



25 January 2016

ASX Release

Unity Mining Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: UML

Issued capital:

1,143M Ordinary Shares
 2.34M Unlisted Perf. Rights
 43.2M Unlisted Options

Substantial Shareholders:

Diversified Minerals Pty Ltd
 159.1M (13.69%)

Directors:

Non-Executive Chairman:
 Clive Jones

Acting Managing Director:
 Frank Terranova

Non-Executive Director:
 Gary Davison

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Quarterly Activities Report

KEY POINTS

Corporate :

- Cash at 31 December 2015 of \$18.1 million;
- Unity executed a Scheme Implementation Agreement to effect the acquisition of 100% of the issued shares in Unity by Diversified Minerals;
- The Scheme of Arrangement in conjunction with a contemporaneous capital return to Unity shareholders will deliver \$0.029 cash per share to shareholders being a 45% premium to last close on 4 December 2015 and a 128% premium to the 12 month volume weighted average price;
- Meeting to vote on the proposed Scheme of Arrangement with Diversified Minerals to be held prior to end March 2016;
- Annual General Meeting held 25 November 2015 with all resolutions passed; and
- Half-year 31 December 2015 results expected to be released by 12 February 2016 with anticipated impairment charges as announced on 22 December 2015.

Henty :

- Gold production during the quarter amounted to 4,954 ounces (YTD 12,512 ounces) at a head grade of 3.92 g/t (YTD 4.23 g/t) with 86% recovery (YTD 90%);
- Cash Cost and All-In-Sustaining Cost for the quarter of \$954 per ounce (YTD \$995);
- Mine placed onto care and maintenance during December 2015, as planned, following depletion of current known reserves;
- Exploration drilling under the Farm-In-Agreement with PYBAR continuing; and
- PYBAR completes Stage 2 of the Farm-In-Agreement and formally completes 30% Earn In.

Dargues :

- Signing of a binding Heads of Agreement with Westlime Pty Ltd under which Unity will have the option to process gold / silver concentrate from Unity's Dargues Gold Mine Project at Westlime's Processing Facility, located at Parkes, New South Wales;
- Under the terms of the HOA, Unity and Westlime have agreed to allow for Unity to process up to 50,000 tonnes of gold / silver concentrate on an annual basis, for a minimum period of 5 years (and able to be extended) commencing in Q3 2016; and
- Remaining approvals to allow for commencement of development anticipated by end March 2016.

Bendigo :

- Extension to deadline for completion of sale of Bendigo assets to GBM Gold Limited. Now anticipated to complete by end February 2016.

HENTY OPERATIONS

Overview

- Gold production for the quarter ended 31 December 2015 totalled 4,954, ounces, approximately 24% ahead of forecast;
- Cash cost per ounce for the quarter was \$AUD 954/oz (YTD \$995/oz);
- All In Sustaining Cost for the quarter was \$AUD 954/oz (YTD \$995/oz);
- Total ore processed for the quarter was 45,688 tonnes, with an average milled head grade of 3.92 g/t at 86.0% recovery producing a total of 4,954 ounces;
- Total ore processed for YTD was 102,825 tonnes, with an average milled head grade of 4.23 g/t at 90% recovery producing a total of 12,512 ounces; and
- Mine was placed onto care and maintenance during December 2015, as planned, following the depletion of the current known ore reserves; and
- 1 lost time injury for the quarter.

Safety and Environment

- There was one recordable injury during the quarter when a contractor miner strained a shoulder. Following Doctor's advice the miner rested and returned to normal duties on his next rostered shift.

Operations

- Mine was placed onto care and maintenance during December 2015, as planned, following the depletion of the known ore reserves.

Henty Gold Mine	September 2015 Qtr	December 2015 Qtr	YTD 2015/16
Ore mined (t)	55,389	36,099	91,488
Ore processed (t)	57,137	45,688	102,825
Ore grade (g/t gold)	4.5	3.9	4.2
Gold recovery (%)	91.8%	86.0%	89.4%
Gold produced (oz)	7,558	4,954	12,512
Cash cost (A\$/oz)	1,016	954	995
All-in sustaining cost (A\$/oz)	1,016	954	995
Cash cost (A\$/t)	134	103	121

DARGUES

Permitting

During the quarter under review Unity announced the decision to not proceed with on-site processing with cyanide at the Dargues Gold Mine Project, and to not to continue to seek any modifications to the currently full permitted Tailings Storage Facility ("TSF").

Unity is continuing to seek approval for the other relatively minor modifications sought from Modification 3, and expects to see a speedy resolution and approval of these matters by end March 2016, to allow for full development of the Dargues Gold Mine Project to commence.

Unity is encouraged by the recent discussions with NSW Government in this regard, as well as the general support the project continues to receive from the community, with the exception of cyanide usage on site.

Off-Site Processing

During the quarter under review, Unity was pleased to announce the signing of a binding Heads of Agreement ("HOA") with Westlime Pty Ltd ("Westlime") under which Unity's wholly owned subsidiary (Big Island Mining Pty Ltd) will have the option to process gold / silver concentrate from Unity's Dargues Gold Mine Project at Westlime's Processing Facility, located at Parkes, New South Wales.

Westlime is a 100% owned Australian business which focusses on the production of high quality fine lime, agricultural lime, dolomite, construction materials and roadbase from its facilities in Parkes, New South Wales.

Under the terms of the HOA, Unity and Westlime have agreed to allow for Unity to process up to 50,000 tonnes of gold / silver concentrate on an annual basis, for a minimum period of 5 years (and able to be extended) commencing in Q3 2016.

Under the terms of the binding HOA signed between Unity and Westlime :

- Unity has paid \$200,000 to have the exclusive option to process concentrate from the Dargues Project at Westlime's Parkes Processing Facility;
- Unity is required to pay to Westlime an additional \$150,000 upon receipt by Unity of all final approvals at the Dargues Project (expected end of Q1 2016);
- The arrangement is subject to Unity committing to a final "Decision to Proceed" by no later than 30 June 2016 (or such later date as may be reasonably agreed between Unity and Westlime) following the receipt of all required approvals and final commitment to proceed by the Unity Board;
- Unity will be able to commence any required modifications to the Parkes Processing Facility during Q3 2016;
- Processing of the Dargues concentrate at the Parkes Processing Facility is expected to commence during Q3 2017, following the finalisation of the development of the Dargues Gold Mine Project;
- Unity will pay an annual site rental cost to Westlime for use of the Parkes Processing Facility and will operate the plant and will have management control of the plant; and
- Unity has a pre-emptive right to purchase the plant in the event that a bona fide offer is received from another party in regard to the purchase of the Parkes Processing Facility.

The terms of the binding HOA are to be detailed in a definitive final agreement to be executed by the parties by 31 January 2016. Unity is able to terminate the arrangement at any time, prior to making the final decision to proceed, without incurring any financial penalty, other than the loss of any payments made as described above.

The execution of the HOA is of significant benefit for Unity's Dargues Gold Mine Project in that :

- The Westlime owned Parkes Processing Facility is a largely fit-for-purpose facility, well suited for the processing of Dargues concentrate and with little upfront capital investment required by Unity. Westlime originally purchased the property and plant from BHP, which was formerly operated as the BHP London-Victoria Gold Mine;

- The processing arrangement is expected to be value accretive for Unity, by reducing the assumed upfront capital expenditure for the Dargues Project, and in comparison involves shorter transport and trucking distances than other options that were being considered; and
- Provides clear and demonstrated evidence to New South Wales Government and the local communities neighbouring the Dargues project that Unity will not proceed with on-site cyanide processing at Dargues (as previously announced).

Safety and Environment

During the quarter under review, there were no reportable incidents relating to any health, safety, environment or community related matters.

BENDIGO

Sale to GBM

During the previous quarter, Unity announced the signing of an Asset Sale Agreement with ASX-listed GBM Gold Limited, for the sale of Unity's Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area, to GBM.

Under the terms of the Asset Sale agreement signed by the parties, the following key terms have been agreed :

- \$100,000 in cash (non-refundable except in certain limited circumstances) signing fee which has already been paid to Unity;
- On Completion (was originally expected on or before 31 October 2015) – GBM to pay Unity \$1,000,000 in cash and Unity to assign to GBM the funds currently held to meet rehabilitation obligations at Bendigo (\$5.63 million);
- On the first anniversary of completion – GBM to pay Unity \$1,000,000 in cash;
- On the second anniversary of completion – GBM to pay Unity \$1,800,000 in cash; and
- On the third anniversary of completion – GBM to pay Unity \$1,830,000 in cash.

In addition, the parties have agreed that, should GBM sell or otherwise realise value from certain assets, Unity is entitled to a share of the payments received, with any such payments being used to accelerate, but not to increase, the deferred payments.

GBM's obligations to pay the deferred payments will be secured by a first-ranking security interest granted by GBM in favour of Unity over certain assets acquired under the Asset Sale Agreement.

The transaction is subject to satisfaction or waiver of the following conditions on or before that time :

- GBM shareholders approving the acquisition for the purposes of Listing Rule 11.1 (with the meeting scheduled to be held on 28 October 2015), as required by ASX;
- Victorian Government Ministerial approval to the transfer and registration of the Bendigo Tenements to GBM; and
- Release of existing environmental bonds by Unity and acceptance of the replacement environmental bonds from GBM by the Victorian Department of Economic Development, Jobs, Transport & Resources.

Unity and GBM have agreed an extension to the Completion Date (now expected to complete on or prior to 29 February 2016), to allow for all required shareholder approval processes (for GBM) and all required government approval processes (for Unity and GBM) to complete.

Safety and Environment

During the quarter under review there were no reportable incidents relating to any health, safety, environment or community related matters at the Bendigo Gold Mine Project.

CORPORATE

Cash Holdings

At 31 December 2015, Unity held Cash amounting to approximately \$AUD 18.1 million.

An additional amount of approximately \$9.5 million is held in cash backed environmental performance bonds.

Scheme of Arrangement

During the quarter, Unity and Diversified Minerals Pty Ltd ("Diversified Minerals"), an associate of the PYBAR Group, executed a Scheme Implementation Agreement ("SIA") to effect the acquisition of 100% of the issued shares of Unity by Diversified Minerals under a Scheme of Arrangement in conjunction with a contemporaneous capital return to Unity shareholders (the "Transaction").

Diversified Minerals is currently the largest holder of Unity shares (13.69%) and Diversified Minerals has offered to acquire all of the Unity shares on issue not already owned by Diversified Minerals under the Transaction. Total consideration to be received by Unity shareholders will be 2.9 cents per share comprising 1.0 cents per share to be received through an equal capital reduction and 1.9 cents per share to be received as scheme consideration from Diversified Minerals ("Total Consideration").

The Total Consideration represents a 45% premium to the last close on 4 December 2015 and a 128% premium to the 12 month volume weighted average price, and implies an equity value for Unity of approximately A\$33.2 million.

Execution of the SIA and announcement of the Transaction follows the detailed strategic review which has been undertaken by the Company to explore all options to maximise shareholder value.

The Unity Board unanimously recommends that all Unity shareholders vote in favour of the Transaction, in the absence of a superior proposal, and subject to an Independent Expert concluding that the Transaction is in the best interests of shareholders.

Under the Transaction, Unity shareholders will receive:

- a) 1.0 cents per share by way of an equal capital reduction to be approved by a majority of votes cast by Unity shareholders at a special general meeting (the "Capital Return"); and
- b) 1.9 cents per share as scheme consideration from Diversified Minerals to be approved at a meeting of Unity shareholders to be convened by a court in accordance with Chapter 5 of the Corporations Act and requiring approval from both 75% or more of the votes cast and 50% or more of the Unity shareholders present in person or by proxy at the meeting (the "Scheme of Arrangement").

The Capital Return and Scheme of Arrangement will be inter-conditional and it is anticipated that the shareholder meetings will be held on the same day.

A ruling from the Australian Taxation Office will be obtained in respect of the Capital Return and Unity expects that all of the Capital Return will be treated as capital in the hands of Unity shareholders.

The Transaction is subject to limited conditions, including :

- Unity shareholder approvals as described above, noting that Diversified Minerals and its related entities will be excluded from voting on the Scheme of Arrangement;
- An Independent Expert concluding that the Transaction is in the best interests of Unity shareholders;
- Unity having sufficient net cash to implement the Capital Return; and
- Other customary conditions for transactions of this nature.

The previously advised timetable for the transaction is still current, and is outlined as follows :

- Lodge the Explanatory Memorandum for the Scheme of Arrangement with ASIC – Late January 2016;
- First court hearing for the Scheme of Arrangement – Mid February 2016;
- Despatch Explanatory Memorandum - Late February 2016;
- Shareholder meetings – Late March 2016;
- Second court hearing for the Scheme of Arrangement – By early April 2016;
- Implementation Date – By mid April 2016.

Any changes to this timetable will be advised in due course via announcement to ASX.

The Explanatory Memorandum will contain reports by both an Independent Expert (“IER”) and an Independent Technical Expert (“ITE”).

Unity has appointed Sumner Hall Associates Pty Ltd as the IER and AMC Consultants as the ITE.

Financial Statements for the 6 month period ended 31 December 2015

Preparation and audit review of the consolidated financial statements for the 6 month period ended 31 December 2015 is underway, and the half year results are expected to be released on or prior to Friday 12 February 2016.

As part of Unity’s six monthly audit review process, during the quarter Unity completed a review of the carrying value of each of its projects and significant assets.

This review has been undertaken having regard to :

- The recent cessation of mining and processing operations and the commencement of “care and maintenance” operations at the Henty Gold Mine;
- The previously advised decision to not proceed with cyanide processing operations on site at the Dargues Gold Mine Project;
- The delays to finalisation of receipt of final approvals for the Dargues Gold Mine Project (which are now expected to be received during March 2016); and
- The implied value of Unity’s projects and assets having regard to the previously announced proposal of Diversified Minerals Pty Ltd (an associate of the PYBAR Group of Companies) to acquire 100% of the issued shares of Unity.

After detailed consideration of each of these factors and having regard to prevailing commodity prices and other economic factors, the Board of Unity advise that an impairment charge in relation to the Dargues Gold Mine Project is likely to be recorded in the financial statements and results of Unity for the half year ending 31 December 2015, in the range of \$10 million to \$12 million.

Further updates on the exact amount of the impairment charge will be provided at the time of release of Unity’s half year financial results (expected Friday 12 February 2016).

In addition to this impairment charge, a provision against the remaining carrying value of stores and consumables inventories at the Henty Gold Mine in the amount of approximately \$600,000 will also be recorded in the half year financial statements for the 6 months ending 31 December 2015.

Annual General Meeting

The Annual General Meeting of the Company was held on 18 November 2015 with all resolutions passed on a show of hands.

Annual Sustainability Report

The Company's Annual Sustainability Report was released on 30 October 2015, and a copy of this report is available on the Unity Mining Limited website.

Renegotiation of Royalty Arrangements

During the quarter, Unity was pleased to announce the re-negotiation and execution of revised Royalty Agreements with Franco Nevada Corporation ("Franco") in respect of Unity's Tasmanian based gold tenements.

Historically, the royalty in the Northern section of the Henty Gold Mine provided for a 10% Net Smelter Return ("NSR") to Franco, with the Southern section of the mine subject to a 1% NSR. This royalty regime has provided a large disincentive to undertake any material exploration activity in the Northern sections of the Henty Mine.

Since the establishment of the Unity and PYBAR Group joint venture at Henty, discussions have progressed with Franco to re-negotiate the existing royalty structure.

As a result Franco have agreed to reduce the NSR to a flat 1% royalty (from production and sale of gold and other precious metals, including from by-products derived from mining processing or refining) across the existing Henty Gold Mine Area.

As part of this restructure Unity has also agreed to provide Franco with a 1% NSR over any gold and precious metals produced from Unity's other Tasmanian tenements that were not previously subject to any royalty arrangement with Franco.

PYBAR Farm In Agreement

On 27 April 2015 the Company announced the execution of a Farm-In-Agreement that will see up to \$5 million spent on near mine exploration at the Henty Gold Mine Project over an 18 month period.

Under the agreement, Diversified Minerals Pty Ltd, a 100% owned subsidiary of the PYBAR Group, committed to funding a 3 stage drilling program focussed on resource delineation with a view to recommencing sustainable production from the Henty Gold Mine Project.

Shortly after the end of the quarter, PYBAR advised Unity that the first \$2.5 million under the Farm-In Agreement has now been fully expended (completion of Stage 2), and that PYBAR have formally elected to earn their initial 30% interest effective from the date of their advice to Unity.

PYBAR have also advised that they will be immediately proceeding to Stage 3 of the Farm-In-Agreement that will see the PYBAR Group expend a further \$2.5 million on exploration drilling at Henty, following which they will formally earn an additional 20% interest in the Henty Gold Mine Project (for a total 50% interest in the Henty Project).

Drilling under the joint venture program with PYBAR continues and further updates will be provided as exploration results become available.

EXPLORATION

8,359 m were drilled from underground at Henty throughout the quarter. This drilling was testing targets in the Deep Read, South Darwin, Read North, Zone 15 and Collar Zone areas.

The location of the targets is shown in **Figure 1** below.

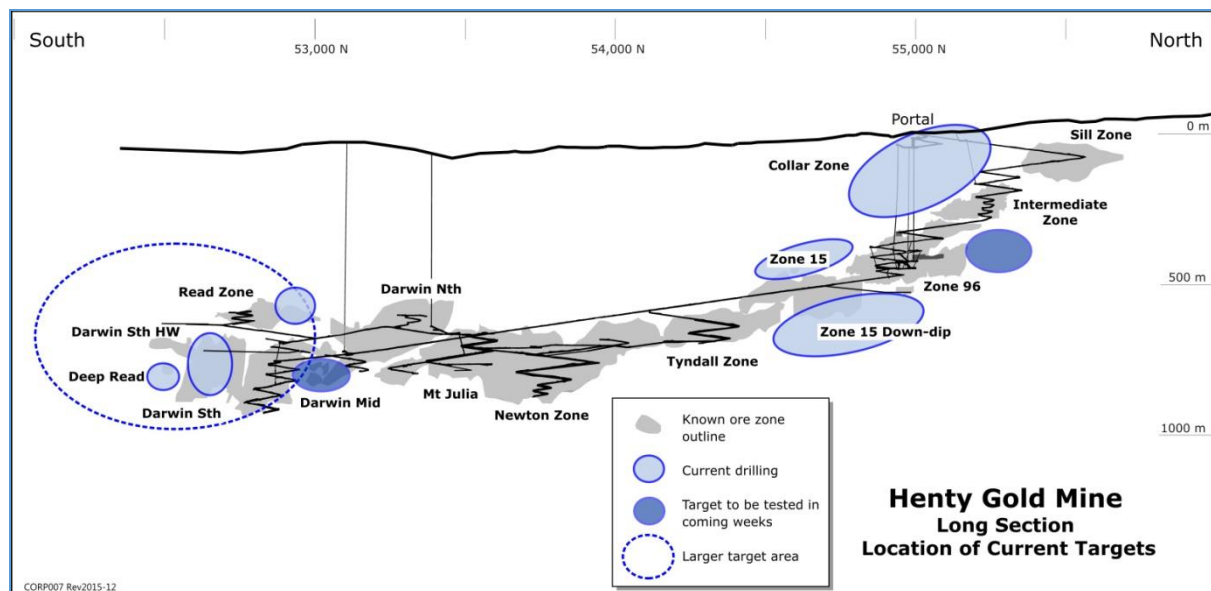


Figure 1. Location of targets drilled this quarter on a long section of Henty Gold Mine, facing west.

Drilling highlights were :

The Darwin South HW Area

Drill Hole	From	To	Interval (m down hole)	Gold (g/t)
Z20109	15	17	2	22.9
<i>includes</i>	249	251	1	42.0

Collar Zone

Drill Hole	From	To	Interval (m down hole)	Gold (g/t)
Z20126	246.35	251	4.65	4.7
<i>includes</i>	249	251	2	8.9
<i>includes</i>	249	250.1	1.1	11.9
Z20128	299	303.6	4.6	3.8
<i>includes</i>	299	299.5	0.95	8.1
<i>and</i>	302.6	303.6	1	7.0
Z20128	335	337	2	21.4
<i>includes</i>	336	337	1	40.8
Z20130	304.3	311.3	7	18.5
<i>includes</i>	304.3	306	1.7	21.0
<i>and</i>	308	308.4	0.4	167

The Darwin South HW intercept is below the known Resource and marks an additional mineralised lode position which will be tested with a follow-up program in the next quarter.

The location of the hole is shown in cross section in **Figure 1**.

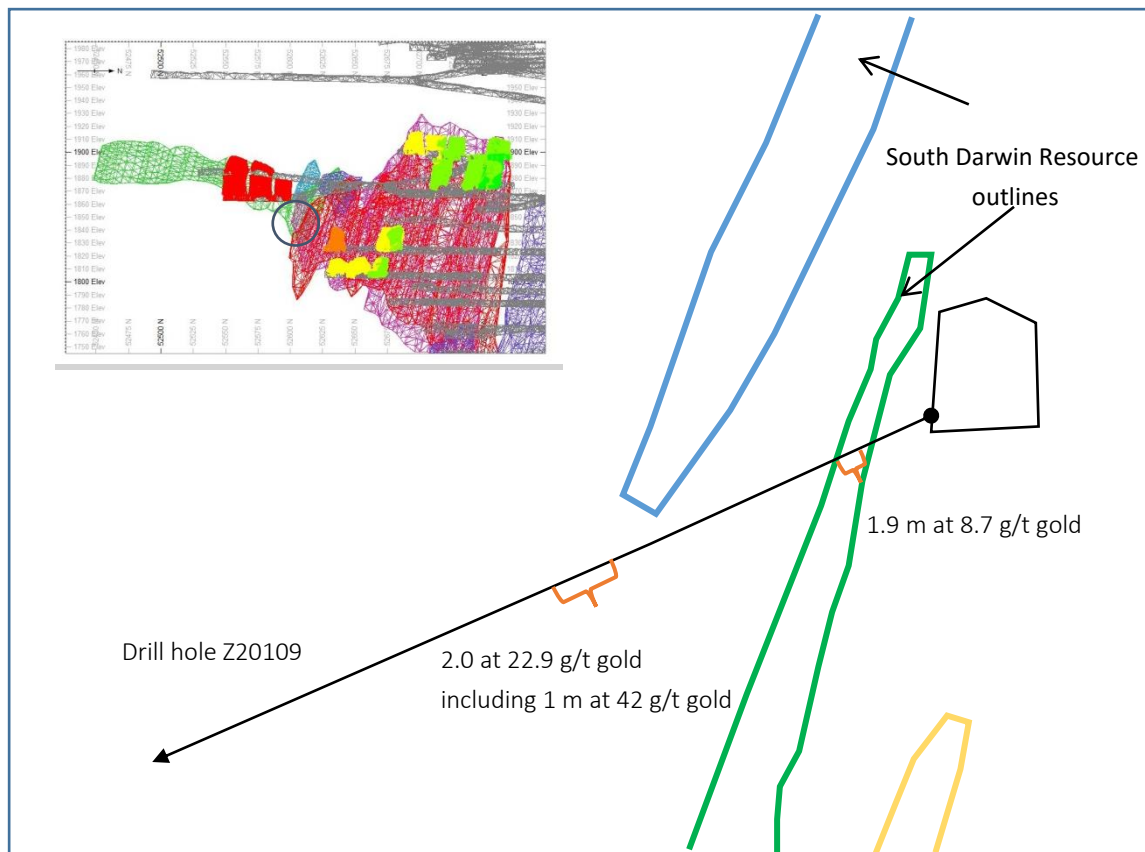


Figure 2. Cross section looking north, showing the intercept in Z20109, below the known ore position (marked by the blue Resource wireframe). The Resource within this wireframe has not been mined.

Two Collar Zone drill programs have now been completed and the results are currently being interpreted and samples have been sent for diagnostic metallurgical testing. There appear to be two distinct lenses, which show reasonable continuity. These are sub parallel to one another and to the Henty Fault.

The two long sections below (Figures 3 and 4) show the location of intercepts within each of these lenses. Designated Hangingwall "A" and Footwall "B", "A" is west of "B" and closer to the Henty Fault. The long sections cover an area wider than the Collar Zone area.

Some intercepts have been left off the bottom, northern end of these long sections because these belong in the Intermediate Zone. Some older holes have been removed from the central Collar Zone because of uncertainty as to their location.

The Collar Zone is open for at least 100m to the south.

All intervals shown on figures are metres measured down hole.

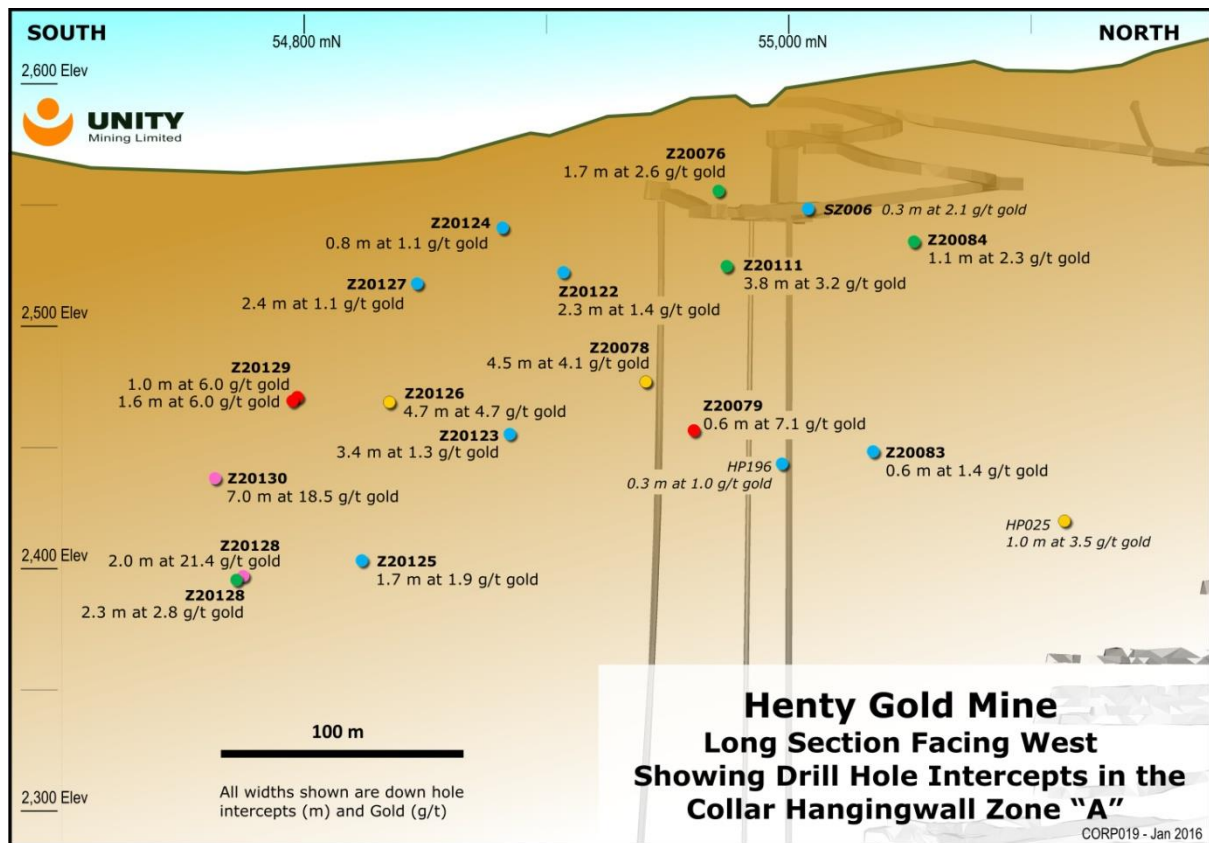


Figure 3.

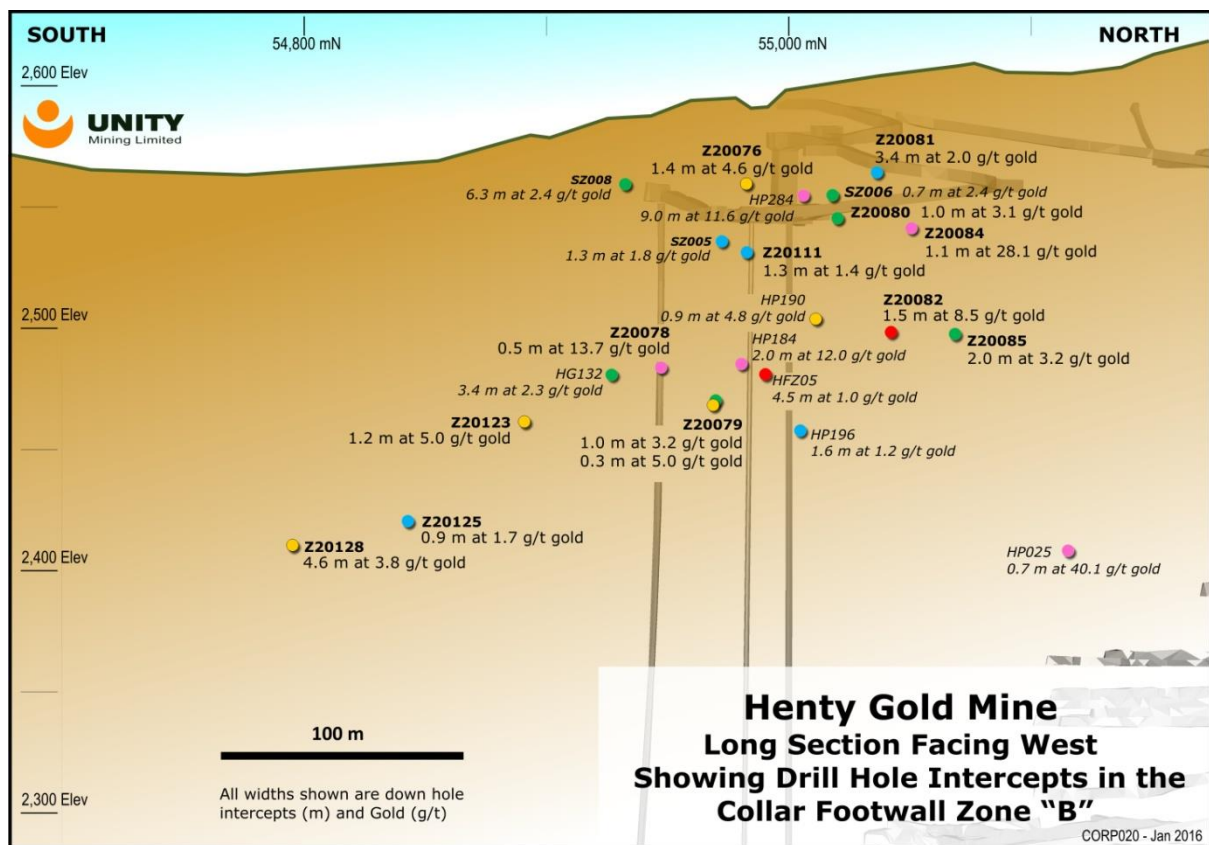


Figure 4.

Surveyed collar locations and intercept co-ordinates for all recent Collar Zone holes are shown in Appendix 1. The location data for Z20109 and older Collar Zone holes were reported to the ASX on 18th November 2015.

Henty Resource Statement

The Resource wireframes were depleted to account for the mining that took place between 30 June 2015 and the end of mining at Henty at 30 November 2015.

The updated Resource, which has been estimated using a cut-off of 2 g/t gold is shown in the table below.

Henty Gold Mine Mineral Resources Estimate at 30 November 2015												
	Measured			Indicated			Inferred			Total		
	kt	g/t gold	koz	kt	g/t gold	koz	kt	g/t gold	koz	kt	g/t gold	koz
Darwin Sc	313	5.1	51	11	6	2	15	8.4	4	338	5.2	57
Mount Jul	166	4.3	23	168	4.2	22	43	4.3	6	377	4.2	51
Newton	266	3.9	34	188	3.9	23	42	4.1	5	496	3.9	62
Read				20	5.0	3	19	5.3	3	39	5.1	6
Zone 15							174	5.1	28	174	5.1	28
Zone 96	15	6.2	3							15	6.2	3
Total	760	4.5	111.09	386	4.1	51	293	4.9	46	1,439	4.5	208

Competent Persons' Statement

Any information in this public report that relates to Ore Reserves, Mineral Resources or Exploration Results is based on, and accurately reflects, information compiled by Rob McLean in relation to Ore Reserves at Henty, Raul Hollinger in relation to Mineral Resources at Henty, and Angela Lorrigan in relation to Exploration Results.

McLean, Hollinger and Lorrigan are Members of the Australasian Institute of Mining and Metallurgy, and Hollinger is a Member of the Australian Institute of Geoscientists.

McLean and Lorrigan are or were at the time of preparing the reports full time employees of the Company and Hollinger was a part-time employee of the Company. All have more than five years' experience in the style of mineralisation and type of deposit under consideration and to the activity which they undertaking to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. McLean, Hollinger, Lorrigan have given prior written consent, where required, to the inclusion in this report of the matters based on their respective information, where applicable, in the form and context in which it appears.

For further information contact

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JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	All UML samples consist of sawn half core, except for samples from 192.3-193.0m in Z20082, which are quarter core. LTK60 or NQ2 size core is used. Nominal sample length is 1m, with a maximum of 1.2 m and a minimum ore is sampled to of 0.2m. The core is sampled on geological boundaries. The core size of historic samples is not always known but is usually NQ half core.
Drilling techniques	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	Underground mobile diamond drill rigs produce core of either conventional LTK 60 (43.9mm core) or wireline NQ2 (50.8mm core). Surface diamond rigs for historic holes in the Collar Zone.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Where core loss occurs in drill core the interval is recorded as a zero percent recovered interval and therefore no sampling is conducted or assigned to the interval. Sampled intervals are therefore not affected with core loss.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Recovery of drill core is maximised through effective drill hole conditioning with mud programs.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Mineralisation is predominant in the more competent quartz-rich rock therefore core loss does not bias the sampling.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Drill core is brought from underground to the Surface Core Shed facility by the drilling contractor. UML technical staff place core trays on roller racks for the recovery stage where core is placed together and metre depths are marked on the core.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Drill hole data is loaded into the Database via the Datashed "front end". Site specific rock codes for rock types are used.
	<i>The total length and percentage of the relevant intersections logged.</i>	All holes are logged in entirety. Drill logs are exported from into Datashed (Geological Database) and validated as part of the export process.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	All drill core that contains quartz, sericitic or pyritic alteration is sampled for assay, including at least 5 metres either side. Core is cut in half utilising the Almonte automatic core saw.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	A QAQC regime involves the submission of one blank sample (rock containing no gold) for every batch or one blank sample for every 25 samples. A low, medium and high range certified gold standard is also submitted for every batch. QAQC standards are also used in-house by the laboratory and reported monthly. UML completes QAQC reports monthly using the QAQCR software from Maxwell.

Criteria	JORC Code explanation	Commentary
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Sampling of drill core is specified by geologists as part of the logging process, to ensure that samples are representative.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Samples are taken to geological boundaries to ensure that the sample size is appropriate for the mineralisation.
	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	All UML samples were assayed using fire assay technique with atomic absorption finish (AU-AA25). Upper limit samples (>100 grams per tonne gold) are re-analysed using the ALS dilution method (Au-DIL). Multi element analysis is done by Aqua Regia Digestion (ICP41) and an AAS finish (OG46) is used if upper limits are reached. Assay techniques for historic samples are fire assay but the laboratory is unknown.
Quality of assay data and laboratory tests	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	Geophysical tools were not used to determine gold (or other element) grades.
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	One blank is submitted for every 25 samples with at least one in every batch submitted to the laboratory. Blanks are also added to the sample set at the end of a suspected ore interval. One standard is to be submitted for every 20 samples with at least three in every batch, representing below cut-off, average grade and high grade. Standard samples to be used at Henty are sourced from Rocklabs and come as 50g sachets of powder.
	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Significant intersections are not checked by an independent company or personnel however a review of each Diamond Drill Proposal (programs of up to 20 holes) is completed and this includes review of significant intersections.
Verification of sampling and assaying	<i>The use of twinned holes.</i>	The twinning of holes is not considered a worthwhile exercise in general due to the variable nature of the ore system and the fact that all the drilling is underground diamond drilling and it can be a difficult exercise to "land" two holes on the same spot. Therefore it is not a standard practice at Henty. Mining reconciliation process have, for the last 5 years, served to validate the drill hole intersections.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Drill hole data goes through a series of validation steps including logging, core photography, assay data processing including QAQC checks. All drill hole data is stored in DataShed (SQL database) which is maintained on the site server. Regular database audits are undertaken.
	<i>Discuss any adjustment to assay data.</i>	Assay data is not adjusted in any way.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	All drill hole collars are surveyed (including dip and azimuth by a qualified surveyor). Down hole surveying has historically been conducted using a single-shot or multi-shot camera. Holes drilled between May 2013 and June 2015 were surveyed with a Reflex Gyro. In the most recent program a Deviflex instrument was used. The Gyro and the Deviflex have allowed more precise drill hole path predictions due to the removal of any magnetic interference as caused by magnetic minerals or steel used in ground support.

Criteria	JORC Code explanation	Commentary
		<p>All mine workings are surveyed by a qualified surveyor. Where drill holes are intersected by mine workings, the positions are surveyed to determine the accuracy of drill hole predictions. If these drill holes are shown to be inaccurate in positioning they are corrected in the database.</p> <p>Re-surveying of historic drill hole collars is in progress and this has revealed a lower level of precision for HFZ series drill holes. This has been indicated on the long section where these holes are displayed.</p>
	<i>Specification of the grid system used.</i>	A local mine grid (Henty Grid) is utilised which is 20°58'53" west of True North.
	<i>Quality and adequacy of topographic control.</i>	The topography was generated using LIDAR data.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Exploration results mostly occur within 100 m of the deposit margins and usually within 50m of the nearest drill hole.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	The data spacing and the distribution is sufficient to determine geological and grade continuity as determined by the JORC code 2012.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	The drill orientation is highly variable within the deposit but most intersections are at high angles tending towards perpendicular to the dip and strike of the mineralisation.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	There are no known biases caused by the orientation of the drill holes.
Sample security	<i>The measures taken to ensure sample security.</i>	Drill core was kept on site and sampling and dispatch of samples were conducted as per on-site procedures. Transport of samples from site to the laboratory was by an employee of ALS Burnie. Pulps used for multi-element analysis were air freighted to Townsville.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques</i>	The sampling method was changed from Leachwell to Fire assay in February 2012 when ALS took on the analytical contract. An in-house review indicated that fire assay would have the advantage of being a total gold estimation method rather than partial such as Leachwell.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	<p>The Henty deposit is located wholly within 7M/1991 and 5M/2002. These licences are 70% owned by Unity Mining. Diversified Minerals Pty Ltd is funding the current drilling (commenced in June 2015) as part of a staged Farm-In agreement. It currently owns 30% and can earn up to 50% of the Henty asset.</p> <p>Mineral Resources Tasmania receives 1.9% of Nett sales plus a profit component. Franco-Nevada receives 1% on all gold ounces produced.</p>

Criteria	JORC Code explanation	Commentary
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The tenements are in good standing.
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Other companies to have held the project include Barrick Ltd, Placer Dome Asia Pacific, Aurion Gold, Goldfields Exploration Pty Ltd (Tasmania), Delta Gold N.L. and RGC (ex Mt. Lyell Mining and Railway Company).
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>Stratigraphy</p> <p>The Henty mine lease covers rocks of the Central Volcanic Sequences, the Henty Fault Sequences, and Tyndall Group rocks of the Mount Read Volcanics and the overlying Owen Conglomerate. Near the mine, the Henty Fault splays into the North and South Henty Faults, dividing the geology into segments to the east and west of the faults, and a package between the splays. Gold mineralisation is hosted in Tyndall Group rocks to the east of the Henty Fault.</p> <p>The Henty Fault Sequences lie between the North and South Henty Faults and comprise carbonaceous black shales, mafic to ultramafic volcanics, and quartz phyric volcanoclastics. Rocks to the east of the Henty Fault comprise quartz phyric volcanics of the Tyndall Group and siliciclastics of the Newton Creek Sandstone of the Owen Conglomerate. Dacitic volcanoclastics and lavas that may be part of the Central Volcanic Sequences also occur east of the Henty Fault in the southern area of the lease.</p> <p>In the mine area, the Lynchford Member comprises green to red, massive coarse grained crystal-rich feldspar phyric volcanoclastic sandstone with lesser siltstones and matrix supported lithic breccias and minor interbedded cherts and cream, pink, or purple carbonates. Original textures are still discernible despite subsequent hydrothermal alteration and deformation.</p> <p>Structure</p> <p>The Henty orebodies are hosted east of the Henty Fault on the steeply west dipping overturned western limb of a shallowly south plunging asymmetric syncline trending into the Henty Fault. The orebodies plunge at 45° to the south between the Sill Zone and Zone 96, and shallow at depth towards Mt. Julia. The structure of the Henty Gold Mine is dominated by the Henty Fault Zone which dips at 70/290. The orebodies are disrupted by numerous north-south trending, steeply west dipping brittle-ductile faults with displacements of up to a few metres.</p> <p>Alteration</p> <p>Nearly all of the stratigraphic units of the Tyndall Group present at the Henty Gold Mine have undergone hydrothermal alteration. The most intense quartz-sericite-sulphide alteration and gold mineralisation has affected the Lynchford Member of the Comstock Formation, adjacent to the Henty Fault, and is referred to as "A-Zone" type alteration. A Zone alteration types include MA, MZ, MV, MQ, MP, and CB. The main mineralised zone comprises MQ, MV, and MZ.</p> <p>From west to east, the alteration types are as follows:</p> <p><i>MZ (quartz-sericite-sulphide schist)- is a black, fine grained, sheared and brecciated rock containing</i></p>

Criteria	JORC Code explanation	Commentary
		<p>quartz, sericite, pyrite, local carbonate, and minor chlorite, feldspar, chalcopyrite, sphalerite, and galena. MZ is volumetrically the most abundant alteration type in the mineralised zone and is present stratigraphically above and below the MQ and MV alteration types.</p> <p><i>MV (quartz-sericite-carbonate-sulphide schist)</i>- is a yellow-green, fine grained, highly foliated rock containing quartz, sericite, pyrite, and local carbonate and minor chlorite, feldspar, chalcopyrite, sphalerite, and galena and rare purple fluorite. MV is the second most volumetrically abundant alteration type in the mineralised zone, followed by MQ and MP.</p> <p><i>MQ (massive quartz-sulphide-gold)</i> - is a grey, cream, or pink massive to recrystallised brecciated quartz rock with minor muscovite, sericite, pyrite, carbonate, and chalcopyrite, with lesser galena and sphalerite, and rare gold and bismuth metal.</p> <p><i>MP (massive pyrite-carbonate-quartz±gold)</i> - is a bronze-black massive pyritic rock containing 40 to 80% pyrite with interstitial carbonate and quartz.</p> <p><i>CB (massive carbonate)</i> - The CB alteration type forms the hangingwall of A Zone type alteration and occurs as white to pink laterally discontinuous lenses.</p> <p><i>AS (albite-silica alteration)</i> - occurs to the east of the A Zone alteration and overprints volcanoclastics. The alteration occurs as an irregular pervasive flood of massive white or orange fine grained silica and albite, completely destroying original textures of the volcanoclastics.</p> <p>Mineralisation Gold at the Henty Mine is present as both free gold and gold-rich electrum associated with chalcopyrite and galena in the main mineralised zone (MQ, MV, MZ).</p>
Drill hole Information	<p>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</p> <ul style="list-style-type: none"> ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. <p>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</p>	<p>3D co-ordinates have been included for every intersection used or illustrated.</p> <p>This information enables all intersections to be plotted in 3D space as well as on plans and sections.</p> <p>As the drilling has taken place within an underground mine, with numerous historic drill holes, supplying the data this way enables rapid and accurate determination of the location of drilling intercepts and reduces the volume of data to be appended.</p> <p>Some historic holes have been removed from the Collar Zone data reported. This is because recent survey checks, initiated because of geological incompatibilities, have revealed discrepancies between the old grid, on which they were drilled, and the modern grid. The modern grid is used for all mining and Resource purposes.</p>
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades)	All intersection grades have been length weighted.

Criteria	JORC Code explanation	Commentary
	<p><i>and cut-off grades are usually Material and should be stated.</i></p> <hr/> <p><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p> <hr/> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	<p>Small high grade results within a broader mineralised zone have been reported as included intervals.</p> <p>No metal equivalents have been used in estimations or reporting.</p>
Relationship between mineralisation widths and intercept lengths	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></p>	<p>The Henty deposit is predominantly steeply west-dipping. The stratigraphy is overturned. Drill holes are predominantly drilled from the mining footwall (eastern side) of the mineralisation from underground development. Drill holes are drilled to intercept mineralisation perpendicularly where possible.</p>
Diagrams	<p><i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></p>	<p>See Diagram.</p>
Balanced reporting	<p><i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></p>	<p>The results of all holes drilled in this program have been reported.</p>
Other substantive exploration data	<p><i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></p>	<p>An in-situ bulk density of 2.8 based on 102 samples collected from ROM pad and underground development was used in the estimation.</p>
Further work	<p><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <hr/> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>Drilling is still in progress utilising 3 rigs underground. Results from drilling in the Collar Zone and other Zones will continue to be reported as they are received and compiled. As there has never been any mining from the Collar Zone and a large proportion of the samples from this area are associated with pyrite and base metal sulphides, metallurgical diagnostic testing is in progress.</p> <p>See diagram.</p>