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**EL13/2011
Annual Report for the period 5th
October 2016 to 4th October
2017.**

Vol. 1 of 1

HELD BY:	UNITY MINING LTD.
MANAGER & OPERATOR:	Diversified Minerals Pty. Ltd.
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DATE:	December 2017
MAP SHEETS:	1:25k Oceana (3635) 1:100k Sophia (8014)
GEOGRAPHIC COORDS (GDA94):	Min East: 374,000mE Max East: 379,000mE Min North: 5,350,500mN Max North: 5,358,000mN
COMMODITY(s):	Basemetals, Au

ABSTRACT

An application to extend this portion of the tenement has been made on the basis that it is adjacent to the Henty Fault and is prospective for Henty-style gold mineralisation. An application to consolidate this tenement with EL 28/2001 and EL12/2016 has also been made.

A review of previous work has shown that alteration, in places weakly anomalous in gold, has been intersected in drill holes in areas analogous with the Henty geological setting. It is anticipated that the potential of these areas will be tested in the next 12 months.

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1. Introduction

A review of past work on and beyond the borders of this tenement was undertaken with a view to assessing prospectivity for a Henty-style gold deposit.

The key factors that are thought to control mineralisation at Henty are:

1. Altered and heterogeneous host rocks in a package where ductile and brittle rocks are juxtaposed at all scales.
2. Proximity to major, regional-scale structures.
3. Copper, gold, silver and bismuth anomalism in pyrite-sericite-silica-altered rocks surrounding the ore body.
4. Extensive occurrences of massive carbonate (calcite).

The location and tenor of these factors on the tenement was assessed.

1.1 Tenure

EL13/2011, the Henty River exploration lease, was acquired in 2011 by Unity Mining Ltd after a successful tender. In June 2016 Unity Mining Ltd was acquired by Diversified Minerals Pty Ltd, a part of the PYBAR group. Unity was de-listed but remains as a company entity and is the holder of the tenement.

In May 2017 18 sq km of the tenement were relinquished.

The tenement expired on the 5th October 2017 and application for extension of two years, as part of a consolidated entity with ELs 28/2001 and EL12/2016 has been made.

The license area is all crown land designated as part of the Mt Dundas Regional Reserve, HEC and State Forest, all of which are available for exploration under the Mineral Resources Act 1995. Any disturbances in Regional Reserve 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 the Anthony, Howards and Bradshaws Road access.

1.2 Location and Access

Henty River (EL13/2011) occurs midway between Queenstown and Tullah on Tasmania's West Coast. The EL's eastern boundary abuts Unity Mining

lease, EL28/2001 (Figure 1). Local access to the tenement is off the Howards and Anthony Roads and the Zeehan highway. Much of the tenement is difficult to access due to dense forestry and degradation of existing roads and bush tracks and the steep nature of the terrain.

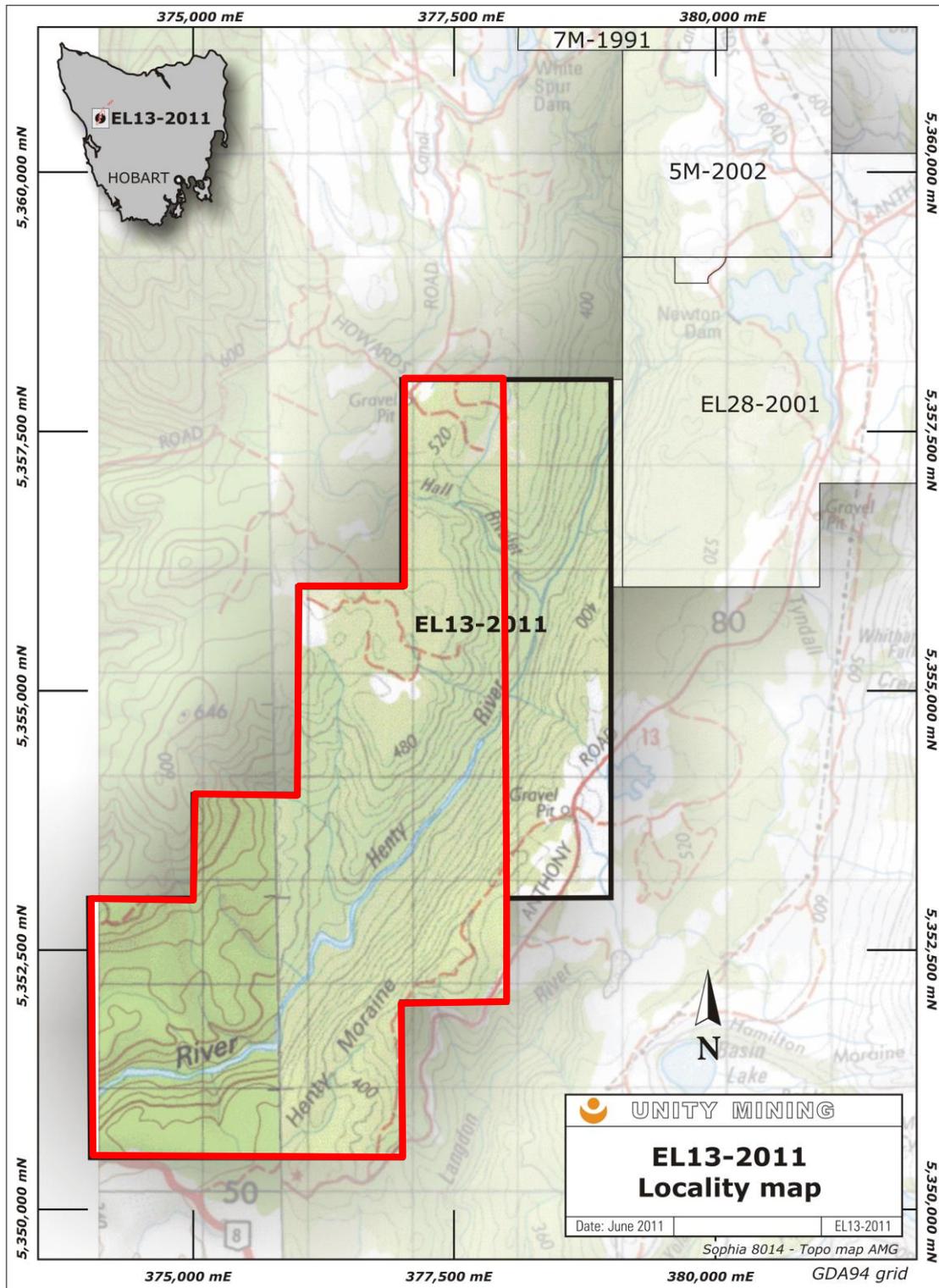


Figure 1: Location of EL13/2011 (map in GDA 94 projection). Red boundary outlines the area that was relinquished in May 2017 relinquished.

1.3 Regional Geology

This section is taken from the Annual Report for neighbouring tenement for the period April 2008-April 2009 (Barrick 2009):

Basement rocks of western Tasmania comprise sediments multiply deformed during the Late Proterozoic Penguin Orogeny (700±50 Ma) (Berry, 1994). A rift phase followed, characterised by continental shelf sedimentation and tholeiitic volcanism (Crawford and Berry, 1992).

The first phase of the Cambrian Delamerian Orogeny (510-490 Ma) is characterised by extensional tectonism which resulted in the rapid deposition of sediments and calc-alkaline volcanics (Mount Read Volcanics), particularly along the eastern margin of the newly formed Dundas Trough (Berry, 1994).

The Mount Read Volcanics (MRV) interfinger with the Dundas Group to the west and are bound by Precambrian rocks of the Tyennan Region to the east.

On the south-eastern side of the Henty Fault, the MRV package can be divided into four main lithostratigraphic groups (Corbett, 1992). These are: the Western Volcano-Sedimentary Sequence (WVSS), the Central Volcanic Complex (CVC), the Eastern Quartz Phyric Sequence (EQPS) and the Tyndall Group (TG).

The WVSS comprises rocks of the Dundas Group and the Yolande River Sequence (Corbett, 1992) which interfinger with the lava rich zones of the CVC and the EQPS sequence. The WVSS was deposited in a marine setting and consists of tuffaceous mass flow deposits, volcano-sedimentary siltstones/mudstones, volcanoclastic turbidites and black graphitic shales (Corbett & Lees, 1987).

The CVC is the central belt of the MRV and interfingers with both the WVSS and EQPS. CVC lithologies are predominantly feldspar-porphyrific rhyolitic to andesitic volcanics and pumiceous volcanoclastics, with lesser intercalated minor sediments and mafic units (Corbett 1992). A useful geochemical subdivision is proposed by Crawford et al (1992) where the CVC is split into two distinct geochemical suites (Suite 1 and Suite 2, see Section 2.5: Local Geology).

The EQPS occurs along the eastern margin of the MRV belt and interfingers with the CVC to the west. The package comprises rhyo-dacitic lava-dominated volcanics with common quartz-feldspar phyric intrusives (Corbett, 1992).

The TG comprises a lower association consisting mainly of crystal-rich sandstones and polymictic breccias with minor rhyolitic and andesitic lavas, overlain by the volcanogenic conglomerate and sandstone units of the upper TG.

The last phase of the Cambrian Delamerian Orogeny (~490 Ma) caused the earlier faults to be reactivated as reverse faults and formed open north trending folds along with the uplift and erosion of the Tyennan Block which formed the Owen Group conglomerates (Berry, 1994). The Owen Group appears to conformably overlie the TG in the Henty area (Corbett, 1992).

Deposition of the Owen Group ceased in the mid Devonian with the onset of the Tabberabberan Orogeny resulting in tightening of the north trending Cambrian Folds in the Dundas Trough with formation of a NNW striking cleavage (Berry, 1994).

1.4 Local Geology

1.4.1 Stratigraphy

The stratigraphy of the Henty River lease has been well documented by previous workers through regional and more detailed local mapping. The regional geology of the tenement area is shown in Figure 2; derived from MRT 1:25,000 series (Corbett, 1986).

The South Henty Fault delineates the geology into two distinct assemblages. The Henty Fault Wedge sequence outcrops in the north west portion of the tenement, on the western bank of the Henty River. This wedge sequence is allochthonous to the sequences on either side. The portion of this sequence within the tenement consists of terrigenous sediments including interbedded mud and siltstones, minor tuff and lithic-wacke of the Halls Rivulet Track sequence.

To the south east of the Henty Fault, on the eastern bank of the Henty River and in the south east of the tenement lie lithologies of the Yolande River and Central Volcanic sequences. Andesitic and minor felsic pyroclastic rocks occur as part of the latter sequence. Quartz feldspar porphyry, lithic tuff, siltstone, shales, lithic-wacke and minor quartz feldspar pyroclastics form part of the Yolande River sequence as mapped on the Henty River EL.

A slightly amended stratigraphic column is suggested for the Henty River area and has been summarised in Figure 3.

1.4.2 Structure

The South Henty Fault, is the major structural feature of the Henty River EL. This is a regionally significant structure that dips steeply to the west and runs for most of the length of the tenement down the centre of the Henty River. It forms the western boundary of the Yolande River Sequence, CVC and Tyndall Group rocks.

Lithologies generally trend NNW and have a well-developed regional (Devonian) cleavage in the same orientation.

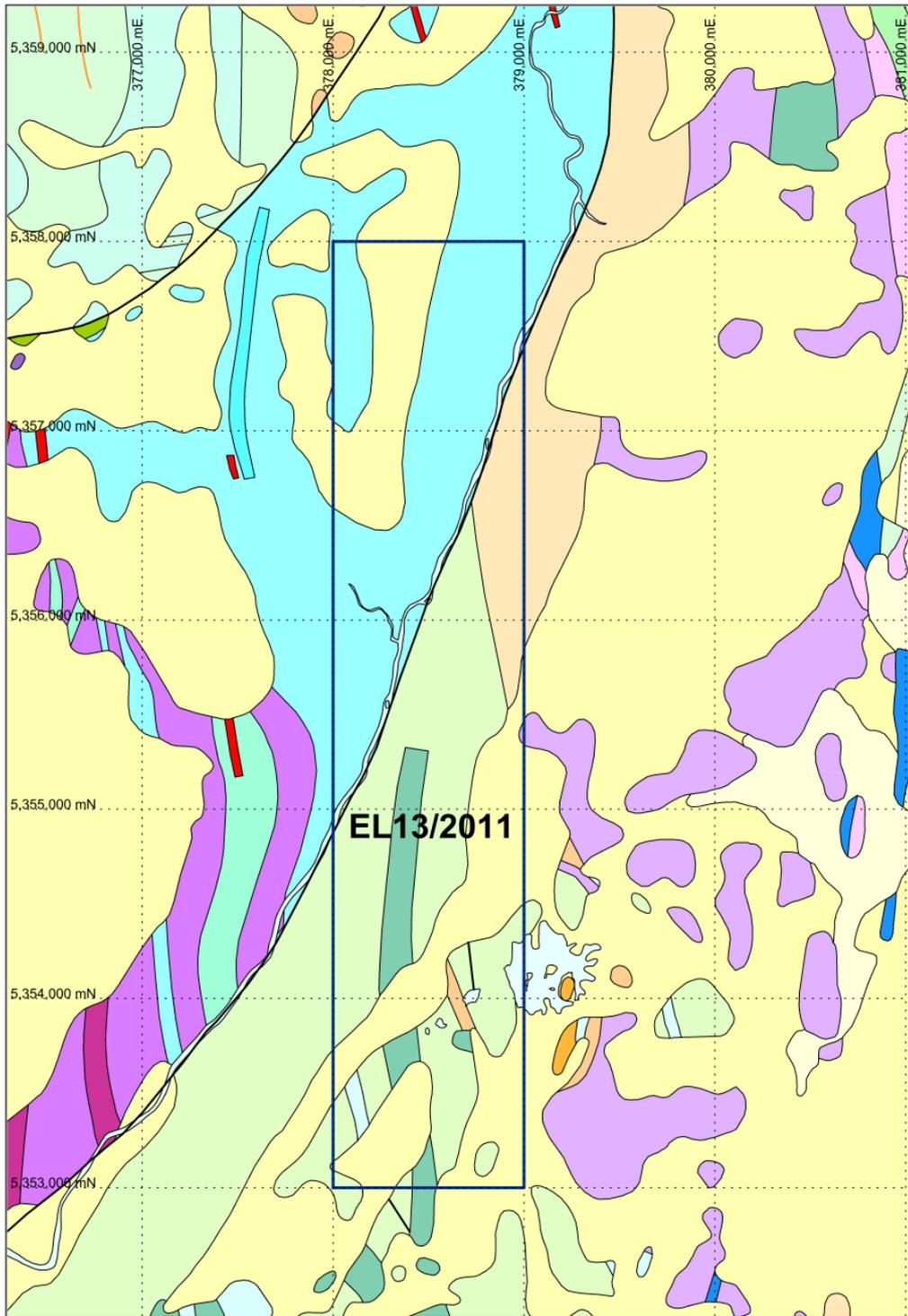
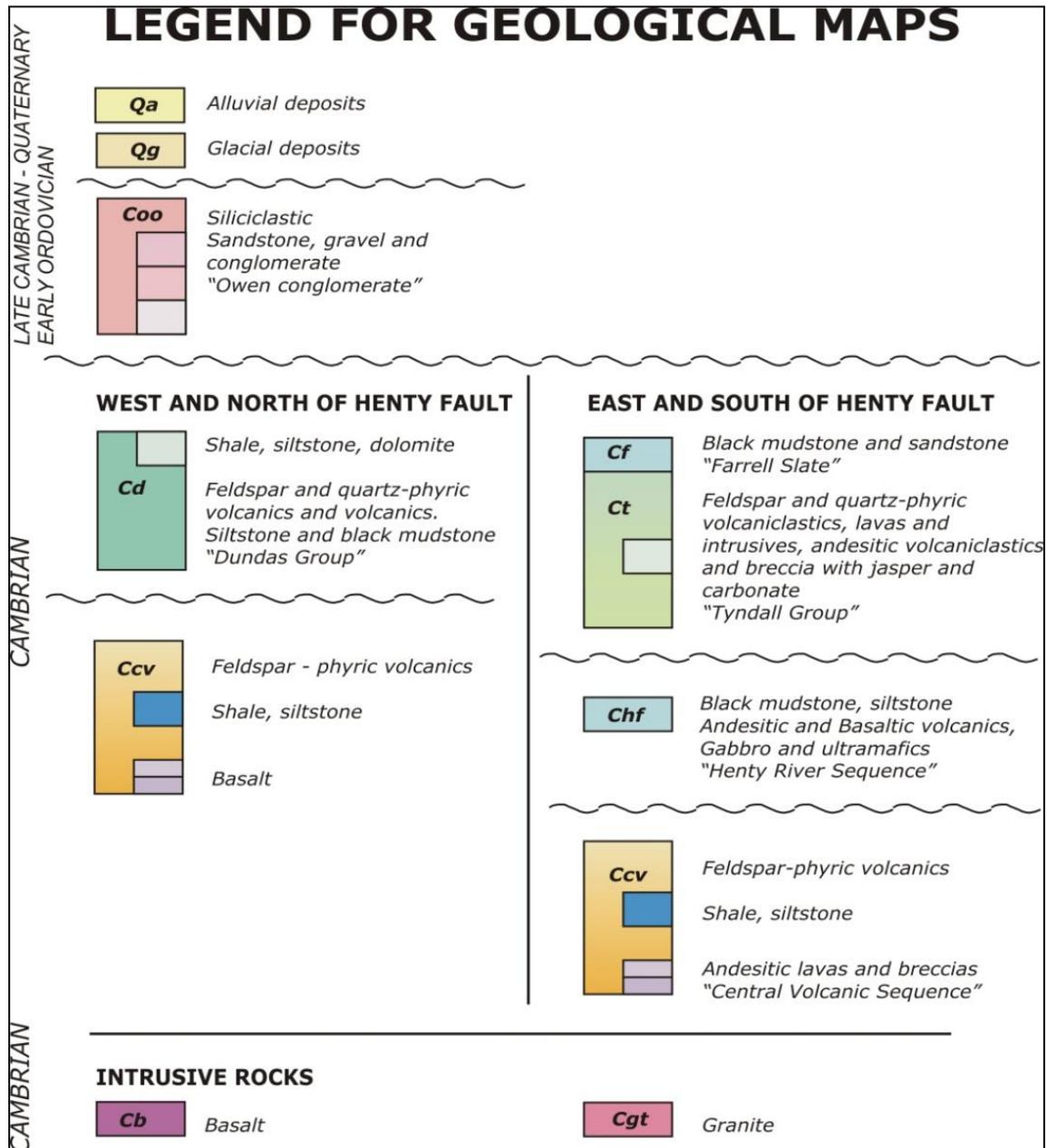


Figure 2: Geology of EL 13/2011 from the MRT 1:25,000 Map series. GDA94 Zone 55.



2. Previous Work

The area of the tenement has not been well-explored, as most effort has been focussed on the Henty Adits area to the west. 3 drill holes (HR1, 2 and 3) were drilled on the western boundary of the ELs at targets to the west of the current boundary (Meares et al. 1980).

3. Work completed during the reporting period.

The prospectivity of the tenement for Henty-style deposits was assessed. In order to do this, the geology was assessed against the following parameters:

1. Altered and heterogenous host rocks in a package where ductile and brittle rocks are juxtaposed at all scales.
2. Proximity to major, regional-scale structures.
3. Copper, gold, silver and bismuth anomalism in pyrite-sericite-silica-altered rocks surrounding the ore body.
4. Extensive occurrences of massive carbonate (calcite).

The position of the boundary between the Yolande Sequence Rocks and the Central Volcanic Sequence was considered as a place where alteration may coincide with contrasting packages of brittle and ductile rocks (figure 4), however, the boundary itself, as observed in the field, isn't a particular area of contrast, however other parts of the licence were investigated, especially looking for Henty-style alteration.

Goldfields (Meares et al. 1980) drilled three holes from the Henty River valley. These were aimed at base metal targets on the western side of the Henty Fault, however one of these, HR1, intersected part of the sequence on the eastern side of the Fault, as well as penetrating the Fault itself.

Within the sequence on the eastern side of the Fault, this hole intersected altered (sericitic, pyritic) volcanics, from which elevated copper values (650 ppm) were reported.

North of the tenement, in a similar structural position, drill holes YNC1, YNC2 and YNC13 also intersected sericite-pyrite +/- silica alteration. The first two holes were not anomalous in any metal but an interval of 1.5m at 0.17 g/t gold was reported from YNC13 (Quayle, 1995). The latter hole was stopped within the alteration zone due to drilling problems.

The alteration and the elevated metal values are consistent with the margins of a Henty-style alteration system. Lack of data along the Henty Fault, between these drill holes, makes interpretation speculative, however it is reasonable to assume that the area along the Henty Fault is a likely target area for Henty-style deposits.

Interrogation of extant magnetic images revealed north west-trending structures that intersect the Henty Fault (figure 5). These have some similarities with the Moa Fault at Henty, which has a similar orientation and is thought to be a key part in the mobilisation of gold into the ore position (over 60% of the gold at Henty is within 600m of this fault).

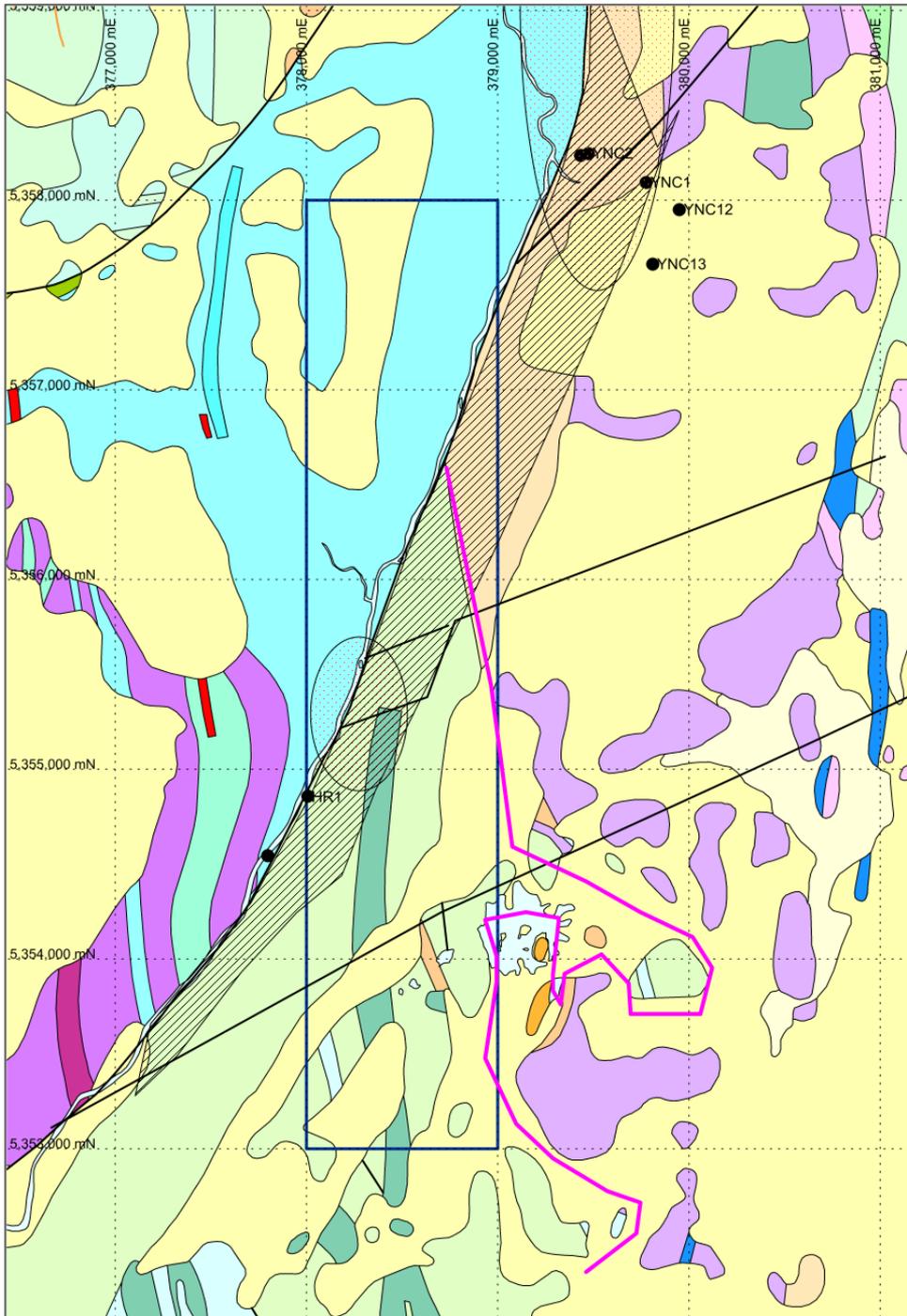


Figure 4 Geological map of EL11/2010, showing the CVC-Yolande River Sequence boundary (pink line). Co-ordinates are MGA 94, Zone 55.

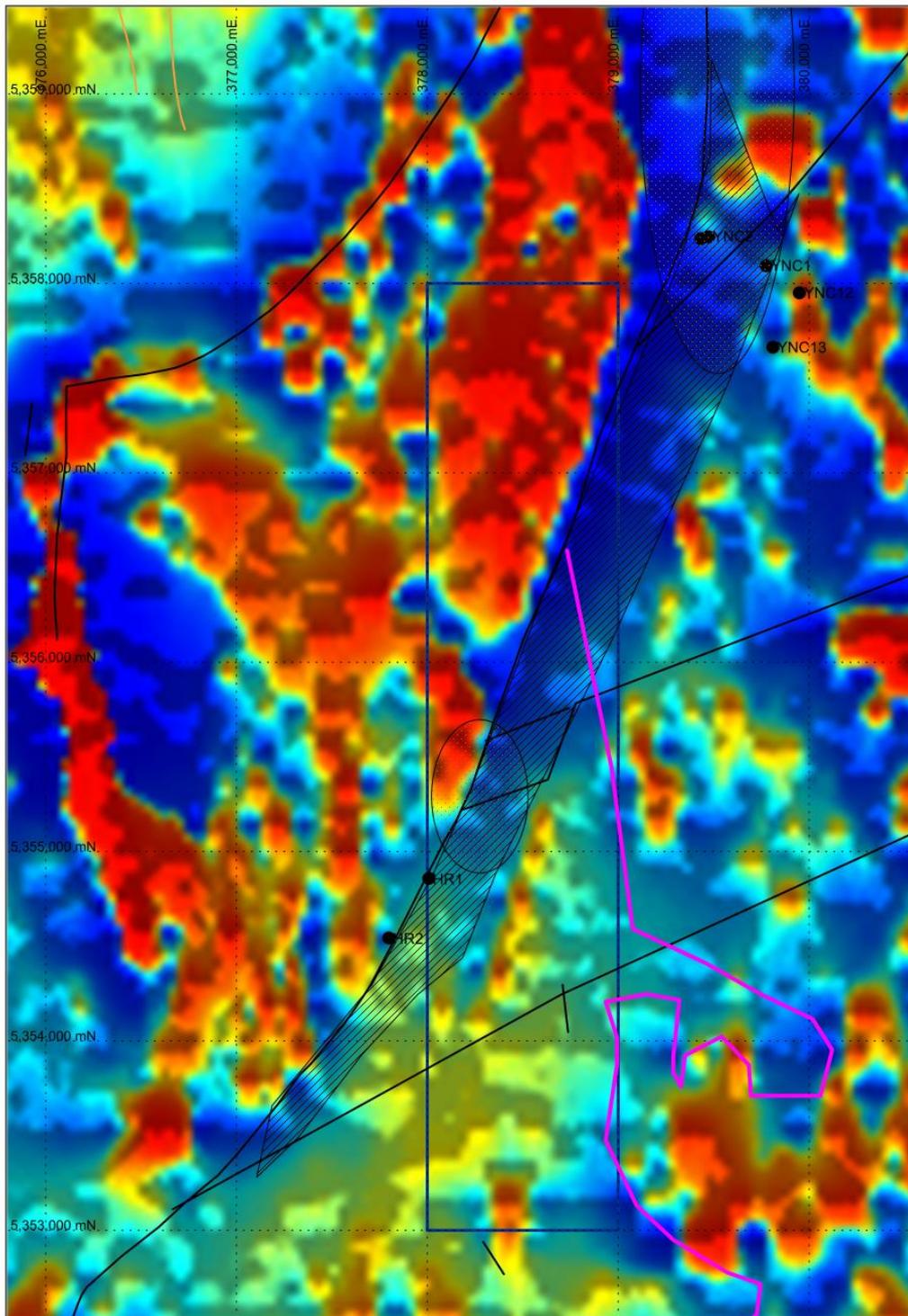


Figure 5 Magnetic RTP_1VD image. The interpreted alteration zone along the Henty Fault is shown in black hatching. Interpreted NW-trending structures are shown as solid black lines (as are other structures derived from MRT mapping). The pink line marks the boundary between the Central Volcanic Sequence unit and the Yolande River sequence (sediments and volcanics). Co-ordinates are MGA 94, Zone 55.

Two regional-scale cross-sections illustrate the occurrence of alteration adjacent to the Henty Fault. These are shown in figures 6 and 7.

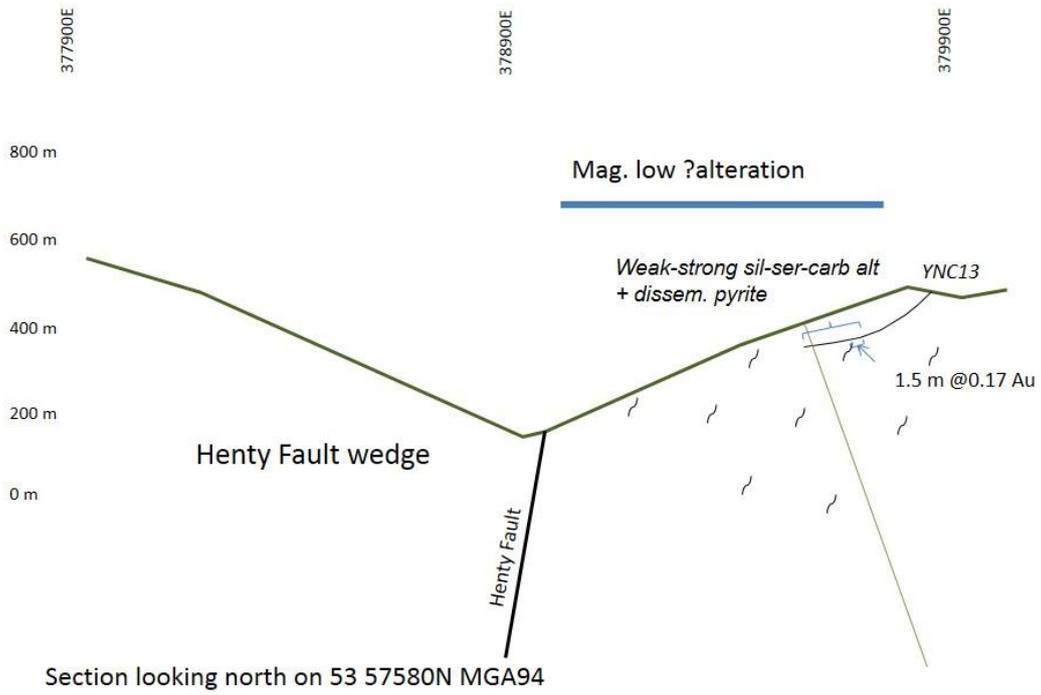


Figure 6. Cross section north of the tenement showing alteration in YNC13.

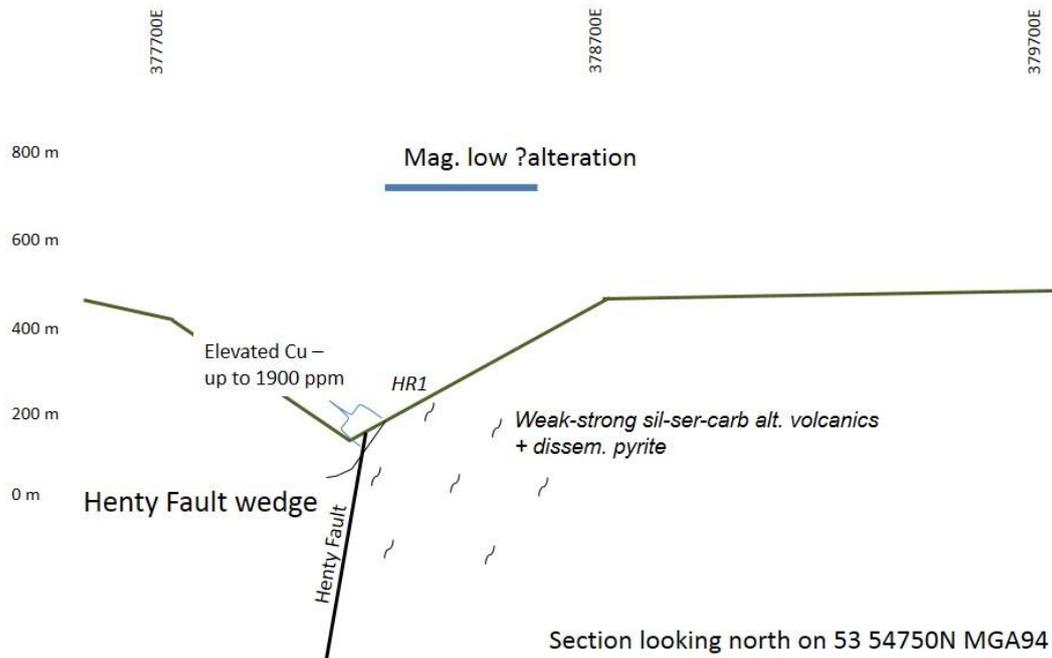


Figure 7. Cross section through HR1, showing alteration adjacent to the Henty Fault.

4. Conclusions

The similarity of the structures on EL11/2010 with those in the Henty mine area makes their intersection with the interpreted alteration zone prospective areas for Henty-style gold mineralisation.

Despite the difficult access to the area, the proximity of a variety of altered rock types adjacent to the very significant Henty Fault, in a place where north-west-trending structures are present, makes this an attractive area to explore.

5. Planned future work

Future work on this EL will focus on the intersection of north-west-trending structures with an interpreted alteration zone that runs parallel to the Henty Fault. This work will entail grid-cutting, mapping and soil/rock chip sampling, followed by drilling if warranted.

6. References

Corbett, K. D., 1986. Geology of the Henty River – Mt Read area. Mount Read Volcanics Project Map 3. Minerals Resources Tasmania, Hobart.

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