Rockwell Minerals (Tasmania) Pty Ltd (ACN 127 819 710) is a wholly owned subsidiary of Elementos Limited (ACN 138 468 756).

Annual Report for:

EL7/2005

Cleveland Project

Report Period: 1 July 2016 to 30 June 2017

Author: Chris Creagh

Address: Level 10, 110 Mary St, Brisbane, QLD 4000

STRICTLY CONFIDENTIAL

Abstract

The Cleveland project continues to advance towards development. Current focus has been concentrated on increasing the potential open cut resources, improving metallurgical recoveries and investigating solutions to legacy environmental conditions associated with the project. Results to-date indicate potential extensions to the known resources with the identification of several ground magnetic anomalies and improved recoveries of tin, particularly from the tailings resource.

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1 INTRODUCTION

During the reporting period Elementos Limited carried out a review of the potential to fund and develop the proposed tailings retreatment and small open cut project within EL7/2005 at Cleveland, Tasmania. Following rigorous economic and risk assessment procedures it was decided that a higher sustainable feed head grade to a processing plant would substantially improve the overall economic performance of any proposed development at Cleveland. To achieve this aim an exploration programme, consisting of ground magnetics, geological mapping and diamond drilling was commenced. This exploration programme has commenced and has highlighted several new magnetic anomalies that are scheduled to be drill tested during the next reporting period.

1.1 Licencing & Ownership

Exploration Licence 7/2005 was granted to Lynch Mining Pty Ltd on the 30th June 2005 for a period of 5 years. Rockwell Minerals Ltd acquired 100% ownership of EL7/2005 on the 6th of June 2014. Exploration Licence EL9/2006, was granted to Rockwell Minerals Ltd on 21st September 2007. An application was approved for the consolidation of EL7/2005 and EL9/2006 on the 30th of January 2015. EL7/2005 covers 55 square kilometres.

Rockwell Minerals (Tasmania) Pty Ltd ("Rockwell") is a wholly owned subsidiary of Elementos Limited ("Elementos").

1.2 Exploration and Development Objectives

The area surrounding the Cleveland Mine is known to host other occurrences of tin, copper, tungsten and base metal mineralisation related to Devonian-aged granite intrusive activity. The redevelopment of the Cleveland Mine (the "Project") and the identification of repetitions of this style of mineralisation is the primary focus of the company's exploration and development efforts.

The Company has continued to work on the development of a tailings retreatment and hardrock operation centred on the old Cleveland Mine. The Company has commenced an exploration programme that is targeting near surface resources that that have the potential to be exploited by open cut mining methods.An expanded opn cut mining strategy will lead to a more sustainable and longer life mining operation at Cleveland. The exploration programme has included the construction of a grid, geological mapping and the completion of a ground magnetic survey. Additional work has been carried out on developing a process flowsheet for the retreatment of the tailings, with bulk samples collected and submitted to ALS Laboratories in Burnie for testing. This programme of work compliments the Pre-Feasibility Study (PFS) on the retreatment of the tailings Mineral Resource and Scoping Studies on the Open Cut and Underground Mineral Resources, all of which are contained in 'commercial in confidence' reports.

1.3 Location

The Cleveland Project is located at Luina about 80 km from Burnie in northwestern Tasmania. Access to the mine is by way of a sealed all-weather road, which runs from

Burnie through Waratah and Luina to Savage River.

The topography around the mine is relatively steep and rugged with elevations ranging from about 300m to over 500m above sea level. The mine was developed beneath Crescent Hill which rises to an elevation of 520m while the former township of Luina, the former mine infrastructure and the tailings dams lie in the valleys of the Whyte River and Deep Creek.

Accessible power runs through the Cleveland Project area, and there is abundant water available for use. The region has a large, available, and experienced workforce.

The Datum used in this report is GDA94, Zone 55.

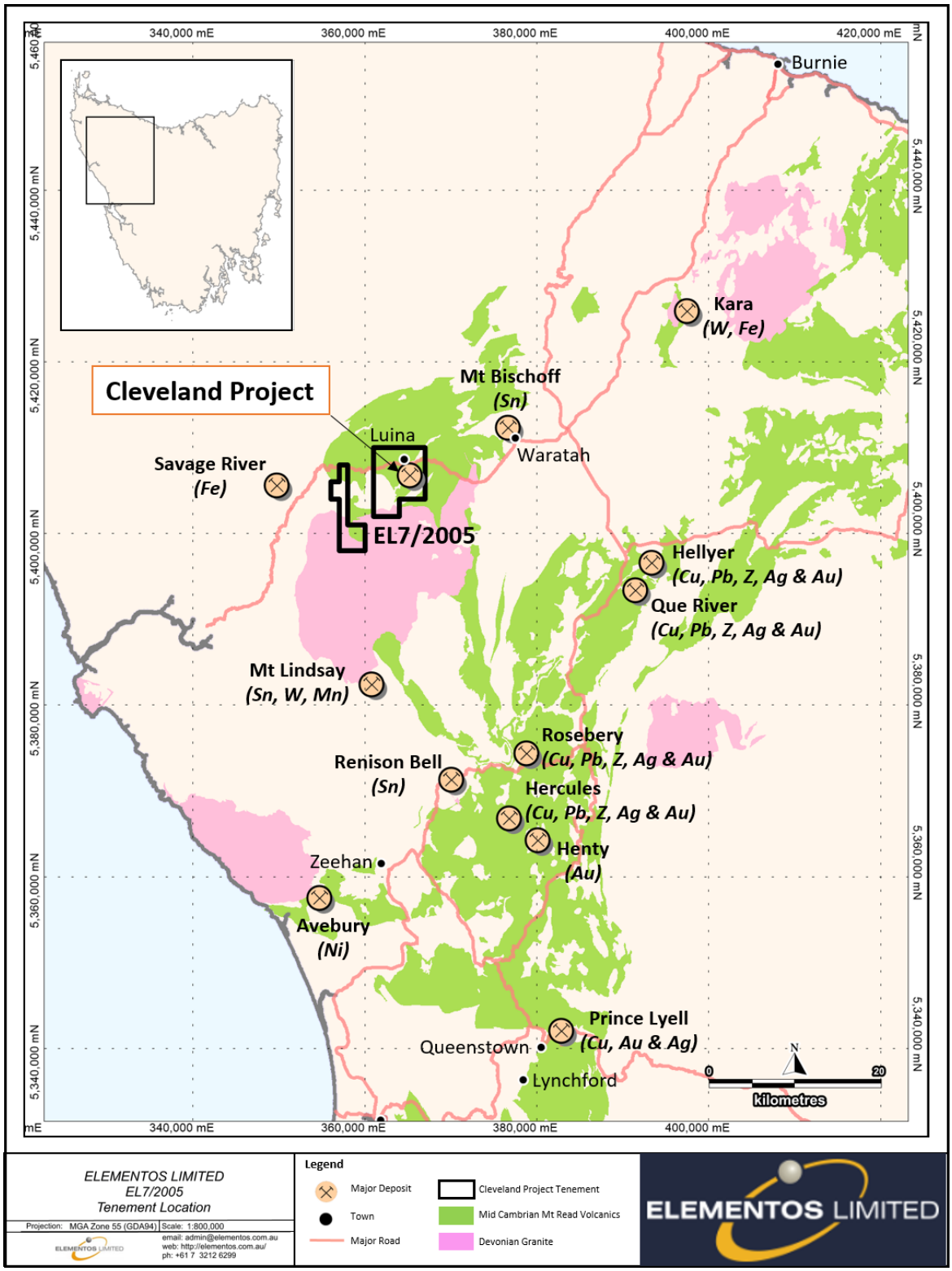

Figure 2: Location Map

1.4 Geological Setting

The Cleveland Project mineralisation is located in the Dundas Trough of northwestern Tasmania. The tin and copper mineralisation (pyrrhotite-cassiterite-stannite-chalcopyrite) is hosted in semi-massive sulphide lenses within a series of sedimentary rocks belonging to Hall's Formation of Cambrian age. Having undergone intense deformation from thrust faulting, the tin and copper lenses are steeply dipping and have strike lengths of up to 500 metres, across strike thicknesses of up to 30 metres and down-dip extents of up to 800 metres.

The semi-massive sulphide mineralisation was formed by the hydrothermal replacement of limestone beds by mineralising solutions associated with the emplacement of the Devonian-Carboniferous Meredith granite. The deposit is geologically similar to the tin bearing semi-massive and massive sulphide stratiform mineralisation at the Renison Mine, near Zeehan.

2 Review of Previous Work

2.1 Historical mining and exploration activities

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.

Historical mining and exploration activities included:

- (1898) S.C. Coundon, Prospector: Pegged leases over gossan for possibility of silver and lead;
- (1900) Harcourt Smith: Government Geologist, Department of Mines, Tasmania. Identified cassiterite in gossan;
- (1908 –1917) Cleveland Tin Mining Company N.L.: Mined oxidised ore for tin;
- (1923) A.M. Reid: Government Geologist, Department of Mines, Tasmania. Recognised fissure lodes and replacement lodes;
- (1935 -1937) Mount Bischoff Tin Mining Company: Small-scale underground exploration: Battery, Smithy, Lucks, Khaki, Hall's, Henry's recognised;
- (1937) Q.J. Henderson: Government Geologist, Department of Mines, Tasmania. Described the work undertaken by the Mount Bischoff Tin mining Company;
- (1945) S.W. Carey: Government Geologist, Department of Mines, Tasmania. Reported all deposits were of replacement style;
- (1952 -1954) T.D. Hughes: Government Geologist, Department of Mines, Tasmania. Postulated that the ore would continue in depth. Recommended cutting of a grid and geophysical surveys;
- (1953-1954) O. Keunecke and K.H. Tate: BMR Commonwealth of Australia. Concluded self-potential and magnetic surveys anomalies suggested that sulphide mineralisation might extend beyond the old workings.

2.2 Modern Mining at Cleveland

After exploration and development activities in the early 1960's, Aberfoyle Limited ("Aberfoyle") opened the Cleveland Mine, an underground tin and copper mine, which operated between 1968 and 1986. During the life of the Cleveland operations, Aberfoyle mined and treated 5.7M tonnes of ore for a production of approximately 24,000 tonnes of tin and 10,000 tonnes of copper in concentrate.

The Cleveland mine was operated successfully due to its low-cost mining method. When in operation, Cleveland was considered 'state of the art', being one of the first tin mines to utilise trackless mining technologies. Aberfoyle mined ore from open-stopes between levels, which were 15 metres apart vertically. Ground conditions were such that stopes did not require filling, indicating excellent ground conditions.

Mine development extended to 400 metres below the surface with the underground decline and drives still in place today. This provides low cost access for the Company to the remaining tin, copper and tungsten mineralisation.

Historical mining at Cleveland also produced a tailings legacy that Lynch Mining Pty Ltd ("Lynch Mining") recognized as a potential economic resource. Elementos, through its subsidiary, Rockwell Minerals, purchased the project from Lynch Mining and proposes to reprocess these tailings as part of its larger strategy for the redevelopment of the Cleveland Mine.

The tailings are stored above ground on-site in two tailings dams. The tailings contain a substantial quantity of recoverable tin and copper due in part to operational inefficiencies and technical limitations of tin processing whilst the mine was in operation.

Modern exploration, development and mining actives have included:

- (1961-1965) Aberfoyle Tin Development Partnership: Explored the area with diamond drilling and proved up sufficient resources for mining;
- (1968 -1986) Cleveland Tin N.L. and Aberfoyle Limited: Mined tin and copper ore;
- (2007) Lynch Mining Pty Ltd: 30 air core holes, for a total length of 561m, drilled to test tailings dams.

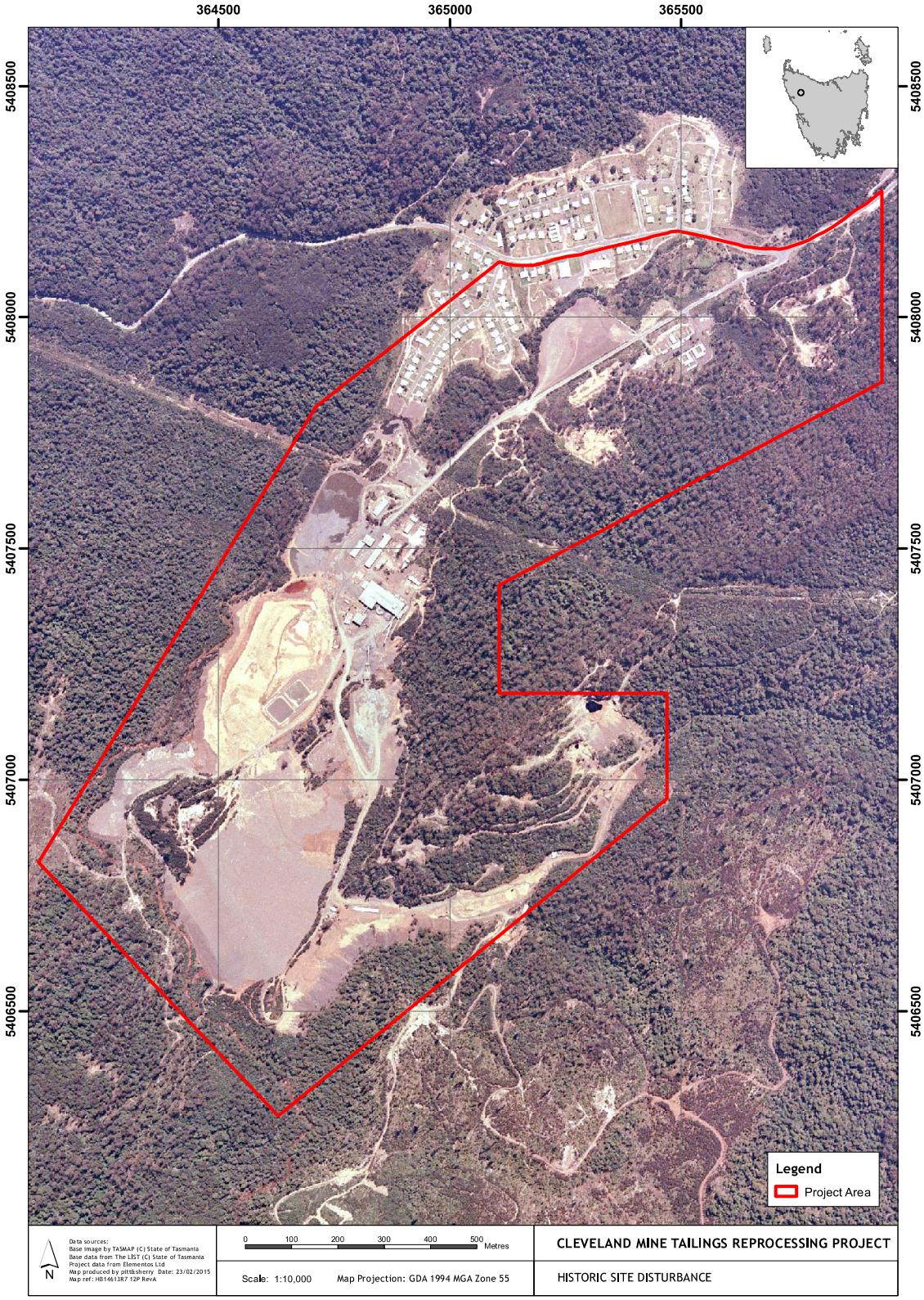

Figure 2: Cleveland Mine before closure in 1986

2.3 Recent Exploration and Development Activities

Elementos has undertaken significant activities for the redevelopment of Cleveland. During the 2013 – 2014 period, the Company completed full modeling and digitisation, utilising historic data, of the previously operated mine, including mined stopes.

Other activities included:

- Environmental permitting and approvals process activities including water monitoring, flora and fauna studies and other supporting studies such as traffic management;
- Drilling of the tailings resource was undertaken;
- Detailed surveying of the tailings resource was completed;
- A LIDAR survey was flown;
- Preliminary engineering on infrastructure and tailings storage facilities was completed;
- Preliminary metallurgical testing was undertaken;
- The Company announced Mineral Resource upgrades for both the tailings and underground resources, reported in accordance with JORC 2012 (see Cleveland Mineral Resources;
- The Company announced a Mineral Resource for the Open Pit mineralisation, reported in accordance with JORC 2012 (see Cleveland Mineral Resources);
- Rock chip sampling and surface sampling was completed.
- Acid Mine Drainage Legacy Studies and New Tailings Storage Facility Options Study.
- Metallurgical testwork.
- Prefeasibility study of the technical and economic viability of the reprocessing of tailings at Cleveland.
- Activities undertaken during the current reporting period (2016 -2017):
- Enhanced metallurgical testwork of tailings
- Construction of an exploration grid
- Geological mapping fr potential extensions to the open cut resource
- Ground magnetic survey completed
- Planning for a shallow exploration diamond drilling programme complete

For a detailed description of previous work carried out by Elementos Limited please refer to previously submitted annual reports for exploration for EL7/2005.

2.4 Cleveland Mineral Resources

Table 1: JORC Mineral Resources(1)

Tailings Mineral Resources (at 0% Sn cut-off)			
Category	Tonnage	Tin Grade (Sn)	Copper Grade (Cu)
Indicated	3.8 Mt	0.30%	0.13%

Figure 4: Open Pit Tin and Copper Mineral Resource[2]

Open Pit Tin and Copper Mineral Resources (at 0.35% Sn cut-off)			
Category	Tonnage	Tin Grade (Sn)	Copper Grade (Cu)
Indicated	0.8 Mt	0.81%	0.27
Inferred	0.01 Mt	0.99%	0.34

Figure 5: Underground Tin and Copper Mineral Resource[3]

Underground Tin and Copper Mineral Resources (at 0.35% Sn cut-off)			
Category	Tonnage	Tin Grade (Sn)	Copper Grade (Cu)
Indicated	4.2 Mt	0.67%	0.28%
Inferred	2.4 Mt	0.56%	0.19%

Figure 6: Underground Tungsten Mineral Resource[4]

Underground Tungsten Mineral Resources (at 0.20% WO3 cut-off)		
Category	Tonnage	Tungsten Grade (WO3)
Inferred	4 Mt	0.30%

[1] Announced in accordance with the JORC Code 2012 to the ASX on 17 June 2014 "Cleveland Tailings Resource Upgrade"

[2] Announced in accordance with the JORC Code 2012 to the ASX on 3 March 2015 "Cleveland Open Pit - High-Grade Mineral Resource Defined"

[3] Announced in accordance with the JORC Code 2012 to the ASX on 3 March 2015 "Cleveland Open Pit - High-Grade Mineral Resource Defined"

[4] This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

3 Exploration Completed During the Reporting Period

3.1 Gridding

A grid, to allow ease of access for field teams, was constructed centred on the historical underground workings. The grid was constructed on a 30m line spacing for a total of approximately 32 line kilometres. A base line and tie lines were also constructed. The grid was constructed using locally hired labour and took approximately 6 weeks to complete. Construction was carried out in accordance with the MRT approved work programme.

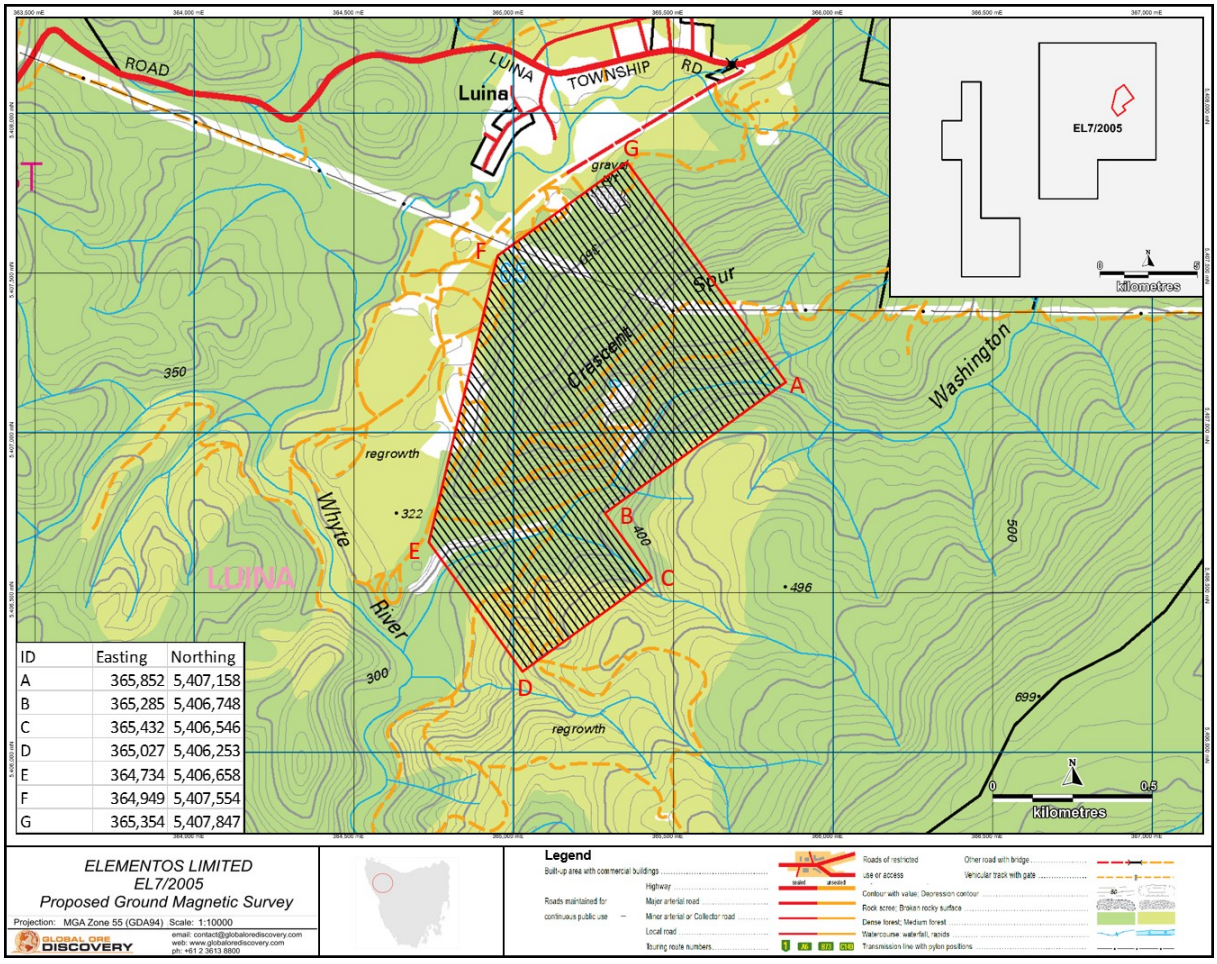

Figure 3. Location of grid constructed over historical Cleveland Mine

3.2 Ground Magnetic Survey

The tin mineralisation at Cleveland occurs largely as cassiterite within a replacement sulphide orebody hosted by a carbonate rich sedimentary horizon. The sulphide mineralisation is predominantly pyrrhotite, which is magnetic.

A ground magnetic survey was completed using man portable magnetometers traversing a grid that had been constructed over the area of interest. The survey covered a total of 32 line kilometres at a 30m line spacing. The narrow line spacing was used to maximise the potential to collect high resolution data from near surface features.

The ground magnetic survey was completed by Modern Mag, an Australian company with extensive local and international experience.

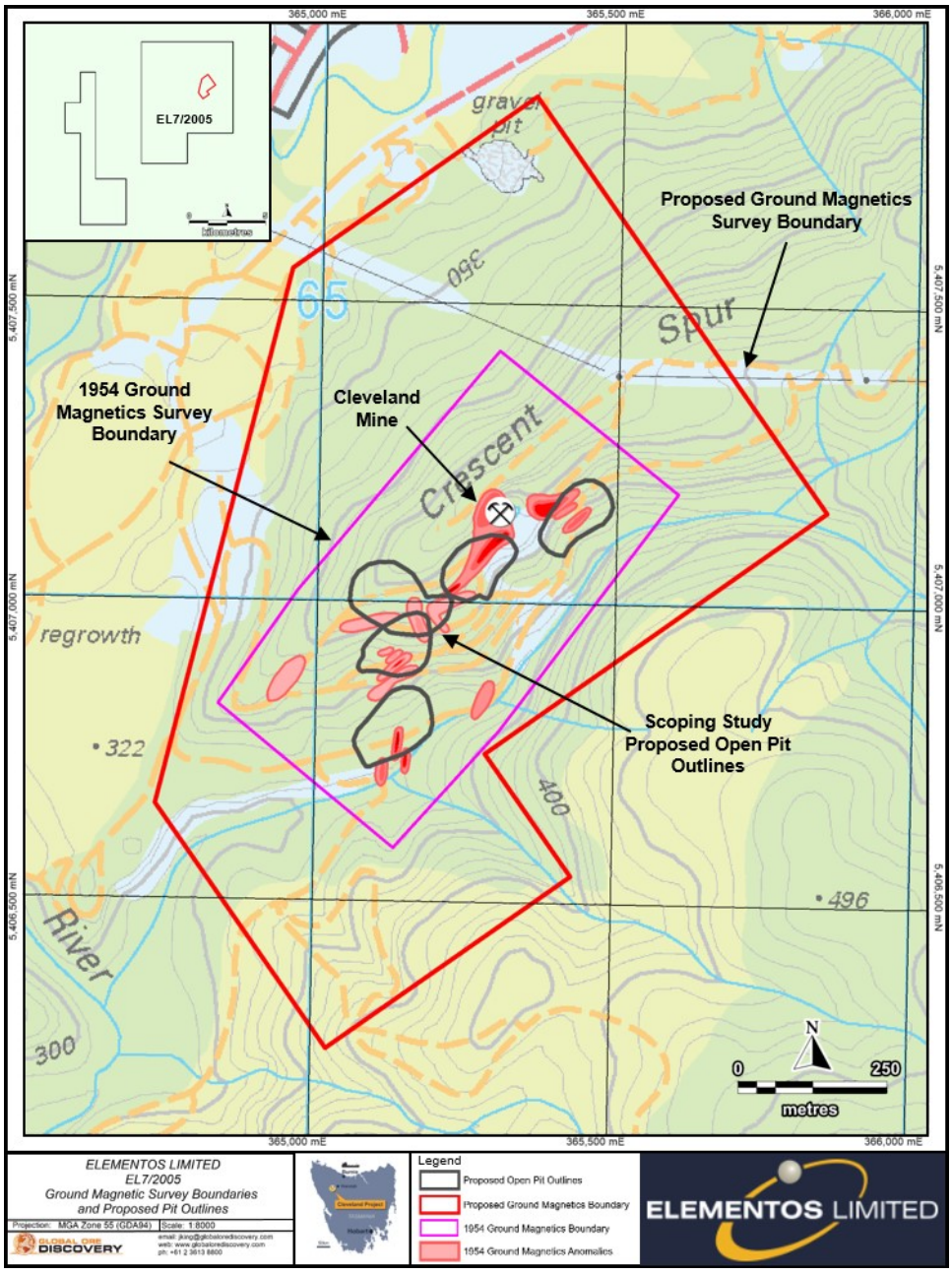

Figure 4. 2017 Ground Magnetic Survey Area, including proposed open cut location

The Cleveland ore lenses were identified in a ground magnetic survey completed in 1954 by the Tasmanian Government (see Figure 4) The 1954 government survey lead to a detailed exploration programme being carried out by Aberfoyle, who eventually commenced an underground operation in 1968. The original orebody was also detected in 1954 by a self potential survey carried out at the same time as the ground magnetic survey. The current ground magnetic survey was carried out over the same area as the original 1954 survey, with extensions to the survey area along and across strike.

The ground magnetic data has been processed to highlight and better define magnetic responses, controlling structures and lithological variations. The enhanced magnetic images have been combined with pre-existing geological data to generate new exploration targets. The pre-existing data included drill hole data, mineralised tin lode boundaries (pre-underground mining), underground development and mined stopes, and surface workings. Initial interpretation of the combined data has highlighted new exploration targets that warrant 3D modelling and exploration drill testing.

A report on the ground magnetic programme can be found in Appendix 1 (EL72005_201706_Appendix1_ModernMag_logistics_report.pdf) with raw data in Appendix 2 (EL72005_201706_Appendix2_groundmag_data.csv).

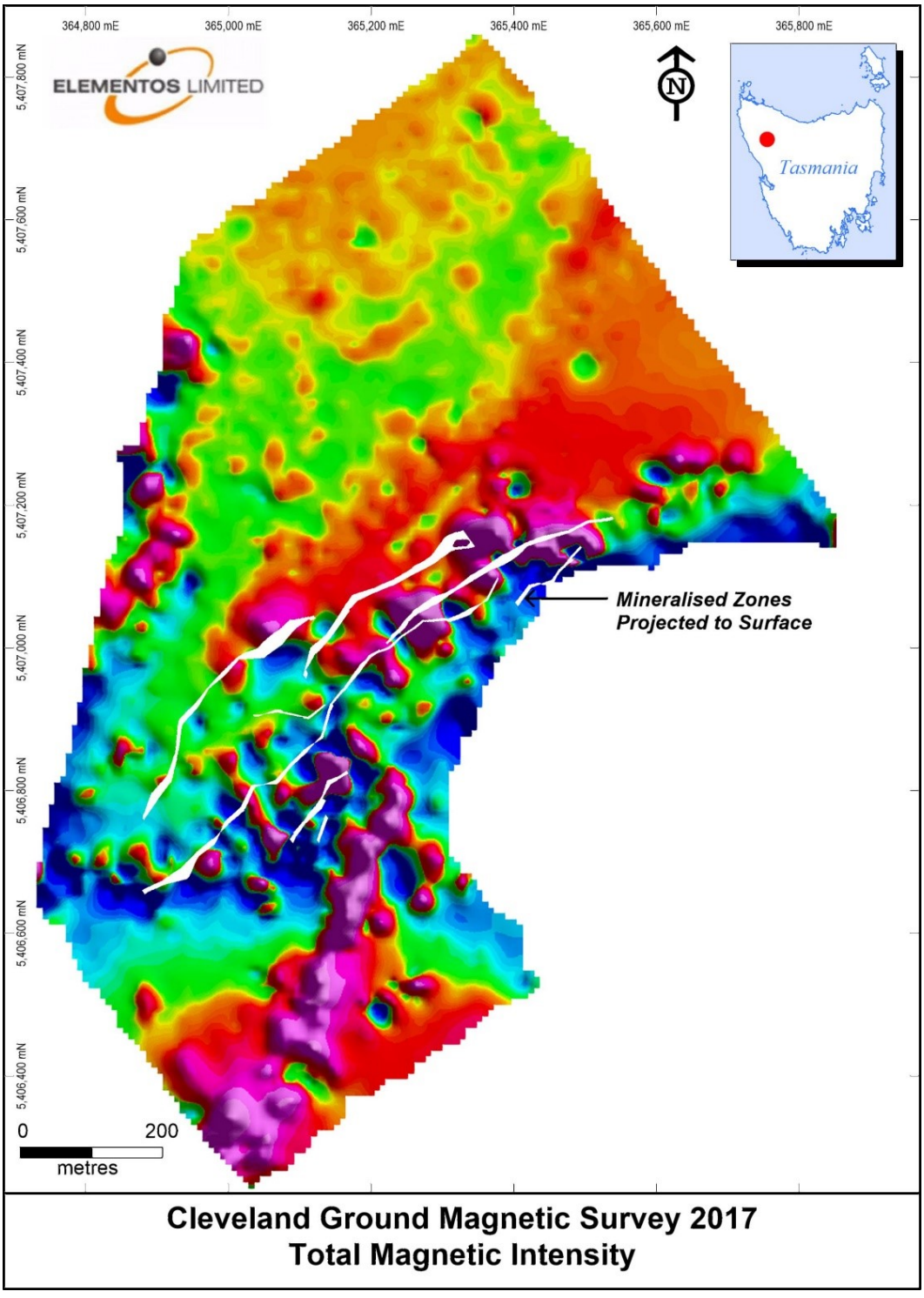

Figure 5. Cleveland Ground Magnetic Survey - Total Magnetic Intensity

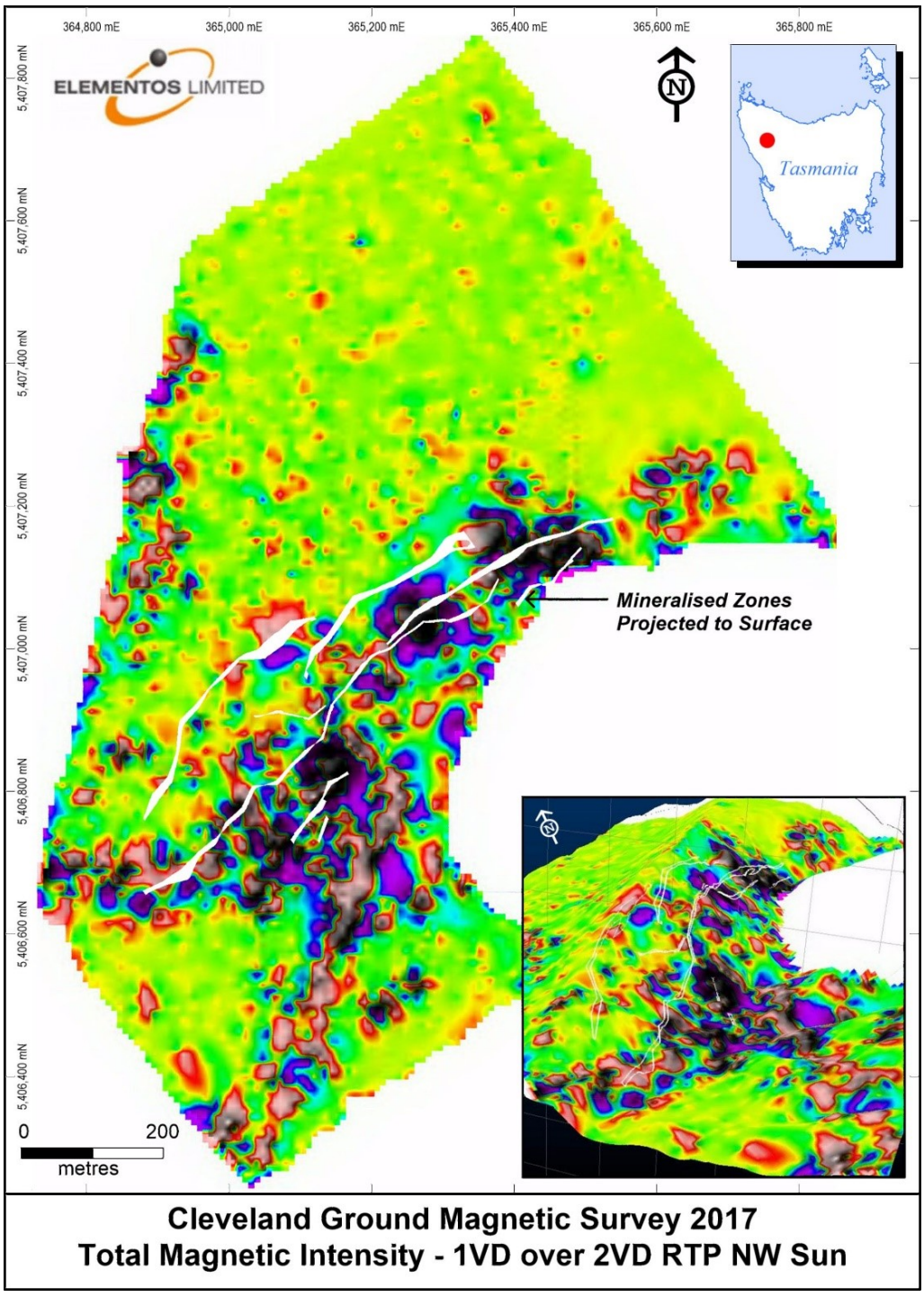

Figure 6. Ground Magnetic Survey – 1VD over 2VD RTP northwest sun

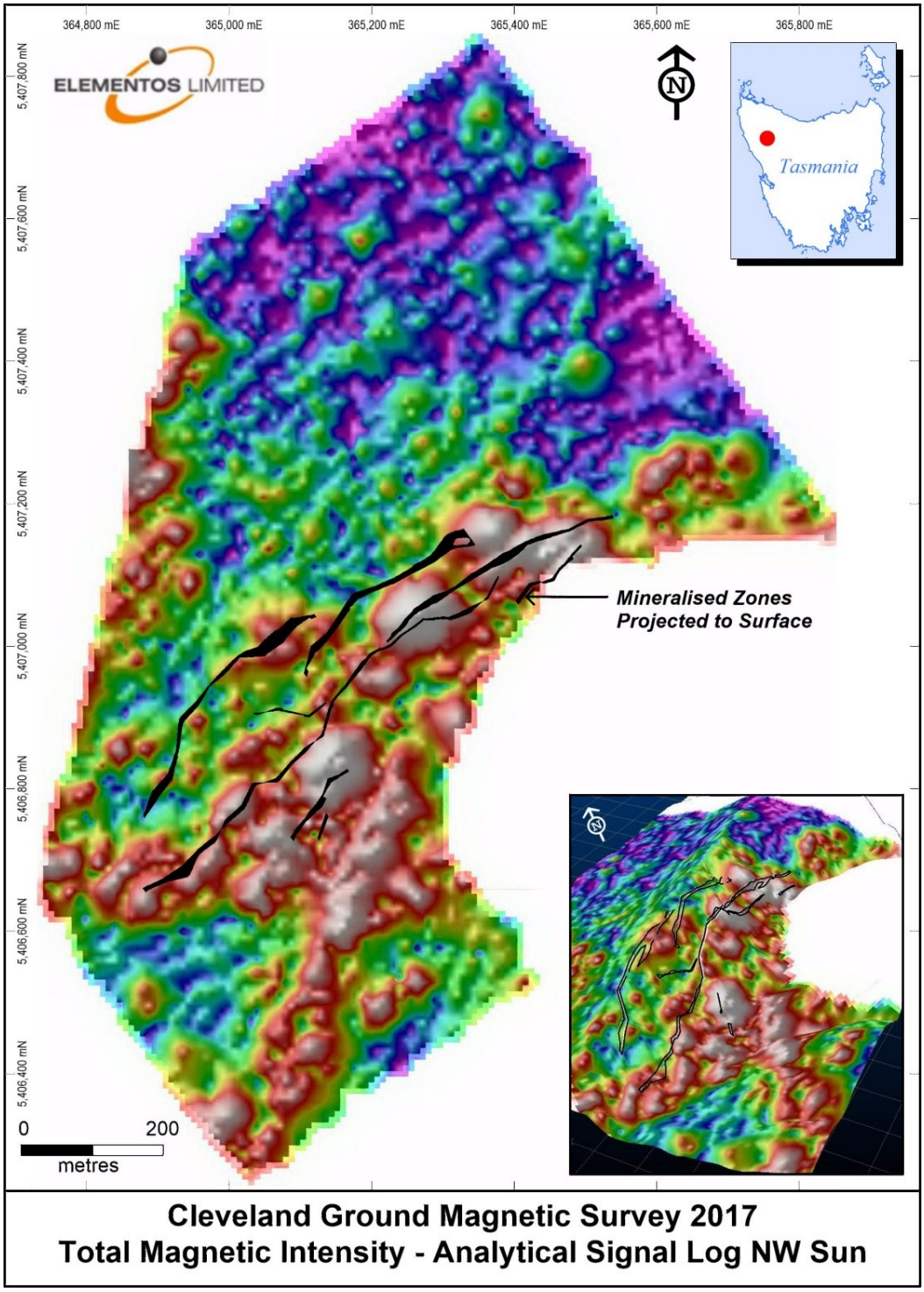

Figure 7. Ground Magnetic Survey – Analytical Signal Log northwest sun.

3.3 Geology

A geological mapping programme was carried out to assist in the planning for a drilling programme designed to increase the open cut resources. The principal objectives of the mapping programme were to;

- Identify and record zones where the historically worked ore lenses outcrop.
- Record structural information to assist in the understanding of the geometries of the known ore lenses

The Cleveland Mine has been operated for more than 30 years, with exploration and data recording being focused on the underground potential of the project. The historical quality of the existing surface data is poor considering the number of years the mine was in operation. The mapping programme successfully identified where the sulphide ore lenses outcrop, and these are shown in Figure 8.

A previously unrecognized plunging anticline has been mapped to the northeast of the 'glory hole', along strike of the Henry's lode. The anticline plunges to the southwest in a similar orientation to that of the known ore lenses. The recognition of this anticlinal structure has significant implications for determining the effectiveness of previous explorers in drill testing potential ore horizons. Past workers have determined that the ore lenses have been separated by high angled normal faults. This latest data suggests the ore lenses may have been located in their current positions by a combination of folding and faulting. Geological mapping data collected during the reporting period is shown in Appendix 3 (EL72005_201706_Appendix3_Geol_data.csv)

3.4 Metallurgical Testwork

Four bulk samples for a total of 110kg of sample was collected from the two tailings dams to carry out further processing testwork to enhance the potential tin recoveries from this resource. The samples were tested and analysed at ALS Laboratories in Burnie.

The objective was to identify a method of recovering more cassiterite from the tailings into a low grade concentrate, which would then be subjected to further processing to convert into a product suitable for sale. The yield of tin from the tailings was improved from 47.3% to 72% (with a possible further improvement of another 5%) to produce a concentrate containing 9.97% tin. A summary report from MinAssist Pty Ltd is presented in Appendix 4 (EL72005_201706_Appendix4_met_test_work.pdf).

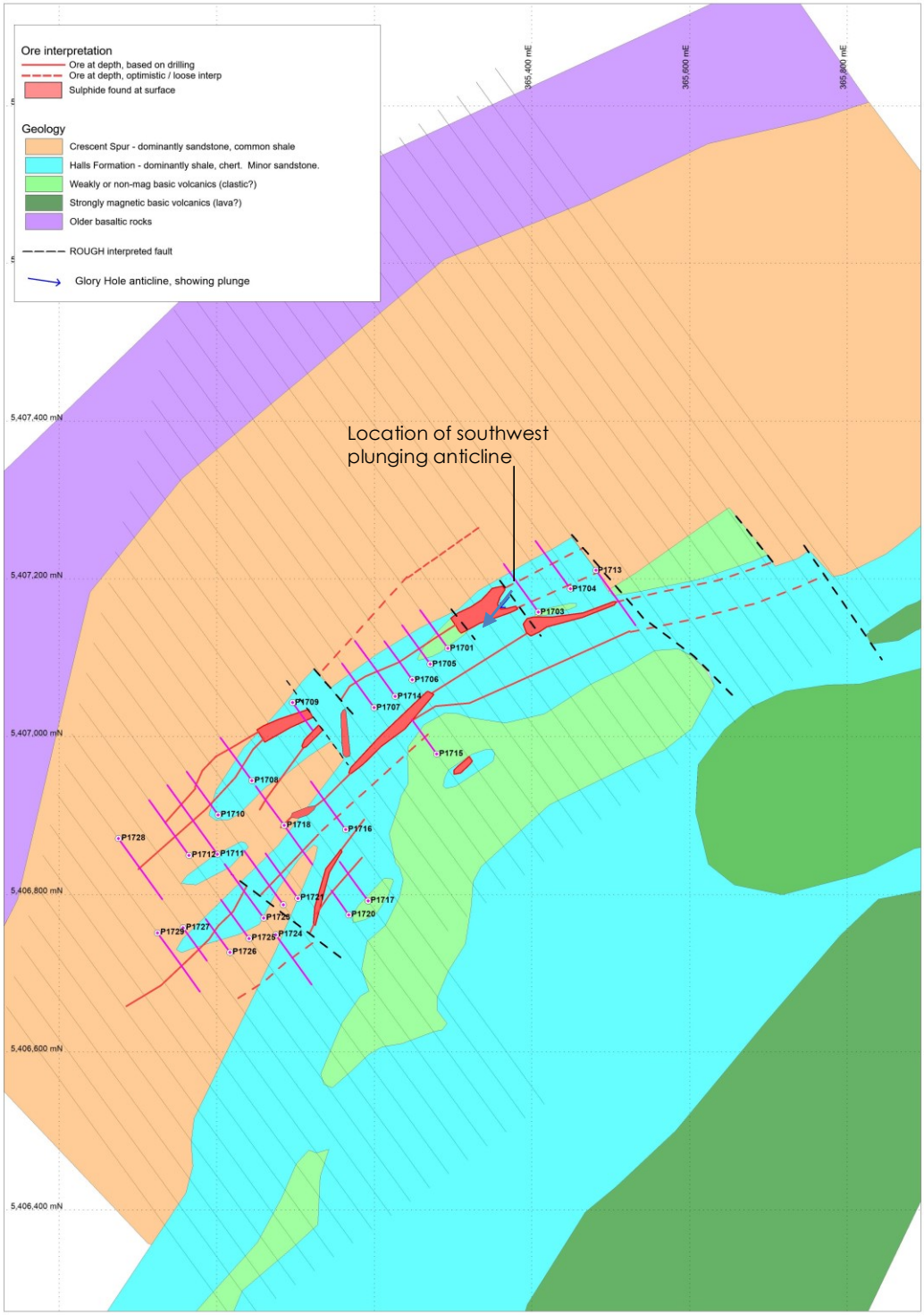

Figure 8. Surface Geology over the historical workings

4 Discussion of Results

During the reporting period the company carried out a review of the project and developed a new strategy that would improve the sustainability and profitability of any project developed at Cleveland. The decision to direct exploration efforts towards increasing the open cut resources will substantially improve the projects economics and potentially lead to the re-development of the underground mine at Cleveland. The initial programme involved the completion of a ground magnetic survey with the aim to detect any possible evidence of potential mineralisation along strike and across strike from the historical underground workings. This survey was successful in locating several new anomalies which as yet have not undergone any drill testing. These anomalies are depicted in Figure 9.

Examination of the historical drilling and mine workings has shown that there are significant gaps in the geological knowledge between the top of the historical underground workings and the surface. The current open cut resource has largely been calculated from drilling targeting underground resources, but at shallow depths. The geological mapping carried out during the reporting period has been used in conjunction with the historical drilling and mining data to plan a shallow diamond drilling programme targeting additional open cut resources. This plan has been given approval by MRT to be carried out.

Further work has commenced on improving the tin recoveries from both the tailings resource and hard rock resources through the development of an enhanced tin recovery process. Early results from this work have shown that tin recoveries from the tailings dam can be improved by 50% and by 15% from the hard rock resource.

The advancements made by Elementos on the Cleveland Project have shown that a highly profitable and sustainable operation can be developed at the site. The general lethargy in the global investment community has resulted in slower than ideal progress on the Cleveland project. A lack of knowledge of the tin market globally has also been instrumental in making it difficult to attract funding to advance the project at a more rapid rate.

The company continues to work on understanding and finding solutions to legacy environmental conditions that are associated with this project. The work completed during the reporting period has provided sufficient information for the company to continue moving forward with the project with what it considers to be viable solutions that would be acceptable to the company and regulatory authorities.

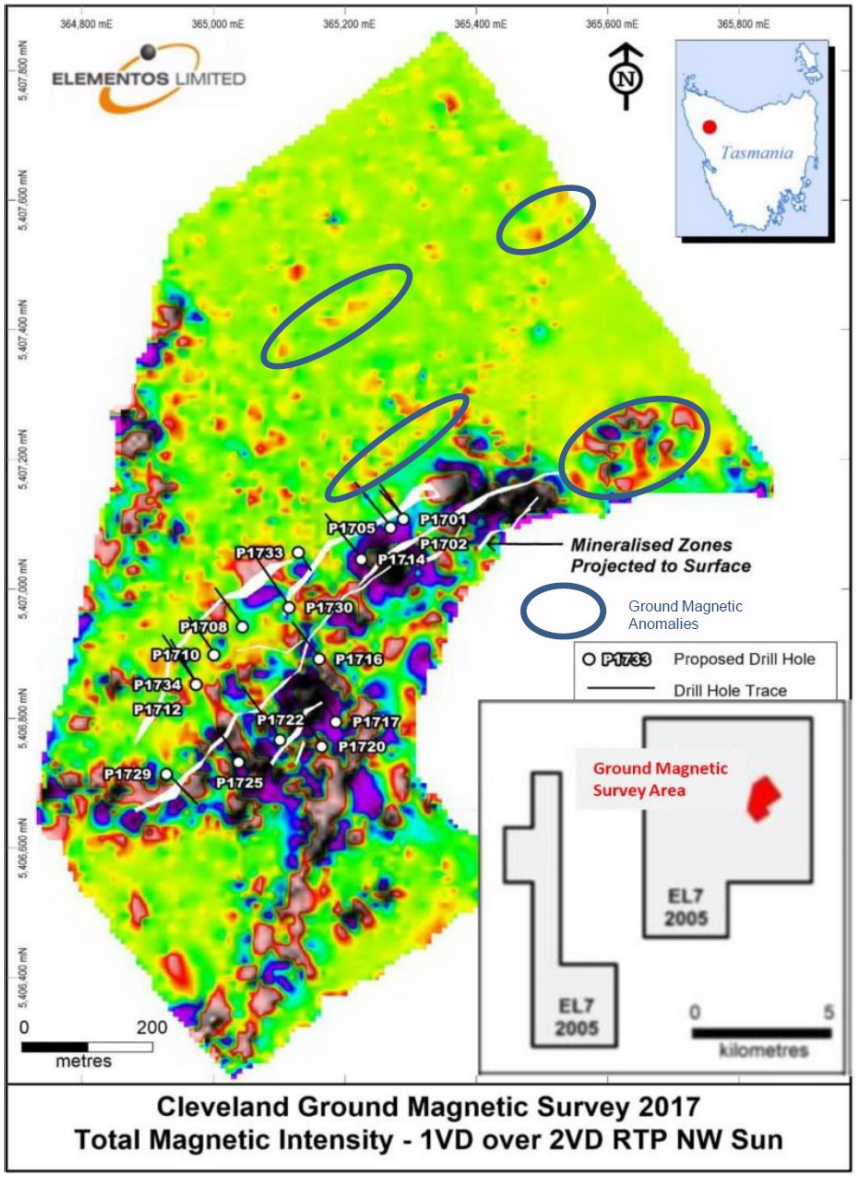

Figure 9. Location of ground magnetic anomalies

5 Environment

5.1 Environmental Impacts

There have been no environmental impacts recorded for the project during the reporting period. All exploration activity has been carried out in accordance with approved work programmes.

6 Expenditure

CATEGORY	AMOUNT
Geology	$51,458.50
Geochemistry	$11,014.99
Geophysics	$18,485.94
Drill Preparaion	$6,630.67
Grid Construction	$47,775.13
Environmental Studies - DPEMP	$30,435.25
Feasibility Studies - Metallurgical Processing	$135,403.11
Administration	$30,172.57
TOTAL EXPENDITURE	**$331,376.16**
Unallowable Costs	$13,500.32

Table 2. Exploration Expenditure for the period 1st July 2016 – 30th June 2017

Expenditure for the next reporting period is planned to be approximately $0.8m.

7 Future Work

The work programme will be focussed on targeting an increase in the open cut resources through an extensive diamond drilling programme, further testwork to improve metallurgical recoveries of both tin and copper from both tailings and potential open cut resources and to extend the ground magnetic survey over the host horizon for a further 1.5km to the east of the recently completed survey boundary.

The drilling programme will be accompanied by waste rock acid mine drainage test work and the recording of geotechnical information, to be used in any future mine development.

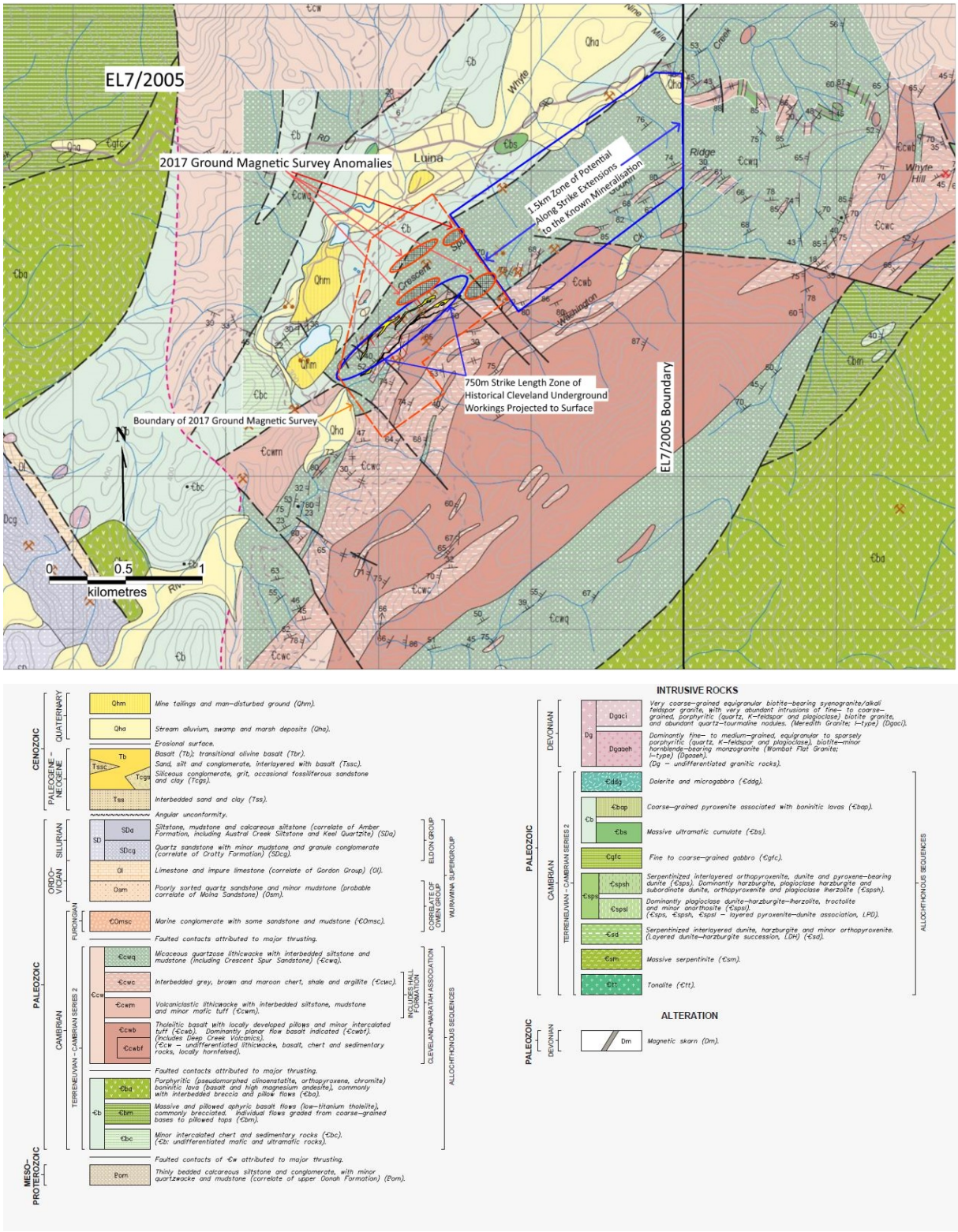

Figure 10. Proposed Extended Ground Magnetic Survey