



Unity Mining Limited
Henty Gold Mine
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Unity Mining Limited

Henty Gold Mine

EL 34-2010 Tullah

Annual Report for Period

2 April 2013 to 2 April 2014

Vol. 1 of 1

April 2014

Held by:	Unity Mining Limited
Manager & Operator	Unity Mining Limited
Author:	MD Blake
Date:	April 2014
Map Sheets:	Tasmania 1:25,000 Series Selina (3836)
	Tasmania 1:100,000 Series Sophia (8014)
Geographic Co-ord (GDA94):	Min East: 380,000m Max East: 389,000m Min North: 5,367,000m Max North: 5,383,000m
Commodity(s):	Base metals, gold, silver

1.0 ABSTRACT

Unity Mining Ltd (UML) commenced exploration on EL 34-2010 Tullah during 2011-2012. Work undertaken during the 12 months report period, ending 2 April 2014, comprised:

- Two diamond drill holes, totaling 692.2 metres
- Assaying of drill hole samples
- Petrological studies.
- Mining feasibility study at Farrell.
- Gate installation to prevent public access to the Upper Sterling Valley.
- Drill hole collar and drill site rehabilitation at Lakeside and the MXUD03 drill site.

Two diamond drillholes were completed in the Upper Sterling-Moxon Saddle area with no significant Au assays, however textural and lithological indicators suggest that this area is prospective for Henty or Lakeside style mineralization.

Total expenditure on the tenement during the report period was \$93,393.

UML intends to continue exploration of EL 34-2010 in 2014-2015 (Year 4 of tenure), focused on gold mineralization targets. A proposal has been submitted to Mineral Resources Tasmania to combine tenements Tullah EL34/2010, and EL 11/2010. Detailed planning of future work programs continues.

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INTRODUCTION

This report details exploration completed by Unity Mining Limited (UML) on EL 34-2010 Tullah over the past year. Work undertaken targeting gold + silver mineralization included completion of 2 diamond drill holes in the Murchison-Moxon Saddle area, MXUD02 (part reported in 2013), and MXUD03, and petrographic studies.

1.1 Location & Access, Topography and Climate, Geology

Details are provided in Blake 2013, and are omitted from this report to avoid repetition.

1.2 Tenure

A proposal has been submitted to Mineral resources Tasmania to combine tenements Tullah EL34/2010, and EL 11/2010, to simplify tenement exploration, administration and reporting.

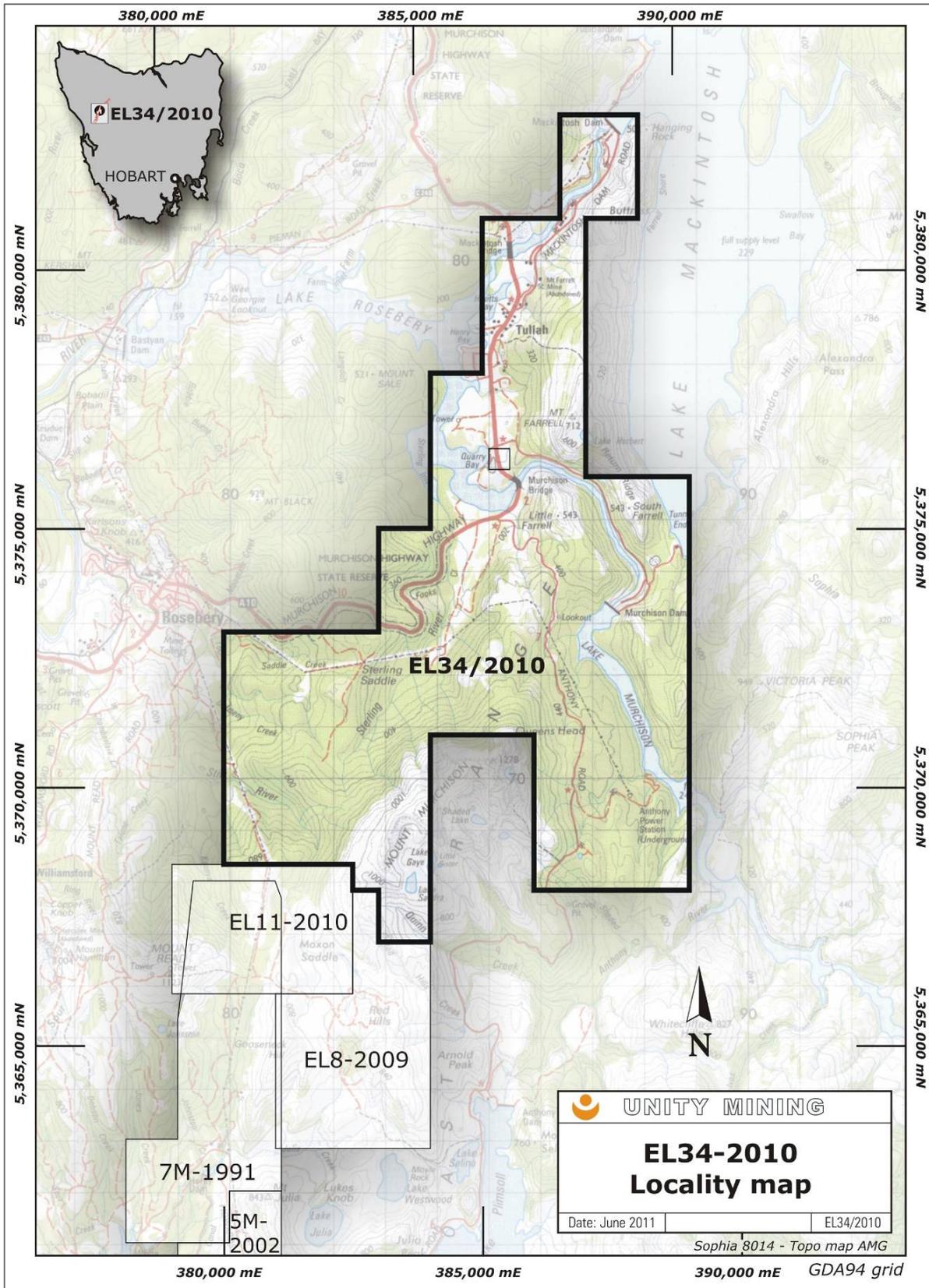


Figure 1: EL 34-2010 Tullah location map. Other UML tenements in the area and adjacent to EL 34-2010 are also shown. Projection is UTM Zone 55 MGA94 co-ordinate system.

2.0 PREVIOUS EXPLORATION

A detailed account of exploration prior to 2011 was given by Purvis, in Lorrigan, 2012.

Exploration completed by Unity Mining is summarized in the table below.

Year	Areas	Work conducted
2011	Upper Sterling	Drillholes LSUD01-LSUD05, testing deep extensions of the lakeside mineralisation.
2012	Upper Sterling, Murchison Mine, Lakeside	Drillholes LSUD06, LSUD06A, MUD01, MUD02, MXUD01-03. Lakeside Mineragraphy study. Reprocessing of IP data.

3.0 WORK COMPLETED (2013 TO 2014)

3.1 Site Preparation Earthworks

A remote drillpad was prepared for helicopter supported drillsite MXUD03.

3.2 Diamond Drilling

Diamond drill hole MXUD03 was completed to 245.7 m. in the Upper Sterling Valley. The drilling program was undertaken by contractor EDrill Australia Pty Ltd, using an LF70 rig, mobilized by Helicopter from site MXUD02, and demobilized to Tullah.

Results for Drill holes MXUD02 and MXUD03 were completed in the report period, with details as follows:

Hole ID	Collar Location and Orientation					Depth (m)
	Easting*	Northing*	RL (m AHD)	Azimuth (deg.)*	Dip (deg.)	
MXUD02	381738	5368919	603	100	50	446.5
MXUD03	382101	5369439	662	100	-50	245.7

*Projection UTM Zone 55 MGA94 co-ordinate system.

All holes were drilled from surface through the fluvio-glacial overburden PQ2 or HQ2 to solid rock. A steel collar pipe was installed and cemented in for all holes. On completion a steel cap was screwed onto the threaded top section of the collar pipe. Both holes were cased with 40mm UPVC pipe on completion of drilling to allow for down hole geophysical logging as required.

Drill holes were located by GPS, with recorded accuracy of 3m. Drill hole trajectories were measured during drilling operations with a Reflex EZ-Shot® electronic single-shot survey instrument operated by the EDrill crews, with readings of hole azimuth and dip obtained at nominal 30 m intervals as each hole was drilled. Drill bit and barrel configurations were varied as necessary to ensure that the design parameters for each drill hole were followed as accurately as possible. Full details of drill holes MXUD01 and MXUD02 are available in appendices 1-3

3.3 Drilling Hole Logging & Data Management

All core samples from the drilling program were transported by UML personnel to the Henty mine for marking up and geological logging. Detailed logging was completed in hard copy graphical format. The drill logs record stratigraphy (or major structure), lithology, alteration

type and intensity, mineralization and other attributes (texture, grain size, colour, hardness, state of core, weathering, oxidation etc). A graphical strip log, recording the composition and textural features of the volcanic and volcanoclastic sequences, was also compiled for each drill hole. The drill hole logs were scanned into PDF format on completion. Summary data for each hole were also entered into UML's Henty mine geology digital database. Digital photography of all core samples was completed prior to diamond sawing in preparation for sampling.

Sample Preparation & Assaying

Core handling, diamond sawing and sample collection and storage tasks in support of the diamond drilling program were carried out by UML personnel at the Henty mine core shed facility. Split core samples, all halved NQ2 core, were bagged and labelled at the Exploration core shed prior to dispatch to ALS Burnie Research Laboratory at Wivenhoe, Tasmania. Remaining split and whole core samples retained in trays have since been stacked on pallets, wrapped with heavy duty UPVC sheeting secured with metal strapping, and are in storage at the disused Paste Plant on Howards Road near the Henty mine.

Sample preparation and assaying undertaken at ALS Burnie Research Laboratory were as follows:

Preparation:	Sample pulverised in LM5 mill to 80% (nominal) passing 75 micron
FA01 fire assay method:	25 g pulverised sample fired, muffled and digested in aqua regia; AAS finish for gold
AAS01 method:	0.4 g pulverised sample, three acid (hydrochloric, nitric, perchloric) digest, made up to 100 ml volume; AAS finish for silver, copper, lead, zinc, molybdenum, bismuth and arsenic.
ME-XRF15d method:	lithium tetraborate / lithium metaborate fusion; XRF finish for tin, tungsten and sulphur.

Each sample batch included a selection of gold standard sample pulps and feldspar blanks, inserted into the batch at a ratio of one per twenty core samples for quality control. ALS BRL also carried out repeat assaying on selected samples (ie laboratory duplicates) in each batch. Assay data were transferred by email from the laboratory as comma-delimited text files and also in Microsoft Excel® 97-2003 Workbook format. Master pulps from the drill hole samples have been returned from BRL and are stored in cardboard box files in the Exploration core shed at the Henty mine.

3.4 Petrography

Petrological Studies were undertaken on selected samples from MXUD02 to aid identification and interpretation of lithologies. Petrography and interpretation was undertaken by Dr A.J. Crawford from A&A Crawford Geological Research Consultants, in Hobart. Results are enclosed as Appendix III.

3.5 Farrell Mining Desktop Study

A study of the potential for economic mining operations at the Mt Farrell Field was undertaken by Unity's chief mining engineer, Rob McLean. This was conducted on an information memorandum level, and is enclosed as Appendix IV.

4.0 RESULTS

Copies of graphical logs for the two drill holes completed by UML are presented in Appendix I. Assay data for all drill core samples are listed in Appendix II. Cross sections are shown in figures 6 and 7.

Results from diamond drill holes MXUD02, and MXUD03 are discussed below.

4.1 MXUD02

Drill hole MXUD02 was designed to test a position on the Henty Fault immediately north of the intersection with the Quinn Creek Fault – a structurally analogous position to the site of the Henty ore bodies, at the junction of the Henty and Great Lyell Faults. Location details and cross section are shown in figures 2 and 6 respectively.

The hole was collared immediately to the west of the Stitt River, in dacitic volcanoclastics. The sequence representing CVC rocks to the west of the Henty Fault is dominated by sheared basaltic rocks, with variable foliation and carbonate veining. Foliation and carbonate veining intensifies gradually down hole, and intensifies proximal to faults.

The expected position of the Henty fault was inferred from Mineral Resources Tasmania 1:25,000 mapping, as locally the position at surface is obscured by cover. The actual position of the fault proved to be further east, recorded as the Henty Fault Zone from 258.8-265.9m

Silica-sericite schists proximal to the Henty Fault are bounded to the east by dacite and dacitic pebble and cobble breccias. The Henty Fault position is weakly mineralized with trace pyrite, pyrrhotite and sphalerite, and generally the sequence to the east of the Henty Fault contains trace cubic disseminated pyrite up to 5mm.

MXUD02 terminated in a unit logged as haematized feldspar-quartz phyric rhyolite or rhyolitic volcanoclastic sandstone with trace disseminated pyrrhotite. This unit was interpreted by Crawford in this report as a possible dacitic volcanic ash flow.

Assays returned no significant results, however trace gold, along with elevated silver, and bismuth was noted in a silica-sericite augen schist immediately east of the Henty Fault position.

4.2 MXUD03

MXUD03 was drilled to test a large unexplained MMI Au anomaly across several soil sampling lines in the area, and to confirm lithologies present in the Henty fault position, recorded as core loss in Getty Holes SS1 and SS2.

MXUD03 was collared on top of the divide between the Sterling and Stitt River valleys – a glacial moraine identified by previous mapping (Purvis, 1985). The rationale of locating this hole was to test the MMI anomaly by drilling the Henty fault position, considered the most prospective location for Henty style gold mineralization.

The hole collared to the west of the Henty Fault, successfully penetrating 50m of glacial material, the Henty Fault, and through to the 'Henty position' to the east of the Fault. MXUD03 encountered 1.2 metres of barren massive 'smokey' silica on the western fringe of the Henty Fault Zone.

To the east of the fault in MXUD03 is a sericite-silica-carbonate schist, and quartz augen schist, similar in character to lithologies enveloping the Henty ore body. Strongly foliated black shale associated with quartz augen schist has trace visible base metal mineralization, and returned elevated Ag, Cu, Pb, Zn Mo, As, but no Au.

MXUD03 terminated at 245.7m in a massive feldspar-quartz phyric rhyolite A cross section is shown in figure 7.

5.0 DISCUSSION

Textures in the basaltic sequence approaching the Henty Fault in DDH MXUD02 are suggestive of a possible mechanism for producing massive quartz alteration, with epidote carbonate

spotting transitional to epidote-carbonate-quartz to quartz augens, and massive silica, shown in figure 5. To the east of the fault zone, quartz augens intensify in sericite-quartz augen schist, often referred to as MV alteration in the Henty Mine Sequence. It may be possible for quartz augens to coalesce in a compressional environment, forming semi-massive to massive siliceous alteration, similar to the gold host known as MQ at the Henty Mine.

Although no significant visible mineralization was encountered in drill holes MXUD02 or MXUD03, on the eastern side of the Henty Fault are rocks that are similar in character to those of the Henty Mine sequence, which may possibly host Au mineralization. Exact stratigraphic correlations are difficult, and in this location it is not possible to tell if the intersected sequence lies higher in the stratigraphy than the target Lynchford Member of the Comstock formation at the Henty Mine.

The significant outcome of DDH MXUD02 and MXUD03 was the identification of Henty style siliceous alteration, and sheared lithologies, confirming that prospectivity remains in the Moxon to Sterling Valley area. The thin siliceous unit in MXUD02 may form a suitable host to Au mineralization. Interestingly it was found on the western side of the Henty Fault in MXUD03, whereas the known Henty mineralization lies to the east of the fault.

The presence of the black shale, also present in Getty Oil Holes SS1, and SS2, raises the question previously recognised by McNeill and Corbett, 1992, of whether there is a possible correlation of shale sequences from the Farrell Sequence in the Sterling Valley to Red Hills, and black shale within the Henty Mine Sequence. The black shales may serve as a marker for the upper CVC if a correlation is made. It is also possible, that an occurrence of the black shales in the Moxon to Sterling Valley area may be a suitable host to mineralization similar to the Lakeside Prospect further north.

6.0 CONCLUSIONS

The exact stratigraphic position of lithologies encountered at the fault position in MXUD02, and MXUD03 is not known, and how important stratigraphic location is with respect to potential Devonian remobilization of Cambrian mineralization is also uncertain. It is known however, that a Devonian granite spine is present beneath (a potential fluid source), and that a gold mineralization trend is present to the north in the Sterling Valleys and south at Henty. Drilling has shown that lithological formations exist at the Henty Fault position, and within the CVC, that are similar to gold bearing units of the Henty Mine Sequence (though unmineralised). In this light, results of MXUD03 (and MXUD02) are encouraging and demonstrate that the Sterling-Moxon area remains as a prospective Zone for Henty style mineralization.

7.0 ENVIRONMENT

7.1 Drill Hole Rehabilitation

Collars for drill holes LSUD01-LSUD06, located at the Lakeside Prospect were installed with PVC collars when drilled, and cased internally with 40mm PVC for geophysical logging purposes.

The collars for LSUD01-06 have been cut off, blocked and cemented as required by the Mineral Exploration Code of Practice (MECOP), as shown in figure 8. A photographic record is supplied with the drill hole status report, enclosed digitally as Appendix 5).

The drill site for MXUD03 in the Upper Sterling – Moxon Area was checked and rehabilitated. Cuttings were broken up and distributed, and slash was used to cover the cleared area for re-seeding and to encourage re-vegetation, shown in figure 9.

7.2 Track Work

During the winter-spring period of 2013, local wood collectors discovered the 4WD track that provides access from the Mt Black power line access road to the Upper Sterling Valley drill sites (MXUD01,03), and Upper Sterling Grid. During this period all windfalls were scavenged from the track, and several mature Myrtle trees were felled and cut for firewood. The area traversed by this track falls within the Murchison Regional Reserve, so local police and MRT were notified, and a gate was installed by Unity Mining, to prevent further damage.

Figure 2: Drillhole locations

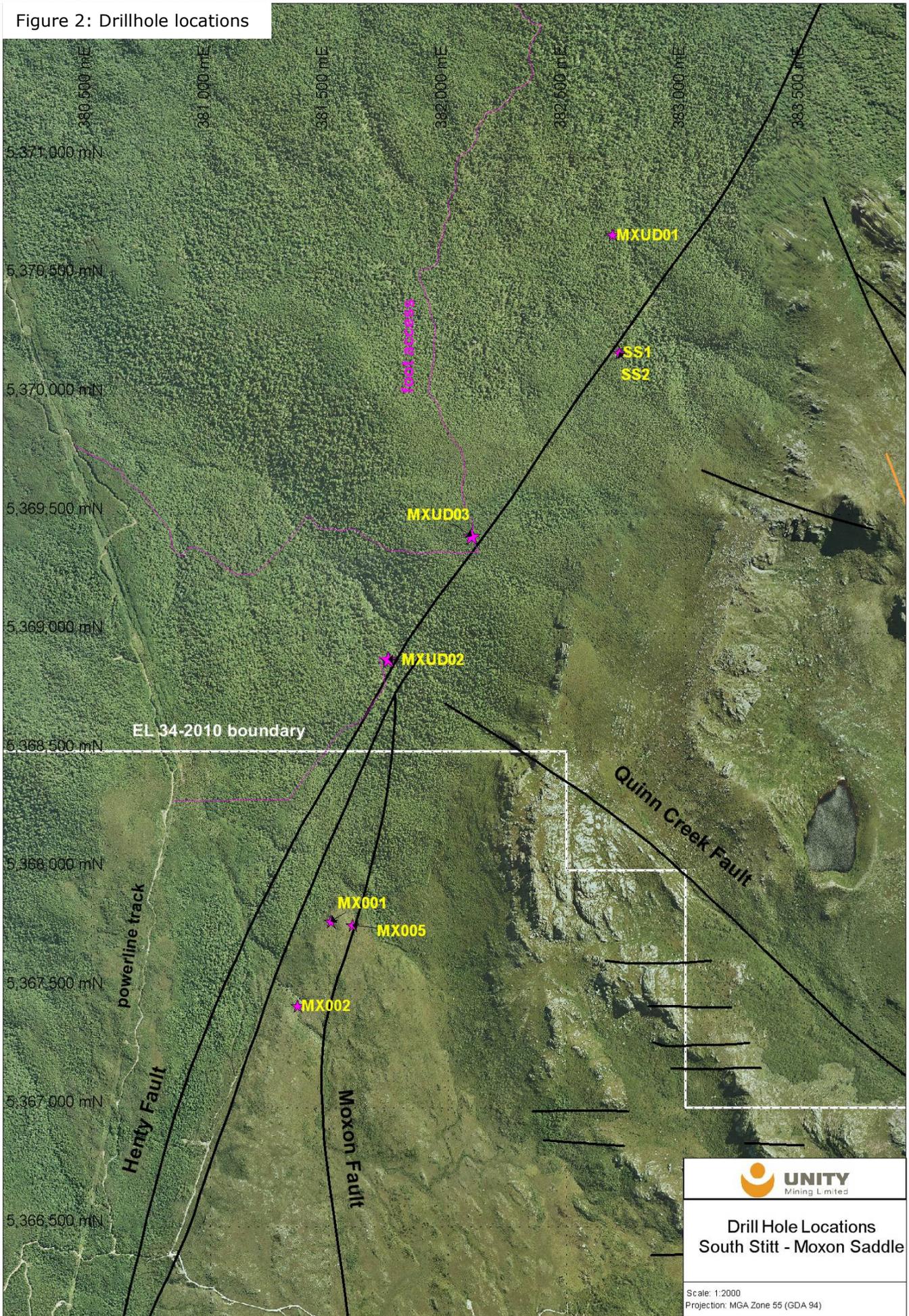


Figure 3:

DDH MXUD02 lithotypes

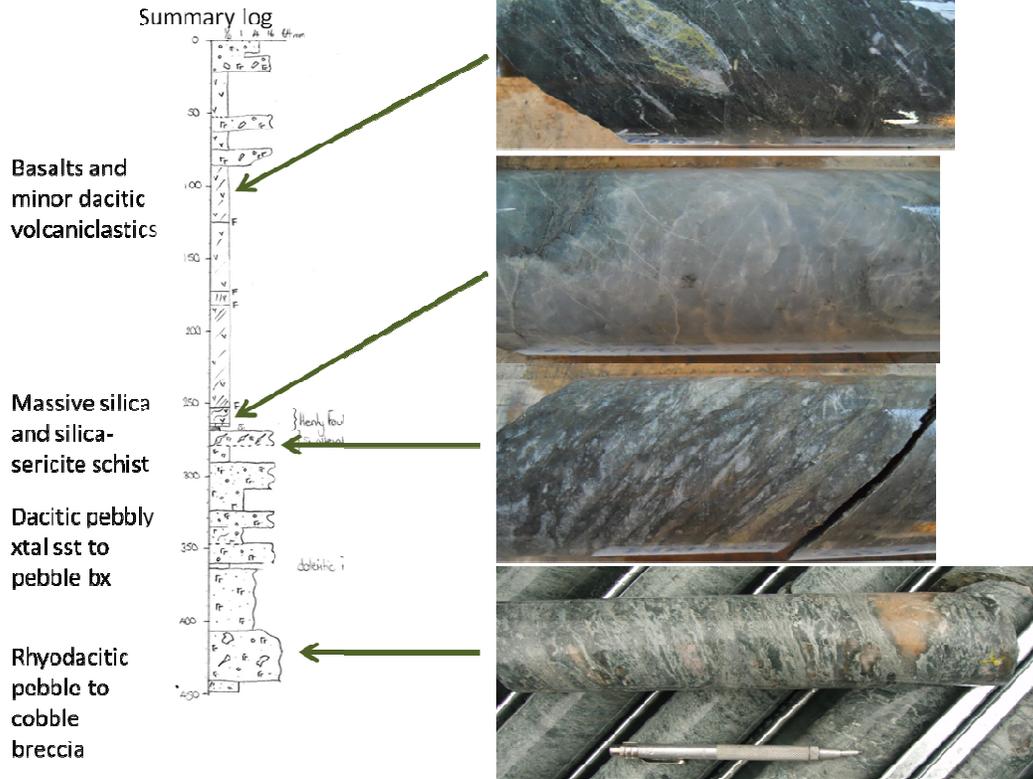


Figure 4:

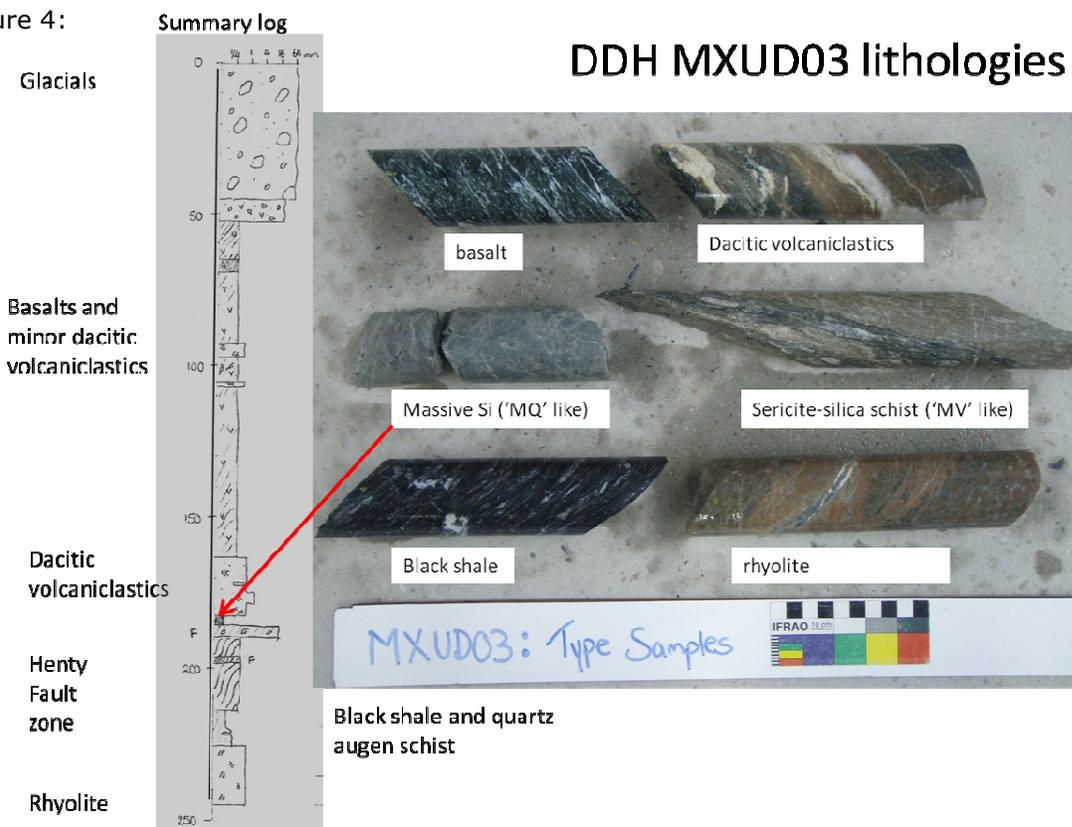
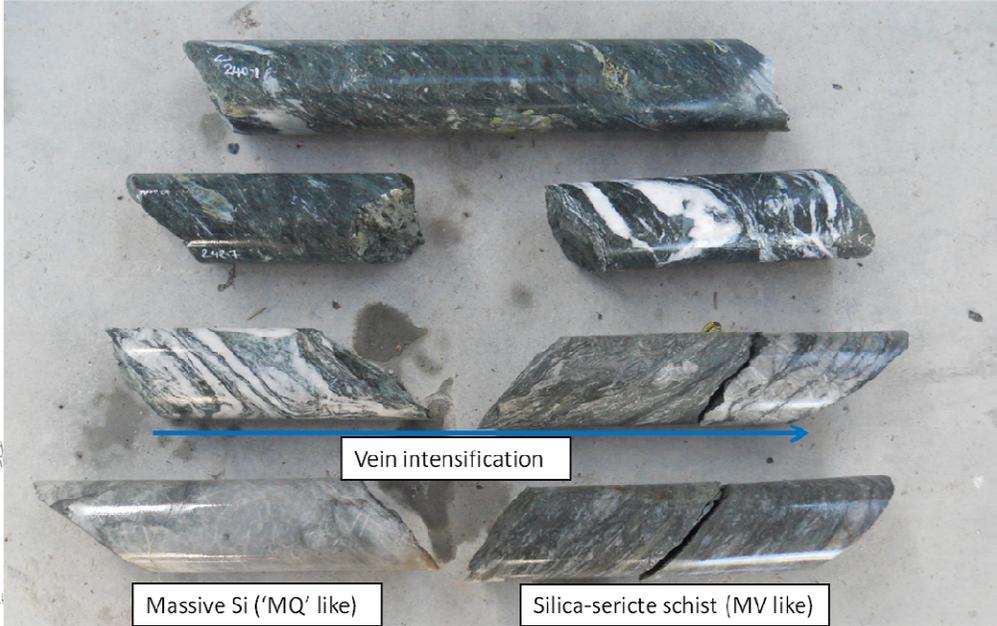
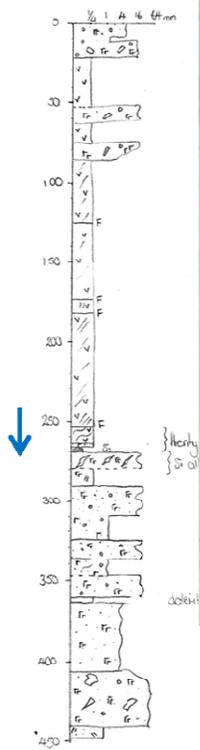


Figure 5:

Summary log

MXUD02: Textural progression of vein intensity down hole



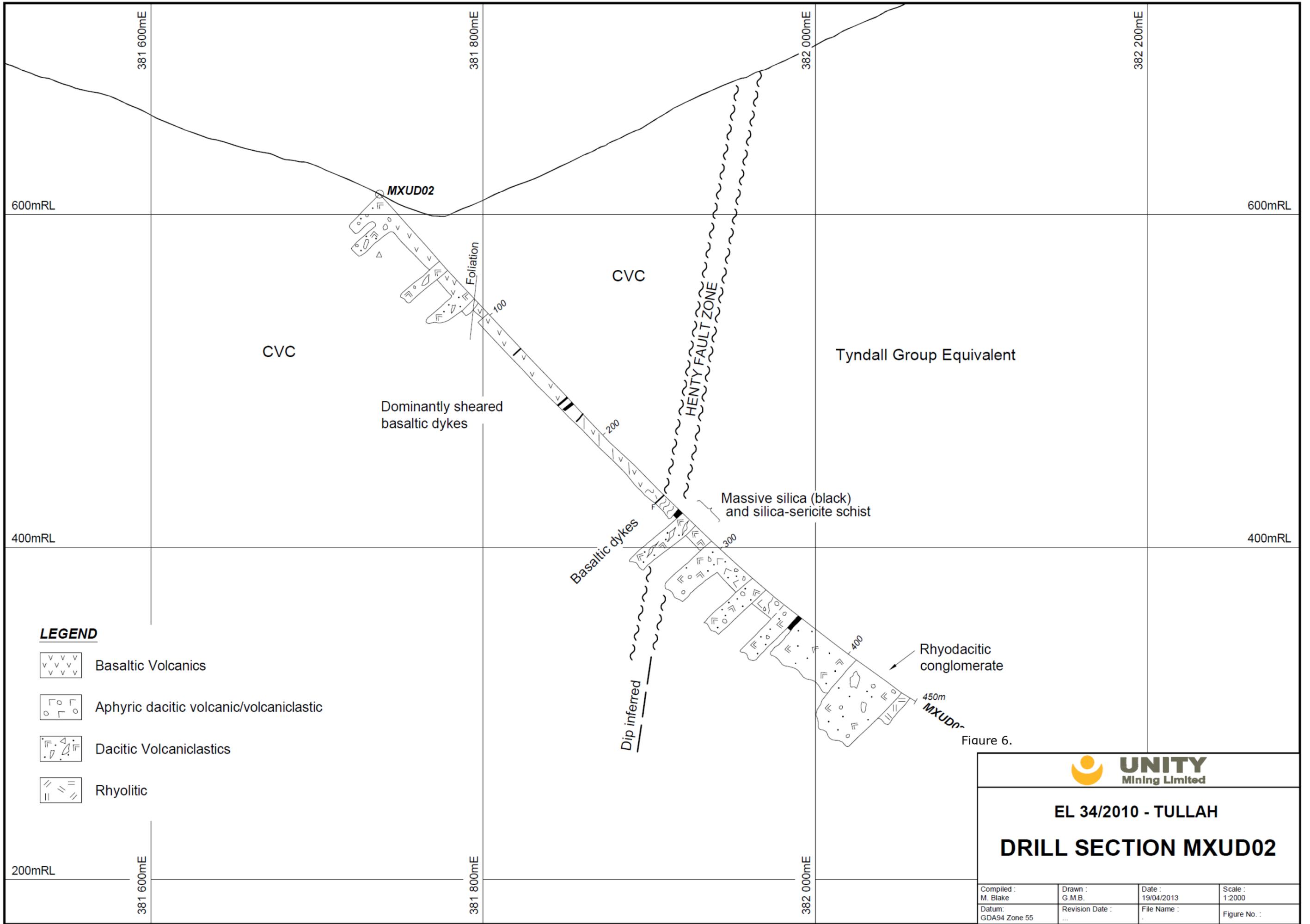
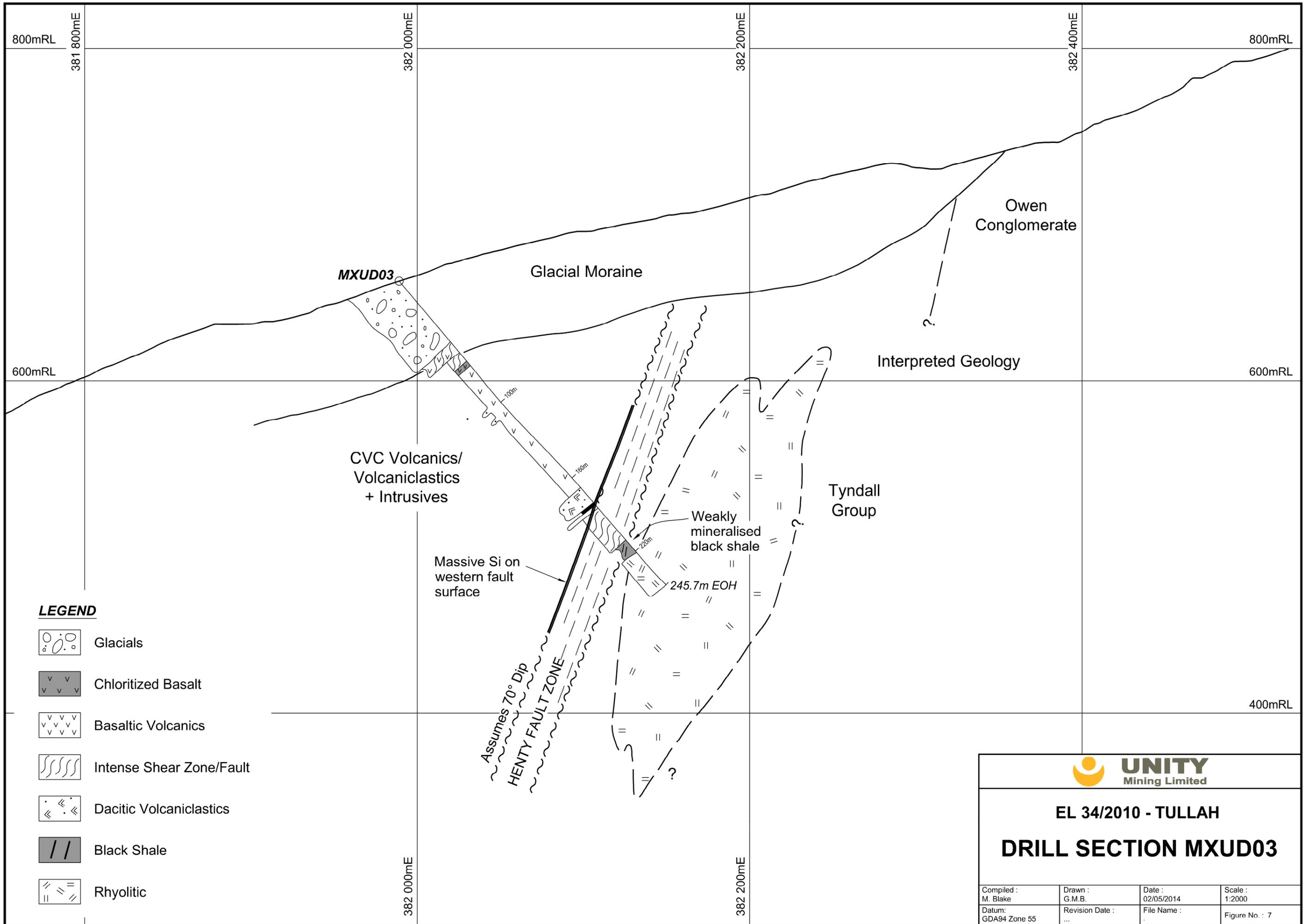


Figure 6.



**EL 34/2010 - TULLAH
DRILL SECTION MXUD02**

Compiled : M. Blake	Drawn : G.M.B.	Date : 19/04/2013	Scale : 1:2000
Datum: GDA94 Zone 55	Revision Date : ...	File Name : ..	Figure No. : ..



LEGEND

-  Glacials
-  Chloritized Basalt
-  Basaltic Volcanics
-  Intense Shear Zone/Fault
-  Dacitic Volcaniclastics
-  Black Shale
-  Rhyolitic



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EL 34/2010 - TULLAH

DRILL SECTION MXUD03

Compiled : M. Blake	Drawn : G.M.B.	Date : 02/05/2014	Scale : 1:2000
Datum: GDA94 Zone 55	Revision Date : ...	File Name : .	Figure No. : 7



Figure 8. Drill collar rehabilitation at the Lakeside Prospect



Figure 9. Drill site rehabilitation at MXUD03

8.0 EXPENDITURE FOR 2013/14

Expenditure by UML on EL 34-2010 for the year ended April 2014 was \$93,393 as follows:

Expenditure for 12 months ending April 2014	\$
Personnel	30,600
Geochemistry	16,545
Geophysics	
Remote Sensing	
Gridding	
Drilling	44,168
Access	
Rehab	2,080
Feasibility	
Roads and tracks	
Other	
Admin	
TOTAL	93,393

9.0 PLANNED WORK AND EXPENDITURE

A proposal has been submitted to Mineral Resources Tasmania to combine the tenements of Moxon EL 11/2010, and Tullah EL 34/2010, to simplify exploration, administration and reporting.

The proposed exploration program for the combined tenements ending April 2016 consists of:

- Drilling of two diamond drill holes of 250m.
- Minor gridding work in the Upper Sterling Valley
- Continued mapping and sampling including in-fill and new MMI soil geochemistry
- Sampling of drill core from holes TBD1 and TBD2 for pyrite laser ICPMS characterisation.
- Review of information for identification of further drill targets.

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