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Unity Mining Limited

Henty Gold Mine

EL 11-2010 Tullah

Annual Report for Period 12 September 2013 to 12 September 2014

Vol. 1 of 1

September 2014

Held by:	Unity Mining Limited
Manager & Operator	Unity Mining Limited
Author:	Peter Stonestreet
Date:	September 2014
Map Sheets:	Tasmania 1:25,000 Series Selina (3836)
	Tasmania 1:100,000 Series Sophia (8014)
Geographic Co-ord (GDA94):	Min East: 380000m Max East: 389000m Min North: 5366000m Max North: 5383000m
Commodity(s):	Base metals, gold, silver

ABSTRACT

Earlier this year, a proposal was submitted to Mineral Resources Tasmania to combine the two tenements EL34/2010 (Tullah) and EL 11/2010 (Moxon Saddle). The proposal was approved, and the tenements were combined under the tenement code EL11/2010. Previous annual reports for these two tenements were submitted to Mineral Resources Tasmania in September 2013 (EL11/2010) and May 2014 (EL34/2010). Since the submission of those two reports, no work has been done on the new tenement.

Exploration work done during the reporting period was limited to rock chip sampling in the very south of the tenement at Moxon Saddle. Best gold assay was 0.399 from outcrop 2.3km along strike from Red Hills.

Total expenditure on the tenement during the report period was \$29820.

In mid-2014, UML was granted a one year stay of expenditure on its West Coast exploration leases due to the announced closure of its Henty Gold Mine, with the tenements budget to be spent on near-mine exploration. Prior to this, approval for the drilling of two diamond holes at Bruce Creek in the Sterling Valley had been granted by MRT. Drilling of these two holes will likely be postponed.

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1.0 INTRODUCTION

Tenements EL11/2010 Moxon Saddle and EL34/2010 Tullah have been combined for ease of reporting and exploration as EL11/2010. This report bridges the 4 months of the old EL34/2010 since its last annual report in May 2014 and the 12 months of the old EL11/2010 until 12th of September 2014.

1.1 Location & Access, Topography and Climate, Geology

Details are provided in Blake 2013 for Tullah sites, and Stonestreet 2013 for Moxon Saddle, and are omitted from this report to avoid repetition.

1.2 Tenure

A proposal submitted to Mineral Resources Tasmania to combine tenements Tullah EL34/2010, and Moxon Saddle EL 11/2010, to simplify tenement exploration, administration and reporting, was approved. The new tenement is known as EL 11/2010.

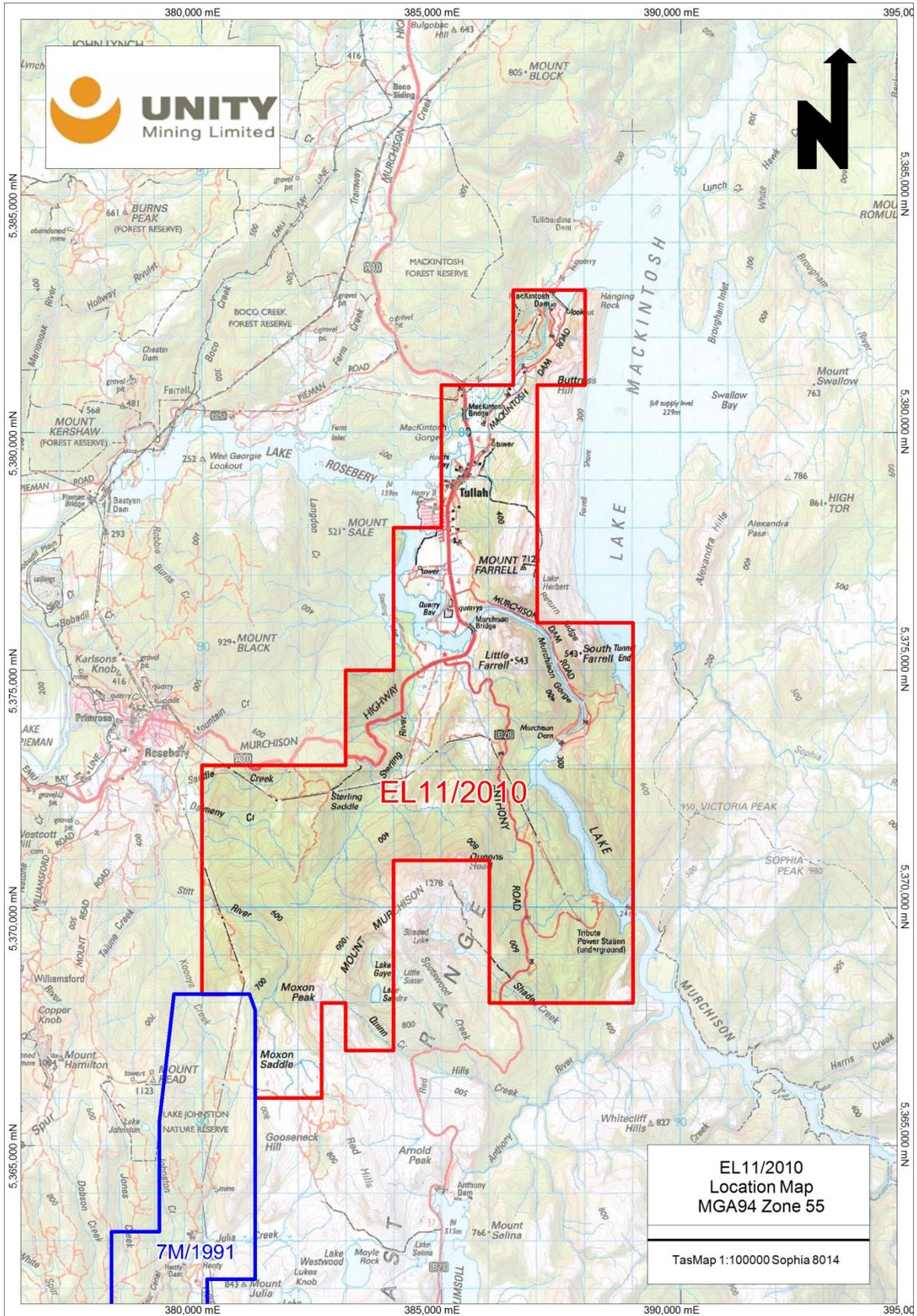


Figure 1: EL11/2010 Tullah location map. 7M/1991 Henty mine lease is also shown. Projection is UTM Zone 55 MGA94 coordinate system.

2.0 PREVIOUS EXPLORATION

A detailed account of exploration prior to 2011 was given by Purvis, in Lorrigan, 2012. For Moxon Saddle previous exploration is summarised in Stonestreet, 2013.

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

Year	Areas	Work conducted
2011-2012	All tenement Lakeside	Airborne LIDAR survey and structural interpretation by consulting geologist. Drillholes LSUD01-LSUD05, testing deep extensions of the Lakeside mineralisation.
2012-2013	Moxon Saddle Lakeside, Upper Sterling, Murchison Mine,	Drillhole MX05 to test interpreted fault wedge extension zone. Drillholes LSUD06, LSUD06A, MUD01, MUD02, MXUD01-03. Lakeside Mineragraphy study. Reprocessing of IP data.
2013-2014	Upper Sterling/South Stitt Valley	Drillholes MXUD02 and MXUD03, testing Henty position on west side of Henty Fault, petrography on drillholes, Farrell Mining Desktop Study, drill proposal for 2 holes at Bruce Creek in the Sterling Valley

3.0 WORK COMPLETED (SEPTEMBER 2013 TO SEPTEMBER 2014)

A rock-chip sampling program was conducted over the northern extension of the Red Hills Rhyolite and adjacent lithologies (Figure 2 with legend Figure 3). This program overlapped tenements EL8/2009 Red Hills and EL11/2010 Tullah, with 49 samples located in EL11/2010.

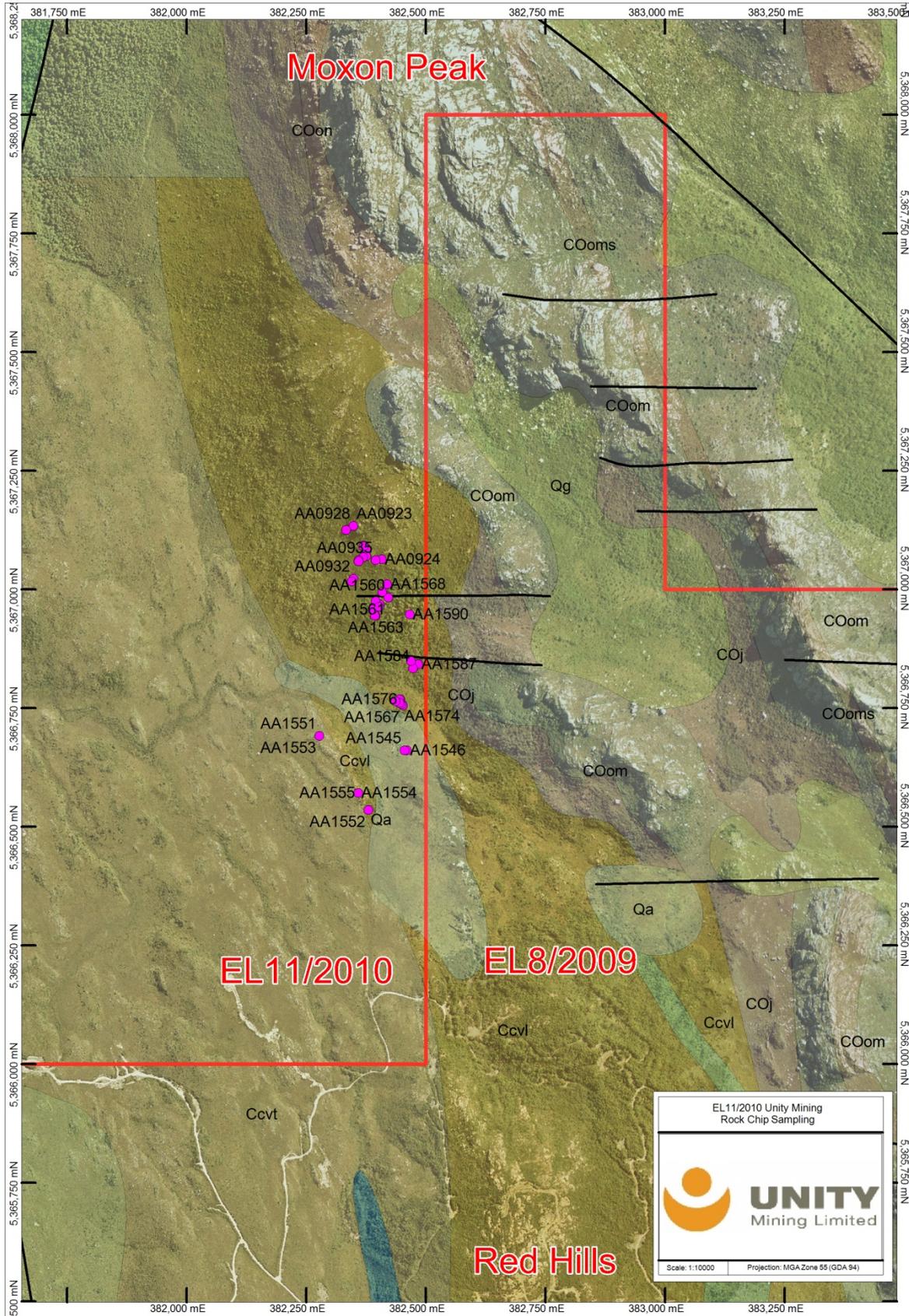


Figure 2: Rock chip location map covering the northern extent of the Red Hills Rhyolite on EL11/2010. Projection is UTM Zone 55 MGA94 co-ordinate system.

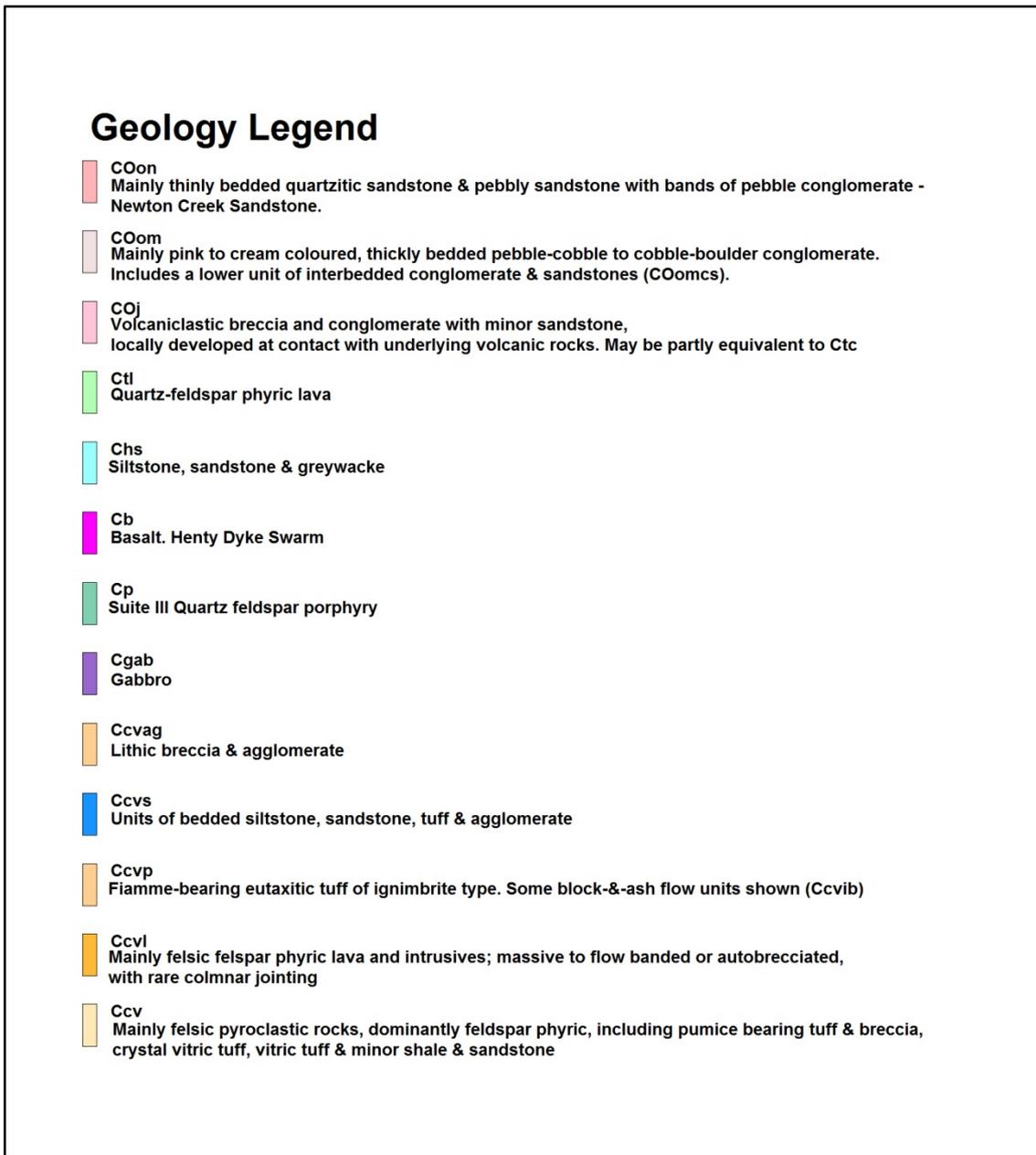


Figure 3: Geology Legend for Figure 2.

4.0 RESULTS

Rock chip assays are provided in Appendix 1. Best gold assay was 0.399ppm. A number of samples were anomalous in copper, with a best assay of 1810ppm. Rock samples displaying brecciated volcanics in a sulphidic and/or haematitic matrices were collected (Figure 4 and 5), and an old adit at 382421E 5366983N was re-discovered and sampled.



Figure 4: Haematite-altered rhyolitic agglomerate.

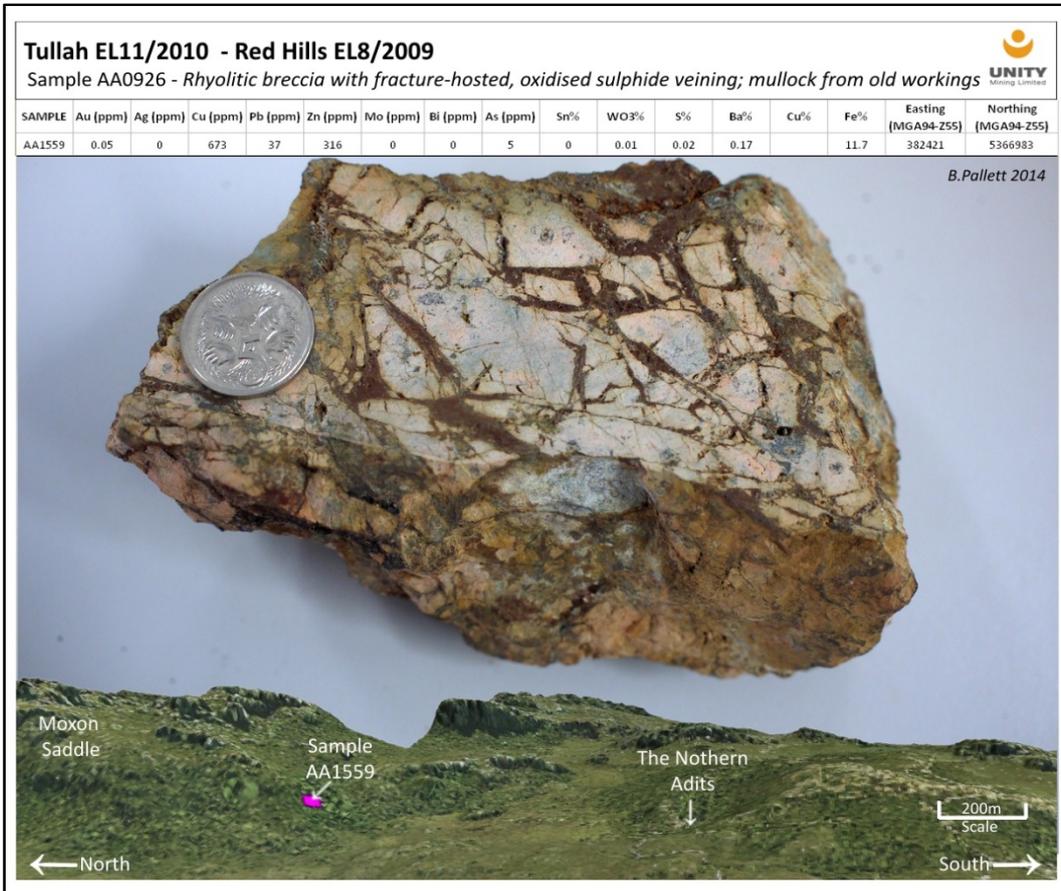


Figure 5: Rhyolitic breccia with fracture-hosted sulphide veining.

5.0 DISCUSSION

Compared to the heavily drilled Red Hills to the south, the EL11/2010 portion of the Red Hills exhalative horizon is poorly explored, with no drillholes. Rock chip sampling and discovery of an old adit indicates that the haematite-chalcopyrite-±gold mineralisation that is evident within the Red Hills Rhyolite to the south continues to the north, albeit at sub-economic grades.

6.0 CONCLUSIONS

The Red Hills Rhyolite exhalative horizon extends north of Red Hills along the western flank of Moxon Peak and is poorly explored compared to farther south, with difficult terrain and a lack of road access. A rock chip sampling program failed to find major anomalous mineralisation, but did uncover an old adit and brecciated haematitic volcanics. Best gold result was 0.399ppm and best copper result was 1810ppm.

7.0 EXPENDITURE FOR 2014 (MAY TO SEPTEMBER)

Expenditure by UML on EL 11/2010 for the 12 months ended September 2014 (including 4 months of old EL34/2010) was \$29820 as follows:

Expenditure for 12 months ending April 2014	\$
Personnel	24500
Geochemistry	4820
Geophysics	
Remote Sensing	
Gridding	
Drilling	
Access	
Rehab	
Feasibility	
Roads and tracks	
Other	
Admin	
TOTAL	29320

8.0 PLANNED WORK AND EXPENDITURE

The proposed exploration program for the new combined tenement 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.

REFERENCES

Blake, M.D., 2013, EL 34/2010 Tullah Annual report for period 2 April 2012 to 2 April 2013, unpublished Unity Mining report.

Lorrigan, A, 2012, EL 34-2010 Tullah Annual report for period 3 April 2011 to 2 April 2012, unpublished Unity Mining report.

Purvis, J. G. 2010. Review of exploration potential for ERA 831. Bendigo Mining Limited, unpublished company report.

Stonestreet, P.G., 2013, EL11/2010 Moxon Saddle Annual Report for period 12th September 2011 to 12th September 2013, unpublished Unity Mining report.

APPENDIX 1 – ROCK CHIP GEOCHEMISTRY RESULTS (DIGITAL FILE)