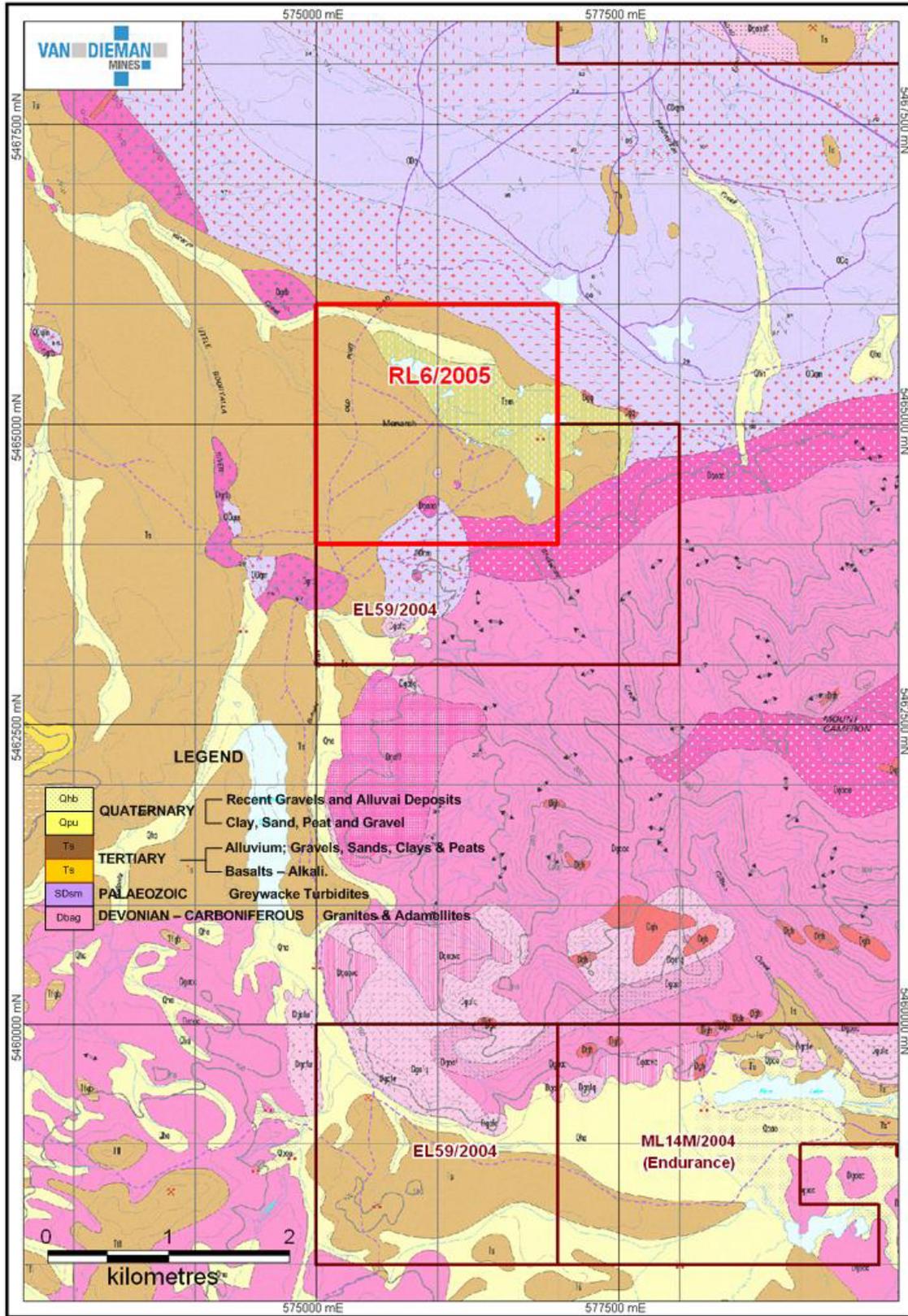


FIGURE 8 - GEOLOGICAL PLAN OF RL 6/2005

TABLE 3
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

4.2 LOCAL GEOLOGY:

The tenement lies at the north western end of the Mt Cameron granite massif. The alluvial geology at Monarch is of a local nature with the bulk of the alluvial sediments being derived as direct erosional shed from the Mt Cameron massif. Sands and gravels have a dominant granitic component although there is a minor meta-sediment fraction probably derived from weathering of local outcrops (southern boundary of RL 6/2005) of Mathinna Beds meta-sediments and from weathering of Tertiary gravel outcrops that surround tenement.

The Shallamar Creek tin bearing alluvials appear to be incised into a Tertiary alluvial profile that rests on a granitic basement. There is no evidence to date that Tertiary alluvials underlie the Shallamar Quaternary tin bearing deposits.

The presence of sapphire at Monarch is unusual as the area is not connected to any stream system that sheds from a basaltic source. The weathering of Tertiary alluvials is considered the most likely source of the sapphire - spinel heavy mineral fraction.

The heavy mineral suite consists of:

- The Granitic Suite - cassiterite, zircon, xenotime/monazite, ilmenite, rutile, topaz, tourmaline and tantalite - columbite;
- The Zirco-Spilic Suite - consists of basaltic zircon, spinel, sapphire, ilmenite, and magnetite; and
- The Metasediment Suite - probably is the source of gold.

5.0 SUMMARY OF ACTIVITIES

Over the past twelve months, due to a minimal workforce and budget constraints all resources were used to assist with start-up at the Scotia mine. Due to changes in production requirements minimal field studies were carried out on surrounding tenements. Our Exploration Manager, Graeme McIntyre ceased employment with the company on 3rd November 2008 due to the closure of our Sydney Office and his position had not been filled at the time of the mine closure.

6.0 PROPOSED WORK PROGRAMS:

The mine is currently in liquidation with Paul Cook and Associates, they are running a Care & Maintenance Program at the Scotia Mine Site.

Due to our current situation there are no proposed works at this time.

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8.0 APPENDICES:

8.1 DRILL HOLE LOCATION DATA SHEETS, MONARCH

See Separate Electronic File RL62005_200804_02_Appendix