

Relinquishment Report for EL39/2006

Gawler

Feb 18th 2010 Compiled by Kim McDermott

for

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Rosebery, Tasmania

Index

1. Summary
2. Land tenure
3. Geology
4. Previous Exploration
5. Work Completed 2nd Year
6. Conclusions and Recommendations
7. Expenditure

Summary.

EL 39/2006 was granted on 7th May 2007, following the discovery of promising hematite out crops in ploughed paddocks.

An exploration program was planned but was cancelled in favour of a J/V with Stonehenge Metals to expend \$400,000 dollars or prove a viable resource of 20+ million tonnes of high grade hematite.

During the course of the exploration program Stonehenge varied the planned drill program and as a result, the majority of the holes were drilled beyond the inferred mineralized zone. However enough high grade hematite was drilled within the inferred mineralized zone to warrant further exploration.

All of the following categories are covered in detail in last year's annual report by Stonehenge Metals.

Land Tenure

Land within the licence area is mostly privately owned farm land and bush with some areas to the south of the tenement under state forest control.

There are a number of state roads and waterline easements within the licence.

Geology

Geology of the area is mainly decomposed basalt utilized as farmland with some quartzite outcrops to the south of the tenement.

Previous Exploration

The only exploration carried out in the area prior to the McDermott/ Stonehenge joint venture was an investigation by personnel from BHP following up a report by a local prospector who claimed to have excavated an outcrop of hematite. The report wrongly stated that no hematite was indicated in the vicinity and no further exploration was warranted.

Work Completed 2nd Year

Following the proving up of a 1.5 million tonne resource of hematite, the joint venture with Stonehenge Metals was dissolved and it was decided to place the property in a proposed IPO. The financial crisis of January 2009 forced the delay of further exploration and no further field work has been carried out pending the inclusion of the tenement into a current IPO.

All drill holes have been logged and the results, together with the drill core, have been lodged with Mineral Resources Tasmania

Conclusions and Recommendations

The Gawler deposit is a hematitic sand and lump hematite formed through the leaching of relevant minerals from the surrounding and overlying basalt formations. To date approximately 1.5 million tonnes of economically viable hematite have been outlined with the strong possibility of extending the resource both north and south.

Further drilling would certainly extend the size of the resource and comparable grades to those already obtained can be expected. (40% - 70%Fe). The resource is shallow (surface to 40m) and lends itself to relatively easy mining and with transport and deep water port close handy could be a viable mining operation should the proving up of somewhere in the vicinity of 20 million tonnes be achieved.

However, due to the pending transfer of ML's 21M/2003 and 9M/2006 to McDermott Mining P/L it is recommended this licence be relinquished to allow the licence holders to concentrate on the core tin mining and exploration activities of the company.

Attached is a copy of the final report by Stonehenge Metals Ltd.

Expenditure

A total of \$127,129.16 was spent on the property to date by the joint venture partners, Stonehenge/McDermott Mining.