

EL 1 / 2003
NORTH EAST TASMANIA

FINAL REPORT
PERIOD ENDING 20TH AUGUST 2009

VAN DIEMAN MINES PTY LIMITED (In Liquidation)

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1.0 INTRODUCTION:

The Company has conducted an extensive field survey program, locating a number of features, including :

- backhoe trenches and test pits
- major access roads and minor tracks
- historic workings
- high-level alluvial gravels

This data allowed the Company to accurately digitize and correct the location of all Geophotos Resources trenches and pits, as published in their technical reports (c1973/74).

An area of high level alluvial gravels and boulder beds has been located west of the river and just south east of Garibaldi Hill.

Field mapping indicates at least four periods of alluvial deposition within the Wyniford watershed. These consist of recent active stream deposits, Quaternary units and both younger and older Tertiary terrace deposits. The latter is a very old high level alluvial deposit located well away from the present stream valley.

2.0 LOCATION AND ACCESS:

EL1/2003 is located immediately south of the township of Pioneer and straddles the valley of the Wyniford River. It is approximately 15km south of the township of Gladstone, where Van Dieman Mines has its mine office.

See the following four figures, as per :

Figure 1 - Regional Location Map on a 250K Topographic Base

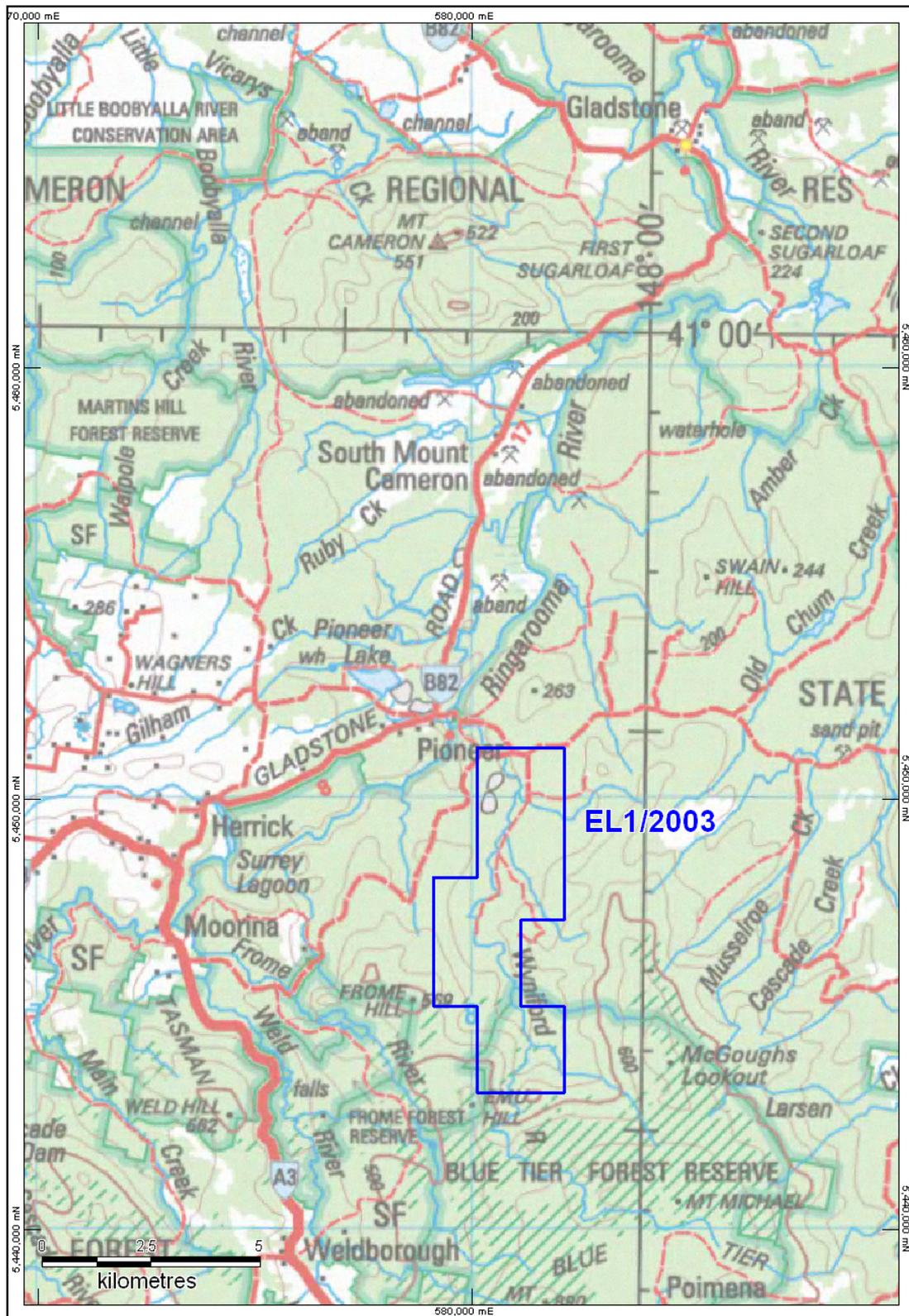
Figure 2 - Tenement Location Map on an Aerial Photographic (c2005) Base

Figure 3 - Tenement Location Map on a 100K Topographic Base

Figure 4 - Regional Location Map on a SRTM (elevation) Grid

Access along the Wyniford River is via Garabaldi and Frome Dam Road.

Sample sites are accessed by upgrading and re-establishing old mine access roads. Recent logging activity and extensive forest clear felling have improved access on the western and southern sections of the tenement.



VDMmap0810-010

FIGURE 1 - REGIONAL TENEMENT LOCATION MAP

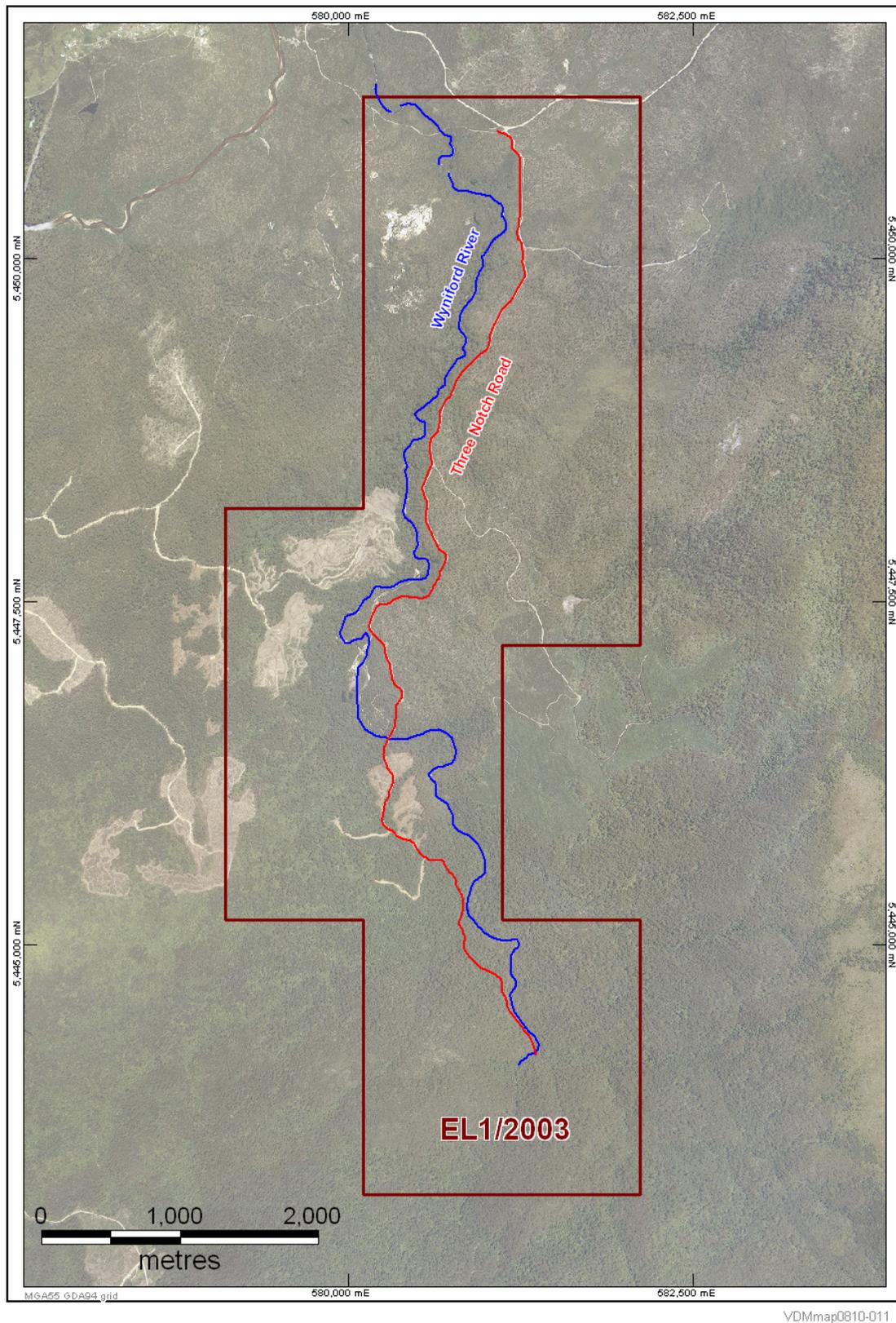


FIGURE 2 - TENEMENT LOCATION ON AERIAL PHOTOGRAPHY c2005

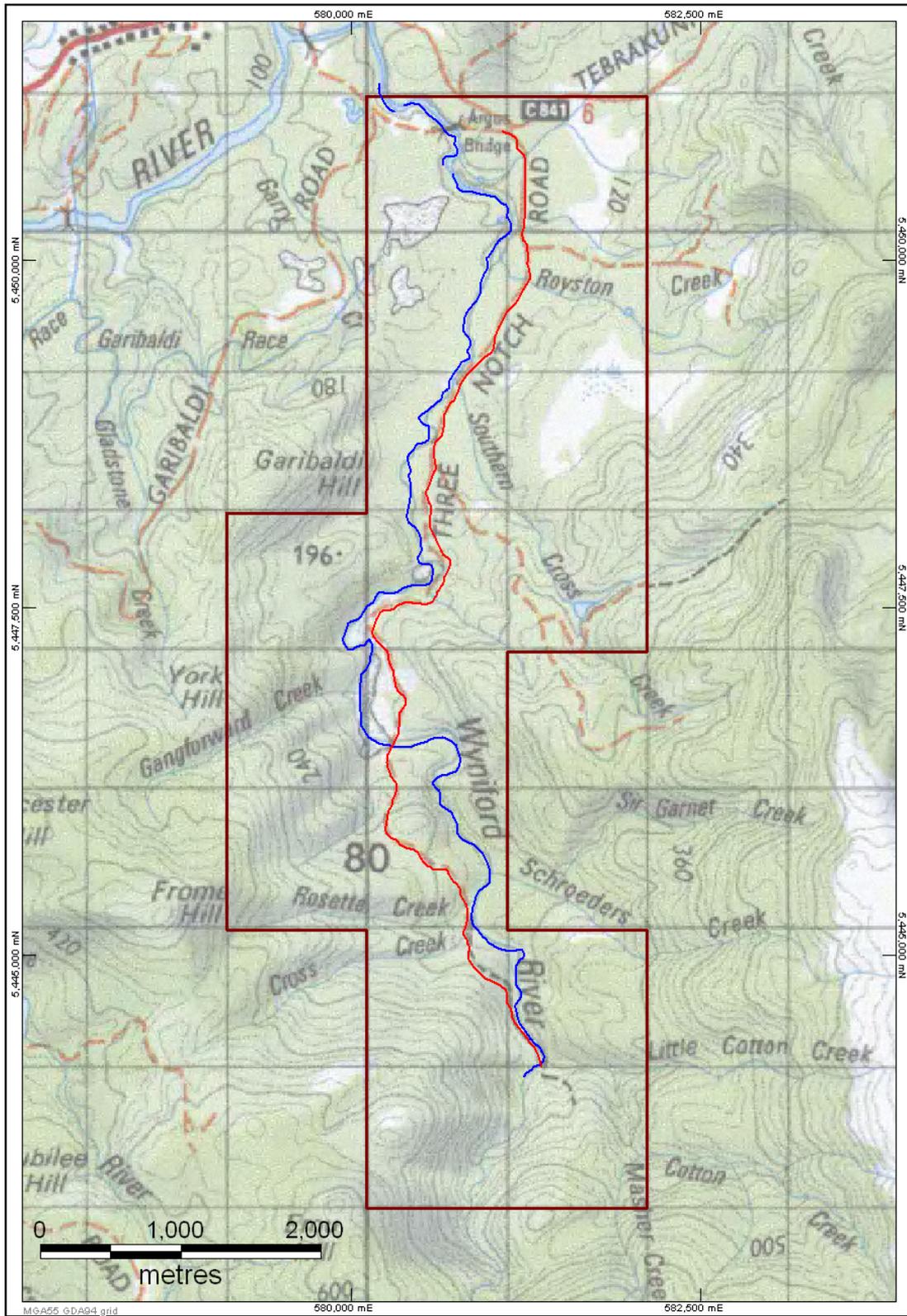


FIGURE 3 - TENEMENT LOCATION ON 100K TOPOGRAPHY

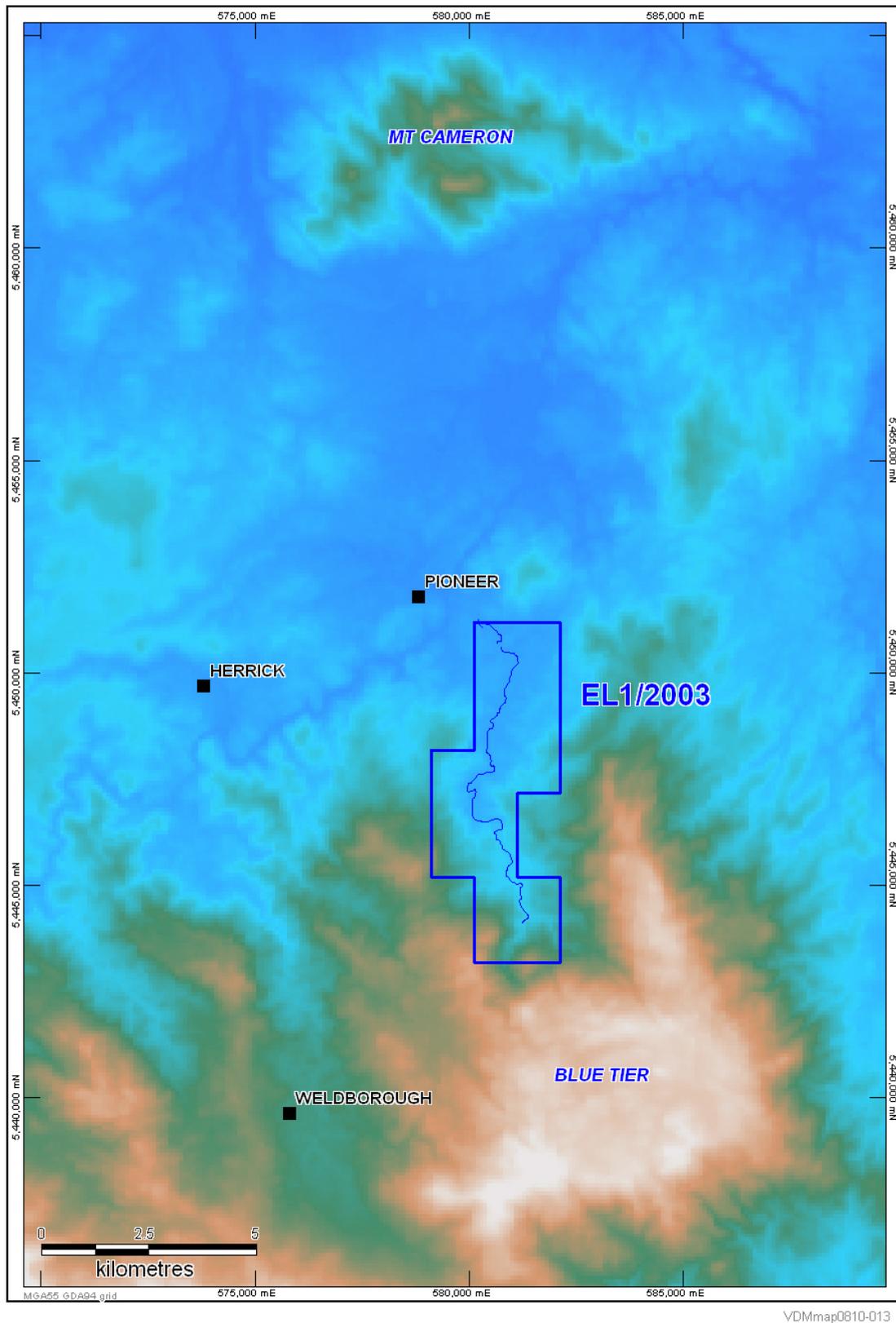


FIGURE 4 - REGIONAL LOCATION ON SRTM (ELEVATION) GRID

3.0 HISTORICAL BACKGROUND:

Tin mining commenced in the Wyniford area in the 1870's by Chinese miners. By the year 1888 a town had become well established at Garabaldi on the western bank of the Wyniford River some 3 km south of Pioneer. Mining appears to have peaked in the area in about 1891 and by 1893 was in decline as most of the easily worked ground had become exhausted. Subsequently European miners constructed water races throughout the area, particularly around Garabaldi and worked extensions to the older workings.

The area appears to have attracted little interest from around the turn of the century to the mid 1970's when several small machine mining operations commenced in the upstream areas known as the "Wildcat" areas.

In 1968 Texins Development Pty Limited were granted an exploration Licence over the Wyniford River and surrounding areas (EL 6 / 68). During the period 1973 to 1974 Geophoto Resources Consultants conducted reconnaissance field work covering the tin-bearing gravels along the lower reaches of the river. A total of 172 backhoe pits were dug, 152 of these were channel sampled and a total of 300 samples processed. Their study area was surveyed and subsequently "Geophoto" derived resource volumes and grades.

For a short period in the early 1970's, B.M.I held a small 10 acre lease in the upstream section. They expressed an interest to jointly explore with Texins/Geophoto, but discussions ceased when it became clear to Texins/Geophoto that they were expected to perform the exploration work, with BMI only offering their expertise if and when projects developed to a mining operation.

By the early 1980's all activity had ceased.

In 2002 Mineral Holdings Australia Pty Limited defined an area of prospectivity for alluvial tin and gemstones in the Wyniford River valley. The company made an application for an area in January 2003 and were subsequently granted the area as EL 1/2003 in November of the same year. In June 2004 the tenements were acquired from Mineral Holdings by Van Dieman Mines Pty Limited.

4.0 GEOLOGY:

It is not proposed to deal with the regional geology in any great detail as no changes to the geology as depicted on the 1:50,000 Series Geological Atlas - Ringarooma have been noted during exploration.

4.1 REGIONAL SETTING:

The Upper Devonian to Lower Carboniferous Blue Tier Batholith acid igneous intrusive rocks form basement throughout the tenement, and outcrop to the south. These intrusives are generally porphyritic, coarse grained biotite or biotite - muscovite granites and adamellites. Locally there are minor coarse to very coarse grained varieties (pegmatitic suites). The tin in the Wyniford River alluvials is considered to be derived from these intrusives and / or their coarser variants which are almost pegmatitic in nature.

The alluvial deposits of the Wyniford River valley consist of recent active stream alluvials, Quaternary terrace alluvials and both younger and older Tertiary units. They are masked in many places by thick layers of old alluvial mine tailings particularly in the vicinity of Garibaldi Township.

4.2 LOCAL GEOLOGY:

Two units are significant, both contain significant quantities of cassiterite and gemstones; sapphire, zircon, spinel and topaz.

a. TERTIARY ALLUVIUM:

➤ OLDER HIGH LEVEL DEPOSITS:

These deposits have located and occupy a low ridge between two small hills some 800 metres south east of Garibaldi Hill. The deposit consists of coarse gravelly and bouldery alluvium perched approximately 70 metres above the present level of the Wyniford River. The full extent and continuity of the deposit is yet to be determined and it is not known if these deposits contain cassiterite or any gem mineral.

➤ YOUNGER TERTIARY DEPOSITS:

This unit consists of unconsolidated boulder, gravel and sand deposits resting on a granitic basement. They are developed as semi-mature deposits immediately adjacent to the active river or perched several meters above the river. The well rounded nature of the clasts reflects the extremely active nature of their deposition. They are generally overlain by either the Quaternary Alluvial deposits or directly by a sandy horizon, often strongly humic that is most likely also of Quaternary age.

They appear to be the most significant of the cassiterite bearing deposits however they do not appear to consistently contain gem minerals other than topaz and granitic zircon. Cassiterite occurs throughout the unit with very high concentrations in the basal sections or in sections where bouldery material predominates. Certainly at several locations they are devoid of the zirco-spilic basaltic suite of minerals; corundum, basaltic zircon and spinel. This feature points to a long period of deposition that probably started at pre-basaltic stage.

Thickness varies from thin wedges developed on rising basement to several metres of loose, very wet, bouldery material developed in basement hollows. "Geophoto" report that the deepest sections tested measured up to 5.5 metres in thickness.

b. QUATERNARY ALLUVIUM:

These consist of unconsolidated gravel and sand units resting either older Tertiary deposits or directly on granitic basement. They are also developed immediately adjacent to the active river and are similar to the Tertiary unit in that they contain well rounded clasts. They do however contain more abundant fine sand and clay horizons not seen in the older unit. They are overlain by a Quaternary age sandy horizon that is usually strongly humic.

The deposits vary in thickness from fractions of a metre to several metres and vary from 30 to 70 metres in width. They are heavy mineral rich although the "Geophoto" work indicates the higher concentrations to be confined to channels and runs within the deposits.

c. RECENT ALLUVIUM:

This unit consists of the very recent active stream deposits, point bar sands, gravels and boulder beds. Cassiterite is present along with a variety of gem minerals in the basal zones of this unit.

4.3 RECENT EXPLORATION

The Company has DGPS survey pick-up of all roads and tracks, historic workings and backhoe pits. Using known DGPS stations the published Geophoto maps have been digitized and all data re-plotted. These data appear as Figure 6.

A high-level alluvial deposit was located west of Wyniford River (MGA55 580112E,5447941N) at the end of a forestry track in an area that had been recently “logged”. An exposed ancient river bed was traversed in a north-easterly direction for a distance of approximately 500m, until a position where it entered an “unlogged” area, near Geophoto traverse line 2000S.

The Company purchased aerial photography (flown December 2005) over the tenement. When compared to the previous aerial photographic images (flown January 2002), it is very clear to what extent logging companies have cleared vegetation within the tenement ; especially in the central eastern area. Figure 5 shows a comparison of 2002 & 2005 aerial photography imagery.

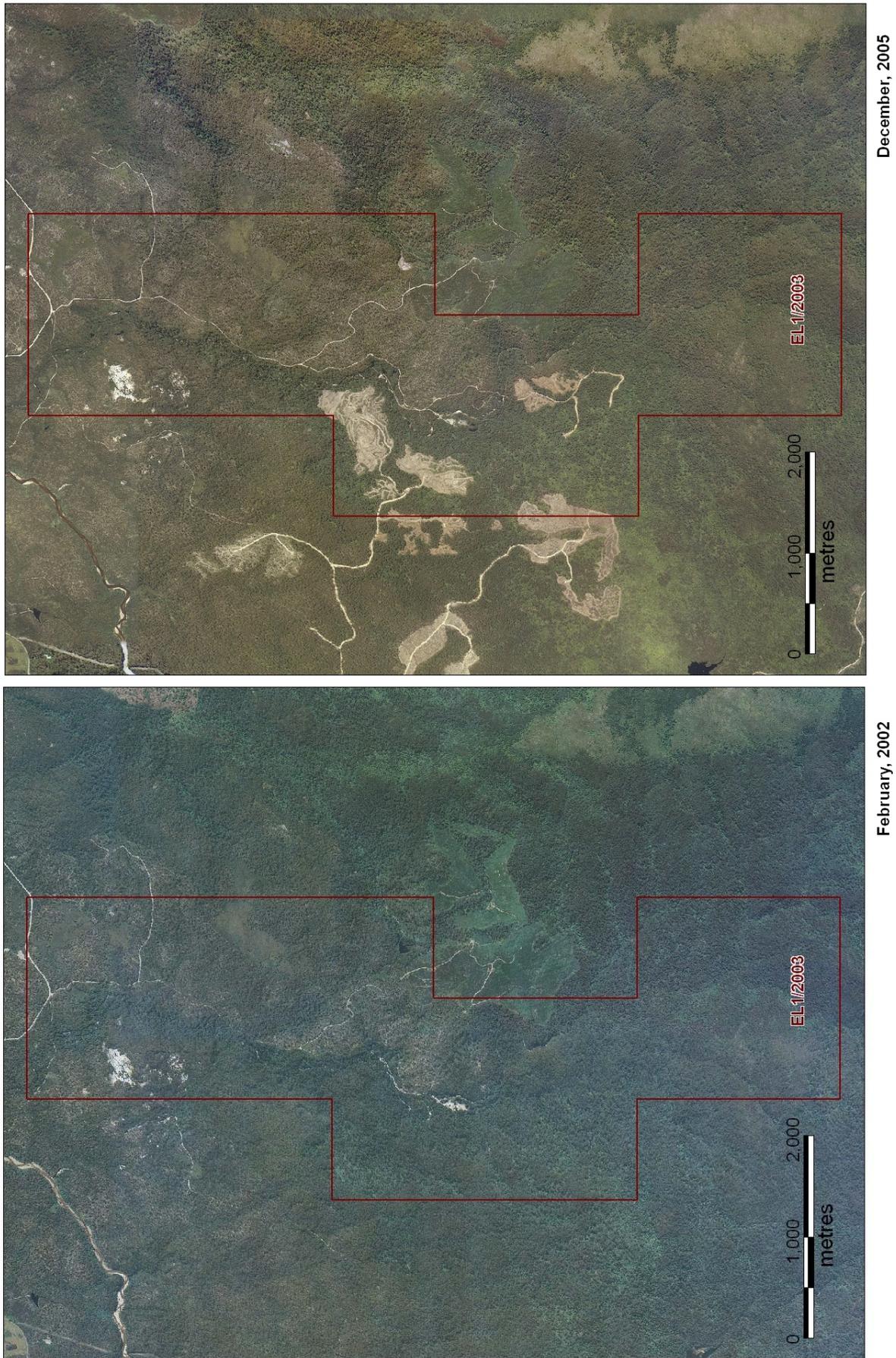


FIGURE 5 - COMPARISON OF AERIAL PHOTOGRAPHY OVER EL1/2003

5.0 PROPOSED WORK PROGRAMS

The current holder of this licence, Van Dieman Mines Pty Ltd, is currently in liquidation, the company having been placed in Administration on 27 February, 2009. Since the appointment of Administrators, all operations have been subject to review with the nearby Scotia Mine currently on Care and Maintenance.

The services of the company's Exploration Manager were terminated by the Company prior to the appointment of the Administrators and there have been no further exploration work on these tenements since that time. Ongoing work programs are currently subject to review and it is hoped that this review process will be finalised by the end of 2009.

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