

Relinquishment Report
Exploration Licence EL 24/2006
Yellowband Plain

Compiled by Kim McDermott

For licence Holder, McDermott Mining Pty Ltd,

1 Koonya street,

Rosebery, Tasmania.

27th March, 2009.

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1. Summary

EL 24/2006 was granted on 7th May, 2007. As an all Category 1 Minerals exploration licence to McDermott Mining P/L. with the intention of the applicant to explore the Keygan's creek / White Pine creek further to previous exploration carried out by the prospecting party of Bennett / McDermott during the nineteen eighties and nineteen nineties.

2. Land Tenure

EL 24/2006 was granted to McDermott Mining on 7th may 2007 for a term of five years. The area is mostly unused state forest and crown land with very poor access. The area is contained within the Meredith Range Regional Reserve, all of which is available for mineral exploration under the Mineral Resources development Act, 1995.

3. Geology

The main geological features in the area are the Meredith Range to the west being the most dominant structure with Mount Stewart to the northwest and mount Ramsay to the east.

The eastern side of the Meredith range dominates the licence and for the most part the area is underlain by Meredith range granite with odd, narrow intrusions of basalt/tourmaline structures.

In the northern half of the licence numerous altered basalt, porphyritic and gabbro dykes intrude into the granite. However, these are small and not indicative of any economic resource in the area. As well, the terrain is steep and heavily timbered in places interspersed with native bauera and horizontal scrub. The latter preventing any visible interpretation of the geology of the area other than that exposed by former tracks and side cuttings.

The southern half of the licence is almost as inaccessible until the southern area of the Yellowband plain is reached via the Harman track. This part of the licence is also dominated by Meredith Range granite which, for the most part, seems to have been swept clean and exposed by earlier geological and weathering action although there is little or no evidence of intrusions of other geology other than what may be described as greisen type weathering or intrusion of differing age granite.

4. Previous exploration

Previous exploration was sporadic and dates back to late 1880's and with much more detailed information contained in MRT files I will not attempt to repeat previous, more detailed reports here.

Numerous Tas. Government geologists reported on the area from the early twenties up until the nineteen sixties, when Aberfoyle and Renison Goldfields carried out comprehensive exploration programs and although some success was had with the Mount Lindsay and Mt Ramsay areas, no large economic deposits of mineral were discovered.

McDermott Mining P/L conducted a number of field trips to the yellow band area during the nineteen nineties, as well as aerial observation, but the terrain, lack of access and weather conditions during the winter months made exploration difficult and expensive.

5. Work completed during 1st year

The licence holders conducted a number of data reviews during the first year as well as an interpretation of flown aeromagnetic survey which was conducted by Southern Geoscience Ltd. on behalf of the tenement holders, with the survey showing little in the way of magnetic 'Hot spots' within the boundaries of the licence.

The lack of obvious aeromagnetic targets and due to the differing terrain of the northern and southern areas of the licence, the tenement holders decided to conduct exploration from two approaches.

The northern access to the licence area is via Betts track. For many years an overgrown horse trail, the northern end of this track from the Corrinna Road has been upgraded to a four wheel drive track as far as the old alluvial workings about 7kms from the main road. This still leaves a considerable distance of overgrown, walking access only track, rendering the use of vehicles and carrying of all but the most basic of exploration gear impossible.

With the exception of the river flats either side of the creeks in the area, namely Betts, White Pine, Keygans, and Yellow creek, the area is steep, heavily timbered and difficult to prospect

Two aerial reconnaissance flights were conducted with the conclusion that southern access via the southern extension of Betts track, known as the Harman track, although impassable during the winter months due to the lack of bridging of the Wilson River, would present the best access to the area with the most potential during summer.

The aerial reconnaissance was followed up by a field reconnaissance trip via Websterite Hill and the Harman track. During this excursion only the most basic of exploration was carried out using a geologist pick, panning dish and small 25mm hand auger to test the existence of possible economic alluvial deposits in the area. Other than minute amounts of river silt and rocks, no ground disturbances were carried out.

A number of float rock chip samples and 300mm auger holes were tested by dishing, with the auger holes showing small amounts of cassiterite and possibly monazite/ilmenite. Although not conclusive, these results attested to earlier reports of these minerals being obtained from that area between the headwaters of the Harman River and the Yellowband Creek. It was decided to conduct an auger exploration of this area during the summer period of 2008/2009 when the Wilson River levels lowered enough to gain access.

6. Work completed during 2nd year

Due to time constraints and the difficulty of the terrain, the tenement holders have decided relinquish the northern section of the licence and concentrate on the two more strongly indicated targets in the southern section of the licence.

As a result of the financial crisis following January 2008 McDermott Mining have been forced to curtail exploration until 14th April, 2009, when the next cash infusion from investments enables the company to restart its exploration in this area.

The company hopes to apply for and carry out a comprehensive augering program of the identified target on this licence from the last two weeks of April and during May/June, 2009. The expenditure over this period should more than cover McDermott Mining's commitment to expenditure as stated on the original licence application.

Expenditure for 1st year ending 30th June, 2008 /
2nd year to April 14th 2009

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| Geology, including assessment of data, records, assays | 5500.00 |
| Geology, incl. ground reconnaissance, air reconnaissance | |
| Geophysics incl. Interpretation of aeromag surveys | 4000.00 |
| Administration | 1200.00 |
| Feasibility and marketing | 2000.00 |
| Capital equipment | 5000.00 |
| Total | 17,700.00 |