

Lynch Mining Pty Ltd

EL7/2005 “Luina”

Annual Report for the period 30 June 2013 to 30 June 2014.

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Map of license area

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1 Introduction

This report details all development work undertaken on Exploration License 7/2005, “Luina” during the Annual Period 30th June 2013 to 30th June 2014.

Exploration License 7/2005, “Luina” covering an area of 18 km² lies in Western Tasmania and is situated to the west of Waratah. Access is via the sealed Waratah-Savage River road and then via a series of old sealed and unsealed mine access and forestry roads/tracks.

The terrain is dominated by steep shrub and tree covered slopes, with a significant area of rehabilitated mine workings and former town site. Areas of former forestry clearing are also present. Both the Whyte River and Washington Creek transect the tenement areas.

Development work during the reporting period focused on understanding and defining the project’s geology and generation of a JORC resource.

2 Tenure

Exploration license 7/2005 (Luina) covering an area of 18 km² was granted to Lynch Mining Pty Ltd on 30th June 2005 for a period of 5 years. The lease is now granted on a year-by-year basis. Lynch Mining has negotiated a contract with Elementos Ltd (via Rockwell Minerals Ltd) to sell ownership of this lease subject to a number of conditions being met.

3 Previous Exploration

The Cleveland deposit was discovered in 1898. Initial production of the surficial ore commenced in 1908, and ceased in 1914 after production of 295.5 tonnes of cassiterite. Tributing continued until 1917, during which time a further 48 tonnes were produced. Aberfoyle commenced mining in 1968, and mining was ceased in early 1986, primarily due to the collapse of the tin price.

At the cessation of the more recent mining activity, approximately 7 million tonnes of ore assaying 0.82% Sn and 0.35% Cu had been processed.

Various reports show that a significant resource remains in the deposit, in the previous period Rockwell Minerals completed the necessary work to allow for the estimation of Mineral Resources and reporting of the Mineral Resources in accordance with the JORC Code, with an Indicated resource of 4,239,000 tonnes @ 0.70% Sn and 0.28% Cu and Inferred resource of 1,880,000 tonnes @ 0.64% Sn and 0.19% Cu at a 0.35% Sn cut-off.

A large resource known as the Foley Zone located at the lower levels of the mine had been drilled and during the previous period, Rockwell Minerals completed the necessary work to allow for the estimation of Mineral Resources and reporting of the Mineral Resources in accordance with the JORC Code, with an Indicated resource of 3,980,000 tonnes @ 0.30% WO₃ at a 0.20% cut-off.

In addition to the above, a tailings resource exists on the Luina tenement and during the previous period, Rockwell Minerals completed the necessary work to allow for the estimation of Mineral Resources and reporting of the Mineral Resources in accordance with the JORC Code, with an Inferred resource of 3,850,000 tonnes @ 0.30% Sn and 0.13% Cu at a 0% Sn cut-off.

4 Regional and Local Geology

The Cleveland ore bodies occur in a steeply dipping northeast trending succession of arenaceous, argillaceous, and chemical sediments and mafic volcanic rocks and ultramafic/mafic complexes. The sequence is unfossiliferous but has been correlated by rock type with the Cambrian Crimson Creek Formation of the Zeehan-Rosebery area. The Meredith Granite, a high level, late tectonic Late Devonian to Early Carboniferous granitic pluton believed to be genetically associated with the mineralisation, intrudes the sequence east and south of the mine. The Cleveland ore bodies are located in a dominantly fine grained sedimentary sequence that is thought to lie in an embayment on the margin of a basaltic eruptive centre.

The tin-copper ore bodies occur as a series of sub parallel, near vertical sulphide lenses within the Halls Formation. The mineralisation is composed largely of fine to medium grained quartz, tourmaline, fluorite, chlorite, and pyrrhotite plus chalcopyrite, cassiterite and stannites. Eleven lenses are recognised and are divided into two groups; the footwall and the hanging wall lodes separate by a micaceous greywacke unit and an overlying basic volcanic unit. The footwall lodes are composed of three relatively thick lenses (Henry, Lucks and Khaki) which have a strike length of less than 200 metres. The hanging-wall lodes (or Halls lenses) comprise 5 lenses and have a greater strike length and stratigraphic continuity than the footwall lodes, attaining a maximum thickness of about 30 metres and a maximum strike length of about 600 metres. The sulphide lenses are offset by a series of sub parallel, southeast dipping reverse faults.

5 Developmental Activities

Developmental activities during the period have principally involved completing an internal Feasibility Study. The Feasibility Study focused on development of both the tailings resource and the underground Sn/Cu resource. The Feasibility Study covered the areas of:

- Infrastructure design
- Process plant design
- Mining methods
- Metallurgical methods
- Economic modelling
- Offtake marketing
- Legal requirements
- Environmental responsibilities
- Social impact and responsibilities
- Government requirements / restrictions

During the period, the Company completed a full modelling and digitisation, utilising historic data, of the previously operated mine, including stopes. This is a major achievement for the Company and an enormous contribution to the Tasmanian mining industry given the significant historic nature of the Cleveland mine and operations.

Minor metallurgical evaluation work was completed.

The Company undertook the drilling of the tailings resource and the detailed surveying of the tailings dam. These activities allowed the tailings resource to be upgraded from inferred to indicated.

The Company continued with their environmental permitting process, and this included

- Drilling of tailings resource,
- LIDAR survey
- Detailed engineering on infrastructure and tailings facilities

The Company improved all exploration data, and this allowed for a resource upgrade for both the tailings resource and underground resource and the resource to be reported in accordance with JORC 2012 edition (Appendix 7).

The Company defined two new exploration targets, one for the Tungsten resource and one for the Sn/Cu resource. These two targets will be the basis for further exploration activities. The Company also identified locations for future drilling. These locations are both on the surface and underground.

The Company engaged a Senior Geologist onsite for four weeks to undertake rock chip sampling and surface sampling. During this time the company gained a deeper understanding of the outcropping of the resource and assessed the potential for alternative mining methods.

6 Expenditure

Expenditure over the license area totalled \$1,465,085 during the reporting period to 30th June 2014, and is broken down by expense in the table below. All expenses exclude GST:

Expenditure Area	Expenditure Amount
Development Plan and Environmental Management Plan	\$267,592
Preliminary Feasibility Study	\$378,190
Metallurgical Consulting	\$45,069
Tenement costs	\$752,297
Mineralogy Studies	\$14,379
Data Collection and Processing	\$4,075
Expenses associated with site work	\$3,483
Total	\$1,465,085

During the period, Rockwell Minerals Ltd was merged with ASX listed company Elementos Ltd. The Directors of Rockwell Minerals undertook this transaction with a view positioning the Cleveland project in an ASX listed company and therefore having better access to capital to allow the ongoing development of the project.

The merger has also lead to the completion of the purchase of Luina EL7/2005 from Lynch Mining Pty Ltd to be completed via the payment of \$350,000 cash and the issue of shares to the value of \$350,00 for the remaining 50% of the asset.

7 Conclusions and Recommendations

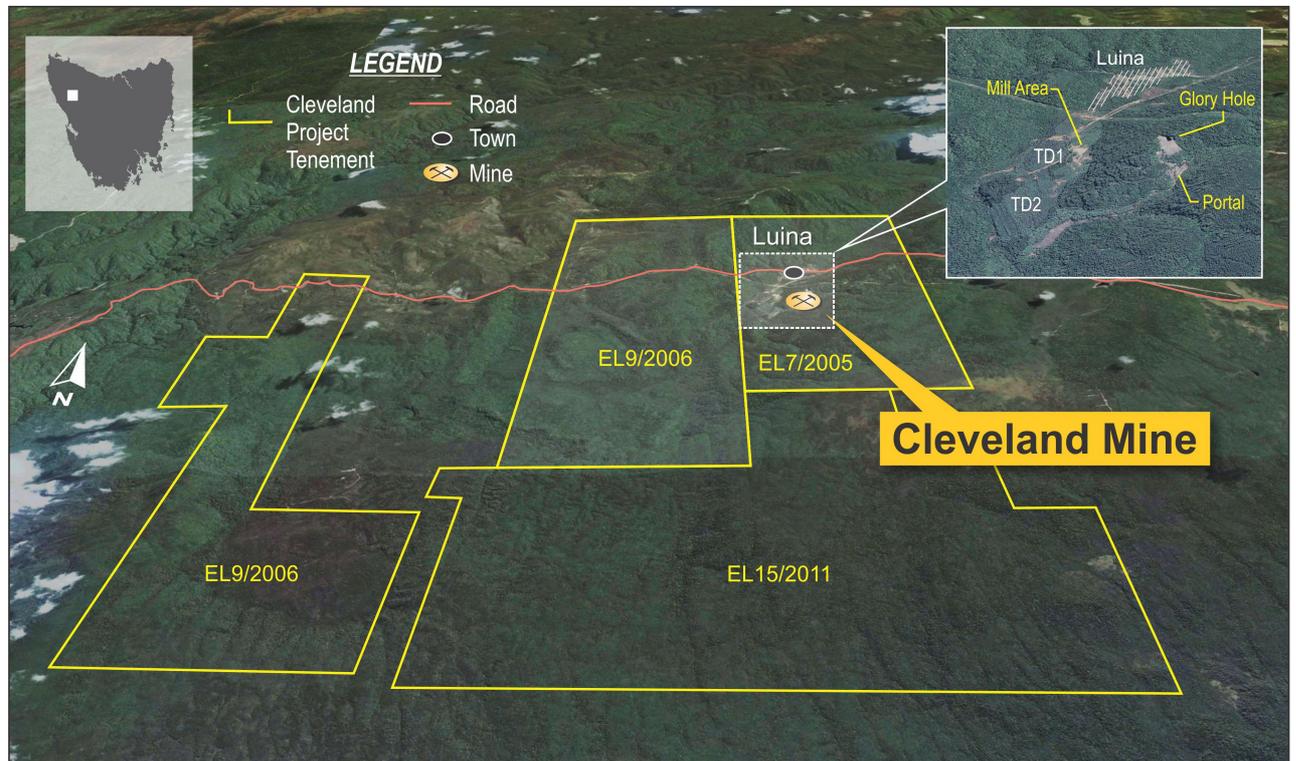
EL 7/2005 covers the previously operational Cleveland Sn/Cu mine area in north-western Tasmania, which has been subject to a long period of exploration and mining.

The following activities are either underway or are planned to be started and finished during the next Period:

Scope	Forecast Cost
Metallurgical test program	\$50 000
DPEMP	\$50 000
Preliminary Feasibility Study Optimisation	\$50 000
Detailed Engineering	\$250,000
Definitive Feasibility Study	\$250,000
Exploration	\$100,000
Total	\$750,000

Attachment 1:

Map of license area



Appendix 1: ASX Release

Large Silver-Lead-Zinc Soil Anomalies South of Cleveland

Appendix 2: ASX Release

Cleveland Tailings Resource Upgrade

Appendix 3: ASX Release

Acquisition of 100% of the Cleveland Project

Appendix 4

Internal Pre Feasibility Study Table of Contents

Appendix 5: ASX Release

Cleveland Tin and Copper Exploration Target Defined – Amended

Appendix 6: ASX Release

High-Grade Silver-Lead-Zinc Identified South of Cleveland

Appendix 7: ASX Release

Cleveland JORC Resources Significantly Expanded

Appendix 8: ASX Release

Completion of Compulsory Acquisition of Rockwell Minerals

Appendix 9: ASX Release

Cleveland Project Tungsten Potential

Appendix 10

Cleveland historic drill core Mineralogy
