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Diversified Minerals Limited
Henty Gold Mine
EL 11-2010 Tullah-Moxon
Partial Relinquishment Report
Vol. 1 of 1
June 2017

Held by:	Unity Mining Limited
Manager & Operator	Diversified Minerals Pty Ltd
Author:	Mike Blake
Date:	June 2017
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

This report details a relinquishment of three separate areas, totalling 46.7 sq kilometres from EL 11-2010, held by Diversified Minerals PTY LTD. The Relinquishment is divided across three separate areas: Western, Northern, and Eastern. Work completed on areas to be relinquished during tenure by Unity and Bendigo Mining, and Diversified Minerals includes two drillholes at the Murchison Mine, downhole geophysics, Airborne Lidar over the entire tenement, and a desktop mining study at Farrell.

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INTRODUCTION

Following a review of exploration tenure, a decision was made in May 2017 to relinquish 46.7 sq km of EL13/2011. This is the final report for the relinquished area.

Location & Access, Topography and Climate

Details are provided in Blake (2013) for Tullah sites, and Stonestreet (2013) for Moxon

Tenure

The two tenements, Tullah EL34/2010, and Moxon Saddle EL 11/2010, were combined in 2014 to simplify tenement exploration, administration and reporting. The new tenement is known as EL 11/2010.

Topography Climate and Vegetation

The EL 34-2010 Tullah area is located at the northern end of the West Coast Range. Elevations range from 607 m AHD at Lake Westwood, immediately to the south of the EL, up to 1275 m AHD at Mount Murchison, north of the tenement area. The distinctive Red Hills in the central section of the EL are up to 850 m AHD in elevation. Snowfalls are frequent at higher elevations during winter months and the area receives very high rainfall. Average rainfall calculated from observations at nearby Mount Read weather station, over the period from 1996 – 2009, is 3086 mm per year.

Low-growing montane vegetation is dominant throughout the EL area. Buttongrass moorland, typical of blanket bog terrain in western Tasmania, is extensively developed on the poorly drained soils of the area. Some scattered stands of low scrub, mainly banksia, teatree, bauera and eucalypt occur in relatively sheltered and fire resistant areas. Rainforest vegetation, including Myrtle Beech (Nothofagus cunninghamii), Deciduous Beech (Nothofagus gunnii) and King Billy Pine (Athrotaxis selaginoides), is preserved in sheltered gullies in the headwaters of Julia Creek.

Area to be relinquished

The area to be relinquished from EL 11/2010 is comprised of three separate packages, referred to here as the Western, Northern, and Eastern areas, indicated in figure 1.

Details of the areas to be relinquished are as follows:

Name	Size (sq Km)	Min X	Min Y	Max X	MaxY
Western Area	12.94	378883	5366036	383,118	5372982
Northern Area	15.02	383886	5376017	388108	5382958
Eastern Area	18.77	385875	5368008	389123	5375981

Total Area	46.73

Coordinates GDA94

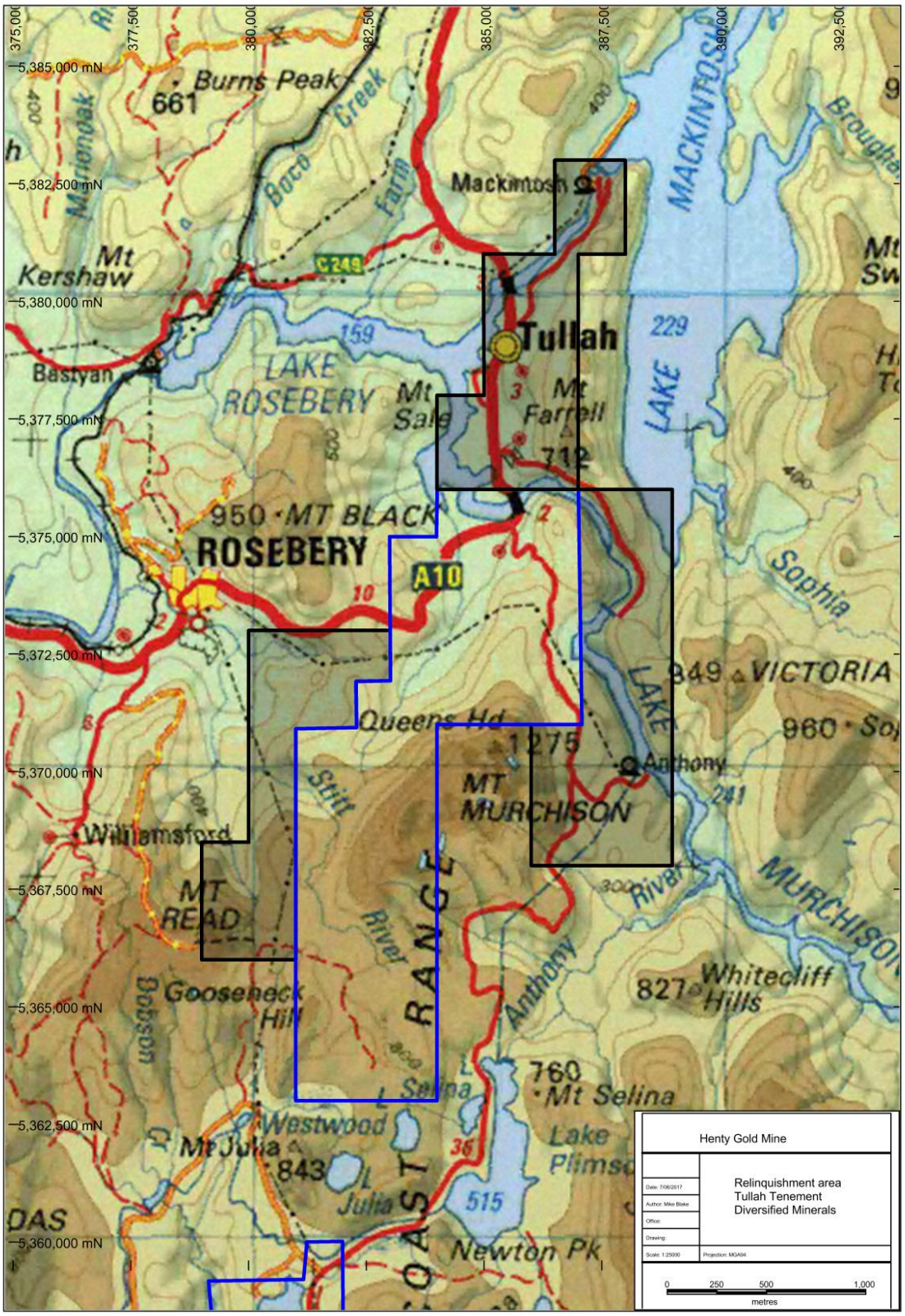

Figure 1: EL11/2010 Tullah location map.
Areas to be relinquished are shaded. Projection is UTM Zone 55 MGA94 co-ordinate system.

GEOLOGY

A major portion of the EL 34-2010 Tullah area is underlain by the Cambrian Mount Read Volcanics (MRV), apart from the eastern section of the tenement which covers a thin strip of Late Cambrian - Ordovician Owen Group.

The MRV comprise a package of massive, feldspar-phyric lavas and volcaniclastics, which passes upwards into a mixed sequence of basaltic to rhyolitic lavas, intrusives and volcaniclastics, with intercalated shale and siltstone. In general, there is a transition from feldspar-phyric to strongly quartz-phyric lithologies from the bottom to the top of the sequence. On a regional scale the MRV is divided by the north-northeast – trending Henty Fault.

The Owen Conglomerate consists of siliciclastic sediments, including large volumes of very coarse siliciclastic conglomerate, which unconformably overlie the MRV. Clasts within the conglomerate are dominantly metaquartzite, derived from the Proterozoic Tyennan basement further to the east, with little or no material from the MRV.

Rocks in the region have been subjected to at least two major polyphase deformations, one in the Cambrian and the other in the Devonian (the latter probably equivalent to the Tabberabberan Orogeny). Evidence of the Devonian deformation is apparent in a regional NNE - striking cleavage and development of west-over-east thrusting on pre-existing, NNE structures and synchronous NW – striking structures.

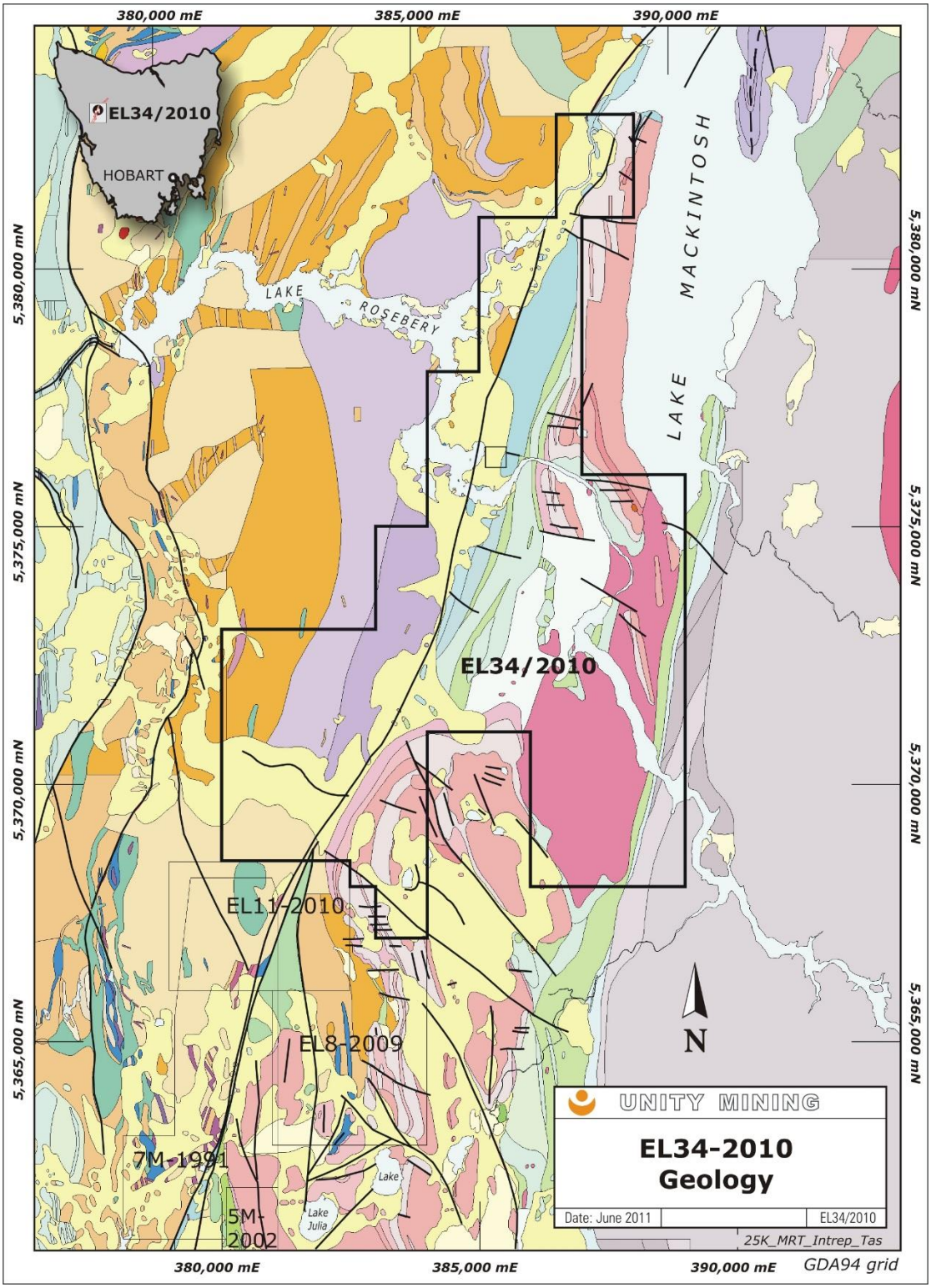

Figure 2A: EL 34-2010 Tullah interpreted geology map (from 1:25000 MRT).
Projection is UTM Zone 55 MGA94 co-ordinate system.

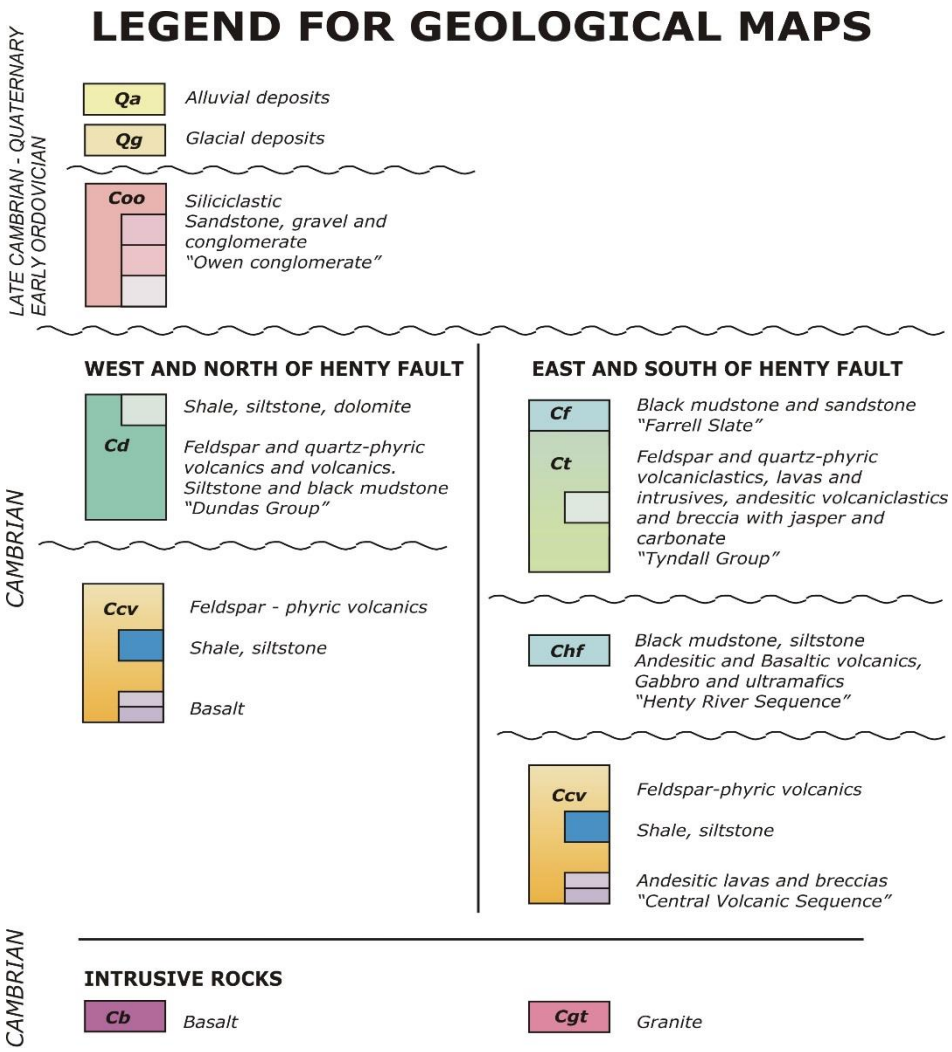

Figure 2B: Legend for geological map

PREVIOUS EXPLORATION

The best summary of exploration prior to 2000, is provided in McNiell and Simpson, 2000.

From 2001-2003, the ground was held by Auriongold as EL3/2001, from 2003 to 2006 by Saracen Metals, and from 2006 to 2010 by Bass metals.

During this period in 2005, Saracen competed a scoping study on the Farrell Mines and recalculating unmined resources, and drilled 8 diamond holes beneath the New North Mt Farrell Workings. They also tested water filling the mine shaft for dewatering purposes, and noted that the shaft is unobstructed to its deepest level at 344m from surface.

Bass Metals designed a drilling program to test the Farrell line which was never acted on.

Exploration completed during the period 2011-2017 on the area relinquished by Unity Mining is summarised in the table below.

Year	Areas	Work conducted
2011-2012	All tenement	Airborne LIDAR Lidar Held by MRT
2012-2013	Northern Area Murchison Mine	Drillholes MUD01, MUD02.
2013-2014		No work completed on relinquished area
2014-2015		Desktop scoping study of Mining at New North Mt Farrell
2015-2016		No work completed on relinquished area
2016-2017		No work completed on relinquished area

WORK COMPLETED (SEPTEMBER 2016 TO June 2017)

There is no recent activity to report from the relinquishment area.

Results

The following results relate to the drilling of holes MUD01, and MUD02 in the vicinity of the Murchison Mine, in the Northern Release Area.

Diamond Drilling

Diamond drilling comprising 2 holes was undertaken at the Murchison Mine from March 2012. The drilling program was undertaken by contractor EDrill Australia Pty Ltd, using a skid mounted LF70.

Drill holes completed were as follows:

Hole ID	Collar Location and Orientation					Depth (m)
	Easting*	Northing*	RL (m AHD)	Azimuth (deg.)*	Dip (deg.)	
MUD01	385621.6	5376700	181	122.5	45	212.5
MUD02	385622.9	5376703	181.1	85.1	45	230.7

***Projection UTM Zone 55 MGA94 co-ordinate system.**

Both holes were drilled from surface through the fluvioglacial 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. All holes were cased with 40mm UPVC pipe on completion of drilling to allow for downhole geophysical logging as required.

Drill hole collars were surveyed by Tritech Professional Services using a total station theodolite. 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.

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, 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 volcaniclastic 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.

MUD01

Drillhole MUD01 was designed to intersect the down plunge continuation of the crystal sandstone host to the Murchison Mine ore shoot. Consideration was given to the possibility that MP29 did not intersect the projected ore shoot in the indicated location.

The target crystal sandstone unit was intersected with best results 0.18 ppm Au accompanied by 1% Sn from 153-154m, and 2.7%Zn, 119 ppm Ag, 5.4% Pb in veining from 162.4-162.8.

MUD01 passed through the contact between the Farrell Slates and the Murchison Volcanics, where the relationship appears to be interfingered and the Murchison Volcanics may be facing east.

MUD02

MUD02 was collared to test a position to the north of the MUD01 intercept, to assess if there was a change in plunge of the ore shoot at depth. MUD02 intersected the target crystal sandstone unit and encountered no significant mineralization. The contact between the Farrell Slates and Murchison Volcanics is transitional, not faulted in this hole.

Drillsite localities are indicated in figure 3. Summary logs and detailed logs are provided in Appendix I. N-S and E-W sections are provided in figures 4-5, and photos of core are provided in Appendix 4.

Geophysics

Downhole EM was conducted on holes at Murchison during October 2012 by Outer Rim Geophysics, and was modeled by SMEG. Drillholes at Murchison showed no significant results, and no interpretation was produced. The obtained data is enclosed within Appendix 3.

Track Construction, Rehabilitation works

At the Murchison mine, the drill site for holes MUD01, and MUD02 was rehabilitated following the drill program, and collars secured with steel caps. The collars are located to the side of the gravel access track, as indicated in figure 6.

In the Western Release area, an old track was re-opened to provide access to the Upper Sterling Valley area. This track become a problem site for illegal wood cutting in the Murchison Regional Reserve. To mitigate this, a lockable gate was installed by Unity Mining, however activities have persisted, with the lock and hinge being recently cut on the gate. At the time of writing arrangements were underway to partially rehabilitate the track and to build a bund to prevent public access. The track is indicated in figure 7.

Conclusions

The areas to be released by Diversified Minerals are not considered core areas of prospectivity for Henty Style deposits at this time, however these areas remain prospective for other mineralization styles including porphyry, VHMS style, and Devonian vein style mineralization. Notably, the northern release area contains the Pb-Zn-Ag mineralized Farrell Line, as well as base metals and Au prospectivity in proximity to the Murchison Mine. The release areas should be attractive for those explorers who have sufficient time and budget to undertake systematic Greenfields and Brownfields exploration.

Figure 3. Drillhole Locations: Murchison Mine

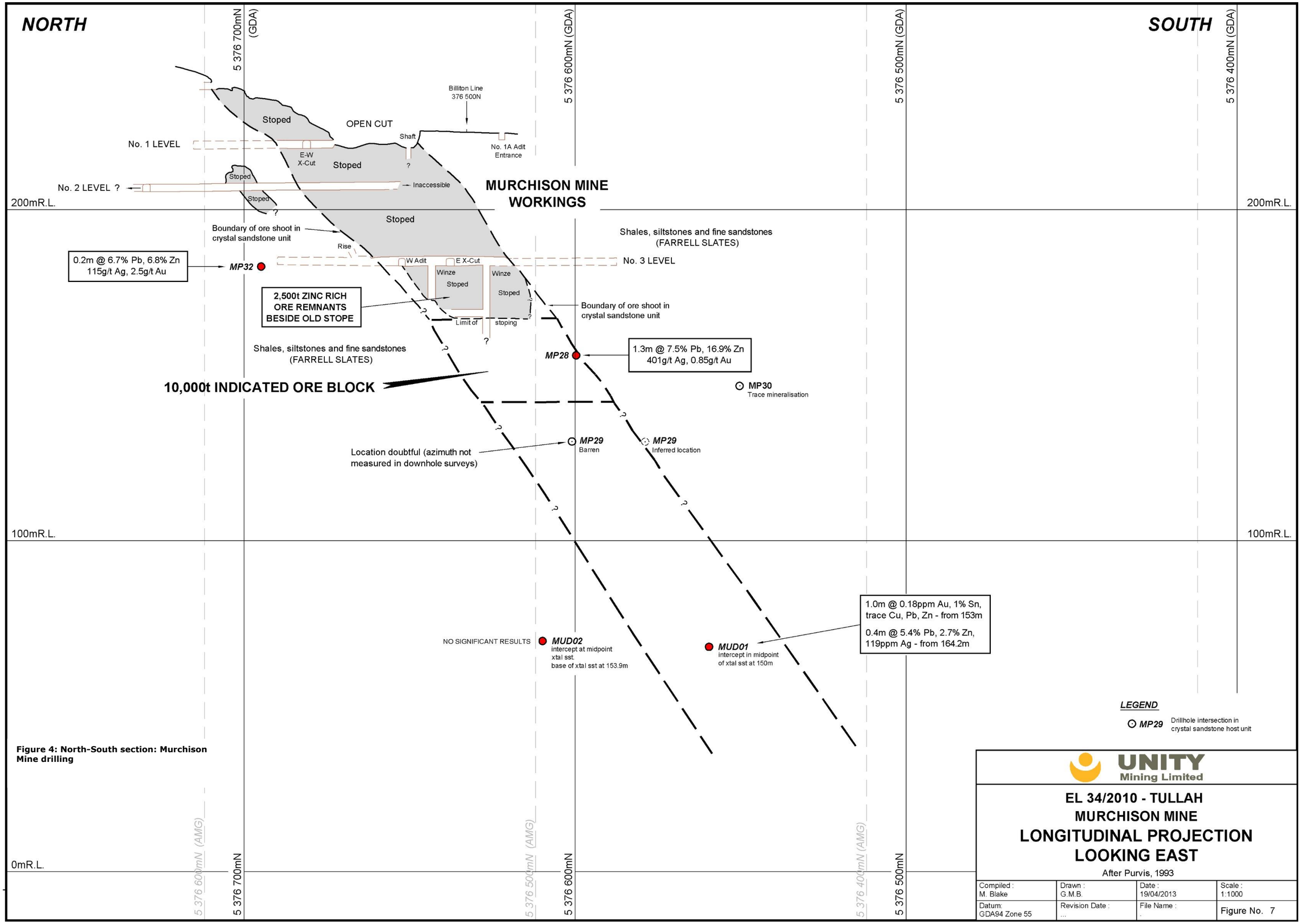

Figure 4: North-South section: Murchison Mine drilling

UNITY Mining Limited

EL 34/2010 - TULLAH

MURCHISON MINE

LONGITUDINAL PROJECTION LOOKING EAST

After Purvis, 1993

Compiled : M. Blake	Drawn : G.M.B.	Date : 19/04/2013	Scale : 1:1000
Datum: GDA94 Zone 55	Revision Date : ...	File Name : .	Figure No. 7

385 400mE
385 500mE
385 600mE
385 700mE
200mRL
100mRL
0mRL
MP28
MP29
MUD01
(collar off section)
MUD02
(collar off section)
MP28
MP29
210m
MUD01
228m
MUD02
FARRELL
SLATES
MASSIVE CHRYSTAL SANDSTONE (target unit)
MURCHISON
VOLCANICS
Cmv
LEGEND
Volcaniclastic sandstones and siltstones
Feldspathic crystal sandstone
Rhyolitic volcanics and volcaniclastics
UNITY Mining Limited
EL 34/2010 - TULLAH
MURCHISON MINE
SECTION 5 376 675mN
After Purvis, 1993

Compiled : M. Blake	Drawn : G.M.B.	Date : 19/04/2013	Scale : 1:2000
Datum: GDA95 Zone 55	Revision Date : ...	File Name : .	Figure No. : 8

Figure 5: East – West section: Murchison Mine drilling

Figure 6: Position of drill collars MUD01, and MUD02 at the Murchison Mine in the Northern Release Area.

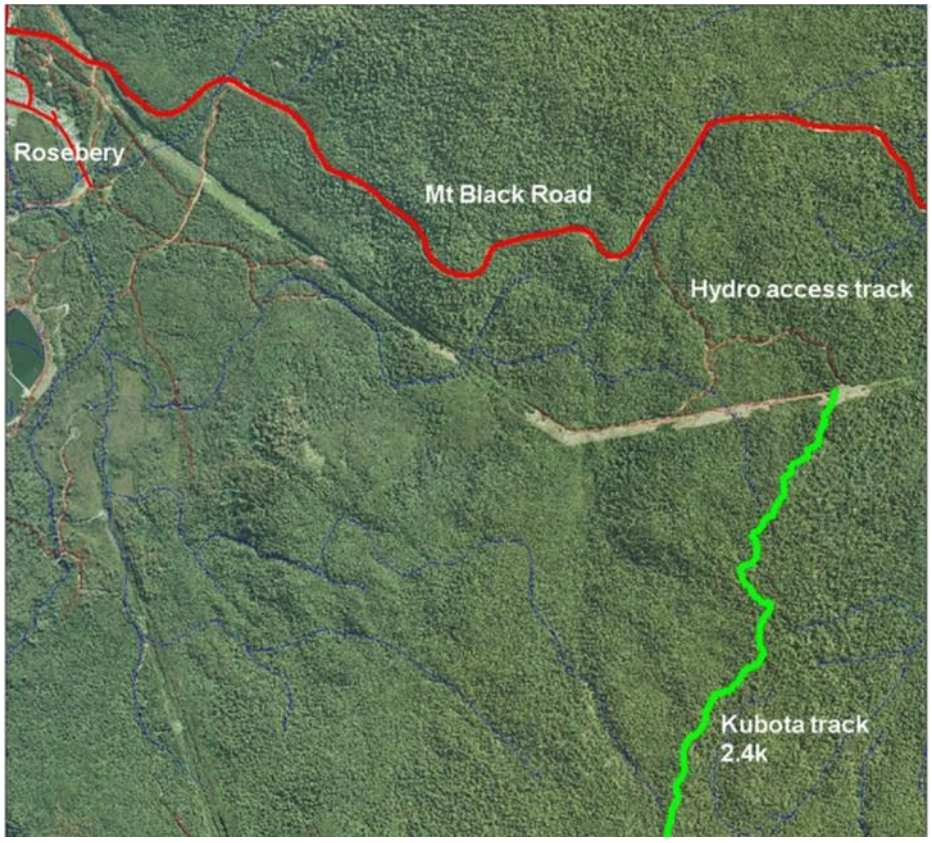

Figure 7: Access track to Upper Sterling Valley area, shown in green.

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