

## Relinquishment report on EL 21/2009

Healy creek, Tasmania.

4<sup>th</sup> January, 2012.

Kim McDermott for

McDermott Mining P/L

EL 21/2009 was applied for in 2009 following the partial relinquishment of exploration licence 46/2003 by Rubicon Resources, to allow McDermott Mining to explore the extensions of the North Heemskirk Deep Lead.

The exploration program consisted of on foot reconnaissance of the mineralized areas known to the applicants and negotiations were entered into with a geo physical survey company to carry out the proposed surveys.

The first year survey was hampered by inclement weather and was postponed until a suitable window of weather could be available.

During this time a bulk sampling of the material taken from the area in 1983 and stored on the company's mining lease, (twelve mile creek), was carried out with success with a concentrate of tin being recovered indicating approximately 0.9 kg/ m<sup>3</sup> of the sample taken.

During 2010, Machinery and a bulk sampling plant was acquired and constructed in order to handle commercial amounts of material to test the commercial viability of the area but the constant threat of the licence being included into a world heritage area which would make exploration of the area untenable, coupled with the discovery of deeper, richer reserves of magnetite and cassiterite at McDermott Mining's Granville pit gave rise to the decision to suspend exploration on this licence until further ground in the area became available for inclusion into the existing mining lease with no risk of further impositions due to random heritage applications which would hinder the commercial viability of mining in this area.

As a result, it is proposed to wholly relinquish licence 21/2009 until it is possible to consolidate the known mineralized areas into one mining/exploration lease which would allow a viable long term mining and exploration of the area.

Total expenditure on EL 21/2009, 2010/2011.....\$62,500