



UNITY
Mining Limited

Unity Mining Limited
Henty Gold Mine
ABN 61 005 674 073
Postal Address: PO Box 231 Queenstown TAS 7467
Site Office: Howards Road Queenstown TAS 7467
Phone: (03) 6473 2444
Facsimile: (03) 6473 1857

EL28/2001 Annual Report

‘Tyndall Creek’

EL28/2001

Vol. 1 of 1

HELD BY:	UNITY MINING LTD.
MANAGER & OPERATOR:	UNITY MINING LTD
AUTHOR:	A. Lorrigan
DATE:	July 2016
MAP SHEETS:	1:25k Tyndall (3835) Oceana (3635) 1:100k Sophia
GEOGRAPHIC COORDS (GDA94):	Min East: 379,100mE Max East: 382,100mE Min North: 5,356,200mN Max North: 5,360,200mN
COMMODITY(s):	Au, Basemetals

Summary

A take-over of Unity Mining Ltd (UML) by Diversified Minerals Ltd slowed progress on this tenement in the reporting period. However a drilling program was finally commenced on 5th May 2016. The total drilling program consisted of 2 drill holes for 294.0 m. The program was completed on 1st June 2016. At the time of writing, assay results are still awaited for the second hole. On 10th May 2016 the first hole was at 52 m. The program has been reported up to this point and other results will be in the 2016 Annual Report or the Final Report if UML tenure is not extended.

Table of Contents

Summary	2
1. Introduction.....	4
1.1 Tenure	4
1.2 Location and Access.....	4
1.3 Regional and Local Geology, Alteration and Mineralisation and Previous Exploration.....	6
2. Work Completed during the Reporting Period 2015 to 2016.....	6
2.1 Site Preparation Earthworks	6
2.2 Diamond Drilling	6
2.3 Drilling Hole Logging & Data Management	6
3. Environment.....	7
4. Conclusion	9
5. Planned Work - 2016/2017.....	9
6. Expenditure 2015/16 Reporting Period	9
7. Forecast Expenditure 2016/17	10
References.....	10

Table of Figures

Figure 1: Location of EL28/2001 (map in GDA 94 projection).	5
Figure 2: Drill site prior to re-clearing. Collar pipe of UML hole TC7, drilled in 2011, visible in vegetation regrowth (January 2016).....	7
Figure 3: Drill site after re-clearing and levelling (May 2016). Azimuth line pegged for hole TC8.....	8

1. Introduction

This report details work completed by Unity Mining Limited (UML) on EL 28/2001 from 11th May 2015 until 10th May 2016.

The licence area consists of crown land and land vested in the HEC, both land uses coming under the Mines Act. The far western edge of the tenement is part of the Mt Dundas Regional Reserve (World Heritage Recommended Area for Protection). The far eastern extent, east of the HEC high-tension power lines is the Tyndall Regional Reserve. Any disturbances in these areas require notification and approval from the Mineral Exploration Working Group (MEWG). Further conditions of exploration are outlined in the Exploration Code of Practice (produced by Mineral Resources of Tasmania (MRT)).

The land vested in the HEC includes Lake Newton and associated pump station, the Henty canal, the high-tension power lines and service tracks.

1.1 Tenure

EL28/2001 was acquired in 2002 by Placer Dome Asia Pacific (formerly AurionGold Exploration and previously Goldfields Exploration) after a successful tender for ETA 552.

Barrick (Henty) Limited acquired the EL in January 2006, following the global takeover of Placer Dome by Barrick Gold Ltd.

In July 2009 Bendigo Mining Limited (BML) purchased the Henty Gold Mine and EL 28/2001 from Barrick Australia. BML subsequently applied for, and were granted, a variation to the tenement, which enlarged the area to the south by 1.4 sq km (Figure 1). BML changed its name to Unity Mining Limited on the 6th December 2010.

On 1st June 2016, after a protracted series of offers and counter-offers, UML was taken over by Diversified Minerals Ltd. UML remains an entity but has been de-listed from the ASX.

At the time of writing an extension application for this tenement was current.

1.2 Location and Access

Lake Newton (EL28/2001) occurs midway between Queenstown and Tullah on Tasmania's West Coast. The EL's northern boundary abuts the Henty Gold Mine lease 5M/2002 (Figure 1). Local access to the tenement is off the Howards and Anthony Roads.

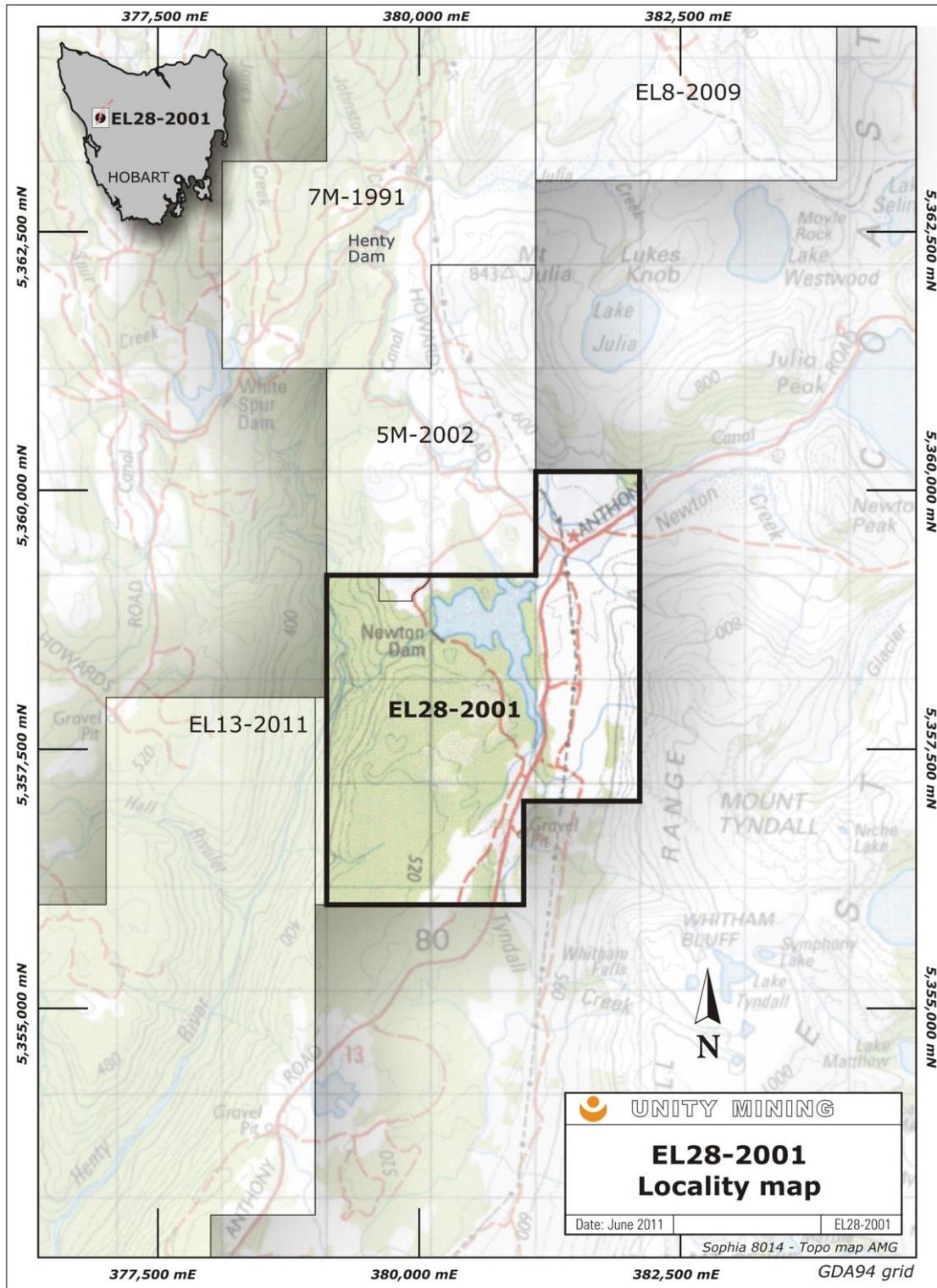


Figure 1: Location of EL28/2001 (map in GDA 94 projection).

1.3 Regional and Local Geology, Alteration and Mineralisation and Previous Exploration

Regional and Local Geology, Alteration and Mineralisation and Previous Exploration are detailed in last year's tenement report (Timms et al, 2014), and have been excluded from this report for succinctness.

2. Work Completed during the Reporting Period 2015 to 2016

2.1 Site Preparation Earthworks

Earthworks to construct a drill pad and sump pits were undertaken by Williams Earthmoving, using a Komatsu PC130 13 tonne tracked excavator operated by Mr. Nathan Williams. The excavator was mobilized to site from a nearby civil works project and completed the site preparation on 4 May 2016.

Inspection of the proposed drill site and surrounds was undertaken by Mineral Resources Tasmania's Environmental Field Officer in January 2016. The earthmoving works were completed under close supervision by UML's nominated project supervisor to ensure that the land disturbance was limited to the previously cleared drill site and conformed to recommended standards of the Mineral Exploration Code of Practice.

2.2 Diamond Drilling

Diamond drilling commenced on 5 May 2016 and is currently in progress. The drilling program is being undertaken by contractor Wholecore Drilling, using a track-mounted Cortech CSD 1800 diesel-hydraulic rig. Drilling is being carried out by a two person crew working a five days per week single shift roster. Two holes are planned to test for down dip continuation of the barite+base metals+gold alteration zone that outcrops at surface in Tyndall Creek. As at 10 May 2016 drilling in the first of these planned holes was at 52.0 m depth.

Hole ID	Surveyed Collar Location and Orientation					Depth (m)
	Easting*	Northing*	RL (m AHD)	Azimuth (deg.)*	Dip (deg.)	
TC8	381,142.6	5357358.1	506.1	221.29	-57.51	52.0

*Projection UTM MGA94 Zone 55 co-ordinate system.

Drill hole trajectory is being measured with an electronic magnetic survey instrument owned and operated by the Wholecore driller, with readings of hole azimuth and dip obtained at 30 m intervals as drilling proceeds. The drill hole collar location and orientation has been accurately surveyed.

2.3 Drilling Hole Logging & Data Management

All core samples are being transported by UML personnel to the core shed facility at the Henty Gold Mine for marking up and geological logging. Detailed logging in hard copy graphical format is in progress. The drill log records stratigraphy (or major structure), lithology, alteration type and intensity, mineralisation 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, is also being compiled. A digital drill hole log is also being recorded.

Digital photography of all core samples will be completed prior to diamond sawing in preparation for sampling. Standard practice is for core sample to be photographed in depth sequence, with two core trays per frame, using a fixed focal length. Digital images in JPEG format are then uploaded for secure storage on UML's Henty Mine computer network.

3. Environment

An inspection of the proposed drill site and surrounds by Mineral Resources Tasmania's Environmental Field Officer was completed in January 2016. Approval of UML's exploration work program was notified in February 2016, subject to the Company abiding with the Mineral Exploration Code of Practice and observing several Site Specific Conditions in undertaking the proposed works. A re-classification to Future Potential Production Forest was advised in a change to the land tenure for parts of EL 28/2001 Tyndall Creek. The occurrence of King Billy Pine (*Athrotaxis selaginoides*) amongst the scrub vegetation adjacent to the previously cleared drill site was noted during MRT's field inspection. This resulted in strict limits being placed on the extent of the proposed earthworks in preparation for the drilling program.



Figure 2: Drill site prior to re-clearing. Collar pipe of UML hole TC7, drilled in 2011, visible in vegetation regrowth (January 2016).



Figure 3: Drill site after re-clearing and levelling (May 2016). Azimuth line pegged for hole TC8.

4. Conclusion

Sited on the Tyndall Group – Central Volcanic Complex boundary between Henty and Mt Lyell, the tenement remains prospective for economic gold and base metal mineralisation. The planned drilling program was delayed by corporate changes and a pending take-over and commenced on 5th May. It was still in progress on 10th of May. The drilling continued past the tenement expiry date and results will be reported in the next report for the tenement.

5. Planned Work - 2016/2017

The following work is planned for the upcoming year:

Overall strategy:

To drill-test the targets ranked highest in an assessment of the prospectivity based on Henty-style stratigraphy and structure. Additional geochemical sampling may be required to refine some of the target rankings.

In order to execute the exploration strategy, the following work is planned:

- Completion of the drilling program at Tyndall Creek, assay of drill core and interpretation
- Continue to identify areas where the prospective stratigraphy is impacted by significant structures, through continuing interpretation of the existing geophysical and geochemical data.
- Continue to in-fill gaps in the geochemistry over areas where the stratigraphy and structure come together.
- Drill-test identified target zones. Two additional 170 m holes are planned for Tyndall Creek and other holes may follow there if results warrant this. If they do not, then drilling will test the next-ranked prospects. A total of 1,400 m of drilling is planned.

6. Expenditure 2015/16 Reporting Period

Total Expenditure for the 2015/16 Reporting Period was:

Expenditure May 2015-April 2016	\$
Geology	4,850
Access, survey, earthworks	2,100
Drilling (incl. mob.)	10,000
Tenement	1350
Admin	1,830
TOTAL	20,130

Table 1: E28/2001 Tyndall Creek Exploration Expenditure 2015/16.

7. Forecast Expenditure 2016/17

Forecast expenditure for the following year is as follows:

Planned Exp. 2016	
Geology	56,000
Geochemistry	25,000
Drilling	200,000
Sub Total	281,000
Admin (10%)	28,100
	309,381

Table 2: E28/2001 'Lake Newton' Exploration Budget Forecast 2016/17

References

Timms, C. et al 2014. EL 28/2001 Annual Report 'Tyndall Creek' May 2014. Unity Mining Ltd, Australia (Unpublished).