EL 58 / 2004

MAYFIELD FLATS

NORTH EAST TASMANIA

FINAL ANNUAL REPORT

FOR THE YEAR ENDING

7TH APRIL 2009

VAN DIEMAN MINES PTY LIMITED (In Liquidation) 20TH August 2009

UPDATED BY:
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OVERVIEW

During preparation of the prospectus for the London Stock Exchange IPO in 2004 Van Dieman Mines Pty Ltd (VDM) as part of its technical presentation prepared basement topographic simulations for the Scotia and Great Northern Plains (GNP) alluvial tin deposits. These simulations, repeated in this report as Figure 6, 7 and 8 indicated that previous interpretations of the relationship between the Scotia – Scoloch palaeo-channel and the GNP marine embayment may have been incorrect.

The studies indicated a sharp rise in basement immediately south and east of the Braithwaite's section of the GNP Resource. This basement rise raised doubts as to whether, as previously postulated, the Scotia – Scoloch palaeo-channel flowed eastwards into the GNP in the vicinity of Braithwaite's resource area. The simulation in fact appeared to indicate that the Scotia – Scoloch palaeo-channel flowed further northwards before turning west along the edge of the Jurassic dolerite and entering the GNP embayment further to the north of Braithwaite's.

VDM has tried refine the company GIS database with the addition of new drill hole locations and more definitive X, Y & Z drill hole co-ordinates. This work has dramatically altered the basement interpretation for the area encompassed by the Scotia Lead, Braithwaite' Deposits, the Great Northern Plain (GNP) and Mayfield Flats areas. The current interpretation agrees in part with previous work. It appears that the GNP marine embayment was a more complex structure than previously thought. The embayment appears to extend eastward into the Mayfield Flat area and as far south as the northern boundary of ML 15M/2004.

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1.0 INTRODUCTION:

The tenement encompasses a section of the GNP lying between the Scotia – Scoloch alluvial tin bearing palaeo-channel and the GNP marine embayment. The area is bounded in the north and west by high basement composed of Jurassic dolerite, that geological unit also forms the western boundary of the GNP marine embayment. That embayment is now interpreted to extend eastwards into the Scotia – Scoloch Lead depositional area. See Figures 6, 7 and 8.

Previous geological interpretation postulated that the Scotia – Scoloch palaeo-channel flowed northwards and then turned abruptly east and flowed into the GNP embayment through the Braithwaite's resource area. Recent basement studies are less conclusive and support a marine influence in the northern section of the "Leads". Improvement in X, Y and Z co-ordinates for many old drill holes has resulted in a more exact basement rendition.

The eastern side of the embayment is influenced by a number of basement high features, probably consisting of resistant dolerite. The embayment is thus developed around these features and is developed eastward of the main GNP section into a smaller subsidiary basin into which the Scotia – Scoloch leads flow. Marine influence appears to occur as far south as the northern boundary of ML 15M / 2004, see Figure 7. The Scotia – Scoloch palaeo-channel may in fact cease as a well defined channel and become part of a more broad marine outwash feature, similar to the GNP embayment.

Location of 1958 vintage Rio Tinto drill logs has expanded the knowledge base. These indicate that a combination of ground geophysics and fence drilling may be required to define the Scotia – Scoloch section of the marine embayment.

2.0 LOCATION AND ACCESS:

The tenement is centered approximately 9 km north of the Township of Gladstone, the centroid of the area is located a 580300mE; 5470400mN. See Figures 1, 2 and 3.

Access throughout most of the area is very good. The Gladstone to Cape Portland road runs along the eastern boundary of the tenement and locally farm tracks within Rushy lagoon pastoral holding provide assess west from the main road throughout the tenement.

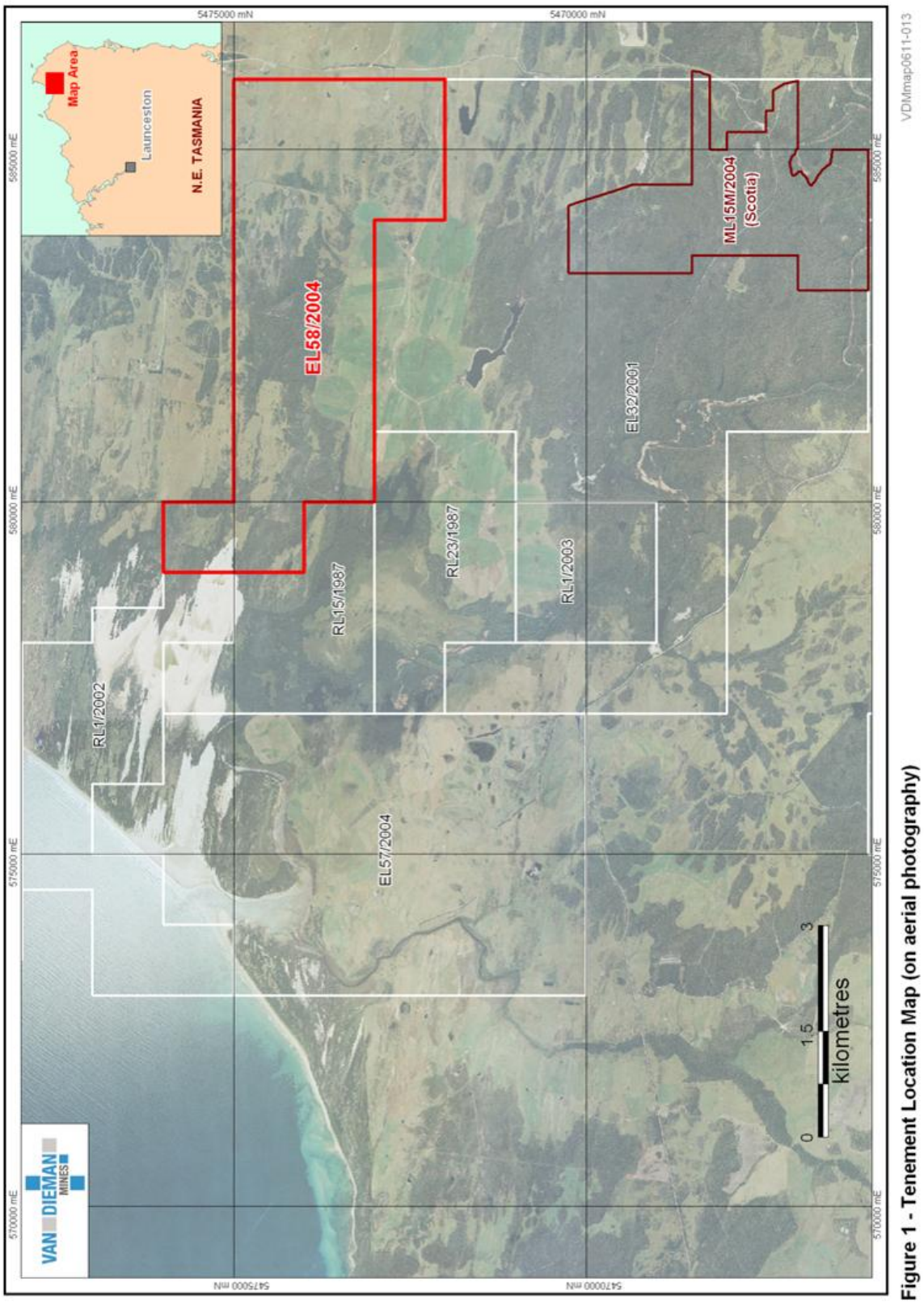

Figure 1 - Tenement Location Map (on aerial photography)

FIGURE 1 - LOCATION PLAN

AIRPHOTO BASE

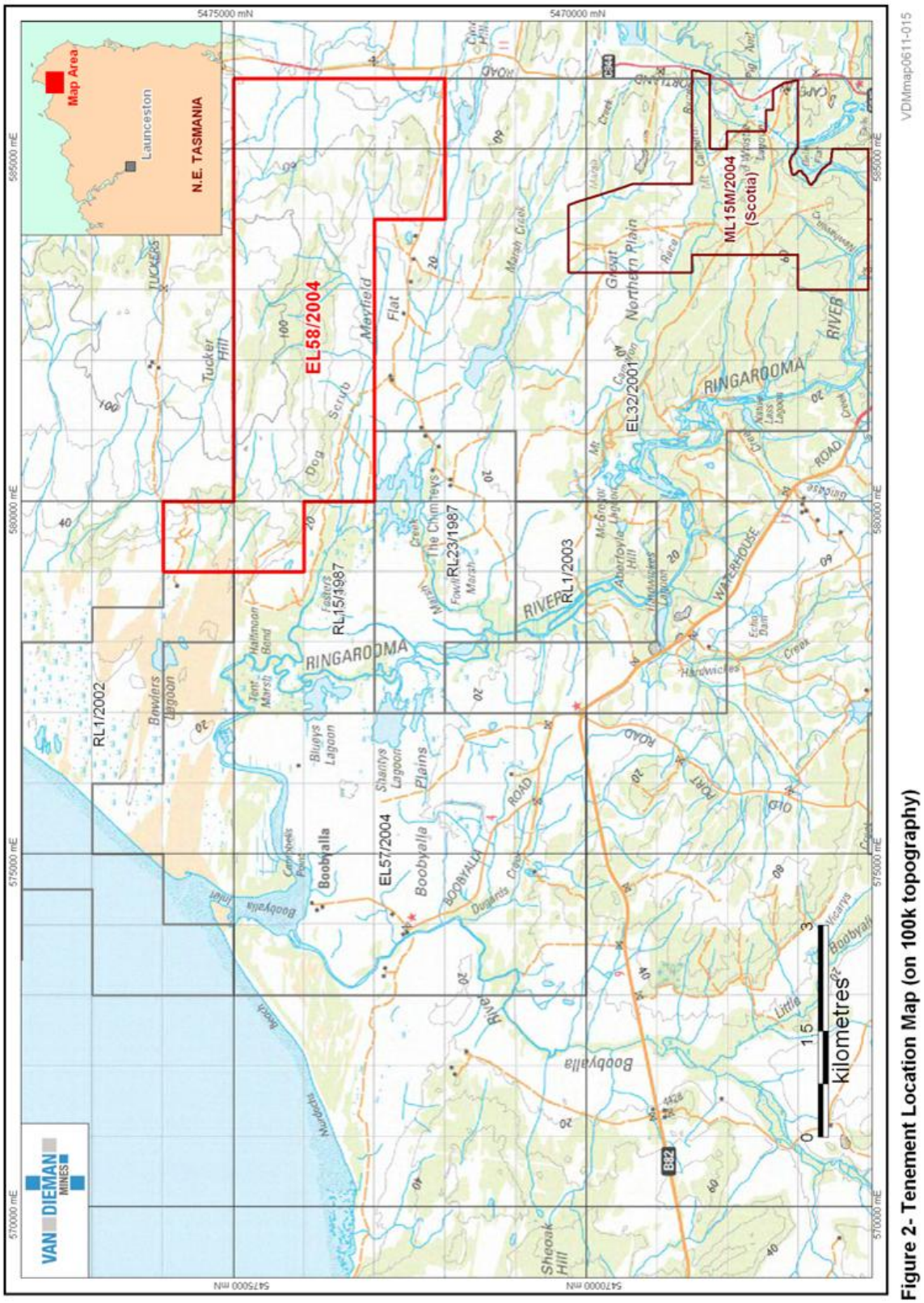

Figure 2- Tenement Location Map (on 100k topography)

FIGURE 2 - LOCATION PLAN

TOPOGRAPHIC BASE

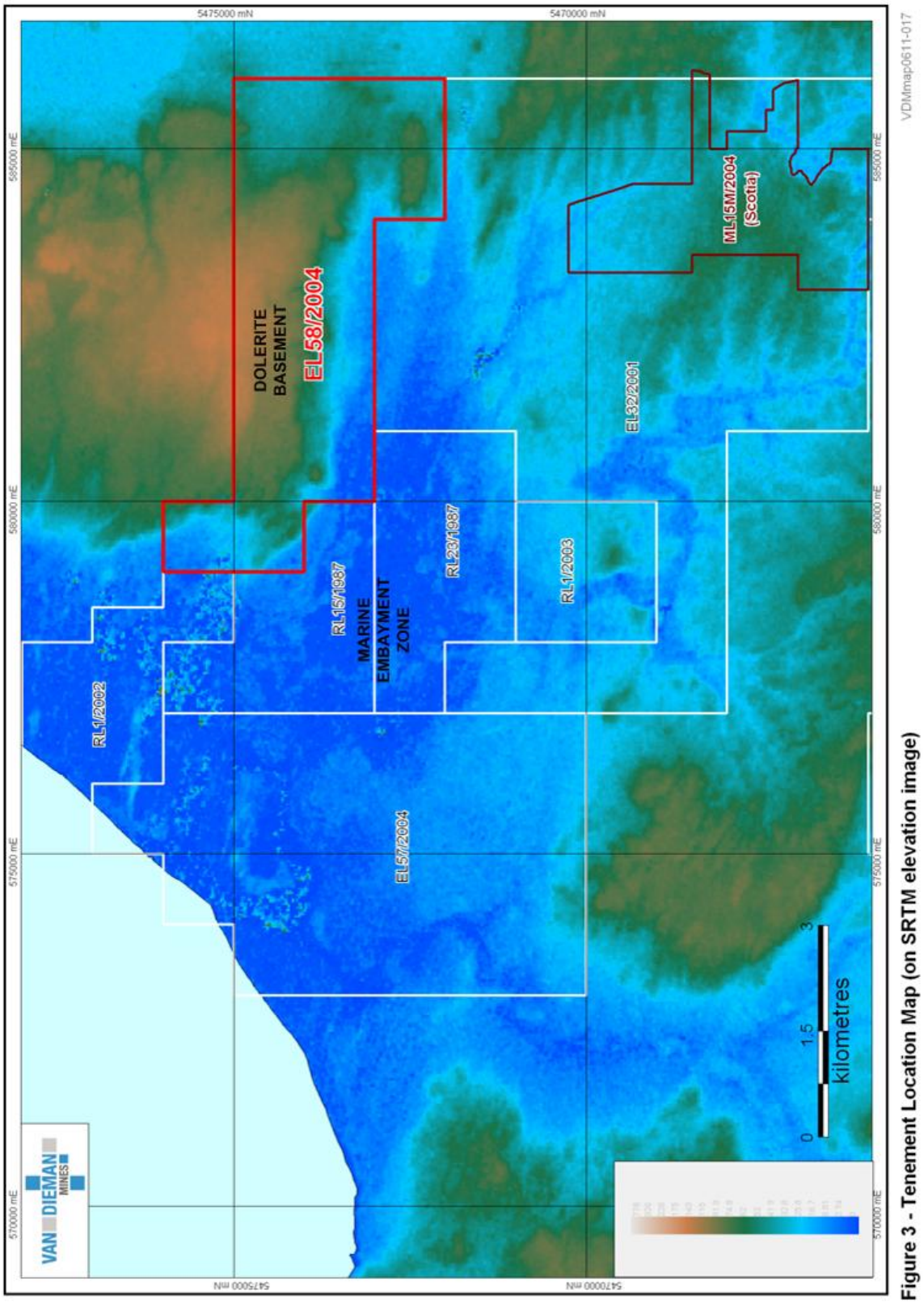

Figure 3 - Tenement Location Map (on SRTM elevation image)

FIGURE 3 - LOCATION PLAN

SATELLITE IMAGE BASE

3.0 HISTORICAL BACKGROUND:

There is no record of any mining activity having been carried out in the area although several of the Braithwaite's drill holes are located just within the southern boundary of the tenement. Recent data acquisition indicates that Rio Tinto Australia Exploration (RTAE) conducted scout boring along the southern boundary of the tenement. Results of their work are presented (metric units) in Appendix 8.1.

4.0 GEOLOGY

Since acquiring tenure to this property VDM has continued to reassess the regional geological setting particularly as it pertains to the alluvial deposition during the Tertiary period. The company now recognizes that the Great Northern Plains, in this instance taken to include possible extension of the Scotia – Scoloch palaeo-channel within the Mayfield tenement, hosts significant terrestrial and marine alluvial tin and gem bearing resources.

4.1 REGIONAL SETTING

It is not proposed to provide a detailed description of the older geological unit, a brief outline of the nature of each major unit is provided, in tabulated form, Table 1 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.

The Tertiary marine embayment is a significant local feature and appears to have hosted a number of regressive and transgressive phases during the Tertiary period. The presence of the embayment is supported by drill data, those data being encompassed in Annual reports for RL's 15 and 23 / 1987, by previous gravity geophysical surveys (Shell Exploration Bouguer Gravity, 1981) and by MRT aeromagnetic data. The recent MRT airborne magnetic and radiometric survey will greatly enhance that database.

While both terrestrial and marine sediments have been reported within the Tertiary profile on the GNP and its fringes it is most likely that the Tertiary alluvials occurring within the Mayfield tenement have a marine association.

Old Rio Tinto drill records indicate an abundance of plant fossil material including leaves and logs, lignite, marcasitic material and puggy clays. These are taken to represent deposition into a quiet almost deltaic marine environment.

Jurassic dolerites form a significant bounding basement high and mid embayment highs in the north and west of the tenement. The discharge point of the Scotia – Scoloch palaeo-channel appears to be close to the northern boundary of ML 15M / 2004. See Figure 7. It now appears that the restricted channel of the Scotia lead broadens dramatically after that point into a broad more basinal type marine deposit. The sharp nature of the bounding dolerite body is thought to be related to tertiary fault movements. The mid basin highs may also be developed due to faulting. Recent low level airmagnetics may clarify this situation.

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

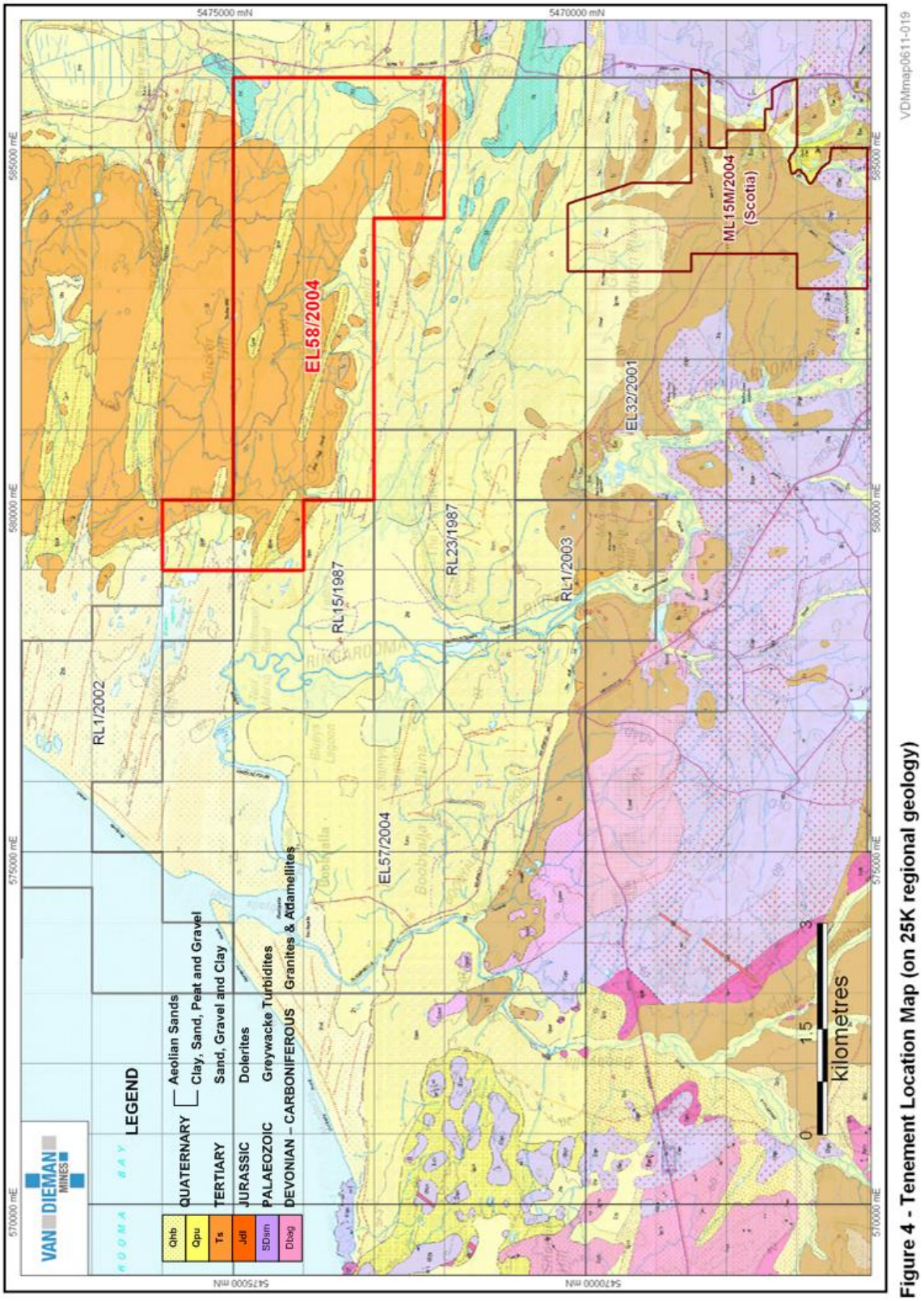

Figure 4 - Tenement Location Map (on 25K regional geology)

FIGURE 4 - GEOLOGICAL PLAN OF EL 58 / 2004

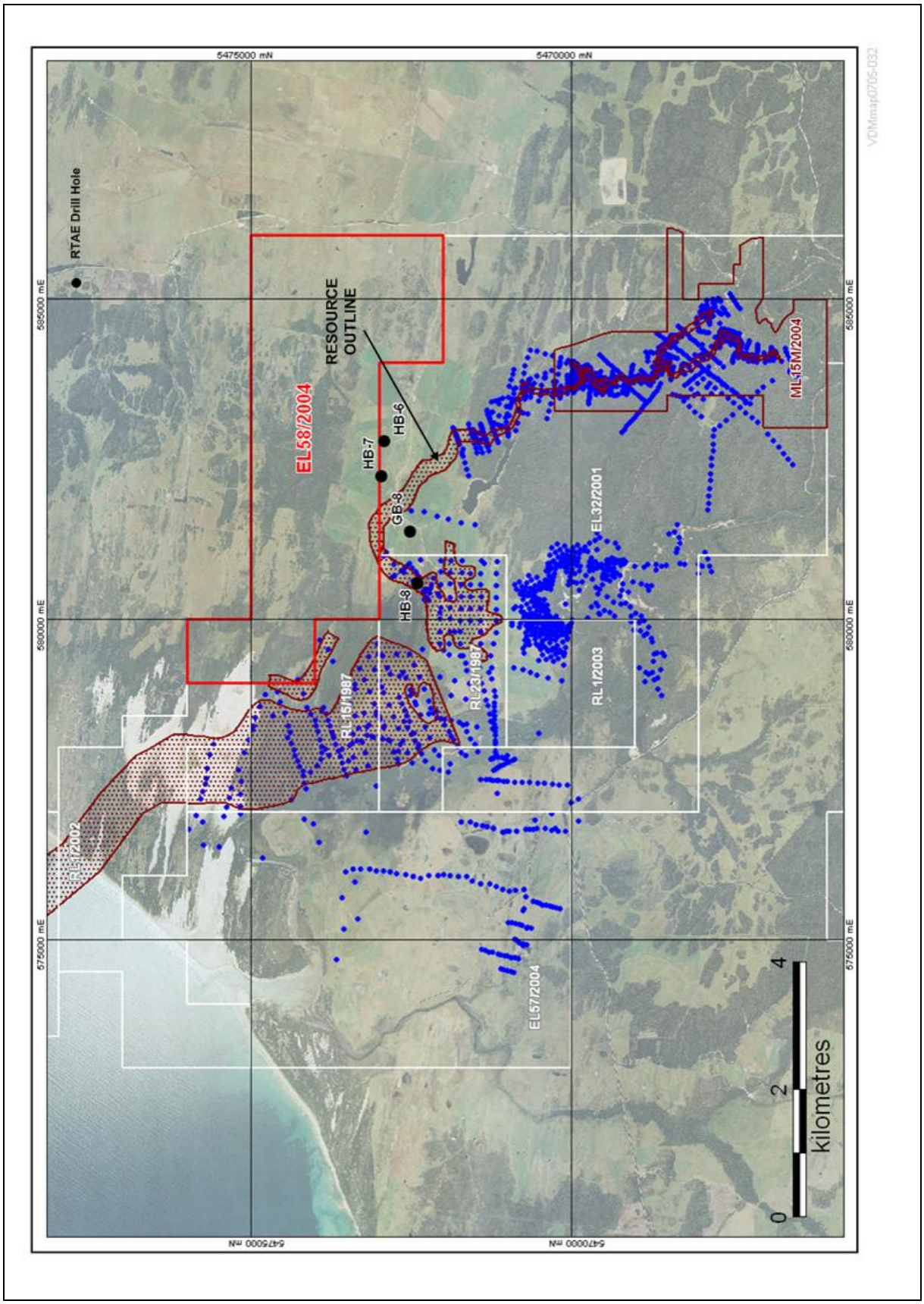

FIGURE 5 - ORE RESOURCE AND DRILL HOLE LOCATIONS

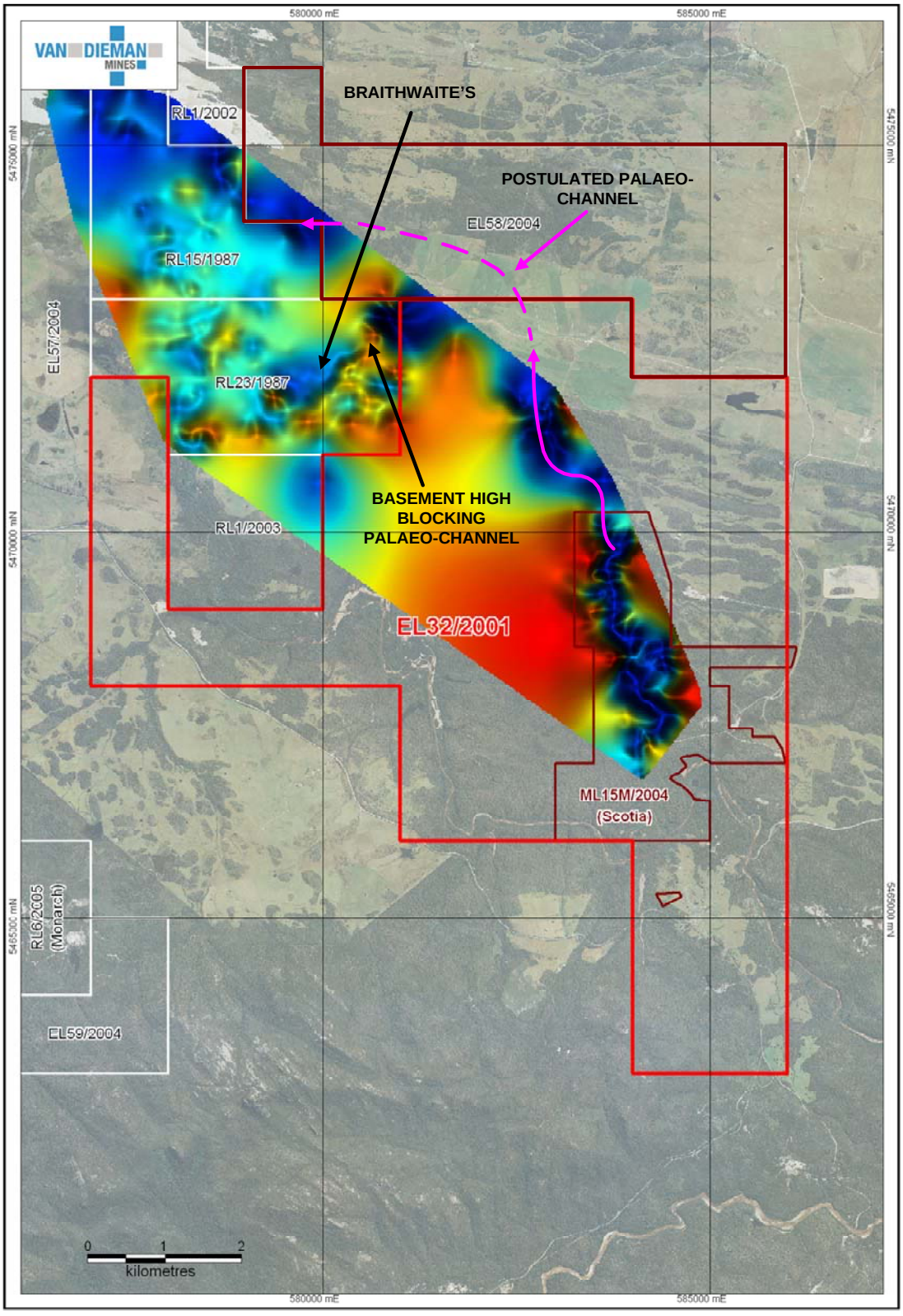

Figure 6 – Basement Topography

FIGURE 6 - BASEMENT TOPOGRAPHY (2006)

4.2 VDM's EXPLORATION:

Exploration activities have been oriented toward the location and accurate survey pick-up of old drill holes in the south and west of the tenement and in areas immediately adjoining the tenement within EL 32 / 2001 and RL 23 / 1987. This has met with limited success. The location of a number of tie points in the northern section of ML 15M / 2004 has enabled more accurate correction factoring to be applied. This has in turn resulted in the creation of a new basement depositional model.

Figure 7 is a colour rendition of the basement topography, significant features are labeled including:

- The dolerite embayment basin highs;
- The approximate boundary between the terrestrial and the marine depositional environments;
- The position of a postulated subsidiary channel to the Scotia lead; and
- The broad area of the Scotia – Scoloch section of the marine embayment.

Figure 8 depicts basement line contours, interpreted embayment outlines appear as blue boundaries.

The VDM field crew conducted DGPS survey pick-up of significant mine and cultural related features. These included old worked areas, water races, drill or sample hole locations and fence lines and fence corners.

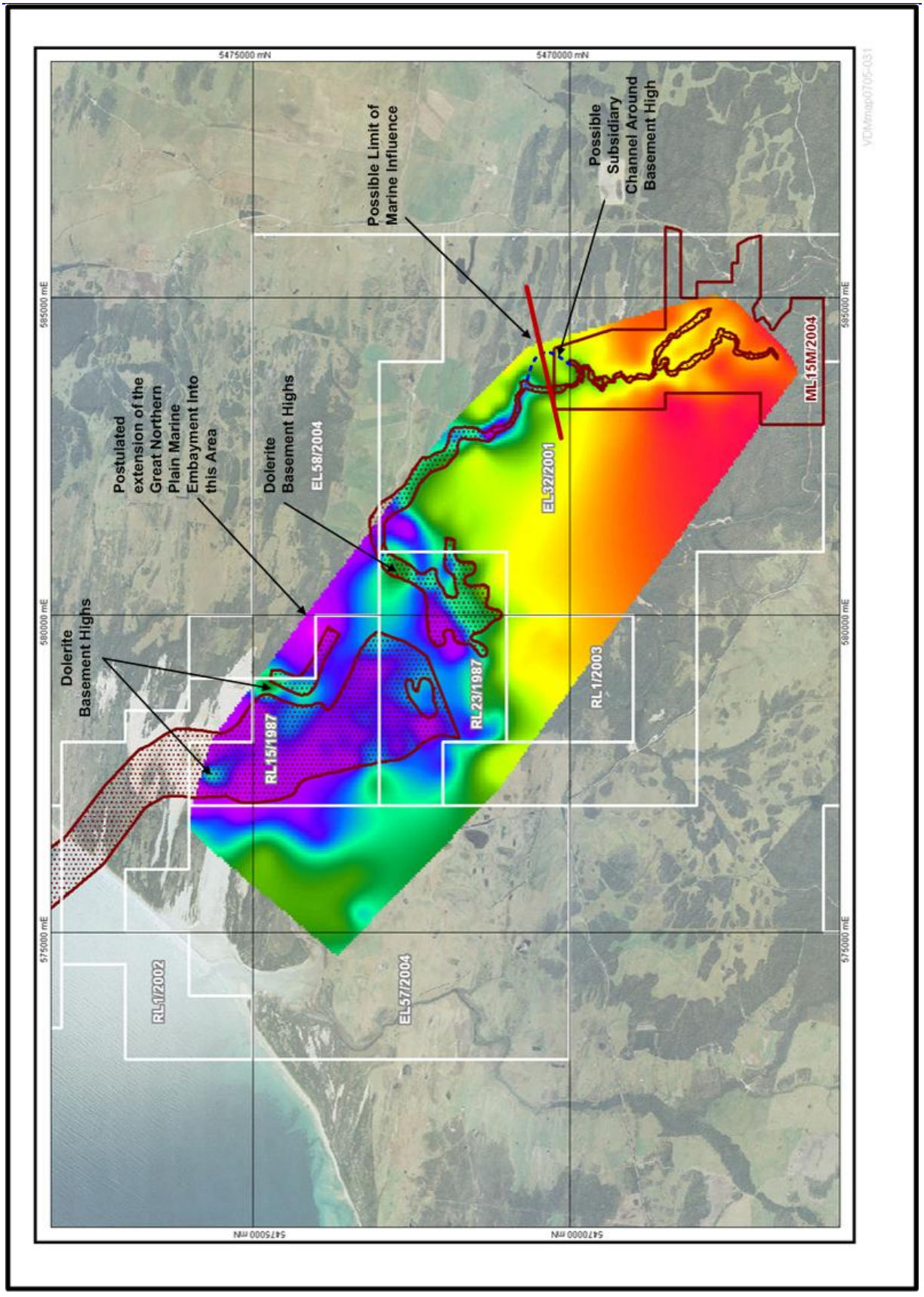

FIGURE 7 - BASEMENT TOPOGRAPHY (2007)

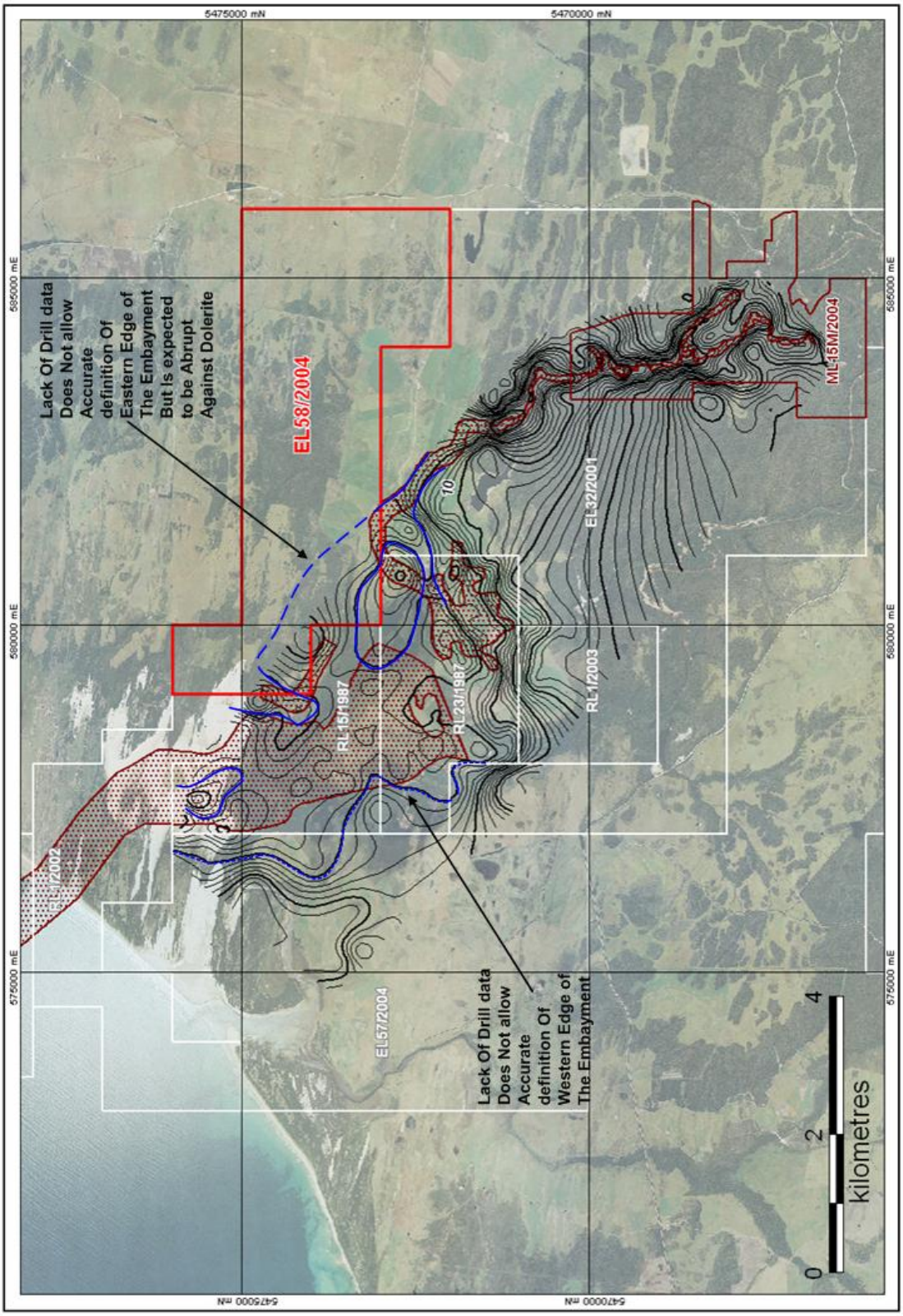

FIGURE 8 - BASEMENT TOPOGRAPHY CONTOURED (2007)

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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7.0 APPENDICES:

8.1 RTAE DRILL LOGS (Metric Conversion)

HISTORICAL DRILL LOGS **LITHOLOGY AND GRADE**

SOURCE: Rio Tinto **MRT FILE #:** N / A **DATE:** 1958
DRILLER: N / A **LOCATION:** Stinking Creek **LEASE #:** EL 58 / 2004 **SHEET 1 OF 1**

LINE NUMBER	HOLE NUMBER	INTERVAL FROM m	INTERVAL TO m	INTERVAL INT m	GRADE Gm/m^3	LITHOLOGY
	GB 5	0	1.52	2.74		Light Gry Silty & Puggy sand
		1.52	12.19	10.67		Fine, LtBrn & Gry Snds, Sndy Slts, Carb. Material & Plant Frags
		12.19	24.38	12.19		LtBrn Unsorted Grits & Slty Snds, Carb. Material & Marcasite
		24.38	27.43	3.05		Fine Grey Sands
		27.43	28.96	28.65		Fine Brn Slty Carb. Sands
		28.96	32.92			Grey, Qtz veined Slates & Ssts
	GRADE	0	28.96	28.96	Nil	
	GB 6	0	3.05	3.05		Lt Grey Med Grained sand
		3.05	6.10	3.05		Grey Med Grained sandstone
		6.10	8.23	2.13		Fine Whte Micaceous Sltst (May be Permian)
	GRADE	0	8.23	8.23	**TRACE**	
	GB 7	0	1.07	1.07		Surface Soil, Brn Ferrruginous cemented sand
		1.07	4.57	3.50		Lt Gry Sands & Slty Sands
		4.57	5.03	0.46		Pebble Wash, Small Pebbles in Slty Snd Matrix
		5.03	6.10	1.07		Lt Gry Med Grained Sand
		6.10	11.28	5.18		Lt Brn Fine sands & Slty Snds, Carb. & Lignite
		11.28	13.72	2.44		Gry Qtz veined Slates & Ssts
	GRADE	0	11.28	11.28	**Tce Au & Sn**	

SOURCE: Rio Tinto **MRT FILE #:** N / A **DATE:** 1958
DRILLER: N / A **LOCATION:** Mayfield **LEASE #:** EL 58 / 2004 **SHEET 1 OF**

	GB 8	0	0.46	0.46		Surface Clay & Soil
		0.46	3.05	2.59		Fn Gry Slty & Puggy Snds With Narrow Wash Bands
		3.05	8.53	5.48		Fn Gry Sndy Clays & Puggy sands With Plant Fossils
		8.53	9.75	1.22		Fossil Tree Trunk
		9.75	11.28	1.53		Fn Puggy Gry-Grn Snds, Carb. Grits & Pebble bands
		11.28	15.85	4.57		Fn Gry-Grn Puggy Snds & Sndy Clays
		15.85	18.29	2.44		Black Clay
		18.29	23.47	5.18		Fn Gry-Grn Puggy Sands
		23.47	24.69	1.22		Fn Gry Ssts & Slates
		24.69	27.43	2.74		Dark Grey Slates
	GRADE	0	23.47	23.47	**NIL**	

HISTORICAL DRILL LOGS — LITHOLOGY AND GRADE

SOURCE: Rio Tinto MRT FILE N / A DATE: 1958
DRILLER: Hand Bores LOCATION Mayfield LEASE #: EL 58 / 2004 SHEET 1 OF 2

LINE NUMBER	HOLE NUMBER	INTERVAL FROM m	INTERVAL TO m	INTERVAL INT m	GRADE Gm/m³	LITHOLOGY
	HB 7					**Mayfield Flats**
		0	1.22	1.22		Black & Dark Grey Clays
		1.22	1.83	0.61		Fn Puggy Sand with Pebbles
		1.83	6.71	4.88		Fn Gry Clayey & Slty Sands
		6.71	7.62	0.91		Heavy Black Clay with Plant Fossils
		7.62	8.69	1.07		Dark Grey Fine Sandy Clays
		8.69	10.06	1.37		Crse & Fn Snds with Pebble bands
		10.06	11.28	1.22		Drk Brn & Gry Pug, Plant Fossils & Secondary Marcasite
		11.28	14.02	2.74		Drk Gry & Gry-Grn Fn Puggy Snds, Plant Fossils & Marcasi
	GRADE	0	14.02	14.02	Nil	**Not To Basement**
	HB 8					**Humfrey's Terrace, Mayfield**
		0	1.52	1.52		Light Grey Pebbly Sand
		1.52	4.57	3.05		Pebble Congl. Rounded - SubAng Qtzite in Puggy Snd.
		4.57	7.92	3.35		Pebble Congl. In Sandy Matrix
		7.92	11.28	3.36		Dark Grey Muds & Fine Sandy Clays
	GRADE	0	7.62	7.62	77.13	**Not To Basement**
	HB 9					**Great Northern Plain**
		0	0.46	0.46		Black Surface Clayey Soil
		0.46	6.10	5.64		Light Grey Med. Grained Sands
		6.10	7.92	1.82		Drk Earthy Carb. Snds & Fn Gry-Grn Puggy Sands
		7.92	8.38	0.46		Small Pebble Wash, Auriferous
		8.38	9.45	1.07		Dark Green - Brown Dolerite
	GRADE	0	8.38	8.38	Tce Au & Sn	**Dolerite Basement**