EL01/2010 ‘Ten Mile Creek’
Annual report on exploration activities for the period
from 25 May 2010 to 24 May 2011

Vol. 1 of 1

HELD BY:
UNITY MINING LTD.

MANAGER & OPERATOR:
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DATE:
MAY 2011

MAP SHEETS:

GEOGRAPHIC COORDS (GDA94):
Min East: 395,000mE
Max East: 404,000mE
Min North: 5,386,000mN
Max North: 5,360,200mN

COMMODITY(s): Au, Basemets
Summary

Previous exploration has shown that this tenement is prospective for gold and gold/copper deposits. A modest exploration campaign was undertaken during the reporting period, with the aim of determining the best mode of access to the tenement. LIDAR and photographic imagery was also acquired.

Next year’s programme will be aimed at establishing drill site access and planning drill holes.

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1 Introduction

This report details work completed by Unity Mining Limited (UML) on EL 01/2010 for the period between 25 May 2010 and 25 April 2011.

The license area consists of crown land. The entire tenement is within the Reynold’s Falls Recreation Reserve. Some of the tenement borders the Tasmanian Wilderness World Heritage Area. 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)).

1.1 Tenure

The tenement was originally granted, in May 2010, to Bendigo Mining Ltd, who applied for the open ground. On the 3rd December 2010, Bendigo Mining Ltd changed its name to Unity Mining Ltd.

1.2 Location and Access

The north-western edge of this tenement is 6 kms. south of the Cradle Mountain Link Road and 8 kms. south east of Hellyer Mine. The south western edge lies 12 kms. north east of the Township of Tullah. There is no road or vehicle track access to the tenement. Access is by 4WD track from the Cradle Mountain Link Rd (7 kms.), then by foot along the Reynold’s Falls track (5 kms) to the middle of the tenement or by boat to the north east end of Lake Mackintosh (12 kms) and then by foot (3 kms) to the Ten Mile Creek Prospect.

The location of the tenement is shown in figure 1.
2 Regional Geology

The tenement lies on the north-eastern edge of the Mount Read Volcanics, a Cambrian-aged package of lavas, volcaniclastic sediments, sediments and intrusions that hosts the Henty Gold Mine, the Mt Lyell Copper Mine, and the Rosebery and Hellyer Zinc-Lead-Copper-Gold-Silver deposits.

In general terms, the Mount Read Volcanics consist of a “core” of massive, feldspar-phyric (quartz generally absent) lavas, intrusive and volcaniclastic sediments, overlain, and “flanked”, on the eastern and western sides, by mixed packages of volcaniclastic sediments, basaltic to rhyolitic lavas and intrusions, sediments and carbonate horizons which pass upward into sequences of quartz-phyric volcaniclastic sediments, often interbedded with black shales and intruded by quartz-phyric porphyries.

Figure 1: Location of EL01/2010.
The volcanic package has been severely affected by both Cambrian and Devonian deformations and is divided approximately from north to south by the Henty Fault, which is a well-defined and persistent structure, though it bifurcates in places. The Hellyer and Rosebery deposits are on the western side of the fault and the Mt Lyell and Henty deposits are on the eastern side. The rock types on either side of the fault are similar and regional mapping suggests a correlation across this structure.

The Mount Read Volcanics are unconformably overlain by a thick package of siliciclastic Ordovician sandstones and conglomerates. The contact between these rocks and the underlying volcanics is faulted in places. North of Queenstown the volcanics are thrust over the conglomerates and at Queenstown itself, the contact is marked by multiple NW-SE-trending and NE-SW-trending faults.

3 Local Geology

The licence area is on the eastern edge of the Mt Read Volcanics, east of the Henty Fault. The Bonds Range Porphyry (BRP), an intrusive quartz, feldspar, biotite, +/-hornblende porphyry, occupies the eastern half of the tenement.

This intrusive body belongs to part of the upper Mount Read Volcanics, on the eastern side of the Henty Fault, known as the Eastern Quartz-Phyric Sequence. It is noted for its consistent texture and composition, throughout its 55 km long strike length. It dips consistently and steeply to the west and varies in thickness from 2-3 km (Crawford 2003).

The BRP is overlain by Ordovician sandstones and conglomerates, known collectively as the Owen Conglomerate (OC), which occupy the western half of the tenement. The nature of the contact in the tenement area is largely unknown. There is a possibility it could be faulted.

The tenement is remote, so very little mapping has been undertaken, but extensive haematite- chlorite and some sericite alteration of the porphyry, in the region of Ten Mile Creek has been reported. The latter was associated with elevated gold in rock chips (Newnham, 1992).

A geological map of the tenement is shown in figure 2 (below).
Figure 2 Geology of the Ten Mile Creek tenement.
4 Previous Exploration

The Ten Mile Creek area first came to the attention of explorers when Shell reported geochemical anomalies in stream sediments. This report has not been located, but is referred to in Newnham 1992.

The most significant work done in the tenement area to date was done whilst the area was held by CRA as EL 24/84, from 1987 to 1992. Some of this work was done by Aberfoyle who were Joint Venture partners for 2 years. The work consisted of:

Mapping and sampling of the haematitic stockwork zone in the headwaters of Ten Mile Creek. Two sericitised porphyry samples collected at this time assayed 1.04 g/t and 8.08 g/t of gold.

The haematitic stockwork zone was shown to be 50-100m wide and extend or about 2 kilometres along strike. Soil and rock chip sampling repeatedly showed this zone to be anomalous in gold and copper.

A drilling programme of 4 short holes (total 153.7 m) was undertaken to test the alteration and various geochemical anomalies at depth. Low range gold assays were obtained from altered zones in these holes. The best assay was 1m at 0.52 g/t gold. This was from the last hole, which was stopped within the gold-bearing alteration zone because of drilling difficulties.

A full account of this work can be found in Newnham 1992.
5 Work completed during the 2010/2011 Reporting Period

Unity Mining Ltd. completed a reconnaissance visit to site and acquired LIDAR data and photographic imagery over the tenement during the reporting period.

The purpose of the reconnaissance visit was to determine whether access was possible by boat along Lake Mackintosh. The conclusion was that walking access could be gained that way, but for an extended programme, helicopter support would be required.

The LIDAR data was acquired partly to provide good topographic information for planning future work (particularly walking track and drill site construction) and also to use in a structural assessment of the tenement.

6 Expenditure 2010/11 Reporting Period

Total Expenditure for the 2010/11 Reporting Period was $.

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<tr>
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<td>Aerial photography</td>
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<td>LIDAR</td>
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<td>Personnel</td>
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<tr>
<td>Boat Hire</td>
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<td><strong>26,280</strong></td>
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Table 1: EL 01/2010 Expenditure 2010/11.

7 Planned work and expenditure 2011/12

During the next year, it is planned that a drilling programme will be planned and access established for its execution. The likely target for drilling is the alteration at the Ten Mile Creek Prospect. A structural interpretation, using the LIDAR data, will be used, along with historic geochemical data, to decide on the best drill hole targets.
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<th>Forecast Expenditure May 2011-April 2012</th>
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<td>Personnel (including consultant geo)</td>
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<tr>
<td>Grid cutting</td>
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<tr>
<td>Drilling, site prep and rehab.</td>
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<tr>
<td>TOTAL</td>
<td>30,000</td>
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Table 2: EL01/2010 Exploration Budget Forecast 2011/12
7.0. References


8.0 KEYWORDS

BONDS RANGE PORPHYRY, MOUNT READ VOLCANICS, TEN MILE CREEK, LAKE MACKINTOSH, GOLD, COPPER, GOLD-COPPER