



16 November 2012

Cortona and Unity Merger Scheme Booklet Finalised

On 28 September 2012 Cortona Resources Limited (**Cortona**) and Unity Mining Limited (**Unity**) announced their intention to merge by way of scheme of arrangement (**Merger**).

Full details of the Merger, including how to vote on the resolution and a full copy of the independent expert's report, are included in the attached Scheme Booklet and Notice of Meeting. A copy of this Scheme Booklet will be mailed to all Cortona shareholders early next week.

Cortona's Directors Recommend the Merger

The Directors of Cortona recommend that shareholders **vote in favour of the Merger**, in the absence of a superior offer.

Further, the independent expert commissioned by Cortona has concluded that the Merger is not fair, but reasonable, to Cortona shareholders and **overall is in the best interests of Cortona shareholders**.

Scheme Meeting

The Cortona shareholder meeting will be held at 10am (Perth time) on 21 December 2012 at the Celtic Club, 48 Ord Street, West Perth, Western Australia 6005.

If you require further information regarding the Merger please call the Cortona Information Line on 1800 821 514 (for callers within Australia) or +61 2 8256 3369 (for callers outside Australia).



COMPANY DETAILS

Principal and Registered Office

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West Perth, WA 6005

Postal Address

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Email

admin@cortonaresources.com.au

Phone

(08) 9485 0577

Facsimile

(08) 9485 0706

ABN: 98 117 848 790

ASX CODE: CRC

Corporate Information

(31 October 2012)

Shareholders	~2,500
Shares on Issue	268M
Options (Unlisted)	9M

PROJECTS

Majors Creek (NSW)
Eugowra (NSW)
Christmas Gift (NSW)
Booths Reward (NSW)

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SCHEME BOOKLET

For a scheme of arrangement between Cortona Resources Limited and the holders of Cortona Shares in relation to the proposed merger of Cortona Resources Limited and Unity Mining Limited

VOTE YES

The Cortona Directors unanimously recommend that you VOTE IN FAVOUR of the Scheme, in the absence of a Superior Proposal.

The Independent Expert has also concluded that in the absence of a Superior Proposal, the Scheme is not fair, but reasonable, to Cortona Shareholders and overall is **IN THE BEST INTERESTS** of Cortona Shareholders.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.
You should read it in its entirety before deciding whether or not to vote in favour of the Scheme.
If you are in any doubt about how to deal with this Scheme Booklet, you should contact your broker, financial adviser or legal adviser immediately.

Corporate Adviser to Cortona



Legal Adviser to Cortona

**CORRS
CHAMBERS
WESTGARTH**
lawyers

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IMPORTANT NOTICES

Purpose of this Scheme Booklet

Cortona and Unity have jointly announced a proposed Merger. The Merger is to be implemented through a members' scheme of arrangement between Cortona and Cortona Shareholders.

The purpose of this Scheme Booklet is to explain the terms of the Scheme, the manner in which the Scheme will be considered and implemented (if the conditions precedent are satisfied), and to provide the information as is prescribed or otherwise material for Cortona Shareholders when deciding whether or not to vote in favour of the Scheme. This Scheme Booklet includes the explanatory statement for the Scheme required by section 412(1) of the Corporations Act.

You should read this Scheme Booklet in its entirety before making a decision whether or not to vote in favour of the Scheme.

No investment advice

This Scheme Booklet does not take into account the investment objectives, financial situation, tax position or particular needs of any Cortona Shareholder or any other person. Accordingly, this Scheme Booklet should not be relied upon as the sole basis for any decision in relation to Cortona Shares, Unity Shares or any other securities. Independent advice should be sought before any such decision is made.

Role of ASIC and ASX

A copy of this Scheme Booklet has been examined by ASIC pursuant to section 411(2) of the Corporations Act and registered by ASIC in accordance with section 412(6) of the Corporations Act. Cortona will request ASIC to provide a statement in accordance with section 411(17) of the Corporations Act stating that ASIC has no objection to the Scheme. If ASIC provides that statement it will be produced to the Court at the Second Court Hearing.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASIC, ASX nor any of their Officers takes responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under section 411(1) of the Corporations Act

The fact that the Court has ordered that the Scheme Meeting be convened under section 411(1) of the Corporations Act and has approved this Scheme Booklet does not mean that the Court:

- has formed any view as to the merits of the Scheme or as to how Cortona Shareholders should vote at the Scheme Meeting (on this matter Cortona Shareholders must reach their own decision); or
- has prepared, or is responsible for, this Scheme Booklet.

Responsibility for information

The Cortona Information has been provided by Cortona and is the responsibility of Cortona. Unity and its advisers do not assume any responsibility for the accuracy or completeness of that information.

The Unity Information has been provided by Unity and is the responsibility of Unity. Cortona and its advisers do not assume any responsibility for the accuracy or completeness of that information.

BDO Corporate Finance (WA) Pty Ltd has prepared the Independent Expert's Report in relation to the Scheme and takes responsibility for that report.

Disclaimer as to forward looking statements

This Scheme Booklet may include various statements about the future. Statements other than statements of historical fact may be forward looking statements. Cortona Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Cortona and Unity. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward looking statement.

The statements contained within this Scheme Booklet reflect the views held at the date of this Scheme Booklet.

None of Cortona or Unity, the Officers of those companies or any person named in this Scheme Booklet with their consent or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any results, values, performance or achievements express or implied in any forward looking statement, except to the extent required by law. Cortona Shareholders should not place undue reliance on any such statements.

Estimates, targets and forecasts

Unless expressly stated otherwise, all references in this Scheme Booklet to estimates, targets and forecasts (and derivations of the same) are references to estimates, targets and forecasts by Cortona or Unity management (as applicable). Management estimates, targets and forecasts are based on views held only at the date of this Scheme Booklet.

Each of Cortona and Unity believes that the estimates, targets and forecasts in this Scheme Booklet that are attributable to it have been made on reasonable grounds and that the assumptions on which those estimates, targets and forecasts are based are reasonable.

Having said this, Cortona Shareholders are cautioned that the estimates, targets and forecasts are subject to a variety of factors that are likely to cause actual results to vary from them, and such variations may be material.

Ineligible Foreign Shareholders

This Scheme Booklet has been prepared having regard to Australian disclosure requirements. Other countries may have different legislative and regulatory requirements.

Neither this Scheme Booklet nor the Scheme constitute, or are intended to constitute, an offer of securities in any place in which or to any person to whom, the making of such an offer would not be lawful under the laws of any jurisdiction outside Australia and its external territories, New Zealand and the United Kingdom.

Cortona Shareholders who are not residents of Australia and its external territories, New Zealand or the United Kingdom should refer to Section 2.11 of this Scheme Booklet for further information.

United States Cortona Shareholders

This Scheme Booklet has not been prepared in accordance with United States securities laws and regulations and none of the Securities and Exchange Commission, any US state securities commission or any other US regulatory authority has approved or disapproved the securities issuable in connection with

the Scheme nor have any of them passed comment upon or endorsed the merits of the Scheme or the accuracy, adequacy or completeness of this Scheme Booklet. Any representation to the contrary may be a criminal offence.

The Unity Shares to be issued as consideration under the Scheme have not been, and will not be, registered under the US Securities Act of 1933, as amended.

Privacy

Personal information may be collected by Cortona and Unity in the process of implementing the Scheme.

This information may include the name, contact details, security holding details of Cortona Shareholders, and the names of individuals appointed to act as proxy, attorney or corporate representative by a Cortona Shareholder at the Scheme Meeting. The primary purpose for collecting this personal information is to assist Cortona and Unity to conduct the Scheme Meeting and implement the Scheme.

Any personal information collected may be disclosed to Unity's and Cortona's respective share registries, advisers, print and mail service providers and related bodies to the extent necessary to effect the Scheme.

Cortona Shareholders are entitled under section 173 of the Corporations Act to inspect and obtain copies of personal information collected. Cortona Shareholders should contact the Cortona Registry in the first instance if they wish to access their personal information.

Maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless expressly stated otherwise, all data contained in such diagrams, charts, maps, graphs or tables is based on information available at the date of this Scheme Booklet.

References to time

Unless expressly stated otherwise, all references in this Scheme Booklet to time relate to the time in Perth, Western Australia, Australia.

References to currency

Unless expressly stated otherwise, all references in this Scheme Booklet to "\$", "A\$" or "AUD" are references to Australian currency.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding.

Accordingly, their actual calculation may differ from the calculations set out in this Scheme Booklet.

Defined terms

A number of defined terms are used in this Scheme Booklet, the meanings of which are set out in the glossary in Section 11 or elsewhere in this Scheme Booklet. Some of the documents reproduced in the Annexures to this Scheme Booklet each have their own defined terms which are sometimes different from those in the rest of this Scheme Booklet.

Date of Scheme Booklet

This Scheme Booklet is dated 14 November 2012.

TABLE OF CONTENTS

Reasons to vote in favour of or against the Scheme	1
Important dates	2
Letter from the Chairman of Cortona	3
Letter from the Managing Director of Unity	5
Action required by Cortona Shareholders	6
1 Directors' recommendation and matters relevant to your vote on the Scheme	8
2 Summary of the Scheme	15
3 Frequently asked questions	19
4 Profile of Cortona	23
5 Profile of Unity	34
6 Profile of Merged Group	45
7 Risk factors	52
8 Taxation implications	61
9 Implementation of the Scheme	64
10 Additional information	69
11 Glossary, definitions and interpretation	75
Annexure A – Independent Expert's Report	84
Annexure B – Scheme of Arrangement	250
Annexure C – Deed Poll	269
Annexure D – Notice of Scheme Meeting	280
Corporate Directory	283

REASONS TO VOTE IN FAVOUR OF OR AGAINST THE SCHEME

This section is a summary only. Further details of the reasons why you should vote in favour of, or against, the Scheme are set out in Section 1 of this Scheme Booklet.

REASONS TO VOTE IN FAVOUR OF THE SCHEME

The Merged Group will have a strong balance sheet and will be well positioned to develop the Dargues Reef gold project to its full potential, addressing Cortona's current funding uncertainty

Cortona Shareholders will participate in the formation of a growth focussed Australian gold producer, that is larger, more diversified, and better funded than Cortona, and which provides immediate exposure to the current strong gold price through existing production from the Henty Gold Mine

The Merged Group will have an enhanced market presence and greater liquidity than that currently enjoyed by Cortona Shareholders

The Merged Group will have a strong board and management team, with significant production experience, focussed on driving business growth and shareholder value going forward

There is potential for a re-rating of the Merged Group on the basis that perceived funding risks associated with the Dargues Reef gold project are likely to be significantly reduced and the Merged Group will be larger and more diversified than either Cortona or Unity on a stand-alone basis

Cortona Shareholders will acquire exposure to the West African gold sector through Unity's investment in GoldStone Resources Limited

The Independent Expert has concluded that in the absence of a superior proposal, the Scheme is not fair, but reasonable, to Cortona Shareholders and overall is in the best interests of Cortona Shareholders

All of the Cortona Directors have unanimously recommended that you vote in favour of the Scheme in the absence of a Superior Proposal

POSSIBLE REASONS NOT TO VOTE IN FAVOUR OF THE SCHEME

You may not agree with the recommendations by the Independent Expert and the Cortona Directors

Your percentage interest in the Merged Group will be reduced relative to your current interest in Cortona

The investment profile for Cortona Shareholders will change and you may consider the investment profile of the Merged Group to be inferior to that of Cortona as a stand-alone entity

You may consider that there is the potential for a Superior Proposal to be made to Cortona in the foreseeable future

There are risks in integrating the respective businesses of Cortona and Unity

Although the merger ratio is fixed at 0.734 New Unity Shares for each Scheme Share, the exact value of the Scheme Consideration is not certain and will depend on the price at which Unity Shares trade on ASX after the Implementation Date

Following implementation of the Scheme, the Merged Group's share price may change and there is no guarantee that the implied value of the Scheme Consideration will be realised

IMPORTANT DATES

Date of this Scheme Booklet	14 November 2012
Latest date and time for receipt of proxy forms or powers of attorney for the Scheme Meeting	10.00 am (Perth time) on 19 December 2012
Time and date for determining eligibility to vote at the Scheme Meeting	5.00 pm (Perth time) on 19 December 2012
Scheme Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia	10.00 am (Perth time) on 21 December 2012

If the Scheme is agreed to by Cortona Shareholders

Second Court Date for approval of the Scheme	9 January 2013
Effective Date Court order lodged with ASIC and announcement to ASX	
Last day of trading in Cortona Shares – Cortona Shares suspended from trading on ASX from close of trading on ASX	9 January 2013
Record Date for Scheme Consideration	5.00 pm (Perth time) on 16 January 2013
Implementation Date Issue of Scheme Consideration to Scheme Participants	23 January 2013

All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and any other Governmental Agency. Any changes to the above timetable (which may include an earlier or later date for the Second Court Hearing) will be announced through ASX and notified on Cortona's website at www.cortonaresources.com.au.

All references to time in this Scheme Booklet are references to Perth time unless otherwise stated. Any obligation to do an act by a specified time in an Australian time zone must be done at the corresponding time in any other jurisdiction.



LETTER FROM THE CHAIRMAN OF CORTONA

14 November 2012

Dear Cortona Shareholder,

Recommended Merger between Cortona and Unity

It is my great pleasure to provide you with this Scheme Booklet, which sets out the key benefits and strategic rationale for the proposed merger of your company, Cortona Resources Limited (**Cortona**), with Unity Mining Limited (**Unity**), and addresses a range of other considerations and questions for you as a Cortona Shareholder.

On 28 September 2012, Cortona and Unity announced that they had entered into a Scheme Implementation Agreement (**SIA**) in relation to a proposed transaction which, if implemented, will result in Unity acquiring all of the issued shares in Cortona by way of a scheme of arrangement (**Merger**). As a Cortona Shareholder, if the Merger proceeds, you will receive 0.734 Unity shares for each share you hold in Cortona.

As your Chairman, I strongly support the Merger, as does the rest of the Cortona Board. We firmly believe that the Merger will provide an excellent outcome for all Cortona shareholders.

The Cortona Board unanimously recommends that you vote in favour of the Merger, subject only to no Superior Proposal emerging. In addition, BDO Corporate Finance (WA) Pty Ltd, as the Independent Expert, has determined that in the absence of a superior proposal, the Merger is not fair, but reasonable, to Cortona Shareholders and overall is in the best interests of Cortona Shareholders.

As you would be well aware, Cortona's Dargues Reef gold project has received all necessary regulatory approvals required to enable mine development to commence. However, the development of the project requires an injection of capital into Cortona, which has proved challenging to secure on terms that would not materially dilute shareholder interests.

The Merger with Unity addresses Cortona's current funding uncertainty and creates a Merged Group that is well placed to unlock value through the development of the Dargues Reef gold project. Leveraging off Unity's financial strength and underground production expertise is not only expected to expedite the development of the project, but should also reduce risks associated with the critical development and commissioning phase of that project.

The Cortona Directors are unanimous in their view that the Merger will provide a number of significant benefits to Cortona Shareholders including:

- being a shareholder in a company that has a strong balance sheet that is well positioned to develop the Dargues Reef gold project to its full potential – Unity had more than \$39 million in cash at the end of the September 2012 quarter, which together with ongoing cash flow generated from gold production at Unity's Henty Gold Mine, provides a highly attractive funding solution to the equity contribution required for the development of Cortona's Dargues Reef gold project;
- participating in the formation of a growth focussed Australian gold producer, that is larger, more diversified, and better funded than Cortona, and which provides immediate exposure to the current strong gold price through existing production from Unity's Henty Gold Mine - Unity has forecast its Henty Gold Mine to produce between 45,000 – 55,000 ounces of gold in FY2013;
- an enhanced market presence and greater liquidity than that currently enjoyed by Cortona Shareholders;
- a strong board and management team focussed on driving business growth and shareholder value going forward – Cortona Shareholders will be able to leverage off the significant underground gold mining experience and skills of the Unity board and management to reduce the risks inherent in developing a new gold mine;
- an opportunity to participate in a potential re-rating of the Merged Group, as the Merger will reduce the funding risks faced by Cortona in attempting to progress the development of the Dargues Reef gold project, as well as resulting in a larger and more diversified gold company than either Cortona or Unity on a stand-alone basis; and
- exposure to prospective gold projects in the West African countries of Ghana, Senegal and Gabon, through Unity's 34% shareholding in AIM-listed GoldStone Resources Limited.

LETTER FROM THE CHAIRMAN OF CORTONA

The Cortona Board's unanimous support for the Merger follows careful consideration of the options available to Cortona, which included endeavouring to proceed with development of the Dargues Reef gold project on a stand-alone basis.

The Cortona Board is extremely proud of Cortona's achievements since acquiring the Dargues Reef gold project in 2007, which has seen Cortona grow from a grass roots explorer to being on the verge of developing one of Australia's next gold mines. The Merger with Unity is a logical progression in the Company's development.

Please read this Scheme Booklet carefully as it contains important information in relation to the Scheme, including the reasons for your directors' recommendation and the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd.

Your vote is important regardless of how many Cortona Shares you own. If you are unable to attend the Scheme Meeting in person, I encourage you to vote by completing your personalised proxy forms which are enclosed with this Scheme Booklet, and returning them in accordance with the directions on those forms so that they are received by no later than 10.00 am (Perth time) on Wednesday, 19 December 2012. If you are in any doubt as to what actions you should take, please consult your professional advisor without delay.

If you require further information regarding the Scheme please call the Cortona Information Line on 1800 821 514 (for callers within Australia) or +61 2 8256 3369 (for callers outside Australia).

Yours sincerely



Clive Jones

Chairman
Cortona Resources Limited

LETTER FROM THE MANAGING DIRECTOR OF UNITY

14 November 2012

Dear Cortona Shareholder,

The Unity Board is delighted to provide Cortona Shareholders with the opportunity to participate in the merger of Unity and Cortona. The Merger will create a growing Australian gold business with an annual production profile of around 100,000 ounces once the Dargues Reef gold project becomes fully operational, with the capacity for continued growth through logical industry consolidation.

Unity believes the Merger is highly compelling, and provides a number of benefits to both Cortona and Unity shareholders that are detailed in this Scheme Booklet, including the creation of a merged entity with the financial and operational strength to underpin the near-term development of the Dargues Reef gold project. Unity brings to the table a track record of project development and operational credibility that will support the successful development of Dargues Reef.

From the day of the implementation of the Merger, Cortona Shareholders will have an immediate exposure to gold production at our Henty Gold Mine. Gold production for the Merged Group will grow as Dargues Reef moves into the production phase.

The Cortona Board has unanimously recommended that Cortona Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal, and the Independent Expert has concluded that the Scheme is not fair, but reasonable, to Cortona Shareholders and overall is in the best interests of Cortona Shareholders.

As a Cortona Shareholder, your vote is important in order to ensure that the Merger is implemented so that the benefits associated with the Merger can be delivered for both Cortona and Unity shareholders.

This Scheme Booklet provides important information in relation to the Merger, and on behalf of the Unity Board I encourage you to vote in favour of the Scheme at the Scheme Meeting to be held on Friday, 21 December 2012.

I look forward to welcoming you as a shareholder of Unity following the successful implementation of the Merger.

Yours sincerely,



Andrew McIlwain

Managing Director and CEO
Unity Mining Limited

ACTION REQUIRED BY CORTONA SHAREHOLDERS

1 YOUR VOTE IS IMPORTANT

Every Cortona Shareholder is urged to vote, regardless of the size of your shareholding.

For the Scheme to proceed, it is necessary that sufficient Cortona Shareholders vote in favour of the Scheme. If you are registered as a Cortona Shareholder at 5.00 pm (Perth time) on Wednesday, 19 December 2012, you will be entitled to vote on the Scheme Resolution.

2 CAREFULLY READ THIS SCHEME BOOKLET

This Scheme Booklet is an important document and you should read it carefully and in its entirety (including the reasons to vote in favour of the Scheme and the reasons not to vote in favour of the Scheme as set out in Section 1) before making any decision on how to vote on the Scheme Resolution.

There are answers to questions you may have about the Scheme set out in the "Frequently asked questions" in Section 3. If you have any additional questions in relation to this Scheme Booklet or the Scheme, please call the Cortona Information Line on 1800 821 514 (for callers within Australia) or +61 2 8256 3369 (for callers outside Australia).

3 NOTICE OF SCHEME MEETING

The Scheme will be voted on by Cortona Shareholders at the Scheme Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 21 December 2012, commencing at 10.00 am (Perth time).

The Notice of Scheme Meeting is contained in Annexure D to this Scheme Booklet.

4 HOW TO VOTE

You may vote on the Scheme by attending the Scheme Meeting in person, or by proxy, attorney or, in the case of a corporation which is a Cortona Shareholder, by corporate representative.

Further information on the method of voting is contained in the Notice of Scheme Meeting contained in Annexure D.

The Scheme will not proceed unless the Scheme is approved by Cortona Shareholders.

A reply paid envelope is enclosed for Cortona Shareholders who wish to post back their Proxy Form.

Voting in person

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting. A Cortona Shareholder who wishes to attend and vote in person will be admitted to the Scheme Meeting and given a voting card at the point of entry to the meeting on disclosing their name and address.

Voting if you are not attending the Scheme Meeting

To appoint a proxy to vote on your behalf in respect of the Scheme, you must complete the enclosed personalised Proxy Form in accordance with the instructions and return it in the reply paid envelope enclosed or by facsimile.

If your proxy is signed by an attorney, please also enclose the authority under which the proxy is signed (or a certified copy of the authority).

Proxy Forms and powers of attorney must be received by the Cortona Registry (whether in person, by mail or facsimile) by no later than 10.00 am (Perth time) on Wednesday, 19 December 2012 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting). Proxy Forms and powers of attorney received after this time will not be effective.

Information setting out how you may vote by appointment of a proxy or attorney is contained in the Notice of Scheme Meeting.

ACTION REQUIRED BY CORTONA SHAREHOLDERS

5 VOTING ENTITLEMENT

Each Cortona Shareholder who is registered on the Register at 5.00 pm (Perth time) on Wednesday, 19 December 2012 is entitled to attend and vote at the Scheme Meeting, in person or by proxy or attorney or, in the case of a corporation which is a Cortona Shareholder, by its representative appointed in accordance with the Corporations Act. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

Voting is not compulsory.

In the case of Cortona Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held Cortona Shares, only the vote of the Cortona Shareholder whose name appears first in the Register will be counted.

6 CORTONA INFORMATION LINE

For further information, you can call the Cortona Information Line on 1800 821 514 (within Australia) or +61 2 8256 3369 (outside Australia).

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1 DIRECTORS' RECOMMENDATION AND MATTERS RELEVANT TO YOUR VOTE ON THE SCHEME

1.1 The Cortona Directors unanimously recommend you vote in favour of the Scheme

The Cortona Directors unanimously recommend that Cortona Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.

Each Cortona Director who holds or controls Cortona Shares intends to vote in favour of the Scheme, subject to there being no Superior Proposal.

In making their recommendation and determining how to vote on the Scheme, the Cortona Directors have considered the advantages and disadvantages of the Scheme and in particular, the following:

- the reasons for Cortona Shareholders to vote in favour of the Scheme, as set out in Section 1.2;
- the potential disadvantages of the Scheme set out in Section 1.3 and the risks associated with the Scheme and implementation of the Merger set out in Section 7.4;
- the risks associated with Cortona's and the Merged Group's business, as set out in Sections 7.1 to 7.3; and
- the Independent Expert's Report, which is attached as Annexure A.

The advantages, disadvantages and risks of the Scheme may affect Cortona Shareholders in different ways depending on their individual circumstances.

In considering whether to vote in favour of the Scheme, the Cortona Directors encourage you to:

- read the whole of this Scheme Booklet (including the risks outlined in Section 7 and the Independent Expert's Report in Annexure A);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- obtain financial advice from your broker or financial adviser on the Scheme, and obtain taxation advice on the effect of the Scheme becoming Effective, which takes into account your particular circumstances;
- consider current trading prices of Cortona Shares and Unity Shares on the ASX; and
- consider the potential trading price of Cortona Shares if the Scheme is not approved by Cortona Shareholders and the Scheme is not subsequently implemented.

The interests of Cortona Directors are disclosed in Section 10.1 of this Scheme Booklet.

1.2 Why you should vote in favour of the Scheme

The Cortona Directors are unanimous in their view that the Scheme is in the best interests of Cortona Shareholders and recommend that Cortona Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal, for the reasons set out below.

1	The Merged Group will have a strong balance sheet and will be well positioned to develop the Dargues Reef gold project to its full potential, addressing Cortona's current funding uncertainty
2	Cortona Shareholders will participate in the formation of a growth focussed Australian gold producer, that is larger, more diversified, and better funded than Cortona, and which provides immediate exposure to the current strong gold price through existing production from Unity's Henty Gold Mine
3	The Merged Group will have an enhanced market presence and greater liquidity than that currently enjoyed by Cortona Shareholders
4	The Merged Group will have a strong board and management team, with significant production experience, focussed on driving business growth and shareholder value going forward
5	There is potential for a re-rating of the Merged Group on the basis that perceived funding risks associated with the Dargues Reef gold project are likely to be reduced and that the Merged Group will be larger and more diversified than either Cortona or Unity on a stand-alone basis
6	Cortona Shareholders will acquire exposure to the West African gold sector through Unity's investment in GoldStone Resources Limited
7	The Independent Expert has concluded that in the absence of a superior proposal, the Scheme is not fair, but reasonable, to Cortona Shareholders and overall is in the best interests of Cortona Shareholders
8	All of the Cortona Directors have unanimously recommended that you vote in favour of the Scheme in the absence of a Superior Proposal

(a) **The Merged Group will have a strong balance sheet and will be well positioned to develop the Dargues Reef gold project to its full potential, addressing Cortona's current funding uncertainty**

The current market conditions have made it challenging for Cortona to source development funding for the Dargues Reef gold project on reasonable commercial terms. This has been compounded by the fact that as a small company with no operating cash flow and limited previous experience in managing an operating gold mine, starting up a new gold mine in a one project company is considered to be a high risk proposition.

The Merged Group will have a strong balance sheet and will be well positioned to develop the Dargues Reef gold project to its full potential in a timely manner as a result of:

- a cash balance of approximately \$41 million¹;
- strong operating cash flow from the producing Henty Gold Mine in Tasmania, which is forecast to produce between 45,000 – 55,000 ounces gold in the financial year ended 30 June 2013; and
- enhanced potential to secure and negotiate future debt and equity funding requirements on more favourable terms, relative to Cortona on a standalone basis.

If the Merger does not proceed, Cortona would be required to raise additional working capital in the short term, in addition to the capital required to fund the development of the Dargues Reef gold project. In these circumstances, the development of the Dargues Reef gold project is likely to be delayed (see Section 7.4(j) for further information).

(b) **Cortona Shareholders will participate in the formation of a growth focussed Australian gold producer, that is larger, more diversified, and better funded than Cortona, which provides immediate exposure to the current strong gold price through existing production from Unity's Henty Gold Mine**

The Merger of Cortona and Unity will result in the formation of a growth focussed Australian gold production company, and see the combination of Unity's Henty Gold Mine in Tasmania, which produced over 50,000 ounces of gold in the 2012 financial year, with Cortona's Dargues Reef gold project in New South Wales, which is expected to produce an average of 50,000 ounces of gold per year over an initial five year life of mine.

There are many benefits that Cortona Shareholders will enjoy as a result of being part of a larger gold company, including:

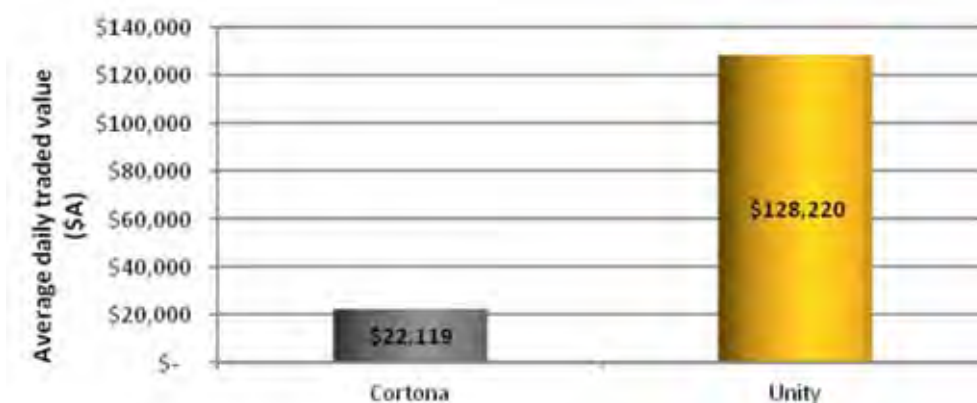
- becoming shareholders in a bigger and more diversified mining company, with exposure to the producing Henty Gold Mine, the Dargues Reef development project, and a range of exploration interests;
- immediate exposure to the current strong gold price through existing production from Unity's Henty Gold Mine in Tasmania;
- there being a material increase in Ore Reserves as a result of the Merger to approximately 351,000 ounces of gold and Mineral Resources to approximately 736,000 ounces of gold;
- greater financial resources and capacity to aggressively explore the exploration interests of the Merged Group in Tasmania and New South Wales;
- reduced reliance on equity capital markets as a source of capital, due to the Merged Group's strong balance sheet and operating cash flow;
- potential synergies, including access to Unity's proven underground mining and development skills, and the potential to use components from Unity's Kangaroo Flat plant at the Dargues Reef gold project;
- enhanced ability to source equity and debt funding on more favourable terms, due to the greater scale and diversity of the Merged Group;
- improved access to growth opportunities which are unlikely to otherwise be available to Cortona as a stand-alone entity;
- access to a broader technical and operational workforce; and
- enhanced capital markets profile, which is expected to attract broader investor interest, particularly from institutional investors.

¹ Based on the cash balance of Cortona and Unity as at 30 September 2012, not including \$8 million in cash-backed environmental bonds held by Unity. The cash balance does not include costs associated with the implementation of the Merger, which are expected to be approximately \$2.2 million.

(c) **The Merged Group will have an enhanced market presence and greater liquidity than that currently enjoyed by Cortona Shareholders**

If the Merger proceeds, you will benefit by receiving shares in the Merged Group that will be substantially more liquid than Cortona Shares on a stand-alone basis.

In the current financial year, up until the announcement of the Merger on 28 September 2012, the average daily value of Unity Shares traded was almost 6 times greater than the average daily value of Cortona Shares traded. The relative average daily value traded over this period is represented graphically below.



The Merged Group's increased asset suite, greater resource base, stronger production profile and increased market capitalisation is expected to raise the profile of the Merged Group in capital markets, and widen the range of potential investors interested in investing in the Merged Group.

This in turn is expected to result in increased analyst coverage of the Merged Group, and enhance the liquidity of shares in the Merged Group.

(d) **The Merged Group will have a strong board and management team, with significant production experience, focussed on driving business growth and shareholder value going forward**

The Merger will capitalise on the combined talents of the board and management teams of both Cortona and Unity.

The Merged Group will be led by Unity's current Managing Director, Mr Andrew McIlwain. Cortona's current Chairman, Mr Clive Jones, will be the Non-Executive Chairman of the Merged Group, and Cortona's Managing Director, Mr Peter van der Borgh, will be an Executive Director of the Merged Group.

In addition, several of Cortona's senior technical staff will be offered roles within the Merged Group. The continuity of these key Cortona employees who have been intimately involved in the progression of the Dargues Reef gold project from exploration, through to feasibility studies and pre-development activities, will ensure the retention of their deep level of knowledge of the Dargues Reef gold project and should assist with the rapid and optimal development of the project.

The integration of the boards and management teams of Cortona and Unity will allow for effective allocation of resources to the Merged Group's assets at both the operational and development levels. This should in turn provide for an increased focus on ongoing improvements to the operating assets and is expected to expedite development of the Dargues Reef gold project. To this end, Unity has agreed to provide Cortona with a loan facility of up to \$1 million with which to fund certain agreed activities in order to seek to expedite the development of the Dargues Reef gold project. Further information on this loan facility is set out in section 4.5(d) of this Scheme Booklet.

The Merger also provides the opportunity to leverage off the success and experience of the Unity management team in mining an underground gold deposit, by applying that knowledge and experience to Dargues Reef.

Since acquiring the Henty Gold Mine from Barrick Gold in 2009, at which point the mine had only 6 months of planned production remaining, Unity has produced in excess of 134,000 ounces of gold at an average cash cost of approximately \$880 per ounce (before royalties), delineated an additional 350,000 ounces of gold Mineral Resources, and consistently extended the mine life through new discoveries, including the Newton Zone and higher grade Read Zone.

The Cortona Directors believe that leveraging off the combined skill sets of both the Cortona and Unity management teams will result in the Merged Group being well equipped to drive business growth and shareholder value going forward.

(e) **Potential re-rating of the Merged Group**

Cortona Shareholders may benefit from the potential re-rating of Cortona's assets in the Merged Group as the perceived funding risks associated with the development of the Dargues Reef gold project are likely to be reduced for the Merged Group, as opposed to if Cortona sought to progress the development of that project on a stand-alone basis. In addition, the greater asset mix and share market capitalisation, increased Mineral Resources and Ore Reserves, expected growth in production and enhanced share liquidity of the Merged Group may all be expected to assist in a positive market re-rating of the Merged Group.

Cortona's share price has strengthened since the announcement of the Merger. Immediately prior to the announcement of the Merger, Cortona's last closing share price was 8.3 cents, and the last closing share price on 9 November 2012, being the last practical date prior to printing of this Scheme booklet, was 9.4 cents, representing an increase of approximately 13% to Cortona's share price immediately prior to announcement of the Merger.

The Cortona Board considers that the improved share price post-announcement of the Merger is in part due to the improved confidence in Cortona's assets as part of the Merged Group.

(f) **Cortona Shareholders will acquire exposure to the West African gold sector through Unity's investment in GoldStone Resources Limited**

Unity has a shareholding of 34%, and is the largest shareholder of GoldStone Resources Limited (**GoldStone**), which is listed on the Alternative Investment Market (**AIM**) of the London Stock Exchange². GoldStone has a portfolio of exploration assets in three West African nations, being Ghana, Senegal and Gabon, which range from grassroots to advanced exploration assets. As at 9 November 2012, GoldStone had a market capitalisation of approximately \$14.4 million³, implying a market value of \$4.9 million for the 34% shareholding that is owned by Unity.

The most advanced of GoldStone's projects is the Homase/Akrokerry Project, which is located near AngloGold Ashanti's Obuasi gold mine within the mineralised Ashanti Gold Belt in Ghana where more than seventy million ounces of gold have been discovered. GoldStone has reported a JORC compliant Mineral Resource for the Homase/Akrokerry Project of 502,000 ounces of gold at an average grade of 1.74g/t Au.

The Cortona Board considers that the exposure to gold exploration in West Africa, and particularly the existing 502,000 ounce Mineral Resource in a well-known mineralised region of Ghana, is of significant value to Cortona Shareholders, and provides the Merged Group with leverage to any potential future exploration success at any of GoldStone's projects in West Africa.

Further information about GoldStone's exploration projects and access to GoldStone's company announcements are available on GoldStone's website: www.goldstoneresources.com.

(g) **The Independent Expert has concluded that in the absence of a superior proposal, the Scheme is not fair, but reasonable, to Cortona Shareholders and overall is in the best interests of Cortona Shareholders**

BDO Corporate Finance (WA) Pty Ltd was engaged by the Cortona Board as the Independent Expert to assess whether the Scheme is in the best interests of Cortona Shareholders.

Overall, the Independent Expert has concluded that in the absence of a superior proposal, the Scheme is in the best interests of Cortona Shareholders.

In reaching this view, the Independent Expert has concluded that the Scheme is not fair but reasonable for Cortona Shareholders.

The Independent Expert considered the Scheme to be not fair to Cortona Shareholders because the Independent Expert's preferred value of a Cortona Share of \$0.1612 is more than the Independent Expert's preferred value of 0.734 shares in the Merged Entity, being \$0.1102 per share. However, the Independent Expert considered the Scheme to be reasonable because in the absence of a superior proposal, the position of Cortona Shareholders if the Scheme is approved was thought to be more advantageous than the position if the Scheme is not approved.

The Independent Expert's Report is contained in Annexure A to this Scheme Booklet, and Cortona Shareholders are encouraged to read the report in full.

² The information relating to GoldStone in this Section is sourced from GoldStone's website: www.goldstoneresources.com.

³ Market capitalisation of GoldStone is based on GoldStone's last recorded traded price on the Alternative Investment Market of the London Stock Exchange on 9 November 2012, and a foreign exchange rate on the same date of 1.531 Australian dollars for every 1 British pound, which was the last practicable date for calculating the market capitalisation prior to printing this Scheme Booklet.

(h) All of the Cortona Directors have unanimously recommended that you vote in favour of the Scheme in the absence of a Superior Proposal

The Cortona Directors have considered the Merger with Unity and have unanimously recommended that Cortona Shareholders vote in favour of the Scheme in the absence of a Superior Proposal. All the Cortona Directors have formed their conclusion and made their recommendation based on the matters outlined in this Section. The Cortona Directors have additionally had regard to the risks associated with the Scheme which are further outlined in Section 7.

Each Cortona Director who holds Cortona Shares, or on whose behalf Cortona Shares are held, intends to vote those shares in favour of the Scheme, in the absence of any Superior Proposal.

At the date of this Scheme Booklet, your Directors have not received an alternative proposal from any other potential acquirers, nor are they aware of any party with an intention to make such a proposal.

1.3 Potential disadvantages or risks associated with the Scheme

The Scheme has a number of potential disadvantages and risks that Cortona Shareholders should consider in deciding whether or not to vote in favour of the Scheme.

While the Cortona Board is of the opinion that these disadvantages and risks are outweighed by the Scheme's advantages, and that the Scheme is in the best interests of Cortona Shareholders in the absence of a Superior Proposal, Cortona Shareholders should consider their individual circumstances in determining how to vote in relation to the Scheme.

(a) You may not agree with the recommendations by the Independent Expert and the Cortona Directors

Notwithstanding the unanimous recommendation by the Cortona Directors, and the conclusion of the Independent Expert that in the absence of a superior proposal, the Scheme is not fair, but reasonable, to Cortona Shareholders and overall is in the best interests of Cortona shareholders, you may believe that the Scheme is not in your best interests.

In this regard, you should be aware that whilst the Independent Expert concluded that the Scheme is not fair to Cortona Shareholders, overall the Independent Expert considered that the Scheme is reasonable to, and in the best interests of, Cortona Shareholders as the position of Cortona Shareholders if the Scheme is approved was considered to be more advantageous than the position if the Scheme is not approved.

(b) Your percentage interest in the Merged Group will be reduced relative to your current interest in Cortona

If the Merger is implemented, Cortona Shareholders' combined equity interest in the assets of Cortona will reduce from 100% to approximately 28%. However, it is important that Cortona Shareholders appreciate that in the absence of the Merger:

- there would continue to be considerable uncertainty regarding Cortona's ability to successfully fund the development of the Dargues Reef gold project on a stand-alone basis; and
- Cortona Shareholders will not acquire a combined 28% equity interest in the assets of Unity, which include the producing Henty Gold Mine in Tasmania, plant and equipment and exploration tenements in Bendigo, Victoria, a 34% shareholding in GoldStone, and cash reserves of in excess of \$39 million⁴,

and would not benefit from the other benefits expected to be realised as a result of the Merger with Unity. Cortona would also need to repay any amounts loaned by Unity for the purpose of expediting the development of the Dargues Reef gold project. Further information on this loan facility is set out in section 4.5(d) of this Scheme Booklet.

(c) The investment profile for Cortona Shareholders will change

The operational profile, capital structure, size and geography of the Merged Group will be different to that of Cortona on a stand-alone basis.

It is possible that certain Cortona Shareholders may wish to maintain an interest in Cortona as a stand-alone entity because they are seeking an investment in a publicly listed company with the specific characteristics of Cortona. The change in investment profile resulting from the Merger may be considered to be a disadvantage to such shareholders.

In addition, if the Scheme is implemented, there will be a change in the risk profile to which Cortona Shareholders are exposed. Cortona will merge its business with that of Unity and Cortona Shareholders will receive New Unity Shares. As a consequence, Cortona Shareholders will be exposed to risk factors relating to Unity, and to certain additional risks relating to the Merged Group and the integration of the two companies. These include risks relating to the operation of a broader suite of assets than Cortona currently holds. In a number of cases, those risks are different from or additional to those currently faced by Cortona Shareholders. The change in risk profile may be seen to be a disadvantage by some Cortona Shareholders.

⁴ As at 30 September 2012, as per Unity's quarterly report for the period ended 30 September 2012 (not including \$8 million in cash-backed environmental bonds).

Section 7 discusses the risk factors relating to Cortona, Unity and the Merged Group. Cortona Shareholders are encouraged to read that section in its entirety. It is also important to note that certain risks will apply if the Scheme does not proceed. These are also discussed in Section 7.

(d) A Superior Proposal for Cortona may yet emerge

It is possible that a Superior Proposal for Cortona may materialise in the future which is more attractive for Cortona Shareholders than the Merger. The implementation of the Merger would mean that Cortona Shareholders would not be able to obtain the benefit of any such proposal.

The Cortona Board is not currently aware of any such proposal, nor are they aware of any party with an intention to make such a proposal, and notes that since Cortona and Unity announced the Merger, there has been a significant period of time and ample opportunity for an alternative proposal for Cortona to emerge.

As described in Section 2.5, Cortona did not receive any alternative merger proposals prior to entering into the Scheme Implementation Agreement with Unity. Since the Scheme was announced, no superior alternative proposal has emerged, and the Cortona Directors have determined that the Merger is the best option available to Cortona Shareholders at the date of this Scheme Booklet. It is important to note that shareholders in the Merged Group will still have an opportunity to realise a control premium in the event of any future change of control transaction for the Merged Group.

(e) Integration risk

The long-term success of the Merged Group will depend, amongst other things, on the success of management in integrating the respective businesses and the strength of management of the Merged Group. There is no guarantee that the businesses of the Merged Group will be able to be integrated successfully within a reasonable period of time. There are risks that any integration of the businesses of Cortona and Unity may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel.

(f) Although the merger ratio is fixed at 0.734 New Unity Shares for each Scheme Share, the exact value of the Scheme Consideration is not certain

Under the terms of the Merger, Cortona Shareholders on the Register as at the Record Date will receive 0.734 New Unity Shares for each Cortona Share they hold. The exact value of this Scheme Consideration that would be realised by individual Cortona Shareholders will depend on the price at which the New Unity Shares trade on ASX after the Implementation Date.

In addition, the Sale Facility Agent will be issued the New Unity Shares that would otherwise be issued to Ineligible Foreign Shareholders and will sell them on market as soon as reasonably practicable after the Implementation Date (see Section 2.12). Although the quantum of these sales is expected to be limited, it is possible that such sales may exert downward pressure on the Merged Group's share price during the applicable period.

(g) Following implementation of the Merger, the Merged Group's share price might change

Following the implementation of the Merger, the Merged Group's share price may rise or fall based on market conditions and the Merged Group's financial and operational performance. If the Merged Group's share price falls, the value of the New Unity Shares received by Cortona Shareholders as Scheme Consideration will decline in value. Accordingly, there is no guarantee that the implied value of the Scheme Consideration to be received under the Merger will be the same as the implied value of that consideration as at the date of announcement of the Merger.

1.4 Other relevant considerations

(a) Implications for Cortona if the Merger is not implemented

If the Merger is not implemented, Cortona will continue to operate its current business on a stand-alone basis. Each Cortona Shareholder will retain their Cortona Shares and will not receive any New Unity Shares.

In these circumstances, and in the absence of a Superior Proposal emerging, there would continue to be considerable uncertainty regarding Cortona's ability to successfully fund the development of the Dargues Reef gold project on a stand-alone basis. Further, Cortona is likely to need to raise additional working capital in the short term to fund its ongoing activities and to repay any amounts lent to Cortona by Unity (if any) for the purposes of expediting the development of the Dargues Reef gold project.

As a result, Cortona Shares may trade below their current market price (or the value attributed by the Independent Expert) if the Merger is not implemented.

(b) The Merger may be implemented even if you do not vote, or vote against the Scheme

You should be aware that even if you do not vote, or you vote against the Scheme, the Scheme may still be implemented if it is approved by the requisite majority of Cortona Shareholders and by the Court.

If this occurs and you are a Cortona Shareholder, your Cortona Shares will be transferred to Unity and you will receive New Unity Shares (unless you are an Ineligible Foreign Shareholder, in which case you should refer to Sections 2.11 and 2.12) even though you did not vote on, or voted against, the Scheme.

(c) Rights, obligations and Break Fee under Scheme Implementation Agreement

Under the Scheme Implementation Agreement entered into between Cortona and Unity, a liquidated amount (or Break Fee) of approximately \$220,000 may become payable by Cortona to Unity in certain circumstances. The Scheme Implementation Agreement also sets out various other rights and obligations of Cortona and Unity in relation to the Merger. See Sections 9.1 to 9.7 for further details.

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2 SUMMARY OF THE SCHEME

2.1 Background

On 28 September 2012, Cortona and Unity announced a proposal for the Merger of Cortona and Unity by way of a scheme of arrangement between Cortona and its shareholders. If the Scheme proceeds:

- all Cortona Shares will be transferred to Unity;
- all Cortona Shareholders as at the Record Date (whether or not they voted for or against the Scheme), other than Ineligible Foreign Shareholders, will receive the Scheme Consideration, being shares in Unity; and
- Cortona will be de-listed from ASX and will become a wholly-owned subsidiary of Unity.

This Scheme Booklet contains important information that the Cortona Board believes Cortona Shareholders should consider in deciding whether or not to vote in favour of the Scheme.

2.2 What you will receive

If the Scheme is approved and implemented, Cortona Shareholders will receive 0.734 New Unity Shares for every Cortona Share they hold as at the Record Date.

Written confirmation of your holding of New Unity Shares is expected to be despatched to you within five Business Days after the Implementation Date.

Ineligible Foreign Shareholders should refer to Sections 2.11 and 2.12 for further details about the timing for payment of the consideration they will receive.

2.3 Recommendation and voting intentions of Cortona Directors

For the reasons set out in Section 1, the Cortona Directors recommend that Cortona Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.

The interests of Cortona Directors are disclosed in Section 10.1 of this Scheme Booklet.

If a Superior Proposal emerges, this will be announced to the ASX and the Cortona Directors will carefully reconsider the Scheme and advise you of their recommendation.

Each of your directors intends to vote all Cortona Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal.

2.4 Independent Expert's conclusions

The Cortona Directors commissioned the Independent Expert, BDO Corporate Finance (WA) Pty Ltd, to prepare a report on the Scheme on whether the transaction contemplated by the Scheme is in the best interests of Scheme Participants.

Overall, the Independent Expert has concluded that in the absence of a superior proposal, the Scheme is in the best interests of Scheme Participants. In reaching this view, the Independent Expert has concluded that the Scheme is not fair but reasonable for Cortona Shareholders.

For further details, you should refer to Section 1.2(g) and the Independent Expert's report which is set out in full in Annexure A to this Scheme Booklet.

2.5 Other alternatives considered

Cortona considered a range of potential alternatives prior to entering into the Scheme Implementation Agreement with Unity, including seeking to source the necessary development capital for the Dargues Reef gold project from equity and debt markets. However, after assessing the amount required to be raised and the prevailing market conditions, the Cortona Directors formed the view that the company was unlikely to raise the required development capital as a stand-alone company on reasonable commercial terms.

Accordingly, Cortona commenced investigating the potential to merge with another gold company to bolster its prospects of financing the development of the Dargues Reef gold project. Whilst Cortona held a number of exploratory discussions with a range of potential merger candidates, Cortona did not receive any alternative merger proposals immediately prior to entering into the Scheme Implementation Agreement with Unity. Since the Scheme was announced, no alternative proposal has emerged. Given the time that has elapsed since the announcement of the Scheme on 28 September 2012, the Cortona Directors believe that a Superior Proposal is unlikely to emerge prior to the Scheme Meeting.

2.6 Conditions of the Scheme

The Scheme is subject to a number of conditions precedent in addition to shareholders approving the Scheme Resolution, including:

- the Court approving the Scheme.
- before 8.00am on the Second Court Date, the Minister administering the *Mining Act 1992* (NSW) giving consent to the Scheme, to the extent required under or in connection with exploration licences held by Cortona.
- no temporary restraining order, preliminary or permanent injunction or other order preventing the Scheme being in effect at 8.00am on the Second Court Date.
- no Cortona Material Adverse Change or Unity Material Adverse Change occurring.
- no Cortona Material Transaction or Unity Material Transaction occurring.

The Scheme will not proceed unless all the conditions are satisfied or waived in accordance with the Scheme Implementation Agreement. Further information regarding these conditions and other conditions to the Scheme are set out in Section 9.2.

As at the date of this Scheme Booklet, Cortona and Unity are not aware of any circumstances which would cause the conditions of the Scheme referred to above and set out in more detail in Section 9.2 not to be satisfied.

2.7 If the Scheme does not proceed

If the Scheme does not proceed, Cortona Shareholders will continue to hold Cortona Shares.

In the absence of any alternative or Competing Proposal to the Scheme, Cortona will continue as a stand-alone entity. Cortona Shareholders will be exposed to the risks relating to Cortona's business set out in Section 7. Cortona would also need to repay any amounts lent to Cortona by Unity for the purpose of expediting the development of the Dargues Reef gold project. Further information regarding this loan facility is set out in section 4.5(d) of this Scheme Booklet.

Depending on the reasons why the Scheme does not proceed, either Cortona or Unity may be liable to pay a break fee of \$220,000 to the other party (**Break Fee**). The Cortona Directors and Unity Directors consider the Break Fee to be reasonable and appropriate in amount, structure and effect. The Break Fee is not payable if the Scheme does not proceed merely because Cortona Shareholders do not vote in favour of the Scheme in sufficient numbers to meet the legal tests. Further information in relation to the Break Fee is set out in Section 9.5.

Cortona will also be liable to pay certain transaction costs in relation to the Scheme, regardless of whether or not the Scheme is implemented. If the Scheme does proceed, additional costs will be incurred.

2.8 Tax implications

The transfer of your Cortona Shares pursuant to the Scheme may be a taxable transaction for you. You should seek your own professional advice regarding the individual tax consequences applicable to you. A summary of relevant taxation implications for Australian residents is contained in Section 8 of this Scheme Booklet.

2.9 No brokerage or stamp duty

No brokerage or stamp duty will be payable by Scheme Participants on the transfer of their Scheme Shares to Unity under the Scheme or the issue by Unity to them of the New Unity Shares as the Scheme Consideration.

2.10 Warranties by Cortona Shareholders

The Scheme provides that each Scheme Participant is taken to have warranted to Cortona and Unity, and appointed and authorised Cortona as its attorney and agent to warrant to Unity, that all their Cortona Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Cortona Shares to Unity together with any rights attaching to those shares.

If you have any concerns about your ability to give this warranty, you should speak to your professional adviser.

2.11 Foreign Shareholders

A Cortona Shareholder whose address shown in the Cortona Register is a place outside Australia and its external territories, New Zealand and the United Kingdom is an Ineligible Foreign Shareholder under the Scheme, unless Cortona and Unity are reasonably satisfied that the issue of New Unity Shares to the foreign shareholder in that jurisdiction is neither prohibited by law nor unduly onerous. Unity is not obliged to issue New Unity Shares to an Ineligible Foreign Shareholder. The New Unity Shares that would otherwise have been issued to an Ineligible Foreign Shareholder will be issued to the Sale Facility Agent (and/or to a nominee of the Sale Facility Agent) on the Implementation Date and dealt with in the manner described in Section 2.12.

(a) United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Unity Shares. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Unity Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA, as instituted by the Prospectus Directive (2003/71/EC)) received in connection with the issue of the New Unity Shares has only been communicated, and will only be communicated, in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to Cortona. In the United Kingdom, this document is being distributed only to, and is directed at, persons to whom it may lawfully be made within the circumstances described in Article 62 of FSMA (Financial Promotion) Order 2005 and/or any other persons to whom it may lawfully be communicated (all such persons being referred to as **Relevant Persons**).

The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

(b) United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act of 1933, as amended, and applicable US state securities laws.

2.12 Sale of New Unity Shares by the Sale Facility Agent

As indicated in Section 2.11, Ineligible Foreign Shareholders will not receive New Unity Shares under the Scheme. Instead, the New Unity Shares that would otherwise have been issued to Ineligible Foreign Shareholders will be issued to the Sale Facility Agent on the Implementation Date.

Unity will:

- procure that the Sale Facility Agent sells or procures the sale of all the New Unity Shares issued to the Sale Facility Agent as soon as possible after the Implementation Date; and
- remit to the Ineligible Foreign Shareholders their proportion of the net proceeds, in full satisfaction of the rights of each Ineligible Foreign Shareholder to the Scheme Consideration.

For each New Unity Share to which an Ineligible Foreign Shareholder is entitled, the shareholder will be paid an amount equivalent to the weighted average price per New Unity Share obtained by the Sale Facility Agent. Any broker fees paid by the Sale Facility Agent in respect of the sale of the New Unity Shares issued to the Sale Facility Agent that would otherwise have been issued to Ineligible Foreign Shareholders will be deducted from the sale proceeds payable to Ineligible Foreign Shareholders. Fees, taxes and charges other than broker fees and stamp duty will also be deducted from the proceeds payable to Ineligible Foreign Shareholders.

Cortona, Unity and the Sale Facility Agent give no assurance as to the price that will be achieved for the sale of New Unity Shares described above. The proceeds that Ineligible Foreign Shareholders will be paid may be more or less than the current market value of Unity Shares.

The sale of the New Unity Shares by the Sale Facility Agent may result in a number of New Unity Shares being offered for sale at the same time. Although the number of shares being sold is not expected to be material, this may have the effect of depressing the sale price of Unity Shares.

The proceeds of the sale of the New Unity Shares will be paid to each relevant shareholder by making a deposit into an account with an Australian bank nominated by the shareholder with the Cortona Registry as at the Record Date.

If the relevant shareholder does not have a nominated Australian bank account with the Cortona Registry as at the Record Date, the shareholder will be sent a cheque drawn on an Australian bank in Australian currency for the proceeds of the sale of the New Unity Shares. If the relevant shareholder's whereabouts are unknown as at the Record Date, Unity will apply the proceeds in accordance with the applicable laws dealing with unclaimed money.

2.13 Treatment of Cortona Options

Cortona will procure the cancellation of all of the Cortona Options on issue immediately prior to the Scheme becoming Effective in exchange for the payment of an agreed cash payment to holders of Cortona Options based on a Black-Scholes valuation methodology (except for the 3,000,000 Cortona Options held by Zenix Nominees Pty Ltd, a Related Body Corporate of Hartleys Limited, which will be cancelled for no consideration). Details of the cash payments to be made to each holder of Cortona Options in consideration for the cancellation of those securities, conditional upon the Scheme being implemented, is set out in Section 10.6.

The ASX has granted a waiver to permit the Cortona Options to be cancelled for consideration without requiring Cortona Shareholder approval to be obtained.

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3 FREQUENTLY ASKED QUESTIONS

Question	Answer	Further information
General questions		
What are Cortona Shareholders being asked to consider?	On 28 September 2012, Cortona and Unity announced a proposal to merge and create a new diversified growth focussed Australian gold producer. The Merger will be implemented by way of scheme of arrangement between Cortona and Cortona Shareholders. If the Merger is implemented, Cortona Shareholders will own approximately 28% of the Merged Group.	Section 2.1
What consideration will I receive?	You will receive 0.734 New Unity Shares for each Cortona Share you own at the Record Date.	Section 2.2
What if I am a Foreign Shareholder?	Cortona Shareholders with registered addresses outside Australia and its external territories, New Zealand, and the United Kingdom, will not be issued with New Unity Shares. Instead, the New Unity Shares that would otherwise have been issued to them will be sold via a sale facility and they will receive the net sale proceeds.	Sections 2.11 and 2.12
Will I have to pay brokerage fees or stamp duty in respect of Scheme Consideration?	No brokerage or stamp duty will be payable by Scheme Participants on the transfer of their Scheme Shares to Unity under the Scheme or the issue by Unity to them of the New Unity Shares as the Scheme Consideration.	Section 2.9
Can I sell my Cortona Shares on the ASX?	You can sell your Cortona Shares on the ASX prior to (and on) the Effective Date. However, you will not be able to do so after the Effective Date. If you sell your Cortona Shares on the ASX: <ul style="list-style-type: none"> • you may pay brokerage on the sale; • you will not share in any potential ongoing benefits of owning shares in the Merged Group; and • there may be different tax consequences for you compared to those that would arise under the implementation of the Merger. 	
Will I be able to trade the New Unity Shares on the ASX?	Unity Shares (ASX: UML) currently trade on the ASX, and the New Unity Shares will trade on the ASX if the Merger is implemented. It is expected that you will be able to trade the New Unity Shares on a deferred settlement basis commencing on the Business Day after the Effective Date. It is expected that the New Unity Shares will trade on a normal settlement basis (T+3) from the fourth Business Day after the Implementation Date.	
What are the tax implications of the transaction?	The transfer of your Cortona Shares pursuant to the Scheme may be a taxable transaction for you. You should seek your own professional advice regarding the individual tax consequences applicable to you. A summary of relevant taxation implications for Australian residents is contained in Section 8 of this Scheme Booklet.	Section 8
Will shareholders be entitled to scrip-for-scrip capital gains tax ("CGT") roll-over relief as part of the transaction?	Based on the general summary of taxation consequences included in Section 1 received by Cortona, following the implementation of the Scheme, Australian-resident Cortona Shareholders who hold Cortona Shares on capital account will be entitled to scrip-for-scrip CGT roll-over relief. You are urged to seek professional taxation advice in relation to your own personal circumstances.	Section 8
Directors recommendation and opinion of the Independent Expert		
What do the Cortona Directors recommend?	All of the Cortona Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.	Section 1.1
What is the opinion of the Independent Expert?	The Independent Expert has concluded that in the absence of a superior proposal, the Scheme is not fair, but reasonable, to Cortona Shareholders and overall is in the best interests of Cortona Shareholders.	Section 1.2(g), Annexure A

Question	Answer	Further information
Transaction details		
Who is Unity?	Unity Mining Limited (ASX: UML) is an Australian gold explorer and producer which owns and operates the Henty Gold Mine on the West Coast of Tasmania and is involved in gold exploration in West Africa through its investment in GoldStone Resources Limited. Unity also holds tenure over the Bendigo Goldfield in Victoria where it has embarked on a plan to realise the value of its Kangaroo Flat gold plant and Bendigo exploration tenements.	Section 5
What is the Scheme?	The Scheme is a scheme of arrangement between Cortona and Cortona Shareholders at the Record Date. A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire another company. The Scheme will effect the merger of Cortona and Unity. If the Scheme is approved and implemented, Cortona Shareholders (other than Ineligible Foreign Shareholders) will receive 0.734 New Unity Shares for each Cortona Share they hold as at the Record Date.	Section 2
Why has the transaction been structured as a scheme of arrangement?	Both Cortona and Unity directors consider the Merger to be in the interests of their respective shareholders, in the absence of a Superior Proposal. Effecting the transaction via the Scheme is believed to be the most efficient structure to implement the Merger and also reflects the co-operative nature of the Merger.	
What is the timetable of the transaction?	The Scheme Meeting is currently scheduled to be held on Friday, 21 December 2012. If Cortona Shareholders approve the Scheme and Court approval is obtained, the Merger is expected to be implemented in January 2013. This is based on the current scheduled timetable of key dates as set out on page 2 of this Scheme Booklet, which is subject to possible change.	See the Important Dates on page 2
When will I receive New Unity Shares?	The issue of the New Unity Shares as Scheme Consideration will occur on the Implementation Date, expected to be in January 2013.	Section 2.2
Under what scenarios can Cortona or Unity terminate the transaction?	The Scheme Implementation Agreement provides for situations where either Cortona or Unity have the right to terminate it and the Merger. These include the Scheme not being approved by the required majorities of Cortona Shareholders, the Court refusing to approve the Scheme (or various other situations relating to restraining orders and similar restraints), the Effective Date for the Scheme not occurring by the End Date, material breach by the other party (subject to certain provisions regarding notice and remedy of the breach) and situations relating to failure to satisfy Conditions Precedent or the occurrence of an Insolvency Event.	Sections 2.6, 9.2 and 9.6
Why is Unity loaning Cortona money?	Unity has agreed to provide Cortona with a loan facility of up to \$1 million with which to fund certain agreed activities in order to seek to expedite the development of the Dargues Reef gold project. Further information on this loan facility is set out in section 4.5(d) of this Scheme Booklet.	
Scheme details and voting		
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 21 December 2012 at 10.00 am (Perth time).	Annexure D
Am I entitled to vote?	Each Cortona Shareholder who is registered on the Register at 5.00 pm (Perth time) on Wednesday, 19 December 2012 is entitled to attend and vote at the Scheme Meeting.	Annexure D
Is my vote important?	Every vote is important. For the Scheme to proceed, it is necessary that sufficient Cortona Shareholders vote in favour of the Scheme.	

Question	Answer	Further information
How do I vote?	Details of how to vote are set out on pages 6 to 7 of this Scheme Booklet and are also included in the Notice of Scheme Meeting in Annexure D of this Scheme Booklet.	Annexure D
What happens if I don't vote or if I vote against the Scheme?	If the Scheme becomes Effective and you are a Cortona Shareholder as at the Record Date, then all of your Cortona Shares will be transferred to Unity and you will receive the Scheme Consideration in accordance with the Scheme (and no further action will be required by you). This will apply to all such shareholders, including those who may have voted against the Scheme or not at all.	Annexure D
How do I vote if I am not able to attend the meetings?	You may complete the enclosed personalised Proxy Form in accordance with the instructions and return it in the reply paid envelope enclosed or by facsimile. The deadline for lodging your Proxy Form is 10.00 am (Perth time) on Wednesday, 19 December 2012.	Annexure D
What vote is required to approve the Scheme?	For the Scheme to proceed, the Scheme Resolution must be passed by: <ul style="list-style-type: none"> • a majority in number of Cortona Shareholders who vote on the Scheme Resolution; and • at least 75% of the votes cast on the Scheme Resolution. The Court has the discretion to waive the first of these two requirements if it considers appropriate to do so.	Annexure D
How do your Directors intend to vote?	Each of your directors intends to vote any Cortona Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal.	Section 2.3
When will the result of the Scheme Meeting be known?	The result of the Scheme Meeting will be available shortly after the conclusion of the meeting and will be announced to ASX when available. Even if the Scheme Resolution is passed by the Scheme Meeting, the Scheme is subject to the further approval of the Court.	
What happens if the Scheme is not approved?	If the Scheme is not approved by Cortona Shareholders, the Scheme will not be implemented, the Merger will not proceed and Cortona Shareholders will not receive the Scheme Consideration. Cortona Shareholders will continue to hold their Cortona Shares and Cortona will continue to operate as a stand-alone entity.	Section 2.7
Are there any other conditions to be satisfied with respect to the Scheme?	The Scheme must be approved by the required shareholder majorities and the Court. The Scheme is also subject to a number of conditions discussed at Sections 2.6 and 9.2 of this Scheme Booklet, which include approval by the Minister administering the <i>Mining Act 1992</i> (NSW) (to the extent the Minister's approval is required under or in connection with Cortona's exploration licences), and no Cortona Material Adverse Change, Unity Material Adverse Change, Cortona Material Transaction or Unity Material Transaction having occurred. These conditions must be satisfied or waived for the Scheme to proceed.	Sections 2.6 and 9.2
What if I want to make a formal objection?	If you wish to object to the Scheme at the Court hearing for the approval of the Scheme, or to make a complaint to ASIC about the Scheme, you should seek legal advice. The Court hearing for the approval of the Scheme is currently scheduled for 9 January 2013.	
The Merged Group		
What are the benefits of merging Cortona and Unity to form the Merged Group?	See Section 1.2 for the reasons why the Cortona Directors recommend that you vote in favour of the Scheme, which includes the benefits of merging Cortona and Unity to form the Merged Group, and Section 6 for a profile of the Merged Group and the potential synergies the Merged Group may be able to achieve.	Sections 1.2 and Section 6

Question	Answer	Further information
What will be the strategy of the Merged Group?	<p>The Merged Group will continue to produce gold from its Henty Gold Mine, whilst progressing the development of the Dargues Reef gold project. The Merged Group will also continue with its various exploration programs in Tasmania and New South Wales to further extend the mine life at both Henty and Dargues Reef.</p> <p>See Sections 6.1 and 6.5 in relation to the Merged Group's intentions regarding its strategy and business operations.</p>	Sections 6.1 and 6.5
What will the Merged Group be called?	<p>The Merged Group will operate under the name of Unity Mining Limited.</p>	Section 6.5(c)
Who will be the Chairman of the Merged Group?	<p>Cortona's Chairman, Clive Jones, will be the Chairman of the Merged Group.</p>	Section 6.3
Who will be Managing Director of the Merged Group?	<p>Unity's CEO and Managing Director, Andrew McIlwain will be the CEO and Managing Director of the Merged Group.</p>	Sections 6.3
Who will be on the Merged Group Board?	<p>The Merged Group Board will comprise the individuals outlined in Section 6.3.</p>	Section 6.3
What role will the current Managing Director of Cortona have within the Merged Group?	<p>Cortona's current Managing Director, Peter van der Borgh, will continue as an executive director in a senior management role within the Merged Group.</p>	Section 6.3
Is there expected to be any redundancies as a result of the Merger?	<p>The Merged Group Board intends to centralise administrative functions across the Merged Group, with a view to relocating these centralised head office functions to Unity's premises in Melbourne, Victoria, which is anticipated to result in some redundancies.</p> <p>The Merger is expected to enhance the ability of the companies to create new job opportunities, particularly in relation to the Dargues Reef gold project. From a geographic and operational perspective, given the stage and status of the Dargues Reef project compared to the Henty Gold Mine, Cortona and Unity have no plans for reductions in the number of employees in regional areas as a result of the Merger.</p>	Section 6.5(b)
What will the dividend policy of the Merged Group be?	<p>The Board of the Merged Group will review the amount of any future dividends to be paid to shareholders having regard to the company's profits, the Merged Group's financial position and the board's assessment of the capital required to grow the Merged Group's business.</p>	Section 6.5(d)

4 PROFILE OF CORTONA

4.1 Introduction

Cortona is an ASX-listed Australian public company (ASX:CRC) focussed on the development of the Dargues Reef gold project in New South Wales, Australia.

Cortona has recently received all necessary regulatory approvals required to enable development of its Dargues Reef gold project to commence.⁵ Dargues Reef will be the first new gold mine in eight years to be approved by the New South Wales government.

As at the close of trading on 27 September 2012, being the day immediately before announcement of the Merger, Cortona had a market capitalisation of approximately A\$22.3 million.

4.2 The Dargues Reef gold project

(a) Overview

The 100% owned Dargues Reef gold project is located 60km south-east of Canberra in Majors Creek near Braidwood. Dargues Reef forms part of the Majors Creek project and covers a significant portion of the Majors Creek goldfield. Majors Creek was the largest historic goldfield in NSW, producing more than 1.25 million ounces.

Key highlights of the Dargues Reef gold project are:

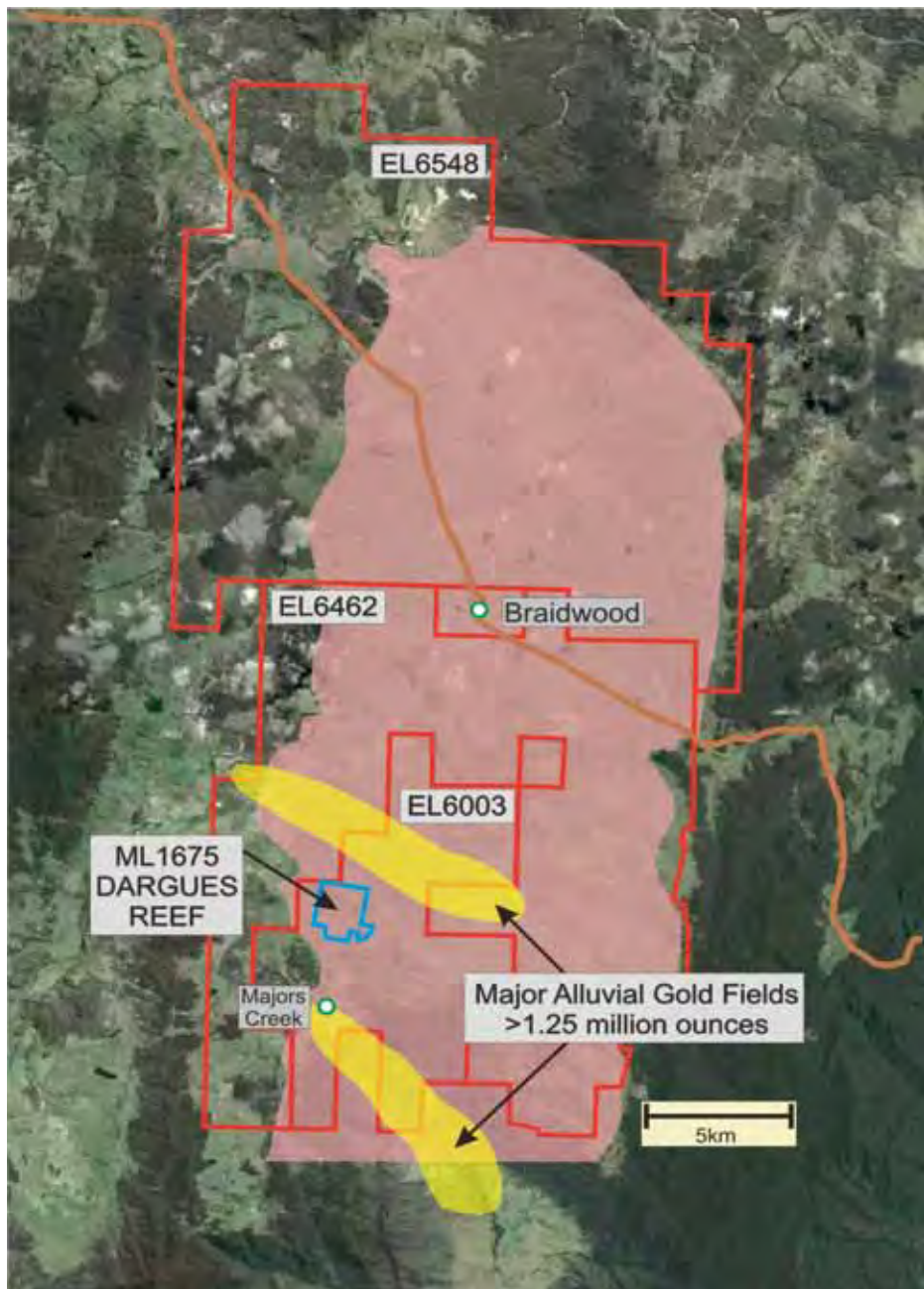
- The Dargues Reef gold project has received all necessary regulatory approvals required to enable mine development to commence.⁶
- The project is targeting production at an average of approximately 50,000 ounces of gold per year over an initial 5 year mine life.
- Cortona considers that there is potential to extend the life of mine through in-mine and near mine exploration, and the conversion of further Mineral Resources into Ore Reserves. The ore body extends continuously from 35m below surface to 480m where it remains open at depth and along strike. The current Mineral Resource estimate of the Dargues Reef gold deposit excludes the near-mine and regional exploration gold discoveries at Ruby Lode, Copper Ridge, Excalibur, Shinglehut and Napoleon.
- Gold lodes are hosted in granodiorite with favourable mining characteristics including lode and grade continuity, a sub-vertical geometry and geotechnical strength.
- Several stages of metallurgical test work have confirmed gold recoveries in excess of 95%.

(b) Location

The Dargues Reef gold project is located in the south eastern portion of the highly prospective Lachlan Fold Belt of the Southern Tablelands region of NSW. The central and eastern Lachlan Fold Belt is well endowed with gold, copper, and base metal mineralisation and hosts three large porphyry copper/gold deposits (Cadia, North Parkes and Lake Cowal), two volcanogenic massive sulphide deposits (Captains Flat and Woodlawn), in addition to large areas of sediment hosted orogenic gold mineralisation and deposits (Mongarlowe, east of Braidwood, Hill End, Tuena etc.).

⁵ Additional permits and licences are likely to be required in the ordinary course when development and mining operations commence. Further, Cortona has been advised that an objection has been lodged challenging the Parkes Shire Council's decision in August 2012 to approve the modification and use of the London Victoria processing plant for processing of gold concentrate from Cortona's Dargues Reef gold project. See section 4.2(b) of the Scheme Booklet for more information.

⁶ See footnote 5 above.



Majors Creek gold fields

The project area covers a significant portion of the Majors Creek (Elrington) goldfield, the Jembaicumbene alluvial goldfield and a portion of the Araluen alluvial goldfield. This area represents the largest alluvial goldfield in NSW, with gold production at the turn of last century of approximately 1.25 million ounces.

(c) **Development status**

The Dargues Reef gold project has received the required State, Federal and Local Government regulatory approvals for the development of the underground gold mine and off-site processing, having received the final approval in August 2012 from the Parkes Shire Council for the modification and use of the London Victoria processing plant at Parkes.⁷

The Dargues Reef gold project will comprise an underground mine (decline), a run-of-mine pad, temporary waste rock emplacement, crushing facility, onsite concentrator and offsite gold concentrate processing plant, tailings storage facility and associated infrastructure. GBF Mining Services Pty Ltd, a specialised underground mining contractor, has been contracted to mine the high grade deposit.

The proposed 330ktpa on-site treatment plant has been designed for +95% recoveries with approximately 50% of the gold expected to be recovered onsite via the gravity circuit with the remaining gold in concentrate to be transported ~400km to Parkes for further processing.

Earlier this year, Cortona entered into a commitment letter with Deutsche Bank in relation to the provision of a \$42 million financing package to partially fund the development and construction of the Dargues Reef gold project. That commitment has been extended by Deutsche Bank on two occasions previously, and currently expires on 21 December 2012 at which time Deutsche Bank will need to consider whether to provide a further extension of that commitment letter. The financing package the subject of that commitment letter remains subject to the satisfaction of a number of conditions customary for financing arrangements of this nature, including the provision of a minimum equity contribution by Cortona, completion of due diligence, finalisation of the mine plan and execution of acceptable facility and security documentation. Deutsche Bank remains committed to financing the development and construction of the Dargues Reef Gold Project on the terms of, and subject to the conditions set out in, that commitment letter or on such other terms and conditions as may be mutually agreed with the Merged Group.

Once a project go-ahead decision is made, the construction and development of the Dargues Reef gold project is expected to take around fourteen months to complete.

(d) **Statement of Ore Reserve and Mineral Resource**

Based on its exploration activities to date, Cortona has defined an Ore Reserve (Proven and Probable) estimate of 233,000 ounces of gold at an average grade of 5.21g/t and a Mineral Resource (Measured, Indicated and Inferred) estimate of 327,300 ounces of gold at an average grade of 6.3g/t.

Ore Reserve estimate as at December 2010

Category	kt	Au g/t*	Ag g/t*	Au koz	Ag koz
Proven	476	5.32	2.63	81	40
Probable	913	5.16	2.37	152	69
Total	1,389	5.21	2.46	233	109

* Diluted head grades

Notes:

- The Mineral Resource used as the basis of this Ore Reserve is the Dargues Reef Mineral Resource Update, June 2010 by Runge Limited prepared on behalf of Cortona (as set out below). Ore Reserve estimations were provided by Mining Plus for Dargues Reef gold project definitive feasibility study. This definitive feasibility study was conducted within the limits of accuracy of +/- 15%.
- Ore Reserves are the economically mineable part of Measured and/or Indicated Mineral Resources and include diluting materials and allowances for losses which may occur. Mineral Resources are reported inclusive of the Ore Reserves.
- The mine design which was completed encompassed Measured, Indicated, and Inferred Mineral Resource. Only the ore classified as Measured and Indicated Mineral Resource has been reported in the Ore Reserve statement, and used in the economic evaluation.
- Geotechnical guidance provided to date has not identified any major issues. Stopping dimensions have been limited to be well within stable dimension guidance. Therefore, this Ore Reserve is subject to the assumed geotechnical parameters being validated through further geotechnical studies which may occur in the future.
- The metallurgical recoveries were based on work completed in December 2010 by IMO Pty Ltd. The processing plant recoveries onsite are calculated to average 98% for gold and 73% for silver for recovery by gravity means and in concentrate. Total recovery, including proposed offsite CIL processing, is 96% for gold and 62% for silver.

⁷ Cortona has been advised that an objection has been lodged challenging the Parkes Shire Council's decision to approve the modification and use of the London Victoria processing plant for processing of gold concentrate from Cortona's Dargues Reef gold project. As at the date of this Scheme Booklet, the merits of that objection have not been heard.

- The Ore Reserve statement has been determined using gold cut-off grades shown below:

Category	Cut-off (Au)
Design cut-off	3.00g/t
Stope cut-off	2.00g/t
Development cut-off	1.00g/t

- The following modifying factors were used in the determination of the Ore Reserves. Gold and silver prices were provided by Cortona.

Modifying factor	Value
Gold price	A\$1250/oz
Silver price	A\$24/oz

- Dilution and recovery factors have been estimated based on mining method and assumed geotechnical constraints. These are summarised below:

Excavation type	Dilution	Recovery
Lateral development (in ore)	0%	100%
Lateral development (in waste)	10%	100%
All other lateral development	0%	100%
Vertical development	0%	100%
Stoping	10%	95%

- Due to the rounding of figures small discrepancies may exist.
- There are no known economic, environmental, permitting, legal, taxation, political, metallurgical or other relevant issues that would materially affect the estimates of these Ore Reserves.

Mineral Resource estimate as at June 2010

Measured		Indicated		Inferred		Total		
Tonnes kt	Au g/t	Tonnes kt	Au g/t	Tonnes kt	Au g/t	Tonnes kt	Au g/t	Au koz
378	7.2	818	6.8	420	4.5	1,615	6.3	327.3

Notes:

- Using a nominal 1g/t Au cut-off grade and a minimum downhole length of 1m. The block dimensions used in the model were 4m NS by 10m EW by 10m vertical with sub-cells of 0.5m by 1.25m by 1.25m. A high grade Au cut of 50g/t was used in the resource based on a review of the deposit statistics. The exception was resource Object 15 where a 100g/t high grade cut was applied. High grade cuts of 40g/t Ag, 9,000ppm Cu, and 20% S were applied to all mineralised resource zones.
- RC and diamond core drilling extends to a maximum depth of approximately 770m below surface and the mineralisation was modelled to a depth of approximately 570m based on the down-dip continuity of mineralisation and the drill spacing.
- The Measured portion of the Mineral Resource was predominantly defined by drill spacing of less than 20m by 20m. Continuity of mineralisation was robust, and kriging efficiencies were predominantly greater than 75%. This classification was confined to objects 8 and 15 within the Main Lode. The Indicated portion of the Mineral Resource estimate was defined where the drill spacing was less than 30m by 30m and lode continuity was good. Historical underground workings have depleted some areas of the Main Lode (Object 8) and the uncertainty in their exact location has resulted in those areas being classified as Indicated Mineral Resource. The Inferred Mineral Resource included areas of the resource where sampling was greater than 30m by 30m.
- There are no known environmental, permitting, legal, taxation, political or other relevant issues that would materially affect the estimates of the Mineral Resource.
- Due to rounding of figures, small discrepancies may exist.

(e) Exploration activities

Near-mine and regional exploration remains a focus for Cortona as it continues to look for opportunities to expand the Dargues Reef resource base targeting additional resources within the broader Majors Creek project area.

Priority targets are being assessed for drilling, including Excalibur, Doubloon, Nightingale and Redbank, along with regional areas around Napoleon and the Eurodux Granite.

Exploration potential has been confirmed at several locations including Copper Ridge, Shingle Hut, Excalibur, Doubloon, Napoleon and Dreadnought, each of which returned significant levels of gold in soils, rock chips or drilling results.

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Cortona is confident that the mineralisation highlighted by drill intercepts at depth, and the shallow intercepts on nearby parallel structures, will translate into a longer mine life and/or increased gold production from the Dargues Reef project.



Shadow of mine and near mine prospects

4.3 Other exploration assets

(a) Eugowra

The Eugowra project is 100% owned by Cortona and covers an area of 390 km². The tenement is located 40km south-east of Forbes in the Mt Foster-Tumut structural zone of the Lachlan Fold Belt in New South Wales and is prospective for gold.

(b) Booths Reward

The Booths Reward project is 100% owned by Cortona and is located 170km north-west of Canberra centred on the township of Coolac on the Hume Highway 12km north of Gundagai in central NSW. The project is considered prospective for Gold and Copper-Lead-Zinc mineralisation.

The land holding extends from the Coolac-Muttama Goldfield in the north through to the Murrumbidgee River in the south. The project area covers the southern portion of the Muttama Goldfield encompassing an area of 121.2 km² and at least 15 recorded historic gold mines/prospects within a 10 km long north-south trending segment of the prospective Jindalee Beds.

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(c) **Christmas Gift Project**

The Christmas Gift project is 100% owned by Cortona and is located in the Cullinga Goldfield in central NSW 180km north-west of Canberra.

The main underground working, Christmas Gift, extends over a length of 225m and a depth of 110m. Production records indicate 49,000 tonnes of ore was mined between 1892 and 1931 with an average grade of 23.5g/t Au. Previous drilling has identified dilatational jog structures and high grade gold mineralisation associated with carbonate and quartz veining of varying intensity together with shearing and brecciation.

4.4 Board of directors

As at the date of this Scheme Booklet, the Board of Cortona comprised:

- Mr Clive Bruce Jones – Non-Executive Chairman
- Mr Peter van der Borgh – Managing Director
- Mr George Lazarou – Non-Executive Director
- Dr Derek Fisher – Non-Executive Director
- Mr Mark Milazzo – Non-Executive Director

Profiles of the Cortona Board members that will continue as directors of the Merged Group if the Scheme is implemented, being Mr Clive Jones and Mr Peter van der Borgh, are set out in Section 6.3.

4.5 Historical financial information

The following historical financial information for Cortona is extracted from the audited consolidated financial statements of Cortona and its controlled entities for the years ended 30 June 2012 and 30 June 2011.

The financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act. The financial information also complies with the recognition and measurement requirements of International Financial Reporting Standards (**IFRSs**) and interpretations issued by the International Accounting Standards Board.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. Where appropriate, adjustments have been made to headings and classifications of historical data to provide a consistent basis of presentation.

In the interval between the end of the 12 month period to 30 June 2012 and the date of this Scheme Booklet, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Cortona, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years other than as disclosed in the 30 June 2012 full year financial statements and subsequent filings on ASX.

Cortona Shareholders may view complete copies of the audited financial statements of Cortona for the years ended 30 June 2012 and 30 June 2011 on ASX's website at www.asx.com.au or on the "investors" section of the Cortona website at www.cortonaresources.com.au.

(a) Consolidated statement of financial position

Set out below is Cortona's consolidated statement of financial position for the financial years ended 30 June 2012 and 30 June 2011.

	Consolidated	Consolidated
	2012	2011
	\$	\$
Current Assets		
Cash and cash equivalents	4,022,871	2,514,674
Trade and other receivables	135,849	156,025
Other assets	-	8,440
Total Current Assets	4,158,720	2,679,139
Non Current Assets		
Trade and other receivables	244,057	300,057
Property, plant and equipment	2,703,529	2,768,565
Financial assets at fair value revaluation	20,000	30,000
Exploration and evaluation expenditure	30,805,810	26,535,099
Total Non Current Assets	33,773,396	29,633,721
Total Assets	37,932,116	32,312,860
Current Liabilities		
Trade and other payables	638,892	670,246
Provisions	86,794	126,211
Total Current Liabilities	725,686	796,457
Total Liabilities	725,686	796,457
Net Assets	37,206,430	31,516,403
Equity		
Issued capital	45,203,455	36,620,560
Reserves	2,813,420	2,757,420
Accumulated losses	(10,810,445)	(7,861,577)
Total Equity	37,206,430	31,516,403

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(b) Consolidated statement of comprehensive income

Set out below is Cortona's consolidated statement of comprehensive income for the financial years ended 30 June 2012 and 30 June 2011.

	Consolidated	Consolidated
	2012 \$	2011 \$
Revenue from continuing activities	108,581	250,811
Administrative expenses	(1,137,829)	(1,486,698)
Compliance and regulatory expenses	(869,408)	(205,437)
Depreciation expense	(54,030)	(54,071)
Employee benefits	(1,159,616)	(959,508)
Employee share based payments	(56,000)	(395,508)
Finance costs	(9,576)	(9,635)
Insurance expense	(58,888)	(66,906)
Occupancy expenses	(167,298)	(152,846)
Provision for diminution of financial assets	(10,000)	-
Travel and accommodation expense	(157,792)	(175,216)
Write-off expense	(56,976)	-
Loss before income tax expense	(3,628,832)	(3,254,811)
Income tax benefit	679,964	306,429
Loss for period	(2,948,868)	(2,948,382)
Other comprehensive income	-	-
Total comprehensive income for the year	(2,948,868)	(2,948,382)

(c) Consolidated statement of cash flows

Set out below is Cortona's consolidated statement of cashflows for the financial years ended 30 June 2012 and 30 June 2011.

	Consolidated	Consolidated
	2012 \$	2011 \$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(3,556,100)	(3,356,501)
Interest received	71,695	250,558
Other income	-	-
Interest and other costs of finance	(9,576)	(2,791)
Income tax received	679,964	306,429
Net cash used in operating activities	(2,814,017)	(2,802,305)
Cash Flows From Investing Activities		
Payments for exploration & evaluation	(4,270,710)	(6,759,754)
Payments for property, plant & equipment	(45,970)	(459,523)
Refund / (payments) for bonds and guarantees	56,000	(201,088)
Proceeds from sale of assets	-	253
Proceeds from the sale of tenements	-	2,700,000
Net cash used in investing activities	(4,260,680)	(4,720,112)
Cash Flows from Financing Activities		
Proceeds from issue of shares	9,175,000	4,335,000
Proceeds from exercising of options	7,824	-
Payment for costs of issue of shares	(599,930)	(581,026)
Net cash from / (used in) financing activities	8,582,894	3,753,974
Net increase/(decrease) in cash and cash equivalents	1,508,197	(3,768,443)
Cash and cash equivalents at 1 July	2,514,674	6,283,117
Cash and cash equivalents at 30 June	4,022,871	2,514,674

(d) Unity funding arrangements

Unity has agreed to provide Cortona with a loan facility of up to \$1 million with which to fund certain agreed activities in order to seek to expedite the development of the Dargues Reef gold project. The precise nature and amount of any loan funding to be applied towards such activities is to be agreed with Unity as part of the drawn down arrangements, but is likely to include:

- detailed engineering studies to evaluate whether elements of Unity's Kangaroo Flat processing facility can be utilised, dismantled and transported to Dargues Reef in order to deliver cost and time savings;
- carrying out a detailed survey of the proposed plant and infrastructure layout at the Dargues Reef gold project in preparation for the commencement of site works;
- mobilisation of earthmoving plant to Dargues Reef in preparation for earthworks;
- relocating one or more Kangaroo Flat office buildings to Dargues Reef in preparation for the commencement of site works.

Any funds drawn down under the loan facility are repayable within 12 months of the first draw down date. Interest is calculated daily on the amounts drawn down under the loan facility and payable quarterly in arrears at a rate of 10% per annum. There is no penalty for early repayment of any amounts drawn down under the loan facility. Any amounts drawn down under the loan are unsecured, unless the Scheme Implementation Agreement is terminated⁸ in which case the loan is to be secured by a first-ranking security over Cortona's freehold land in New South Wales, Australia.

4.6 Cortona securities and substantial shareholders

(a) Cortona's issued securities

As at 9 November 2012, Cortona had the following securities on issue:

- 268,048,097 Cortona Shares; and
- 9,250,000 Cortona Options.

In accordance with the Scheme Implementation Agreement, the Cortona Options will be cancelled prior to the Record Date (see Sections 2.13 and 10.6 for further information).

(b) Substantial shareholders

As at 9 November 2012, the registered substantial shareholders in Cortona were:

Name	Number of fully paid ordinary shares held	% held of issued ordinary capital
Baker Steel Capital Managers LLP	31,093,501	11.60%

(c) Option holders

As at 9 November 2012, the registered holders of Cortona Options were:

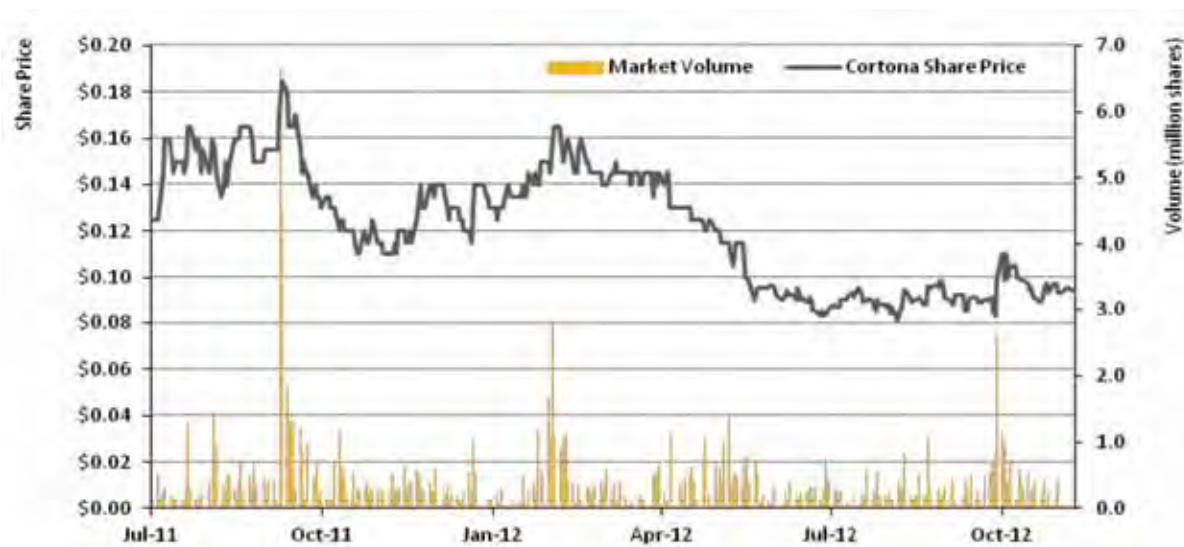
Name	Number	Expiry date	Exercise price
Peter van der Borgh	1,500,000	25 November 2013	\$0.236
Clive Jones	1,250,000	25 November 2013	\$0.236
AJ Saverimutto	600,000	8 May 2014	\$0.350
Lorne Harvey	400,000	24 May 2014	\$0.200
George Lazarou	750,000	25 November 2013	\$0.236
Derek Fisher	750,000	25 November 2013	\$0.236
Mark Milazzo	500,000	8 November 2014	\$0.150
Kouta Bay Pty Ltd	500,000	25 November 2013	\$0.236
Zenix Nominees Pty Ltd	3,000,000	4 August 2013	\$0.250

⁸ Being for reasons other than termination by Cortona due to a material breach of the Scheme Implementation Agreement by Unity, or due to an insolvency event occurring in relation to Unity.

In accordance with the Scheme Implementation Agreement, the Cortona Options will be cancelled prior to the Record Date (see Sections 2.13 and 10.6 for further information).

4.7 Recent Cortona share price performance

The graph below shows the Cortona share price performance and volume of shares traded from 1 July 2011 to the 9 November 2012, the last practical date prior to finalising this Scheme Booklet.



Source: IRESS Market Technology.

Please note that IRESS Market Technology has not consented to data and information attributed to it in this Scheme Booklet. This data and information has been accurately reproduced and, so far as Cortona is aware, and so far as it is able to ascertain from information published by IRESS Market Technology, no facts have been omitted which would render the reproduced data and information inaccurate or misleading.

The highest recorded trading price at the close of trade of a Cortona Share on ASX in the 12 months before the announcement of the Merger on 28 September 2012 (**Announcement Date**) was \$0.165 on 3 and 6 February 2012.

The lowest recorded trading price at the close of trade of a Cortona Share on ASX in the 12 months before Announcement Date was \$0.081 on 6 August 2012.

The latest recorded trading price at the close of trade of Cortona Shares on ASX before the Announcement Date was \$0.083.

The trading price range at the close of trade of Cortona Shares since the Announcement Date to the last trading date before the date of this Scheme Booklet was \$0.089 to \$0.11.

The latest recorded trading price of Cortona Shares on ASX before the date of this Scheme Booklet was \$0.094.

4.8 Risk factors

Risk factors relating to Cortona and its business are discussed in Section 7.

4.9 Further information

As a company listed on ASX and a disclosing entity under the Corporations Act, Cortona is subject to regular reporting and disclosure obligations. Broadly, these require Cortona to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Cortona's recent announcements are available from www.asx.com.au. Further announcements concerning Cortona will continue to be made available on this website after the date of this Scheme Booklet.

Cortona is required to prepare and lodge with ASIC and ASX both annual and half year financial statements accompanied by a statement and report from Cortona's Directors and an audit or review report. Cortona also lodges quarterly activity reports with ASX. Copies of these and other documents lodged with ASIC and ASX may be obtained from an ASIC office and are accessible from ASX's website at www.asx.com.au. Copies of these documents will also be made available free of charge on a request in writing at any time before 10.00 am (Perth time) on Friday, 21 December 2012 to Cortona's Company Secretary at Level 5, 72 Kings Park Road, West Perth WA 6005.

5 PROFILE OF UNITY

The information contained in this Section 5 has been prepared by Unity. The information concerning Unity and the intentions, views and opinions contained in this Section are the responsibility of Unity. Cortona and Cortona's Directors and Officers do not assume any responsibility for the accuracy or completeness of this information.

5.1 Introduction

Unity Mining Limited (ASX: UML) is an Australian gold explorer and producer which owns and operates the Henty Gold Mine on the West Coast of Tasmania and is involved in gold exploration in West Africa through its investment in GoldStone Resources Limited. Unity also holds tenure over the Bendigo Goldfield in Victoria where it has embarked on a plan to realise the value of its Kangaroo Flat gold plant and Bendigo exploration tenements.

The Henty Gold Mine has produced about 1.3 million ounces of gold over a 16 year period. Unity acquired Henty in July 2009. Recent exploration success has extended the mine life, and continued exploration on the significant near mine tenement package remains a key focus.

As at the close of trading on 27 September 2012, being the date immediately before the announcement of the Merger, Unity had a market capitalisation of approximately A\$65.7million.

5.2 The Henty Gold Mine

Unity acquired the Henty Gold Mine in July 2009 from Barrick Gold for a total consideration of \$8 million plus royalties of up to \$22 million arising from future production and exploration discoveries. Since that time, Unity has produced in excess of 134,000 ounces of gold at an average cash cost of approximately \$880 per ounce (before royalties), and increased the mine life at Henty to 5 years based on the existing Mineral Resource.

(a) Location

The Henty Gold Mine is located in glaciated mountainous terrain in the upper Henty Valley on the West Coast of Tasmania, adjacent to the Southwest Conservation Area. The nearest main towns are Rosebery, 10 kilometres to the north, Zeehan, 19 kilometres to the west and Queenstown, 23 kilometres to the south. Henty is accessible by road and lies within the mineral rich Mt. Read Volcanic Belt in Western Tasmania that has hosted a number of operating mines over the years including the Hellyer, Que River, Rosebery, Hercules and Mount Lyell base metal deposits.

The eastern side of the belt is dominated by the Henty Fault which runs north-east for over 60 kilometres between Mount Charter and Mount Read. The Henty operation is based on a series of structurally complex high-grade zones of gold mineralisation that occur within a package of highly altered volcanic rock adjacent to the Henty Fault.

(b) Geology

The Henty Gold Mine is hosted in the Mt Read Volcanics occupying the eastern margin of the Dundas Trough. There is a major north south striking structure, known as the Henty Fault which divides the Mt Read Volcanics into two parts, north and west of the Henty Fault and south and east of the Henty Fault.

The Mt Read Volcanics north and west of the Henty Fault host the Lead Zinc (Pb-Zn) rich polymetallic volcanogenic massive sulphide (VHMS) deposits of Rosebery, Hercules, Que River and Hellyer, while the volcanics to the south and east host the Henty Gold Mine, Mt Julia Prospect and copper-gold deposits of the Mt Lyell Field.

The Henty deposit comprises a series of gold bearing, sulphide rich lodes that plunge shallowly to the south and dip steeply to the west in close proximity to the footwall of the regional South Henty fault.



(c) **Production**

The Henty Gold Mine has produced approximately 1.3 million ounces of underground gold since operations commenced in 1996.

A focus on optimising performance has resulted in Henty achieving a strong gold production result for financial year ended 30 June 2012 of 50,058 ounces, up some 40% on the prior year, as detailed in the following table.

	Period ending 30 June 2012	Period ending 30 June 2011
Tonnes mined	297,885	253,646
Tonnes processed	297,014	254,106
Grade (g/t gold)	5.6	4.7
Recovery	93.8	93.0
Gold produced (oz)	50,058	35,728
Cash operating cost (A\$/oz) – excl. royalties	820	995
Cash operating cost (A\$/oz) – incl. royalties	982	1105
Cash operating cost (A\$/t)	165	155

The current production rate is approximately 295ktpa (50Koz) from underground mining with a current capacity of approximately 300ktpa. On the back of the increased mine life, a number of efficiency projects are now underway aimed at increasing the processing rate by +20%. Initiatives currently being assessed include the introduction of an additional ball mill and the use of a new, higher tonnage underground truck to increase haulage efficiency.

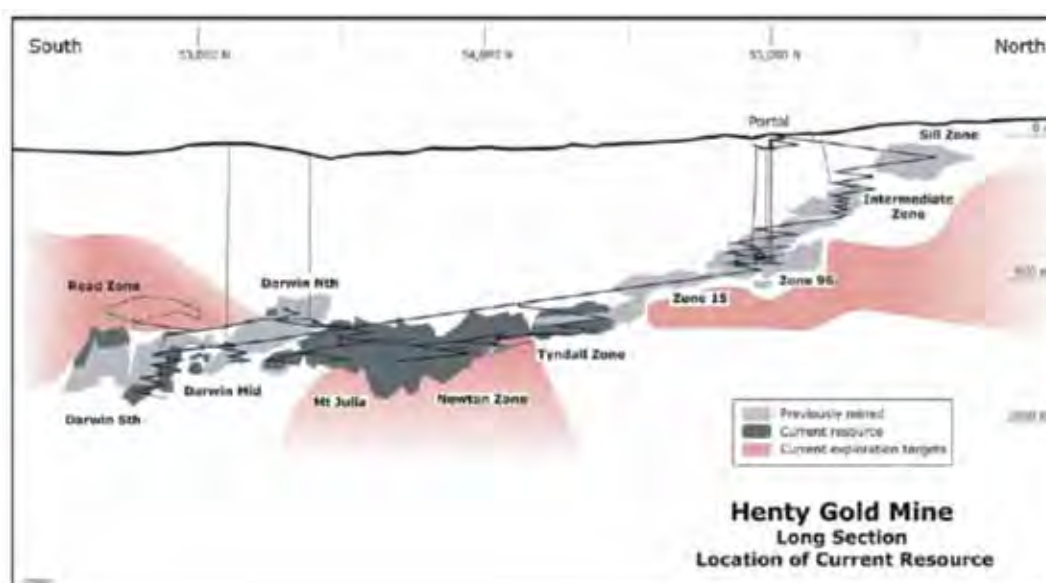
The treatment process is straight forward and employs a single stage SAG mill and gravity screen process, a CIL circuit and then washing and further upgrading prior to smelting to produce gold dore bars. Unity achieved an average head grade of 5.6g/t and recoveries of 93.8% in the 12 months to 30 June 2012.

Whilst there have been some production challenges at Henty with the delayed commencement of the Darwin South 1685 stope, Unity expects gold production for the Henty mine for financial year ending 30 June 2013 to be within the range of 45,000 – 55,000 ounces of gold.

(d) **Exploration**

Exploration success by Unity has extended the mine life, including the higher grade Read and Newton Zones. Continued exploration on the significant near mine tenement package remains a key focus.

The exploration program at Henty has two focuses. The first is on peripheral zones, targeting strike extensions along the Henty fault zone that have potential to incrementally increase the mine life at Henty as highlighted in the diagram below. Current drilling is focused around the Newton and Read zones which form part of the exploration targets at Henty.



The second is on regional targets covering some 160km² of the current tenement area. Unity has committed to approximately \$12 million in exploration expenditure during the 2012/13 financial year with approximately 70% allocated for resource extensions and 30% for regional targets.

(e) **Statement of Ore Reserve and Mineral Resources**

The Henty mine has defined a gold Ore Reserve (Proved and Probable) estimate of 118,000 ounces at 4.6g/t and a Mineral Resource (Measured, Indicated and Inferred) estimate of 343,000 ounces at 5.1g/t. The Lakeside deposit has a Mineral Resources estimate of 66,000 ounces at 2.8g/t.

Ore Reserve estimate at 30 June 2012

	Proved			Probable			Total		
	kt	g/t gold	koz	kt	g/t gold	koz	kt	g/t gold	koz
Henty	720	4.6	107	74	4.6	11	794	4.6	118

Mineral Resources estimate at 30 June 2012

	Measured			Indicated			Inferred			Total		
	kt	g/t gold	koz	kt	g/t gold	koz	kt	g/t gold	koz	kt	g/t gold	koz
Henty	1311	4.9	205	673	4.7	101	126	9.1	37	2110	5.1	343
Lakeside							750	2.8	66	750	2.8	66

Notes:

- All tonnages are reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

Henty Gold Mine

- An Ore Reserve cut-off of 3.8 g/t gold and a Mineral Resource cut-off of 2.0 g/t gold have been estimated using a gold price of \$1,450. Based on historical mine performance, the dilution of development and stopes have been modified since December 2010. Development has been attributed 10% dilution, avoca stoping has been attributed 15% dilution, blind uphole stoping has also been attributed 15% dilution and waste filled modified avoca stoping has been attributed 25% dilution.
- The Mineral Resource estimation has used diamond drill core samples. All samples were composited to 1 metre, flagged within the geological wireframes and top cuts applied to all datasets. Ordinary kriging was performed on all models based on the quantity and spacing of available data and the style of mineralisation. An in-situ bulk density of 2.8 based on 102 samples collected from ROM pad and underground development was used in the estimation. The Mineral Resource classifications were based on the estimation search pass. As a guide, the first search pass has been considered a Measured Mineral Resource, the second pass has been considered an Indicated Mineral Resource and the third search pass has been considered an Inferred Mineral Resource.

Lakeside Deposit

The Lakeside deposit is located approximately 13 km northeast of the Henty Gold Mine on a wholly-owned exploration lease. Estimation of Mineral Resource at the Lakeside deposit utilised diamond drill core samples and RC chip samples. All samples were composited to 1m and flagged within the geological wireframes. Top cuts were not applied to the data. Ordinary kriging was performed on the models based on the quantity and spacing of available data and style of mineralisation. An in-situ bulk density of 2.75 was used in the estimation. The value is considered to be suitable for the style of deposit. Due to the quality of the data, the entire deposit has been classified as an Inferred Mineral Resource.

5.3 Other assets

(a) **GoldStone Resources Limited – 34% equity stake⁹**

Unity holds a 34% shareholding in GoldStone Resources Limited (**GoldStone**). GoldStone is an AIM-listed West African gold exploration company.

GoldStone has an experienced management team based in South Africa. The core management team of Jurie Wessels (CEO) and Dr Hendrik Schloemann (Exploration Director, ex-Harmony West Africa) has assembled a prospective package of properties in West Africa.

GoldStone's key asset is the Homase/Akrokerry Project in the Ashanti Gold Belt in Ghana, where GoldStone may earn up to an 85% interest. The GoldStone public release on 1 August 2012 announced a 502,000 ounce gold resource, estimated in accordance with JORC guidelines, beneath and along strike from the Homase main pit for this combined project area. This now abandoned Homase pit was mined by AngloGold Ashanti in 2002 and 2003 during a time of low gold prices. The lease area is believed to have excellent exploration potential and is located some 15 km NE of AngloGold Ashanti's Obuasi Gold Mine.

⁹ The information in Section 5.3(a) is based on publicly available information regarding GoldStone and neither Unity nor Cortona take any responsibility for the accuracy or completeness of that information.

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A simplified map of the Homase/Akrokerri project area shows that the area of interest lies in the same geological environment as the forty two million ounce Obuasi Gold Mine. AngloGold Ashanti's processing plant is within trucking distance of the permit area (15 km from Homase and 10 km from Akrokerri). The map also indicates the area where a gold resource of 502,000 ounces was defined from historical drill data and GoldStone's 2011/2012 drilling programme. Also indicated are numerous other gold prospects within the permit areas, which add significant exploration upside to the project

Other GoldStone assets include an interest in the Manso Amenfi licence in Ghana, which GoldStone believes is prospective as it lies along a trend of intense artisanal gold mining and in a similar belt of rocks to Perseus's Ayanfuri gold deposit, located some 50 km to the northeast. GoldStone also has a large 471 km² exploration license in Senegal near the border with Guinea. The ground is to the south of Randgold's licence containing the 3.4 Moz Masawa discovery and along trend from Sabodala (2.2 Moz), Yatela (2 Moz) and Sadiola (10 Moz) mines.



The Sangola permit area lies along the Main Transcurrent Shear Zone which also controlled the formation of the Massawa gold deposit and covers the prospective basalts and andesites of the Mako Group which host the Sabodala and Petowal gold deposits. Exploration in the area depicted on the map resulted in the discovery of more than 30 Moz of gold. The Sangola permit area still holds the potential for new significant gold discoveries

In April 2011, GoldStone was awarded two large exploration areas in Gabon, both of which contain 15 km long gold in soil anomalies. The Oyem permit (516 km²) is located in the northern part of Gabon, while the Ngoutou permit (515 km²) is in the eastern central region. An inaugural drill program is currently testing the central part of the 15 kilometre long Oyem gold in soil anomaly at Oyem. Once completed, the drill rig will then mobilise to Ngoutou.



A map of Gabon showing the location of the Oyem and Ngoutou permits

Further details on GoldStone can be obtained from its website www.goldstoneresources.com.

(b) **Bendigo goldfield**

Unity owns 100% of the Bendigo goldfield. The Bendigo goldfield is Australia's second largest in terms of historical production, having historically produced some 22 million ounces of gold.

In February 2011, Unity entered into a farm-in agreement with ASX-listed Drummond Gold Limited (ASX: DGO) (**Drummond**). Under the terms of the farm-in agreement, Drummond may explore on the Bendigo exploration lease areas held by Unity (EL5035 and EL3327). Unity will retain exclusive rights to the mining leases which cover the Bendigo goldfield, including the Kangaroo Flat mine and its associated infrastructure.

Drummond has spent over \$750,000 and met the initial earn in requirement. Drummond now has the right to earn a 51% interest in the Bendigo region by spending a further \$4.75 million by 1 February 2014. Drummond can earn an additional 19% interest, taking its interest to 70%, by spending a further \$3 million by 1 February 2016.

During the 2012 financial year, there was no gold production from the Kangaroo Flat mine as it was on care and maintenance throughout the period.

(c) **Firetower Project**

On 7 October 2011, Unity entered into a joint venture agreement with Greatland Pty Ltd, a subsidiary of AIM listed company Greatland Gold Plc, pursuant to which Unity has the right to earn up to a 75% interest in four Tasmanian exploration licences (EL26/2004, EL31/2004, EL34/2007 and EL02/2009) collectively known as "The Firetower Project" by incurring expenditure of \$7 million in two stages over a five and a half year period. Unity may earn an initial 51% interest in the Firetower Project by incurring expenditure of \$2 million over the first two and a half years (including a minimum expenditure commitment of \$200,000 which has already been satisfied), and may then earn a further 24% interest in the Firetower Project by incurring an additional \$5 million in expenditure over the next three years.

5.4 Board of directors

As at the date of this Scheme Booklet, the Unity Board comprised:

- Peter McCarthy – Chairman
- Andrew McIlwain – Managing Director and CEO
- Ronnie Beevor – Non-Executive Director
- David Ransom – Non-Executive Director

Profiles of the Unity Board members who will continue as directors of the Merged Group if the Scheme is implemented, being Andrew McIlwain, Ronnie Beevor and David Ransom, are set out in Section 6.3.

5.5 Historical financial information

The following historical financial information for Unity is extracted from the audited consolidated financial statements of Unity and its controlled entities for the financial years ended 30 June 2012 and 30 June 2011. The financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the AASB and the Corporations Act. The financial information also complies with the recognition and measurement requirements of IFRSs and interpretations issued by the International Accounting Standards Board.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. Where appropriate, adjustments have been made to headings and classifications of historical data to provide a consistent basis of presentation.

In the interval between the end of the 12 month period to 30 June 2012 and the date of this Scheme Booklet, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Unity, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years other than as disclosed in the 30 June 2012 full year financial statements and subsequent filings on ASX.

Cortona Shareholders may view complete copies of the audited financial statements of Unity for the years ended 30 June 2012 and 30 June 2011 on ASX's website at www.asx.com.au or on the Unity website at www.unitymining.com.au.

(a) Consolidated statement of financial position

Set out below is Unity's consolidated statement of financial position for the years ended 30 June 2012 and 30 June 2011.

	Consolidated	Consolidated
	2012 \$'000	2011 \$'000
Current Assets		
Cash	44,376	41,842
Receivables	3,704	2,299
Inventories	3,940	3,362
Prepayments	592	218
Other financial assets	5,996	-
Assets classified as held for sale	5,528	-
Total Current Assets	64,136	47,721

	Consolidated	Consolidated
	2012 \$'000	2011 \$'000
Non Current Assets		
Investment in associates	7,669	7,679
Other financial assets	2,676	7,086
Mine property, plant & equipment	33,338	34,317
Exploration and evaluation	5,298	4,817
Total Non Current Assets	48,981	53,899
Total Assets	113,117	101,620
Current Liabilities		
Payables	10,671	10,604
Interest bearing liabilities	1,181	1,397
Provisions	3,384	3,455
Liabilities directly associated with assets classified as held for sale	5,847	-
Total Current Liabilities	21,083	15,456
Non Current Liabilities		
Interest bearing liabilities	1,001	2,009
Provisions	2,559	7,798
Total Non Current Liabilities	3,560	9,807
Total Liabilities	24,643	25,263
Net Assets	88,474	76,357
Equity		
Issued capital	422,766	423,352
Reserves	1,772	1,944
Accumulated losses	(336,064)	(348,939)
Total Equity	88,474	76,357

(b) Consolidated statement of comprehensive income

Set out below is Unity's consolidated statement of comprehensive income for the years ended 30 June 2012 and 30 June 2011.

	Consolidated	Consolidated
	2012 \$'000	2011 \$'000
Sales Revenue	80,805	50,778
Cost of sales		
Costs of mining, processing and site administration	(49,280)	(39,510)
Depreciation and amortisation	(9,985)	(6,085)
Total Cost Of Sales	(59,265)	(45,595)
Gross Profit	21,540	5,183
Interest and other revenue	3,074	3,135
Exploration expenses	(2,170)	(4,159)
Corporate expenses	(5,532)	(5,632)
Finance costs	(244)	(339)
Share of loss of associates	(2,577)	(545)
Net loss arising on financial assets designated as at fair value through profit and loss	(691)	-
Net value loss on available-for-sale financial assets	-	(4,057)
Net value gain on financial asset held for trading	100	-
	13,500	(6,414)
Income tax expense	-	-
Profit/(loss) for the year from continuing operations	13,500	(6,414)
Discontinued Operations		
Profit/(loss) for the year from discontinued operations	(625)	1,100
Profit/(Loss) before Tax	12,875	(5,314)
Other comprehensive income	-	-
Total Comprehensive Income for the Year	12,875	(5,314)

(c) **Consolidated statement of cash flows**

Set out below is Unity's consolidated statement of cash flows for the years ended 30 June 2012 and 30 June 2011.

	Consolidated	Consolidated
	2012 \$'000	2011 \$'000
Cash Flows From Operating Activities		
Receipts from customers	79,029	84,173
Interest and other revenue received	2,688	3,206
Payments to suppliers and employees	(60,401)	(77,185)
Interest paid	(244)	(339)
Net cash provided by operating activities	21,072	9,855
Cash Flows From Investing Activities		
Payments for mine property, plant & equipment and exploration & evaluation	(15,987)	(16,205)
Proceeds from sale of mine property, plant & equipment and exploration & evaluation	2,221	2,668
Payment for investment in available-for-sale financial asset	-	(5,175)
Proceeds on sale of investment in available-for-sale financial asset	-	1,118
Payment for investment in associate	(2,566)	(3,981)
Net cash used in investing activities	(16,332)	(21,575)
Cash Flows From Financing Activities		
Dividends paid	-	(2,548)
Buyback of ordinary shares	(982)	-
Loan advanced to third party	-	(5,000)
Loan repayment from third party	-	5,000
Repayment of lease liabilities	(1,224)	(1,104)
Net cash used in financing activities	(2,206)	(3,652)
Net increase / (decrease) in cash held	2,534	(15,372)
Cash at the beginning of the Financial Year	41,842	57,214
Cash At End Of The Financial Year	44,376	41,842

5.6 Unity securities and substantial shareholders

(a) Unity's issued securities

As at 9 November 2012, Unity had 505,250,467 Unity Shares on issue.

(b) Substantial shareholders

As at 9 November 2012, the registered substantial shareholders in Unity were:

Name	Number of fully paid ordinary shares held	% held of issued ordinary capital
Orbis Investment Management	59,559,851	11.79%
State Teachers Retirement System of Ohio	32,114,188	6.36%

(c) Unity Performance Rights

Unity has obtained the approval of its shareholders to issue up to a maximum of 4,000,000 Unity Performance Rights under a long term incentive plan (**Unity Plan**) to its CEO and Managing Director, Andrew McIlwain, at its annual general meeting held on 13 November 2012. Unity also intends to issue Unity Performance Rights to other eligible Unity executive managers and officers. The maximum number of Unity Performance Rights which may be issued to the current Unity employees eligible to participate in the Unity Plan over the three year performance period is as follows:

Name	Maximum number of Unity Performance Rights current eligible participants may be issued over three year performance period
Andrew McIlwain	4,000,000
Matt Daly	2,841,357
Bill Geier	2,436,974
Angela Lorrigan	2,269,931
Ben Hill	1,884,474

Unity intends to issue the first tranche of the Unity Performance Rights to the abovementioned Unity employees shortly after its 2012 annual general meeting. A summary of the key elements of the long term incentive plan is set out in Section 10.7 and further details relating to the proposed grant of Unity Performance Rights to Mr McIlwain are set out in the Unity notice of meeting and explanatory memorandum available from the ASX website at www.asx.com.au.

5.7 Recent Unity share price performance

The graph below shows the Unity share price performance and volume of shares traded from 1 July 2011 to 9 November 2012, the last practical date before finalising this Scheme Booklet.



Source: IRESS Market Technology. Please note that IRESS Market Technology has not consented to data and information attributed to it in this Scheme Booklet. This data and information has been accurately reproduced and, so far as Unity is aware, and so far as it is able to ascertain from information published by IRESS Market Technology, no facts have been omitted which would render the reproduced data and information inaccurate or misleading.

The highest recorded trading price at the close of trade of a Unity Share on ASX in the 12 months before 28 September 2012 (**Announcement Date**) was \$0.165 on 14, 16 and 19 March 2012.

The lowest recorded trading price at the close of trade of a Unity Share on ASX in the 12 months before the Announcement Date was \$0.098 on 19, 21 and 29 December 2011.

The latest recorded trading price at the close of trade of Unity Shares on ASX before the announcement date of the Merger was \$0.13.

The trading price range at the close of trade of Unity Shares since the announcement date of the Merger to the last trading date before the date of this Scheme Booklet was \$0.12 to \$0.145.

The latest recorded trading price of Unity Shares on ASX before the date of this Scheme Booklet was \$0.135.

5.8 Risk factors

Risk factors relating to Unity and its business are discussed in Section 7.

5.9 Further information

As a company listed on the ASX and a 'disclosing entity' under the Corporations Act, Unity is subject to regular reporting and disclosure obligations which require it to announce price sensitive information as soon as it becomes aware of that information. Unity's most recent announcements are available from ASX's website at www.asx.com.au. Further announcements concerning Unity will continue to be made available on this website after the date of this Scheme Booklet.

Unity is required to prepare and lodge with ASIC and ASX both annual and half year financial statements accompanied by a statement and report from the Unity Board and an audit or review report. Unity also lodges quarterly activity reports with ASX. Copies of these and other documents lodged with ASIC and ASX may be obtained from an ASIC office and are accessible from ASX's website at www.asx.com.au.

6 PROFILE OF MERGED GROUP

6.1 Overview of the Merged Group

Upon implementation of the Merger, the Merged Group would have the following key characteristics:

Company	Cortona	Unity	Merged Group
Shares on issue (million) ¹	268	505.3	702
Market capitalisation (A\$m) ²	22.3	65.7	88
Cash (A\$m) ³	2	39	41
Debt (A\$m)	-	-	-
Estimated annualised production rate during the course of FY2013 (000 oz) ⁴	0	45 – 55	45 – 55
Ore Reserves (Mt) ⁵	233	118	351
Mineral Resources (Mt) ⁵	327	409	736.3
Enterprise value (A\$m) ⁶	20.2	12.7	33

Notes:

- 1 Calculated as at 9 November 2012 (the last practical day prior to the date of this Scheme Booklet). Unity has recently obtained shareholder approval for the issue of Unity Performance Rights – refer to Section 5.6(c) for further information.
- 2 Based upon the number of shares on issue multiplied by the price of Cortona Shares or Unity Shares (as applicable) as at 27 September 2012 (the Business Day prior to the announcement of the Merger).
- 3 Based on the cash balance of Cortona and Unity as at 30 September 2012. Unity's cash balance does not include \$8 million in cash-backed environmental bonds. The Merged Group cash balance does not include costs associated with the implementation of Merger, which are expected to be approximately \$2.2 million.
- 4 See Unity ASX announcement dated 27 September 2012.
- 5 The estimations represent the aggregate of Unity and Cortona's Ore Reserves (Proven and Probable) and Mineral Resources as reported by each company to the ASX on 17 August 2012 and 30 November 2010 respectively. Each of Cortona's and Unity's estimations are subject to various assumptions, set out in detail in Sections 4.2(d) and 5.2(e) respectively.
- 6 Based on sum of market capitalisation less cash (including \$8 million in cash-backed environmental bonds) and less the market value of Unity's investment in GoldStone Resources Limited as at 27 September 2012 (the Business Day prior to the announcement of the Merger).

6.2 Rationale for the Merger

The Merger of Unity and Cortona brings together two highly complementary and growth focused groups to create a significant Australian gold business. Further, the Merger achieves asset and geographic diversification and is expected to increase market and investor relevance.

Following the implementation of the Scheme, the Merged Group will have the following key attributes:

- an immediate production profile of 45,000 – 55,000 ounces of gold per annum, with gold production by the Merged Group growing to approximately 100,000 ounces of gold per annum once Dargues Reef achieves full production;
- the financial and operational strength to underpin the development of Dargues Reef, due to Unity's strong cash position and ongoing cash flow from production at the Henty Gold Mine;
- the financial resources to more aggressively explore the attractive exploration interests of the Merged Group in Tasmania and New South Wales, to further extend the mine life at both Henty and Dargues Reef;
- corporate cost saving synergies and the potential to use capital component parts from Unity's Kangaroo Flat gold processing plant to reduce capital costs of the Dargues Reef development project;
- a strong team of experienced mining professionals that can efficiently and effectively implement the Merged Group's exploration and development projects and assess future growth opportunities;
- exposure to West African gold exploration assets through a 34% investment in GoldStone.



Locations of the Merged Group's Australian assets

6.3 Director profiles of the Merged Group Board

The Merged Group Board will comprise five directors. Details of the Directors who will comprise the Merged Group Board are set out below.

<p>Clive Jones Chairman</p>	<p>Mr Jones has been involved in the minerals industry for 25 years and has worked on the exploration for and development of projects covering a range of commodities including gold, base metals, uranium, mineral sands, iron ore and industrial minerals both in Australia and overseas. His experience covers both corporate and technical roles at senior management level. Aside from his role as Chairman of Cortona he is currently joint managing Director of Cazaly Resources Ltd, a Director of Bannerman Resources Ltd and is Chairman of Corazon Mining Limited. All of these companies are currently listed on the Australian Securities Exchange whilst Bannerman is also jointly listed on the Toronto and Namibian Stock Exchanges.</p>
<p>Andrew McIlwain Managing Director & CEO</p>	<p>Mr McIlwain has over 25 years experience in the mining industry. He has held operational, technical, senior management and executive roles within Mount Isa Mines Limited, Central Norseman Gold Corporation, WMC Resources and Lafayette Mining Limited. More recently, as an independent consultant, Andrew has worked with Oxiana, Heemskirk and Tusker Gold focussing on corporate transactions. He is also Non-Executive Director and Independent Chairman of ASX-listed Emmerson Resources Limited. He is also a Non-Executive Director of Kidman Resources Limited and TSX Venture Exchange listed Almonty Industries Inc. He has operational and corporate experience in a variety of fields including establishment of operational sustainability, project evaluation and development, equity and debt financing and corporate acquisitions and mergers.</p>
<p>Peter van der Borgh Executive Director</p>	<p>Mr van der Borgh has worked in exploration and mining for over 22 years. He purchased the North Monger project and with his fellow Cortona Directors and associates listed Cortona Resources Limited. He combines exploration skills with experienced business acumen. This is typified by the acquisition of the prospective Dargues Reef project in July 2007.</p>
<p>Ronnie Beevor Non-Executive Director</p>	<p>Mr Beevor was Head of Investment Banking at N M Rothschild & Sons (Australia) Limited. He has had involvement with the natural resources industry, both in Australia and overseas. He is Chairman of EMED Mining Public Limited, and a Director of Ampella Mining Limited, Bannerman Resources Limited, Bullabulling Gold Limited, Rey Resources Limited and Talison Lithium Limited. He is a Senior Advisor to Gryphon Partners / Standard Chartered Bank.</p>
<p>David Ransom Non-Executive Director</p>	<p>Mr Ransom is a resource analyst and principal of Acorn Capital Limited. He has over 35 years experience in the minerals industry. He has held various long term directorships in the resources sector, including Triako Resources Limited and TSX Venture Exchange listed Solomon Resources Limited.</p>

6.4 Management of the Merged Group

Details of the proposed members of the senior management team of the Merged Group are set out below.

Bill Geier Chief Financial Officer & Company Secretary	Mr Geier is a senior finance professional with 18 years' experience in accounting and finance spanning mining, oil & gas, manufacturing, fast moving consumer goods and transportation industries. He joined Unity from his position as Interim CFO Support at Range River Gold. Prior to that he was CFO for Guest Group, and before that held a range of senior finance positions with the Australian division of Henkel KGaA Germany (Fortune 500 Company), Scania Australia, Epic Energy and Alcoa of Australia. He joined Unity in December 2011.
Ajanth (AJ) Saverimutto Chief Operating Officer	Mr Saverimutto is a mining engineer with experience in all aspects of mine management and planning including DFS, Project Funding, contractor selection and personnel management. Prior to joining Cortona, he worked with BHP Billiton as Feasibility & Mining Manager for the Stainless Steel Materials division. He has also held senior mine management roles with Freeport McMoran in Papua, Indonesia, and with Newmont in Australia. He joined Cortona in 2009.
Matt Daly General Manager – Henty Gold Mine	Mr Daly is an experienced mining engineer and general manager with practical knowledge of all aspects and levels of the mining business gained over a 30 year career with some of the country's major mining houses, including North Ltd, ERA, Placer Dome, Barrick and OZ Minerals. Except for a six month period with OZ Minerals, Mr Daly has been General Manager at Henty since 2002.
Angela Lorrigan General Manager – Discovery & Growth	Mrs Lorrigan began work in gold exploration in the Yilgarn in 1981, and since then has worked in both exploration and mine geology in gold and base metals in the Mt Isa district, New Zealand, NSW and Tasmania. She was the Chief Geologist for Pasminco at Elura Mine and the Cobar District, then Principal Geologist for Zinifex and Manager, Mining Districts Exploration for Zinifex and OZ Minerals. She joined Unity in 2009.
Ben Hill General Manager – Markets & Strategy	Mr Hill is an experienced executive who has held a number of senior management positions in strategy, commercial, technical and finance roles in the automotive, transport and logistics and mining sectors. He joined Unity from Asciano where he was Business Strategy Manager for the Patrick Container Ports business. Previously he held various roles in finance, strategy and program management over 12 years with GM Holden. He joined Unity in 2010.

6.5 Intentions in relation to Cortona and the Merged Group

This Section sets out the intentions of Cortona and Unity in relation to Cortona and the Merged Group if the Scheme becomes Effective.

These statements of intention are formed on the basis of publicly available information as at the date of this Scheme Booklet as well as information made available in the course of due diligence carried out by Cortona on the business of Unity, and due diligence carried out by Unity on the business of Cortona.

The Merged Group Board intends to expedite the development of the Dargues Reef gold project, explore opportunities to optimise existing operations at the Henty Gold Mine and expand the Merged Group's mineral inventory through ongoing exploration so as to maximise value for the Merged Group's shareholders.

Final decisions regarding any such matters will be made by the Merged Group Board in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intentions only, which may vary as new information becomes available or circumstances change and the Merged Group further develops its strategic focus and outlook.

(a) Corporate matters in relation to Cortona

If the Scheme is implemented, it is intended that:

- Cortona be removed from the official list of ASX; and
- as Cortona will be a wholly-owned subsidiary of the Merged Group, the Cortona Board be reconstituted so that it comprises persons nominated by the Merged Group Board.

(b) Continuation of Cortona and Unity's businesses

The Merged Group Board intends to expedite the development of the Dargues Reef gold project, explore opportunities to optimise existing operations at the Henty Gold Mine and expand the Merged Group's mineral inventory through ongoing exploration so as to maximise value for the Merged Group's shareholders.

The Merged Group Board intends to centralise administrative functions across the Merged Group including corporate, finance and accounting, marketing, human resources, information technology, legal and risk management functions, with a view to relocating these centralised head office functions to Unity's premises in Melbourne, Victoria, which is anticipated to result in some redundancies. However, overall employment levels of the Merged Group are expected to increase when development of the Dargues Reef gold project commences.

The Merger is expected to enhance the ability to create job opportunities, particularly in relation to the Dargues Reef gold project. From a geographic and operational perspective, given the stage and status of the Dargues Reef gold project compared to the Henty Gold Mine, Cortona and Unity have no plans for reductions in the number of employees in regional areas as a result of the Merger.

(c) **Name of the Merged Group**

The structure of the transaction, which was considered the most efficient way to effect a combination of Cortona and Unity, will result in Unity issuing New Unity Shares to Cortona Shareholders.

Accordingly, it is intended that the Merged Group will continue to trade on ASX under the name Unity Mining Limited (ASX code "UML").

(d) **Dividend policy**

Unity has not paid a dividend to its shareholders in the last two financial years. Cortona does not currently pay a dividend to its shareholders.

The Board of the Merged Group will review the amount of any future dividends to be paid to shareholders having regard to the company's profits, its financial position and the board's assessment of the capital required to grow the Merged Group's businesses.

6.6 **Pro forma historical financial information**

(a) **Historical financial profile of the Merged Group**

The Merged Group pro forma historical financial information provided in this Scheme Booklet comprises a pro forma consolidated statement of financial position as at 30 June 2012 which is based upon:

- the Unity audited consolidated statement of financial position as at 30 June 2012; and
- the Cortona audited consolidated statement of financial position as at 30 June 2012,

(collectively the **Historical Financial Information**); and

- relevant pro forma adjustments required to present the Merged Group,

(collectively the **Pro Forma Financial Information**).

(b) **Basis of preparation**

The Pro Forma Financial Information is provided for illustrative purposes and is prepared on the assumption that the Merger had occurred on 30 June 2012. The Merged Group financial statements are based on Unity's and Cortona's financial statements as at 30 June 2012 which were audited by Deloitte Touche Tohmatsu and PKF Mack & Co respectively. Both Unity's and Cortona's financial statements were issued with unqualified Independent Auditor's Reports.

The Pro Forma Financial Information:

- has been prepared in accordance with the recognition and measurement principles of AASBs, together with pro forma adjustments to reflect the Merger;
- has been presented in an abbreviated form and does not include all disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act;
- in respect of Unity has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. Cost is based on the fair values of the consideration given in exchange for assets;
- in respect of Cortona has been prepared on the basis of historical cost basis except for the following items in the statement of financial position:
 - financial instruments at fair value through profit or loss are measured at fair value; and
 - available-for-sale financial assets are measured at fair value.

In accordance with ASIC Class Order 98/100, amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated. All amounts are presented in Australian dollars, unless otherwise noted.

(c) **Pro forma adjustments**

Australian Accounting Standards require the Merger to be accounted for as an in substance acquisition, with Unity deemed to be the acquirer.

Acquisition accounting will be applied in accordance with AASB 3: Business Combinations. The value of the consideration issued to Cortona will be measured based upon the value of Unity Shares at close of trading on the Implementation Date. For the purposes of the Pro Forma Financial Information, a value of \$0.13 per Unity Share has been assumed, being the closing price of Unity Shares on 27 September 2012 being the date of execution of the Scheme Implementation and the day before the announcement of the Merger. Consequently, the value of the purchase consideration for accounting purposes may differ from the amount assumed in the Pro Forma Financial Information.

The following pro forma adjustments to the Historical Financial Information have been made in order to present the Pro Forma Financial Information:

- the acquisition of Cortona by Unity through the issuance of 0.734 New Unity Shares for each Cortona Share as described in this Scheme Booklet, being approximately 196.7 million New Unity Shares in total, as well as the payment of cash in consideration for cancellation of the Cortona Options outstanding as described in Sections 2.13 and 10.6; and
- the inclusion of transaction costs totalling \$2.19 million associated with the Merger, thus reducing the overall cash balance of the Merged Group.

(d) **Pro Forma Financial Information**

This Section contains the Pro Forma Financial Information for the Merged Group, reflecting the combined businesses of Cortona and Unity. The Pro Forma Financial Information is presented to provide Cortona Shareholders with an indication of the Merged Group statement of financial position if the Merger occurred as at 30 June 2012.

Pro forma Merged Group statement of financial position – 30 June 2012

	Unity (\$'000)	Cortona (\$'000)	Material Post Balance Sheet Date Events (\$'000)	Pro-Forma Consolidation Adjustments (\$'000)	Total Consolidated (\$'000)
Assets					
Current assets					
Cash and cash equivalents	44,376	4,023	-	(2,190)	46,209
Receivables	3,704	136	-	-	3,840
Inventories	3,940	-	-	-	3,940
Prepayments	592	-	-	-	592
Other financial assets	5,996	-	-	-	5,996
	58,608	4,159	-	(2,190)	60,577
Assets classified as held for sale	5,528	-	-	-	5,528
Total current assets	64,136	4,159	-	(2,190)	66,105
Non-current assets					
Receivables	-	244	-	-	244
Investments	7,669	-	-	-	7,669
Other financial assets	2,676	20	-	-	2,696
Mine property, plant & equipment	33,338	2,704	-	-	36,042
Exploration and evaluation asset	5,298	30,806	-	-	36,104
Total non-current assets	48,981	33,774	-	-	82,755
Total Assets	113,117	37,933	-	(2,190)	148,860

	Unity (\$'000)	Cortona (\$'000)	Material Post Balance Sheet Date Events (\$'000)	Pro-Forma Consolidation Adjustments (\$'000)	Total Consolidated (\$'000)
Liabilities					
Current liabilities					
Payables	10,671	639	-		11,310
Interest bearing liabilities	1,181	-	-		1,181
Provisions	3,384	87	-		3,471
	15,236	726	-	-	15,962
Liabilities directly associated with assets classified as held for sale	5,847	-	-		5,847
Total current liabilities	21,083	726	-	-	21,809
Non-current liabilities					
Interest bearing liabilities	1,001	-	-		1,001
Provisions	2,559	-	-		2,559
Total non-current liabilities	3,560	-	-	-	3,560
Total Liabilities	24,643	726	-	-	25,369
Net Assets	88,474	37,207	-	(2,190)	123,491
Equity					
Issued Capital	422,766	45,203	-	(19,626)	448,343
Reserves	1,772	2,813	-	(2,813)	1,772
Accumulated losses	-336,064	-10,809	-	20,249	-326,624
Total Equity	88,474	37,207	-	(2,190)	123,491

6.7 Capital structure and ownership

(a) Share capital

Based on Cortona's current issued share capital, if the Scheme is implemented, Unity will issue approximately 196,747,303 New Unity Shares to Cortona Shareholders.

As a result, the number of Unity Shares on issue will increase from 505,250,467 (being the number currently on issue) to approximately 701,997,770 on an undiluted basis, as illustrated below.

	Unity Shares to be issued	Cumulative total Unity Shares on issue
As at the date of this Scheme Booklet	Not applicable	505,250,467
To be issued as Scheme Consideration*	196,747,303	701,997,770

* Based on Cortona's current issue share capital of 268,048,097 Cortona Shares

(b) **Shareholding structure**

If the Scheme is implemented, Cortona Shareholders will collectively hold approximately 28% of the shares in the merged company, with Unity's shareholders collectively holding the remaining 72%.

It is expected there will be one substantial shareholder of the Merged Group:

Name	Number of fully paid ordinary shares held	% held of issued ordinary capital
Orbis Investment Management	59,559,851	8.48%

6.8 Forecast financial information for the Merged Group

Cortona and Unity have given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information for the Merged Group. The Cortona Directors and Unity Directors have concluded that, as at the date of this Scheme Booklet, it would be misleading to provide forecast financial information, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

The financial performance of the Merged Group in any period will be influenced by various factors that are outside the control of the directors and that cannot, at this time, be predicted with a high level of confidence. In particular, the financial performance of the Merged Group will be materially affected by:

- fluctuations in the gold price;
- fluctuations in exchange rates;
- mine operational performance;
- grades of recovered ore;
- recovery rates; and
- labour stability.

Cortona and Unity do not have an established practice of issuing financial forecasts given the potential impact of the considerations shown above, and the status of development of current and future projects.

7 RISK FACTORS

7.1 Operating risks for the Merged Group

There are a number of factors, both specific to the Merged Group and of a general nature, which may, either individually or in combination, affect the future operating and financial performance and/or financial position of the Merged Group, its prospects, and/or the value of the shares in the Merged Group. A significant number of these operating risks are, or will be, matters that will be relevant to Cortona whether or not the Scheme is approved. Many of the circumstances giving rise to these risks are beyond the control of the Merged Group, the directors, and the Merged Group's management.

This Section describes certain specific areas that are believed to be the major risks associated with an investment in the Merged Group. Cortona and Unity shareholders should note that this Section does not contain an exhaustive list of the risks associated with the Merged Group and the information set out here should be considered in conjunction with other information disclosed in this Scheme Booklet. Cortona Shareholders should have regard to their own investment objectives and financial circumstances, and should consider seeking professional guidance from their accountant, stockbroker, lawyer or other independent professional adviser before deciding whether to vote in favour of the Scheme.

(a) Development

The information provided in this Scheme Booklet in relation to the current estimate of Mineral Resources and Ore Reserves is determined from geological data obtained from drill holes and other exploration techniques and studies conducted to date. Further exploration may result in changes to estimates of the size and confidence levels of Ore Reserves and the estimated costs of recovering gold from the projects, affecting the economics of the Merged Group's Henty Gold Mine and Dargues Reef gold project.

There is a risk that circumstances (including unforeseen circumstances) may cause a delay to project development, exploration milestones or other operating factors, resulting in the receipt of revenue at a later date than expected or not at all.

Additionally, the development of the Dargues Reef gold project and any extension or expansion of the Henty Gold Mine by the Merged Group may exceed the currently envisaged timeframe or cost for a variety of reasons outside of the control of the Merged Group.

The contractual terms for the procurement and delivery of various components necessary for the development of the Dargues Reef gold project, including any related infrastructure requirements, are yet to be established. There are many milestones that need to be met in a timely fashion for production to commence at Dargues Reef as per the Merged Group's development plan and there is a risk that circumstances (including unforeseen circumstances) may cause delay or otherwise frustrate the development of Dargues Reef. Further, there is a risk that the objection challenging the Parkes Shire Council's decision in August 2012 to approve the modification and use of the London Victoria processing plant for processing of gold concentrate from Cortona's Dargues Reef gold project outlined in section 4.2(b) of the Scheme Booklet may be successful, requiring the Merged Group to re-consider the proposed approach to processing gold from Dargues Reef, thereby delaying the development of that project.

Although the Merged Group has an established gold production, development and exploration business, its future value is materially dependent on the success or otherwise of the Merged Group's activities which are directed towards the continued operation of the Henty Gold Mine, including the ongoing delineation and mining of mineralisation not yet classified as a Mineral Resource and/or Ore Reserve, and the development of the Dargues Reef gold project.

Although the rewards can be substantial, there is no guarantee that future exploration on tenements for which the Merged Group collectively has exploration permits and licences will lead to a commercial discovery or, if there is such a discovery, that the Merged Group will be able to develop it economically. Future developments are dependent on whether mining leases can be obtained to recover gold from current or future development and exploration projects. Factors affecting the ability to obtain those mining leases include native title, impacts on the environment and objections from people and entities with interests located close to the proposed mining leases.

Development of any future Mineral Resources will also be dependent on the exploration and appraisal programs gaining all necessary approvals by government authorities.

(b) Operations

The Merged Group's gold mining operations will be subject to operating risks that could result in decreased gold production, including a failure to achieve the forecast production from the Henty Gold Mine for the financial year ending 30 June 2013, which could reduce its revenues. Operational difficulties may impact the amount of gold produced at its gold mines, delay gold deliveries or increase the cost of mining for a varying length of time. Such difficulties include weather (including flooding) and natural disasters, geotechnical issues, failure to convert Mineral Resources to Ore Reserves as expected, failure to delineate additional Mineral Resources and Ore Reserves, unexpected maintenance or technical problems, failure of key equipment, depletion of the Merged Group's Ore Reserves, increased or unexpected reclamation costs and interruptions due to transportation delays.

These unforeseen geological and operating difficulties could cause a loss of revenue due to lower production than expected, higher operating and maintenance costs and/or ongoing unplanned capital expenditure to meet gold production targets. This may result in production forecasts from the Henty Gold Mine for the financial year ending 30 June 2013 not being achieved.

A failure to obtain access (whether under a contractual arrangement or otherwise) to an adequate supply of capital equipment or consumables for use in the Merged Group's operations could result in delays to the commencement of operations at the Dargues Reef gold project, and/or reduced production rates, and/or increased costs of the Dargues Reef gold project or the Henty Gold Mine.

It is common in new mining operations to experience unexpected problems and delays during development, construction and mine start-ups which delay the commencement of mineral production.

Accordingly, there is no assurance that the Merged Group's future exploration and development activities will develop into profitable mining operations.

(c) Production and capital costs

The Merged Group's business operations and financial condition may vary with fluctuations in production and capital costs. The Merged Group's main production expenses are expected to be contractor costs, materials (including fuel, explosives and mining consumables), personnel costs and energy. The Merged Group contemplates that certain capital expenditures will be made in US dollars.

Changes in the costs of the Merged Group's mining and processing operations as well as its capital costs could occur as a result of unforeseen events, including international and local economic and political events (including movement in exchange rates), and could result in changes in Ore Reserve estimates. Many of these factors may be beyond the Merged Group's control. In addition, some of the capital cost estimates are based on conceptual engineering design and there may be a material change to the estimates once final engineering has been completed. In past resource cycles, operating and capital costs have tended to increase as commodity prices have increased. Thus, the Merged Group may be faced with higher than currently expected operating and capital costs in the future.

(d) Financing risks

Existing credit facilities and internally-generated funds may not be sufficient for expenditure that might be required for the development of Dargues Reef, further exploration and feasibility studies. The Deutsche Bank commitment letter is subject to satisfaction of various conditions, which if not satisfied, will adversely affect the availability of the facility.

The Merged Group may need to raise additional debt or equity funds in the future. There is no assurance that the Merged Group will be able to obtain additional debt or equity funding when required, or that the terms associated with that funding will be acceptable to the Merged Group and this may have a material adverse effect on the Merged Group.

Securing funding for projects or other forms of financing for operations may depend on a number of factors, including commodity prices, interest rates, economic conditions, debt market conditions, share market conditions and country risk issues. Inability to obtain financing or refinancing or other factors could cause delays in the development of Dargues Reef or increase financing costs and thus adversely affect the financial condition and performance of the Merged Group.

If current sources of funding are not adequate or become unavailable, the Merged Group may need to raise additional debt and/or equity, or reduce the scope of its anticipated development, which could adversely affect its business, financial condition and operating results, and its ability to continue as a going concern or its ability to pay its debts as and when they fall due. Any additional equity financing may be dilutive to shareholders, and debt financing (including lease financing of equipment), if available, may involve restrictions on financing and operating activities. There is no assurance that the Merged Group will be able to obtain or access additional funding when required, or that the terms associated with that funding will be acceptable or favourable to the Merged Group or permissible given any legal restrictions. In such circumstances, if the Merged Group is unable to secure refinancing, or refinancing on favourable terms, this may have a material adverse effect on the Merged Group.

The Merged Group's ability to secure funding in amounts sufficient to meet its financial needs could be adversely affected by many factors beyond its control, including economic conditions and the state of the capital markets. If the Merged Group is unable to raise the necessary funds, it will have to revise its planned capital expenditure and may be required to reduce the scope of its anticipated activities. Such possible reduction could adversely affect the Merged Group's ability to complete the development of the Dargues Reef gold project and maintain ongoing production.

The Merged Group's ability to service its debt will depend on its future performance and cash flows, which will be affected by many factors, some of which are beyond the Merged Group's control.

(e) Geology and estimation of Mineral Resources and Ore Reserves

The quantity of gold (in terms of both ore tonnages and gold grade) that the Merged Group recovers may be less than the estimates included in this Scheme Booklet. Mineral Resource and Ore Reserve estimates (including those contained in this Scheme Booklet) are stated in accordance with the JORC Code and are expressions of judgement based on knowledge, experience and industry practice. There are risks associated with such estimates. Mineral Resource and Ore Reserve estimates are necessarily imprecise and depend to some extent on interpretations and geological assumptions, gold prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable.

Consequently, Ore Reserve and Mineral Resource estimates are often regularly revised based on actual production experience or new information and could therefore be expected to change. Furthermore, should the Merged Group encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, Ore Reserve and Mineral Resource estimates may have to be adjusted and mining plans may have to be altered in a way that might adversely affect the Merged Group's operations. Moreover, a decline in the price of gold, stabilisation at a price lower than recent levels, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including environment, permitting, title or tax regulations, that are adverse to the Merged Group, may mean the quantity of gold that the Merged Group can feasibly extract may be significantly lower than the Ore Reserve and Mineral Resource estimates indicated in this Scheme Booklet. If it is determined that mining of certain of the Merged Group's Ore Reserves has become uneconomic, this may ultimately lead to a reduction in the Merged Group's aggregate Ore Reserves.

If the Merged Group's actual Mineral Resources and Ore Reserves are less than current estimates, the Merged Group's prospects, value, business, results of operations and financial condition may be materially adversely affected.

Certain projects of the Merged Group will focus on exploration activities. The exploration potential of these projects currently has insufficient sampling at this time to define Mineral Resources and it is uncertain how much of the potential will be converted to Mineral Resources with further drilling. The potential quantity and quality of the exploration targets for these projects is conceptual in nature since there has been insufficient work completed to define them beyond exploration targets and it is uncertain if further exploration will result in the determination of a Mineral Resource. Exploration activities are inherently risky and subject to uncertainty.

(f) Permit and tenement applications

There is a risk that the NSW State Department of Trade and Investment and/or the Tasmanian Department of Infrastructure, Energy and Resources, may not grant a renewal of the Merged Group's current tenements and permits or that additional conditions may be added to any renewal granted which could restrict the Merged Group's ability to conduct its mining operations.

(g) Shortage of skilled labour and industrial action

A shortage of skilled labour in the Australian mining industry could result in the Merged Group having insufficient employees or contractors to operate its business, which could adversely affect the Merged Group's business, results of operations and financial condition. Similarly, industrial action by the Merged Group's (future) employees or mining contractors' employees could disrupt operations (e.g. employees covered by industrial agreements may take protected industrial action (e.g. strike) once these agreements pass their nominal expiry date).

The Merged Group will depend on a large number of contracted personnel. There is a risk that contracted personnel fail to perform their contractual obligations and that the Merged Group is unable to find suitable replacement contractors. While the situation is normal for the mining and exploration industry, problems caused by third parties may arise which have the potential to impact on the performance of the Merged Group.

(h) Dependence on key personnel

The loss of key personnel and the failure to recruit sufficiently qualified staff could affect the Merged Group's future performance. The Merged Group has entered into employment contracts with a number of key personnel whose expertise and experience in the mining industry are important to the continued development and operation of its mining interests.

Due to management's experience and the important role they have taken in developing the Merged Group's mining, business and financial plans, the Merged Group could be adversely affected if any of them ceased to actively participate in the management of the Merged Group or left the Merged Group entirely. There may be a limited number of persons with the requisite experience and skills to serve in the Merged Group's senior management positions if existing management leave the Merged Group.

If the Merged Group cannot attract, train and retain qualified managers, the Merged Group may be unable to successfully manage its growth or otherwise compete effectively in the Australian gold industry.

(i) Reliance on third parties

Through the Merged Group's use of contractors and other third parties for exploration, mining and other activities, it is reliant on others for the success of its current operations, development projects and exploration assets. While the situation is normal for the mining and exploration industry, problems caused by third parties may arise which have the potential to impact on the performance of the Merged Group.

(j) Hazardous materials

The Merged Group's operations may substantially impact the environment or cause exposure to hazardous materials. The Merged Group will use hazardous materials and will generate hazardous waste.

The Merged Group may be subject to common law claims, natural resource damages and other damages as well as the investigation and clean-up of soil, surface water, groundwater, and other media. Such claims may arise, for example, out of current or former activities at sites that the Merged Group owns or will operate. Mining operations can also impact flows and water quality in surface water bodies and remedial measures may be required, such as lining of stream beds, to prevent or minimise such impacts.

These and other impacts that the Merged Group's operations may have on the environment, as well as exposures to hazardous substances or wastes associated with the Merged Group's operations and environmental conditions at the Merged Group's properties, could result in costs and liabilities that would have a material adverse impact on the financial position and operating results of the Merged Group.

(k) Title

The Merged Group's properties and mineral claims may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Accordingly, other parties could possibly dispute the Merged Group's title to its mining rights and other interests, which if successful may have a material adverse impact on the financial position and operating results of the Merged Group.

(l) Third party land access

The Merged Group's properties and mineral claims are affected by competing overlapping land interests and the Merged Group will need to enter into land access arrangements with such overlapping landholders in order to conduct its operations. Any refusal to grant such access, or delay in obtaining such access, may adversely affect the planned operations of the Merged Group.

(m) Insurance coverage

Whilst Cortona does have some insurance coverage in place against flood and other natural disasters, the Merged Group's insurance coverage with respect to its operations may be inadequate and the occurrence of a significant event could adversely affect the Merged Group's business, results of operations and financial condition. In addition, the Merged Group may incur liabilities to third parties (in excess of any insurance cover or statutory reserves) arising from negative environmental impacts or other damages or injury. There is a risk of an occurrence of a significant event leading to losses that are only partially covered by insurance.

(n) Minority investment interests

The Merged Group will only hold a minority interest in certain investments such as its investment in GoldStone Resources Limited. As a minority interest holder, the Merged Group may not have the decision making or voting power to control the investment. The Merged Group may also be exposed to the financial failure or default by the entity, dilution of its investment in the entity and other risk factors affecting the shares of entity.

(o) **Catalyst First Right of Refusal**

Unity has granted ASX-listed Catalyst Metals Limited a first right of refusal until 30 June 2013 to purchase any surplus Kangaroo Flat gold processing plant components not required by the Merged Group. This right of first refusal replaces the option agreement under which Catalyst previously had the right to acquire the Kangaroo Flat gold processing plant from Unity. The termination of that option agreement has the effect of providing an opportunity for the Merged Group to now consider using components of the Kangaroo Flat plant for the development of the Dargues Reef gold project.

7.2 Market and investment risks

(a) **Gold prices and demand**

The Merged Group's profits are expected to be derived from the production and sale of gold. In developing its mine plans, the Merged Group has made certain assumptions regarding gold prices and demand for gold. The price which the Merged Group will receive for its gold depends on numerous factors and accordingly, some or all of the Merged Group's underlying assumptions may materially change and actual gold prices and demand may differ materially to those expected by the Merged Group. Many of these factors are out of the control of the Merged Group and may have a material adverse impact on gold prices and demand. There may be limited scope for the Merged Group to limit gold price risk in its gold sales contracts.

A substantial and prolonged fall in the gold price realised by the Merged Group could result in a material deterioration in the financial performance and position of the Merged Group and may have a significant adverse effect on the price of shares in the Merged Group. It is possible that a substantial and prolonged fall in the gold price could render the development of the Dargues Reef gold project, ongoing operations at the Henty Gold Mine or ongoing operations at the Dargues Reef gold project uneconomic.

(b) **Exchange rate fluctuations**

The price of gold is set in international markets and is generally denominated in US dollars. Most of the Merged Group's operating costs are denominated in Australian dollars.

If the Australian dollar strengthens in value relative to the value of the US dollar, then, all other factors being equal, the Merged Group's financial results will be adversely affected due to the resultant lower Australian dollar receipts.

(c) **Hedging**

The Merged Group Board will consider whether to manage exchange rate and gold price fluctuation risk through hedging arrangements. Additionally, as part of any debt financing for the Dargues Reef gold project, the Merged Group may be required under the terms of the financing to enter into hedging arrangements in respect of gold price and exchange rate fluctuations.

However, there can be no assurance that the Merged Group will hedge its gold price and exchange rate exposure, that it will be able to hedge such exposure on acceptable terms in the future or that any gold price or exchange rate hedging conducted by the Merged Group will be effective or will not result in an adverse financial impact arising from an inability to benefit from a favourable movement in gold prices or exchange rates.

(d) **Stock market fluctuations and economic conditions**

The New Unity Shares issued under this Scheme carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on ASX. The value of the New Unity Shares will be determined by the stock market and will be subject to a range of factors beyond the control of Cortona, the Cortona Directors, and Cortona's management.

Such factors include, but are not limited to, the demand for and availability of Unity Shares, movements in domestic interest rates, exchange rates, fluctuations in the Australian and international stock markets and general domestic and economic activity. Returns from an investment in the New Unity Shares may also depend on general stock market conditions as well as the performance of the Merged Group.

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals which underpin the projected growth of the Merged Group's target markets or its cost structure and profitability. Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending and employment rates, among others, are out of the control of the Merged Group, the directors, and the Merged Group's management and may result in material adverse impacts on the business or its operating results.

(e) **Wars, terrorism, political and environmental events**

Events may occur within or outside Australia that could impact upon the world economy, the market for gold, the operations of the Merged Group and the price of Unity Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods, fires and poor weather affecting roadways, mining and transport. The Merged Group has only a limited ability to insure against some of these risks.

Through its 34% equity stake in GoldStone, the Merged Group will be exposed to various levels of political, economic and other risks and uncertainties associated with operating in West Africa, in particular in relation to GoldStone's investments in Ghana and Gabon. These risks include currency exchange rates, rates of inflation, labour unrest, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, restrictions on foreign exchange, changing political conditions and governmental regulations.

7.3 **Legal risks**

(a) **Licences, permits and environment**

Mining companies must obtain numerous permits issued by various governmental agencies and regulatory bodies that impose strict regulations on various environmental and safety matters in connection with gold mining. The permitting rules are complex and may change over time, making the Merged Group's ability to comply with the applicable requirements more difficult or even impossible, thereby precluding continuing or future mining operations. Private individuals and the public have certain rights to comment upon and otherwise engage in the permitting process, including through court intervention. Accordingly, the permits the Merged Group needs may not be issued, maintained or renewed, may not be issued or renewed in a timely fashion, or may involve requirements that restrict the Merged Group's ability to conduct its mining operations. An inability to conduct the Merged Group's mining operations pursuant to applicable permits would reduce the Merged Group's production, cash flow, and profitability. Another factor affecting future developments is successfully obtaining the grant of mining leases to recover gold from current or future exploration projects. No assurance can be given that current or future development and exploration will lead to mining operations.

Environmental regulation of mining activities imposes significant obligations on mining companies in relation to pollution control during mining operations and rehabilitation on completion of them. Further, the Henty Gold Mine is adjacent to the heritage listed South West Conservation Area and as a consequence is subject to more stringent environmental standards. Further, whilst the Merged Group has provided or will provide environmental bonds to the relevant regulatory bodies in respect of the anticipated cost of rehabilitation, actual rehabilitation costs may exceed the amount of the bonds provided and the Merged Group may be required to expend more money than anticipated in order to complete rehabilitation of its projects.

Changes to environmental regulation or circumstances beyond the control of the Merged Group, such as drought or flood, may impact on the cost of meeting the Merged Group's environmental obligations. Environmental and safety legislation may change in a manner that may require standards in addition to those now in effect, and a heightened degree of responsibility for companies and their directors and employees. There may also be unforeseen environmental liabilities resulting from gold production related activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential abandonment costs and obligations for which the Merged Group may become liable as a result of its activities may be impossible to assess against the current legal framework.

(b) **Compensation**

The Merged Group may also incur costs and liabilities resulting from claims for damages to property or injury to persons arising from the Merged Group's operations. The Merged Group must compensate employees for work-related injuries. If the Merged Group does not make adequate provisions or is otherwise not adequately insured for its workers' compensation liabilities and is pursued for such sanctions, costs and liabilities, the Merged Group's business, financial condition and results of operations could be adversely affected.

(c) **Native title**

It is possible that, in relation to tenements in which the Merged Group has an interest or may acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Merged Group to obtain the consent of any relevant land owner, or to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected. It is possible that there will exist on the Merged Group's Australian mining assets, areas containing sacred sites or sites of significance to Aboriginal people subject to the provisions of Australian cultural heritage legislation. As a result land within the tenements may be subject to exploration, mining or other restrictions as a result of claims of Aboriginal heritage sites or native title.

(d) **Litigation**

Like any business, the Merged Group is exposed to risks that litigation could have a material adverse effect on the Merged Group. As at the date of this Scheme Booklet, neither Cortona or Unity are aware of any current litigation matters that are considered material to the Merged Group's business.

7.4 Scheme and Merger implementation specific risks

The following risks have been identified as being key risks specific to an investment in the Merged Group. These risks have the potential to have a significant adverse impact on the Merged Group and may affect the Merged Group's financial position, prospects and price of its listed securities.

(a) **Integration risk**

The long term success of the Merged Group will depend, amongst other things, on the success of management in integrating the respective businesses and the strength of management of the Merged Group. There is no guarantee that the businesses of the Merged Group will be able to be integrated successfully within a reasonable period of time. There are risks that any integration of the businesses of Cortona and Unity may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel.

Any failure by the Merged Group to ensure implementation costs remain below those anticipated may have a material adverse effect on the financial performance and position, and future prospects, of the Merged Group.

(b) **Change in risk profile and risks of investment in the Merged Group**

If the Merger is implemented, there will be a change in the risk profile to which Cortona Shareholders are exposed. Cortona Shareholders are currently exposed to various risks as a result of their investment in Cortona. If the Scheme is approved, Cortona will merge its businesses with those of Unity and Cortona Shareholders will receive New Unity Shares. As a consequence, Cortona Shareholders will be exposed to risk factors relating to Unity, and to certain additional risks relating to the Merged Group and the integration of the two companies. These include risks relating to the operation of a broader suite of assets than Cortona currently operates, including an operating gold mine in Henty. In a number of cases, those risks are different from or additional to those currently faced by Cortona Shareholders. The change in risk profile may be seen to be a disadvantage by some Cortona Shareholders.

(c) **The investment profile for Cortona Shareholders will change**

While Cortona and Unity are both gold companies with operations and assets focussed on south-east Australia, the operational profile, capital structure, size and geography of the Merged Group will be different to that of Cortona on a stand alone basis.

It is possible that certain Cortona Shareholders may wish to maintain an interest in Cortona as a stand alone entity because they are seeking an investment in a publicly listed company with the specific characteristics of Cortona (such as its operational profile, capital structure, size and geography).

The change in investment profile under the Merger would be a disadvantage to such shareholders.

(d) **The exact value of the Scheme Consideration is not certain**

Under the terms of the Merger, Cortona Shareholders will receive 0.734 New Unity Shares for each Cortona Share they hold at the Record Date. The exact value of this Scheme Consideration that would be realised by individual Cortona Shareholders will be dependent on the price at which the New Unity Shares trade on ASX after the Implementation Date.

In addition, the Sale Facility Agent (and/or a nominee of the Sale Facility Agent) will be issued New Unity Shares attributable to certain Ineligible Foreign Shareholders and will sell them on market as soon as reasonably practicable after the Implementation Date. It is possible that such sales may exert downward pressure on the Merged Group's share price during the applicable period.

In any event, there is no guarantee regarding the prices that will be realised by the Sale Facility Agent or the future market price of the New Unity Shares. Future market prices may be either above or below current or historical market prices.

(e) **Risks of trading during deferred settlement trading period**

Scheme Participants will not necessarily know the exact number of New Unity Shares (due to rounding) that they will receive (if any) as Scheme Consideration until a number of days after those shares can be traded on the ASX on a deferred settlement basis. Cortona Shareholders who trade New Unity Shares on a deferred settlement basis, without knowing the number of New Unity Shares they will receive as Scheme Consideration may risk adverse financial consequences if they purport to sell more New Unity Shares than they receive.

(f) **Transaction and other costs**

Transaction and other costs incurred (or which are expected to be incurred) by Cortona in relation to the successful implementation of the Merger are currently estimated at approximately \$1.6 million, comprising adviser, legal, accounting and expert fees, employee costs (including termination rights, bonuses, long term incentive options and insurance), and various other costs. This amount does not include transaction costs that may be incurred in relation to the Merger by Unity.

(g) **Contract risk**

The Scheme may be deemed under contracts to which Cortona or Unity or their subsidiaries are a party, to result in a change of share ownership event in respect of Cortona or Unity that allows the counterparty to review or terminate the contract as a result of the change, or the issue of shares by Unity, upon implementation of the Scheme. If the counterparty to any such contract were to validly seek to renegotiate or terminate the contract on that basis, this may have a material adverse effect on the financial performance of the Merged Group, depending on the relevant contracts. Based on Cortona's due diligence and enquiries of current key contractual counterparties, Cortona does not expect any of its material contracts will be terminated as a result of the Merger.

(h) **Accounting risk**

In accounting for the Merger, the Merged Group will need to perform a fair value assessment of all of Cortona's assets, liabilities and contingent liabilities, which will include the identification and valuation of mineral rights and intangible assets.

To the extent intangible assets are recognised in respect of accounting for the acquisition of Cortona by Unity, they will be subject to annual impairment testing. In the event that the recoverable amount of intangible assets is impaired, this will result in a charge against future earnings.

The Merged Group will be subject to the usual business risk that there may be changes in accounting policies which have an adverse impact on the Merged Group.

(i) **A Superior Proposal for Cortona may yet emerge**

It is possible that a Superior Proposal for Cortona, which is more attractive for Cortona Shareholders than the Merger, may materialise in the future. The implementation of the Merger would mean that Cortona Shareholders would not obtain the benefit of any such proposal.

The Cortona Board is not currently aware of any such proposal and notes that since Cortona and Unity announced the Merger, there has been a significant period of time and ample opportunity for an alternative proposal for Cortona which provides a different outcome for Cortona Shareholders to emerge.

Whilst Cortona engaged in certain discussions of an incomplete nature with a number of parties, Cortona did not consider any alternative proposals prior to entering into the Scheme Implementation Agreement with Unity. Since the Merger was announced, no alternative proposal has emerged and the Cortona Directors have decided that the Merger is the best option available at the date of this Scheme Booklet. In addition, shareholders in the Merged Group will still have an opportunity to realise a full premium in the event of any future change of control transaction for the Merged Group.

(j) **Risks to Cortona Shareholders if the Merger does not proceed**

Cortona Shareholders will also face risks if the Merger is not implemented. If the Merger does not proceed, and no Superior Proposal for Cortona is received, the Cortona Directors will consider a number of alternative strategies for the operation and ownership of Cortona's assets, as well as other growth initiatives. These alternatives would take time to implement.

More importantly, if the Merger does not proceed, Cortona would be required to raise additional working capital in the short term, in addition to the capital required to fund the development of the Dargues Reef gold project. Cortona would also need to repay any amounts loaned by Unity for the purpose of expediting the development of the Dargues Reef gold project. There is no guarantee that Cortona will be able to raise the full amount of any additional capital required on terms acceptable to Cortona. The implications of Cortona being unable to raise additional capital may be significant.

If the Merger is not implemented, Cortona will continue to operate its current businesses as a stand-alone entity. Each Cortona Shareholder will retain their Cortona Shares and will not receive any New Unity Shares. Cortona will still incur a relative proportion of the transaction and other costs of the Merger. In those circumstances, it is likely that Cortona management would seek to continue to develop the Dargues Reef project and continue to maximize value for Cortona Shareholders.

Cortona Shares may trade below their current market price (or the value attributed by the Independent Expert) if the Merger is not implemented. This may occur if, for example, investors consider that Cortona's growth prospects are lower in the absence of the Merger.

(k) **Tax consequences for Scheme Participants**

If the Merger proceeds, there may be tax consequences for Cortona Shareholders which may include tax payable on any gain on the disposal of Scheme Shares. However, Cortona Shareholders should seek their own professional advice regarding the individual tax consequences applicable to them. See Section 8 for a summary of potential taxation implications.

(l) **Rights, obligations and break fee under Scheme Implementation Agreement**

Under the Scheme Implementation Agreement entered into between Cortona and Unity, a liquidated amount (or break fee) of \$220,000 may become payable by one party to the other in certain circumstances, including in certain circumstances if the Scheme is not approved. The Scheme Implementation Agreement also sets out various other rights and obligations of Cortona and Unity in relation to the Merger.

(m) **Other risks**

Additional risks and uncertainties not currently known to Cortona or Unity may also have a material adverse effect on Cortona or Unity's business and that of the Merged Group and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Cortona, Unity or the Merged Group.

8 TAXATION IMPLICATIONS

8.1 Overview

This section provides a general statement of the Australian income tax, goods and services tax and stamp duty implications for Australian resident Scheme Participants that hold their Cortona Shares on capital account (ie they do not hold them in connection with a business or otherwise on revenue account) and dispose of them to Unity pursuant to the Scheme.

The statement provided in this section is necessarily general in nature. It does not take into account the specific circumstances of any Scheme Participant. In particular, it does not take into account the circumstances of foreign resident Scheme Participants or Scheme Participants that hold their Cortona Shares on revenue account or acquired them in respect of any employment or the provision of any services.

Scheme Participants are advised to obtain professional tax advice that takes into account their specific circumstances before deciding how to vote in relation to the Scheme.

8.2 Income tax implications of disposing of Cortona Shares

(a) Capital gain or loss

The disposal of Cortona Shares pursuant to the Scheme will be a capital gains tax (CGT) event.

Subject to the CGT roll-over relief outlined in paragraph (e) below, a Scheme Participant will make either:

- a capital gain to the extent the capital proceeds from the disposal of the Cortona Shares are greater than the cost base of the Cortona Shares; or
- a capital loss to the extent the capital proceeds from the disposal of the Cortona Shares are less than the reduced cost base of the Cortona Shares.

A Scheme Participant must include a net capital gain in assessable income for the income year in which the Implementation Date occurs (ie the income year ending 30 June 2013 for most Scheme Participants), subject to the CGT discount outlined in paragraph (d) below.

A Scheme Participant may generally carry forward a net capital loss to offset capital gains made in a later income year.

(b) Capital proceeds

For the purposes of working out the capital gain or loss on the disposal of Cortona Shares, the capital proceeds will be the market value on the Implementation Date of the New Unity Shares to be received as the Scheme Consideration.

(c) Cost base

The cost base of the Cortona Shares for the purpose of working out a capital gain on disposal will generally include the money paid to acquire the Cortona Shares plus any incidental costs of acquisition and disposal.

The reduced cost base of the Cortona Shares for the purpose of working out a capital loss on disposal will also generally include the money paid to acquire the Cortona Shares plus any incidental costs of acquisition and disposal.

(d) CGT discount

A Scheme Participant that is an individual, a complying superannuation entity or a trust may be entitled to the CGT discount on the disposal of Cortona Shares that have been held for at least 12 months before the Implementation Date.

The CGT discount reduces the capital gain otherwise assessable by:

- 50% in the case of an individual or trust; or
- 33 $\frac{1}{3}$ % in the case of a complying superannuation entity.

Note that the CGT discount only reduces the net capital gain remaining after any capital losses have been applied.

(e) **CGT roll-over relief**

A Scheme Participant that would otherwise make a capital gain on the disposal of Cortona Shares pursuant to the Scheme may choose scrip for scrip CGT roll-over relief.

A Scheme Participant that makes a capital loss on the disposal of Cortona Shares cannot choose CGT roll-over relief (ie the Scheme Participant cannot defer making the capital loss).

(f) **Consequences of choosing CGT roll-over relief**

If a Scheme Participant chooses CGT roll-over relief:

- the capital gain will be disregarded (ie taxation of the capital gain is effectively deferred until a disposal of the New Unity Shares); and
- the cost base of the New Unity Shares will include an amount equal to the cost base of the Cortona Shares for which they were exchanged.

The income tax consequences of disposing of the New Unity Shares are outlined in Section 8.3 below.

(g) **Choosing CGT roll-over relief**

To choose CGT roll-over relief, a Scheme Participant must make a choice before lodging an income tax return for the income year in which the Implementation Date occurs (ie the income year ending 30 June 2013 for most Scheme Participants).

The way in which a Scheme Participant prepares the income tax return is evidence of the choice (ie by excluding the disregarded capital gain from assessable income). There is no need to lodge a notice with the Australian Taxation Office.

(h) **Whether to choose CGT roll-over relief**

Whether a Scheme Participant should choose CGT roll-over relief depends on the specific circumstances of the Scheme Participant.

Circumstances relevant to the decision include the intentions of the Scheme Participant in relation to the New Unity Shares received and the availability of tax losses to the Scheme Participant.

Scheme Participants are advised to obtain professional tax advice that takes into account their specific circumstances before deciding whether to choose CGT roll-over relief.

8.3 **Income tax implications of holding New Unity Shares**

(a) **Dividends**

A Scheme Participant must include in assessable income the gross amount of any dividend paid on New Unity Shares together with the amount of any associated franking credit. An income tax offset equal to the franking credit is then allowed.

(b) **Disposal of New Unity Shares**

The disposal of New Unity Shares will be a CGT event for a Scheme Participant.

Subject to any CGT roll-over relief, the Scheme Participant will make either:

- a capital gain to the extent the capital proceeds from the disposal of the New Unity Shares are greater than the cost base of the New Unity Shares; or
- a capital loss to the extent the capital proceeds from the disposal of the New Unity Shares are less than the reduced cost base of the New Unity Shares.

A net capital gain must be included in assessable income for the income year in which the disposal occurs, subject to the CGT discount. A net capital loss may generally be carried forward to offset capital gains made in a later income year.

The capital proceeds will be the total of the money and the market value of any other property received or receivable for the disposal of the New Unity Shares.

The cost base of the New Unity Shares will depend on whether the Scheme Participant chose CGT roll-over relief in respect of the Cortona Shares disposed of to Unity pursuant to the Scheme.

If the Scheme Participant was either unable to choose CGT roll-over relief or was able to choose CGT roll-over relief but did not do so, the cost base of the New Unity Shares will include an amount equal to the market value of the Cortona Shares on the Implementation Date for which they were exchanged.

If the Scheme Participant was able to choose CGT roll-over relief and did so, the cost base of the New Unity Shares will include an amount equal to the cost base of the Cortona Shares for which they were exchanged.

If the Scheme Participant was able to choose CGT roll-over relief and did so, the New Unity Shares will also be taken to have been acquired when the Cortona Shares were acquired. If the Scheme Participant was either unable to choose CGT roll-over relief or was able to choose CGT roll-over relief but did not do so, the New Unity Shares will be taken to have been acquired on the Implementation Date. This is relevant to the CGT discount requirement that the New Unity Shares be held for at least 12 months.

(c) **Tax file number**

A Tax File Number (or, in appropriate circumstances, an Australian Business Number) may be quoted in relation to the holding of New Unity Shares. Although it is not compulsory to quote a Tax File Number (or an Australian Business Number), failure to do so may result in tax being withheld from unfranked dividends at the rate of 46.5% unless another exemption applies.

8.4 Goods and services tax implications

A Scheme Participant should not be liable to pay GST as a consequence of the Scheme. However, a Scheme Participant that is registered, or required to be registered, for GST may not be entitled to input tax credits in respect of any inputs to the supply of the Cortona Shares to Unity pursuant to the Scheme on the basis that the supply is a financial supply and therefore input taxed.

8.5 Stamp duty implications

A Scheme Participant should not be liable to pay stamp duty as a consequence of the Scheme.

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9 IMPLEMENTATION OF THE SCHEME

9.1 Scheme Implementation Agreement

On 27 September 2012, Cortona and Unity entered into a Scheme Implementation Agreement in relation to the Scheme under which Cortona agreed to propose the Scheme. The Scheme Implementation Agreement sets out Cortona's and Unity's obligations in connection with the implementation of the Scheme. A summary of the key elements of the Scheme Implementation Agreement is set out in Sections 9.2 to 9.7 below and a full copy is available on Cortona's website www.cortonaresources.com.au.

9.2 Conditions Precedent

Implementation of the Scheme is subject to conditions precedent which must be satisfied or waived, before the Scheme can be implemented. The Conditions Precedent are as follows:

(a) NSW Ministerial approval

Before 5.00pm (Perth time) on the day before the Second Court Date, the Minister administering the *Mining Act 1992* (NSW) gives his consent to the acquisition by Unity of all the Cortona Shares, to the extent required under or in connection with the Cortona's exploration licences.

(b) No regulatory actions

Between the date of the Scheme Implementation Agreement and 5.00pm (Perth time) on the day before the Second Court Date (each inclusive):

- there is not in effect any preliminary or final decision, order or decree issued by a Governmental Agency;
- no action or investigation is announced, commenced or threatened by any Governmental Agency; and
- no application is made to any Governmental Agency,

in consequence of, or in connection with, the Merger which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the implementation of the Merger or any part of it.

(c) Court orders

No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition being in effect at 5.00pm (Perth time) on the day before the Second Court Date which prevents the consummation of any aspect of the Merger.

(d) No Cortona Material Transactions

No Cortona Material Transaction occurs between the date of the Scheme Implementation Agreement and 5.00pm (Perth time) on the day before the Second Court Date.

Whilst Cortona proposes to carry on business as usual after the date of this Scheme Booklet, the list of Cortona Material Transactions which could give rise to a breach of this Condition Precedent (are set out in full in Section 11.2) are extensive. Cortona has put in place arrangements to ensure that it monitors matters which may give rise to a Cortona Material Transaction so that it can consult with Unity prior to, and if necessary seek Unity's consent to, such matters before they are undertaken.

(e) No Unity Material Transactions

No Unity Material Transaction occurs between the date of the Scheme Implementation Agreement and 5.00pm (Perth time) on the day before the Second Court Date.

(f) No Cortona Material Adverse Change

No Cortona Material Adverse Change occurs or becomes apparent between the date of the Scheme Implementation Agreement and 5.00pm (Perth time) on the day before the Second Court Date. For these purposes, a Cortona Material Adverse Change includes:

- Cortona's total consolidated net assets for year ending 30 June 2012 diminishing by \$3 million or more;
- the revocation or non-renewal of mining lease 1675, exploration licence 6462 and exploration licence 6548 (**Cortona Material Permits**) unless otherwise consented to by Unity; and
- a matter, event or circumstance which has, has had, or could reasonably be expected to have, individually or when aggregated with all such matters, events or circumstances, the result that there is or would be reasonably likely to be a material adverse effect on the assets, liabilities, business, results, operations, trading or financial position or material licenses of the Cortona Group.

(g) No Unity Material Adverse Change

No Unity Material Adverse Change occurs or becomes apparent between the date of the Scheme Implementation Agreement and 5.00pm (Perth time) on the day before the Second Court Date.

(h) Independent Expert recommendation

The Independent Expert opines that the Scheme is in the best interests of Cortona Shareholders before the date on which the Scheme Booklet is registered by ASIC under the Corporations Act and the Independent Expert does not change its conclusions or withdraw its report prior to 5.00pm (Perth time) on the day before the Second Court Date.

(i) Cortona Shareholder approval

Cortona Shareholders approve the Scheme by the necessary majorities at the Scheme Meeting (or any adjournment or postponement thereof).

(j) Court approval of Scheme

The Court approves the Scheme under section 411(4)(b) of the Corporations Act and an office copy of the Scheme Order is lodged with ASIC as contemplated by section 411(10) of the Corporations Act.

9.3 No-talk and no-shop obligations

Cortona and Unity have agreed to enter into exclusivity arrangements which apply from the date of the Scheme Implementation Agreement until the earlier of the termination of the Scheme Implementation Agreement, the Implementation Date and 27 March 2013 (**Exclusivity Period**).

During the Exclusivity Period, Cortona must not, and must use all reasonable endeavours to ensure that each of its Representatives does not except with the prior written consent of Unity:

- directly or indirectly solicit, invite, encourage or initiate any Competing Proposal or any enquiries, negotiations or discussions with any Third Party in relation to, or which may reasonably be expected to lead to, a Competing Proposal, or communicate any intention to do any of those things;
- enter into, facilitate, continue or participate in negotiations or discussions with, or enter into any agreement, arrangement or understanding with, any Third Party in relation to, or which may reasonably be expected to lead to a Competing Proposal, even if:
 - the Competing Proposal was not directly or indirectly solicited, invited, facilitated, encouraged or initiated by Cortona or any of its Representatives; or
 - the Competing Proposal has been publicly announced,

unless the Cortona Board, acting in good faith and in order to satisfy what the Cortona Board reasonably considers to be its fiduciary or statutory duties, determines that, where there is a Competing Proposal, the Competing Proposal is or may reasonably be expected to lead to a Superior Proposal but only if that Competing Proposal was not directly or indirectly solicited, invited, facilitated, encouraged or initiated by Cortona or any of its Representatives in a manner that would breach its exclusivity obligations under the relevant clauses in the Scheme Implementation Agreement.

In addition, where Cortona proposes to make information available to a Third Party, it must provide a copy of such information to Unity.

9.4 Matching right

During the Exclusivity Period, Cortona must notify Unity within 24 hours if Cortona or its Representatives:

- is contacted by, or has discussions or negotiations with, any person in connection with a matter (including a proposal) that relates or may lead to a Competing Proposal, or otherwise becomes aware of such a matter; or
- proposes or is asked to take any action in accordance with the statutory or fiduciary duties of the Cortona Board, but otherwise in contravention of its exclusivity obligations under the Scheme Implementation Agreement.

Following receipt of notice of a Competing Proposal, Unity has 2 Business Days within which to make a counterproposal, which, if the Cortona Board determines would give rise to a superior outcome than the applicable Competing Proposal, Unity must announce and take all reasonable steps to implement. A counterproposal from Unity will only be considered superior if it is above the price or value implied by the Competing Proposal and the other terms of Unity's counterproposal taken as a whole are not less favourable than those under the Competing Proposal.

The matching right does not prevent the Cortona Board in the observation of their fiduciary or statutory duties from releasing a public announcement acknowledging the receipt of a Competing Proposal and recommending that Cortona Shareholder take no action in relation to a Competing Proposal and reserving its position in relation to its recommendation of the Competing Proposal and Scheme.

9.5 Payment of Break Fee

(a) Payment of Break Fee by Cortona

Cortona has agreed to pay a break fee of \$220,000 if:

- any of the following occurs during the Exclusivity Period:
 - at any time during the Exclusivity Period, any Cortona Director changes their recommendation or ceases or fails to recommend to Cortona Shareholders that they vote in favour of the Scheme Resolution, including any adverse modification to their recommendation, or otherwise make a public statement that they no longer support the Scheme, other than where a Cortona Director does any of these things as a result of the Independent Expert concluding (either initially or in any updated report) that the Scheme is not in the best interests of Cortona Shareholders; or
 - at any time during the Exclusivity Period, a Competing Proposal is announced or made and is publicly recommended, promoted or otherwise endorsed by any of the Cortona Directors;
 - a Competing Proposal is announced or made before the expiry of the Exclusivity Period, and is completed at any time prior to the first anniversary of the date of Scheme Implementation Agreement and, as a result, a Third Party acquires a relevant interest and/or economic interest in at least 50% of the Cortona Shares; or
- Unity terminates the Scheme Implementation Agreement as a consequence of a material breach of that agreement by Cortona.

The Break Fee is only payable once and will not be payable to Unity if Cortona is entitled to terminate the Scheme Implementation Agreement as a consequence of a material breach of that agreement by Unity.

(b) Payment of Break Fee by Unity

Unity has agreed to pay a break fee of \$220,000 if Cortona terminates the Scheme Implementation Agreement as a consequence of a material breach of that agreement by Unity. The Break Fee is only payable once and will not be payable to Cortona if Unity is entitled to terminate the Scheme Implementation Agreement as a consequence of a material breach of that agreement by Cortona.

9.6 Termination

Either Cortona or Unity may terminate this Scheme Booklet with immediate effect by giving notice to the other parties:

- if the Scheme Resolution submitted to the Scheme Meeting is not approved by the requisite majorities of Cortona Shareholders;
- if the Effective Date for the Scheme has not occurred on or before 27 March 2013;
- if the other party is in material breach of any clause of the Scheme Implementation Agreement, which breach is material in the context of the Merger as a whole, subject to complying with certain notice of remedy period obligations set out in the Scheme Implementation Agreement;
- if the Court refuses to make an order convening the Scheme Meeting or approving the Scheme;

- if any court, the Takeovers Panel or Governmental Agency has issued any order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, or has refused to do anything necessary to permit the Scheme, and the parties fail to agree on conducting an appeal within 5 Business Days;
- if any of the conditions precedent are not satisfied or waived by 8.00am on the Second Court Date; or
- if an Insolvency Event has occurred in relation to Cortona or any member of the Cortona Group (in which case Unity may terminate) or Unity or any material member of Unity Group (in which case Cortona may terminate).

Unity may also terminate the Scheme Implementation Agreement at any time before the End Date by notice in writing to Cortona if at any time prior to 5.00pm (Perth time) on the day before the Second Court Date any Cortona Director changes their recommendation or ceases or fails to recommend to Cortona Shareholders that they vote in favour of the resolution to approve the Scheme, including any adverse modification to their recommendation, or otherwise make a public statement indicating that they no longer support the Scheme.

Cortona and Unity have committed to implement the Scheme by the End Date being 27 March 2013. If the Scheme is not Effective by the End Date, Cortona and Unity must consult in good faith to determine whether the transaction can proceed by way of alternative means or methods or whether the End Date should be extended. If Cortona and Unity are unable to reach agreement to extend the End Date, either party may terminate the Scheme Implementation Agreement, and if either does, the Scheme will not proceed.

9.7 Representations and warranties

Each of Cortona and Unity has given representations and warranties to the other which are considered to be normal for an agreement governing each party's obligations in respect to the implementation of a scheme of arrangement.

9.8 Deed Poll

On 12 November 2012, Unity executed the Deed Poll pursuant to which Unity agreed, subject to the Scheme becoming Effective, to issue the number of New Unity Shares equal to the Scheme Consideration due to all Scheme Participants.

A copy of the Deed Poll is attached as Annexure C to this Scheme Booklet.

9.9 Scheme Meeting

On or about the date of this Scheme Booklet, the Court ordered that the Scheme Meeting be convened in accordance with the Notice of Scheme Meeting and appointed Mr Clive Jones to chair the Scheme Meeting. The Notice of Scheme Meeting is set out as Annexure D to this Scheme Booklet.

Each Cortona Shareholder who is registered on the Register at 5.00 pm (Perth time) on Wednesday, 19 December 2012 is entitled to attend and vote at the Scheme Meeting, either in person or by proxy or attorney or, in the case of a body corporate, by its corporate representative appointed in accordance with section 250D of the Corporations Act. Voting at the Scheme Meeting will be by way of a poll.

Instructions on how to attend and vote at the Scheme Meeting (in person or by proxy), are set out on pages 6 and 7 "Action required by Cortona Shareholders" and in the notes for the Notice of Scheme Meeting in Annexure D to this Scheme Booklet.

9.10 Court approval of the Scheme

In the event that:

- the Scheme is agreed to by the requisite majorities of Cortona Shareholders at the Scheme Meeting; and
- all Conditions Precedent have been satisfied or waived (if they are capable of being waived) (see Section 9.2),

Cortona will apply to the Court for orders approving the Scheme.

Each Cortona Shareholder has the right to appear at the Second Court Hearing.

9.11 Effective Date

The Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. Cortona will, give notice to ASX upon the Scheme becoming Effective.

Cortona intends to apply to ASX for Cortona Shares to be suspended from official quotation on ASX from close of trading on the Effective Date.

9.12 Record Date

Those Cortona Shareholders on the Register on the Record Date (i.e. at 5.00 pm (Perth time) on the fifth Business Day after the Effective Date), other than Ineligible Foreign Shareholders, will become entitled to the Scheme Consideration in respect of the Cortona Shares they hold at that time (in this Scheme Booklet, those Cortona Shareholders and the Cortona Shares that they hold are referred to as 'Scheme Participants' and 'Scheme Shares' respectively).

9.13 Determination of persons entitled to Scheme Consideration

(a) Dealings on or prior to the Record Date

For the purposes of calculating entitlements under the Scheme, any dealing in Cortona Shares will only be recognised if:

- in the case of dealings of the type to be effected by CHESS, the transferee is registered in the Register as the holder of the relevant Cortona Shares on or before the Record Date; and
- in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the Cortona Registry.

Subject to the Corporations Act, ASX Listing Rules and the Cortona Constitution, Cortona must register registrable transmission applications or transfers which it receives by the Record Date. Cortona will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Cortona Shares received after the Record Date.

(b) Dealings after the Record Date

For the purposes of determining the entitlement to Scheme Consideration, Cortona will, until the Scheme Consideration has been provided, maintain the Register, subject to the comments in Section 9.13(a), in its form as at the Record Date. The Register in this form will solely determine entitlements to Scheme Consideration.

From the Record Date:

- all statements of holding in respect of Cortona Shares cease to have effect as documents of title in respect of such Cortona Shares; and
- each entry on the Register will cease to be of any effect except as evidence of entitlement to Scheme Consideration in respect of the Cortona Shares relating to that entry.

9.14 Implementation Date

The Implementation Date is the fifth Business Day after the Record Date or such other date as Cortona and Unity agree in writing.

Once the Scheme Consideration has been paid, the Scheme Shares will be transferred to Unity without the need for further acts by Scheme Participants.

In the case of Scheme Shares held in joint names, the Scheme Consideration will be made payable to the joint holders and sent to the holder whose name appears first in the Register as at the Record Date.

9.15 Delisting Cortona

On a date after the Implementation Date to be determined by Unity, Cortona will apply:

- for termination of the official quotation of Cortona Shares on the ASX; and
- to have itself removed from the official list of the ASX.

10 ADDITIONAL INFORMATION

10.1 Interests of Cortona Directors

(a) Shares

As at the date of this Scheme Booklet, only the Cortona Directors below had Relevant Interests in Cortona Shares:

Director	Number of Cortona Shares (direct and indirect interests)
Clive Jones	2,585,938
Peter van der Borgh	5,577,293
George Lazarou	657,813

No director of Cortona has acquired or disposed of a Relevant Interest in any Cortona Shares in the 4 month period ending on the date immediately before the date of this Scheme Booklet.

(b) Options

As at the date of this Scheme Booklet, the Cortona Directors held the following Cortona Options:

Director	Number of Cortona Options (direct and indirect interests)
Clive Jones	1,250,000
Peter van der Borgh	1,500,000
George Lazarou	750,000
Derek Fisher	750,000
Mark Milazzo	500,000

In accordance with the Scheme Implementation Agreement, the Cortona Options will be cancelled prior to the Record Date (see Sections 2.13 and 10.6 for further information).

10.2 Interests and dealings in Unity Shares

(a) Interests of Cortona Directors

As at the date immediately before the date of this Scheme Booklet, no director of Cortona had a Relevant Interest in any Unity Shares.

No director of Cortona acquired or disposed of a Relevant Interest in any Unity Shares in the 4 month period ending on the date immediately before the date of this Scheme Booklet.

(b) Interests of Unity Directors

As at the date of this Scheme Booklet, only the Unity Directors below had Relevant Interests in Unity securities:

Director	Number of Unity Shares (direct and indirect interests)	Unity Performance Rights (direct and indirect interests)
Peter McCarthy	65,728	Nil
Andrew McIlwain	200,000	Nil ¹
Ronnie Beevor	286,936	Nil

¹ Unity obtained the approval of its shareholders to issue up to a maximum of 4,000,000 Unity Performance Rights under Unity's long term incentive plan to its CEO and Managing Director, Andrew McIlwain, at its annual general meeting held on 13 November 2012.

10.3 Interests of Unity and Unity Directors in Cortona securities

As at the date of this Scheme Booklet, no Cortona securities are held by or on behalf of Unity or a Unity Director.

10.4 Summary of the Unity Constitution

(a) Unity Shares

The rights relating to Unity Shares are set out in the Unity Constitution which is in a customary form for a listed entity. In particular, the Unity directors may issue shares in their discretion subject to the Corporations Act, the Listing Rules and the constitution.

(b) Alteration of rights

The rights attaching to any class of Unity shares may be varied in accordance with the Corporations Act.

(c) Calls

If Unity issues partly paid shares, the Unity Directors may make calls on the holders of the shares for any moneys unpaid on them.

(d) Forfeiture and lien

Unity has a lien over partly paid shares in respect of unpaid moneys. In addition, Unity has a lien over shares and other monies payable in respect of shares where Unity is required by law to make or authorise payment for taxation or other purposes. Unity has various powers to sell or forfeit the shares the subject of a lien on the basis specified in the Unity Constitution.

(e) Share transfers

Unity shareholders may transfer shares subject to the constitution in the customary way subject to and in accordance with ASX Listing Rules requirements.

(f) Directors need not issue share certificates

The Unity Directors are not required to issue share certificates unless they determine otherwise or the ASX Listing Rules require.

(g) Meeting procedure

Unity shareholders meetings can be convened by a director, or by shareholders who satisfy the Corporations Act procedures and requirements. The Unity Constitution contains customary provisions in relation to meeting procedures. Resolutions put to a shareholder meeting are to be decided on a show of hands unless a poll is demanded in certain customary circumstances.

(h) Voting rights

Subject to other provisions of the Unity Constitution and any rights or restrictions attaching to any class of shares, each shareholder may vote their shares at shareholders meetings. On a show of hands, every shareholder has one vote. On a poll, every shareholder has one vote for each fully paid share held.

(i) Remuneration of Unity Directors

The Unity non-executive directors are entitled to be paid remuneration not exceeding an aggregate maximum of \$500,000 per annum or such other maximum amount approved by shareholders. The Unity Directors may also fix the remuneration of executive directors from time to time.

(j) Election of directors

Subject to Unity shareholder resolution, there will be between 3 and 12 directors. Shareholders may appoint or remove directors at a general meeting. The directors may appoint a person as a director to fill a casual vacancy or as an addition to the existing directors. The Unity Directors retire by rotation annually on a one third basis as set out in the Unity Constitution.

(k) Dividends

The power to declare a dividend and fix the amount and time and method of payment is vested in the Unity Directors.

(l) Indemnity

Each officer is indemnified against liability to the extent permitted by law and subject to the Corporations Act restrictions in the customary manner.

(m) Insurance

Unity may pay for insurance for its non-executive directors against liability except in circumstances prohibited by the Corporations Act.

10.5 Benefits and agreements

(a) Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of Cortona (or its Related Bodies Corporate) as compensation for the loss of or consideration for or in connection with his or her retirement from office in Cortona or any of its Related Bodies Corporate in connection with the Scheme, subject to usual redundancy entitlements.

(b) Agreements connected with or conditional on the Scheme

There are no agreements made between any director of Cortona and any other person in connection with, or conditional on, the outcome of the Scheme other than in their capacity as a holder of Cortona Shares.

(c) Benefits under the Scheme

None of the directors of Cortona has agreed to receive, or is entitled to receive, any benefit from Unity which is conditional on, or is related to, the Scheme, other than in their capacity as a holder of Cortona Shares or as set out in Sections 10.5(a) and 10.5(b).

(d) Interests of Cortona Directors in contracts with Unity

None of the Cortona Directors has any interest in any contract entered into by Unity.

(e) Payments to non-executive Unity Directors

The Unity Constitution provides that non-executive directors of Unity may be paid, as remuneration for their services as directors of Unity, a sum determined from time to time by Unity's shareholders in general meeting, with that sum to be divided amongst the non-executive directors in such manner and proportion as they agree.

As at the date of this Scheme Booklet, the aggregate maximum remuneration for non-executive Unity Directors is \$500,000 per annum.

10.6 Cancellation of Cortona Options

Cortona has a total of 9,250,000 Cortona Options on issue, with the majority of those Cortona Options being held by the Cortona Board and management team.

Under the Scheme Implementation Agreement entered into with Unity, Cortona and Unity have agreed that these Cortona Options are to be cancelled prior to the Record Date for a cash amount determined using the Black-Scholes valuation methodology. Accordingly, Cortona will procure the cancellation of all of the Cortona Options on issue immediately prior to the Scheme becoming Effective in exchange for the payment of the following amounts to holders of Cortona Options (which amounts were calculated using the Black-Scholes valuation methodology and agreed to by Unity, except for the 3,000,000 Cortona Options held by Zenix Nominees Pty Ltd, a Related Body Corporate of Hartleys Limited, which will be cancelled for no consideration).

Name	Number	Expiry date	Exercise price	Cash consideration to be paid for cancellation of Cortona Options
Peter van der Borgh	1,500,000	25 November 2013	\$0.236	\$8,194
Clive Jones	1,250,000	25 November 2013	\$0.236	\$6,828
AJ Saverimutto	600,000	8 May 2014	\$0.350	\$5,870
Lorne Harvey	400,000	24 May 2014	\$0.200	\$5,667
George Lazarou	750,000	25 November 2013	\$0.236	\$4,097
Derek Fisher	750,000	25 November 2013	\$0.236	\$4,097
Mark Milazzo	500,000	8 November 2014	\$0.150	\$12,626
Kouta Bay Pty Ltd	500,000	25 November 2013	\$0.236	\$2,731
Zenix Nominees Pty Ltd	3,000,000	4 August 2013	\$0.250	-
Total				\$50,110

The cash consideration payable to the holders of Cortona Options is conditional on the Scheme being implemented.

The cash payments to Cortona Directors in consideration for the proposed cancellation of their Cortona Options constitutes a financial benefit to a related party of the Company that would ordinarily require Cortona Shareholder approval under Chapter 2E of the Corporations Act, unless an exception applies.

The proposed amounts payable to each of Messrs Lazarou and Fisher for the cancellation of their Cortona Options is less than \$5,000, and so within the 'small amounts' exception provided in section 213 of the Corporations Act. Each of Messrs Lazarou and Fisher consider that the consideration payable for the cancellation of the Cortona Options held by the remaining Cortona Directors (being Messrs van der Borgh, Jones and Milazzo) has been determined through negotiations with Unity in agreeing the Scheme Implementation Agreement, applying an accepted option valuation methodology, such that any financial benefit provided to a related party of the Company as a result of cancelling the Cortona Options held by these Cortona Directors is within the 'arm's length terms' exception provided in section 210 of the Corporations Act.

Cortona has obtained a waiver from ASX to permit the Cortona Options to be cancelled for consideration without requiring Cortona Shareholder approval to be obtained.

10.7 Summary of Unity's long term incentive plan for executive officers

A long term incentive plan was introduced during the 2010 financial year (**2010 LTI Plan**) for Unity's executive officers.

Under the 2010 LTI Plan, Unity will make annual grants to executive officers of conditional Unity Performance Rights to receive Unity Shares by way of issue for nil cost for a three year period. The vesting of Unity Performance Rights is contingent on Unity achieving performance hurdles over a three year performance period.

The at risk value of the annual grant of Unity Performance Rights over the three year period is intended to represent 30% of the executive officers' total fixed remuneration.

The actual number of Unity Performance Rights granted each year will be calculated by dividing 30% of the executive officer's total fixed remuneration by the volume weighted average price (**VWAP**) of Unity Shares in the one month preceding the grant date up to a maximum of 4,000,000 for the Managing Director and CEO. The allocation to the Managing Director and CEO was approved by Unity shareholders at Unity's annual general meeting held on 13 November 2012.

To ensure the benefits of the 2010 LTI Plan are maintained up to the date when the Unity Performance Rights can be allocated, the Unity Board has entered into agreements with the executives that provide for the value of any benefits that may accrue under the 2010 LTI Plan to be paid in cash rather than Unity Shares. The cash equivalent will no longer apply once the Unity Performance Rights are allocated.

The performance date is set at three years from the date of each grant (**Performance Date**). In addition to the performance period of three years (**Performance Period**), the vesting of Unity Performance Rights is subject to performance hurdles which if not satisfied at the performance date, will cause the entitlements to lapse unless Unity's Remuneration & Nomination Committee decide exceptional circumstances justify the reduction or waiver in whole or in part of the performance hurdles. There is no ability to re-test whether or not the performance hurdle or hurdles have been satisfied after the Performance Period has ended.

The number of Unity Performance Rights which vest is determined by assessing the performance of Unity, as measured by total shareholder return (**TSR**) at the Performance Date relative to a comparator group of companies (**Performance Hurdle**). The VWAP of Unity Shares in the one month preceding the Performance Date compared to VWAP of Unity in the one month preceding the grant date, will be used in calculating TSR over the three year period. The TSR incorporates capital returns as well as dividends notionally reinvested and is considered the most appropriate means of measuring Company performance. The broad comparator group chosen on which to compare Company performance is the S&P/ASX All Ords Gold Index. The average index level in the one month preceding the Performance Date compared to the average index level in the one month preceding the grant date will be used in calculating the comparator group performance over the three year period.

The Unity Performance Rights will not vest until the Performance Date and Performance Hurdle have been achieved.

Unity Performance Rights will only convert to Unity Shares subject to the Performance Period being met and subject to the Company's TSR being at least equal to the median of the comparator group performance. The entire annual allocation will convert if Unity's TSR is at the 75th percentile or higher than the comparator group performance. The detailed breakdown of the relationship between Unity performance and the conversion of Unity Performance Rights is:

- zero percent converting if Unity TSR performance is below the median performance of the comparator group.
- 50 percent converting if Unity TSR performance is at the median performance of the comparator group.

- 100 per cent converting if Unity TSR performance is at the 75th percentile performance of the comparator group.
- straight line pro-rata conversion between the median and 75th percentile performance.

In addition to the Performance Period and Performance Hurdle, the vesting of Unity Performance Rights is subject to the continuing employment of the executive officers. Unity Performance Rights will generally lapse on an executive officer's resignation or dismissal.

10.8 ASX relief

Cortona has been granted a waiver of ASX Listing Rule 6.23.2 to permit the cancellation of Cortona Options (other than the 3,000,000 Cortona Options held by Zenix Nominees Pty Ltd, which are being cancelled for no consideration) for consideration under the Scheme without the requirement for Cortona Shareholder approval. The waiver application was made on the basis that Cortona Shareholders are provided with information about the proposed treatment of Cortona Options in this Scheme Booklet and are therefore able to consider this information when determining whether to vote in favour of the Scheme. Please refer to Section 2.13 for further information on the proposed treatment of Cortona Options.

10.9 Status of regulatory conditions

As at the date of this Scheme Booklet, Cortona has not yet received the consent of the Minister administering the *Mining Act 1992* (NSW), in connection with its NSW exploration licence, to the effective change in control of Cortona as a result of the acquisition by Unity of all Cortona Shares. Cortona will make a statement regarding the status of these conditions at the commencement of the Scheme Meeting.

10.10 Formal disclosures and consents

(a) Consents

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- Unity;
- BDO Corporate Finance (WA) Pty Ltd;
- SRK Consulting (Australasia) Pty Ltd; and
- Deutsche Bank, in respect of the statements attributed to it in Sections 4.2(c) and 7.1(d) only.

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Scheme Booklet.

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Unity;
- Corrs Chambers Westgarth as legal adviser to Cortona;
- Hartleys Limited as corporate adviser to Cortona;
- BDO Corporate Finance (WA) Pty Ltd as the Independent Expert;
- SRK Consulting (Australasia) Pty Ltd as the Independent Technical Specialist;
- Security Transfer Registrars Pty Limited as the Cortona Registry;
- PKF Mack & Co as the auditor of Cortona; and
- Deloitte Touche Tohmatsu as the auditor of Unity.

(b) Disclosures and responsibility

Further each person named in Section 10.10(a):

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
 - BDO Corporate Finance (WA) Pty Ltd, in relation to its Independent Expert's Report;
 - SRK Consulting (Australasia) Pty Ltd, in relation to its Independent Valuation Report;
 - Unity in respect of the Unity Information only; and
 - Deutsche Bank in respect of the statements attributed to it in Sections 4.2(c) and 7.1(d) only,

and to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this Section 10.10.

10.11 Information relating to Ore Reserves and Mineral Resources

(a) Cortona

The information in this Scheme Booklet that relates to Ore Reserves, Minerals Resources and the project metallurgy, of the Dargues Reef gold project is based on, and accurately reflects, information, compiled by, Mr Peter Lock a full time employee of Mining Plus Pty Ltd in relation to Ore Reserves, Aaron Green a full time employee of Runge Limited in relation to Mineral Resources, and Daryl Evans a full time employee of Independent Metallurgical Operations (IMO Pty Ltd) in relation to project metallurgy. Messrs Lock, Evans and Green are Competent Persons as defined by the JORC Code, having at least five years experience which is relevant to the style of mineralisation and type of deposit of the Dargues Reef gold project. Each of Messrs Lock, Evans and Green has given his prior written consent, where required, to the inclusion in this Scheme Booklet of the matters based on his information, where applicable, in the form and context in which it appears.

(b) Unity

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 Matt Daly in relation to Ore Reserves, Raul Hollinger in relation to Mineral Resources and Angela Lorrigan in relation to Exploration Results. Daly, Hollinger and Lorrigan are Members of the Australasian Institute of Mining and Metallurgy, and Hollinger is also a Member of the Australian Institute of Geoscientists. Daly, Hollinger and Lorrigan are full time employees of the Company and 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Daly, Hollinger and 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.

10.12 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Cortona Director, at the time of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to Cortona Shareholders.

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, Cortona becomes aware that:

- a material statement in this Scheme Booklet is false or misleading;
- there is a material omission from this Scheme Booklet;
- a significant change affecting a matter in this Scheme Booklet has occurred; or
- a significant new matter has arisen which would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

Cortona will prepare a supplementary document to this Scheme Booklet. The form which the supplementary document may take, and whether a copy will be sent to each shareholder, will depend on the nature and timing of the new or changed circumstances.

In all cases, the supplementary document will be available from Cortona's website at www.cortonaresources.com.au and from the ASX website at www.asx.com.au.

11 GLOSSARY, DEFINITIONS AND INTERPRETATION

11.1 Glossary

The meanings of the terms used in this Scheme Booklet are set out below.

Term	Meaning
AASB	Australian Accounting Standards Board.
Announcement Date	28 September 2012.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.
ASX Listing Rules	the official listing rules of the ASX.
ATO	Australian Taxation Office.
Break Fee	\$220,000 (exclusive of GST).
Business Day	a day that is each of the following: <ul style="list-style-type: none">• a Business Day within meaning given in the ASX Listing Rules; and• a day that banks are open for business in Perth, Western Australia and Melbourne, Victoria.
Catalyst	Catalyst Metals Limited ACN 118 912 495.
CGT	capital gains tax.
CHESS	the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Ltd ACN 008 504 532.
Competing Proposal	see Section 11.2.
Conditions Precedent	the conditions precedent to the Scheme. A summary is set out in Section 9.2 of this Scheme Booklet and which are fully set out in clause 3.1 of the Scheme Implementation Agreement.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Cortona	Cortona Resources Limited ACN 117 848 790.
Cortona Board	the board of directors of Cortona.
Cortona Constitution	the constitution of Cortona.
Cortona Director	each member of the Cortona Board.
Cortona Group	Cortona and each of its Related Bodies Corporate.
Cortona Information	the information contained in this Scheme Booklet other than the Unity Information and the Independent Expert's Report.
Cortona Information Line	1800 821 514 from within Australia and +61 2 8256 3369 from outside Australia.
Cortona Material Adverse Change	see Section 11.2.
Cortona Material Transaction	see Section 11.2.
Cortona Option	an option to subscribe for a Cortona Share.
Cortona Registry	Security Transfer Registrars Pty Ltd ACN 008 894 488.
Cortona Share	a fully paid ordinary share of Cortona.

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Term	Meaning
Cortona Shareholders	each person who is registered as the holder of Cortona Shares.
Court	the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed in writing by Cortona and Unity.
Deed Poll	the deed poll executed by Unity on 12 November 2012 pursuant to which Unity acknowledges and confirms its obligations under the Scheme. A copy of the executed Deed Poll is contained in Annexure C to this Scheme Booklet.
Drummond	Drummond Gold Limited ACN 124 562 849.
Effective	when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.
Effective Date	the date on which the Scheme becomes Effective.
End Date	27 March 2013.
Exclusivity Period	the period commencing on the date on 27 September 2012 (being the date of execution of the Scheme Implementation Agreement) and ending on the earlier of: <ul style="list-style-type: none"> • the date the Scheme Implementation Agreement is terminated in accordance with its terms; • the End Date; and • the Implementation Date.
FSMA	has the meaning given to that term in Section 2.11(a).
GoldStone	GoldStone Resources Limited (company number 06008843).
Governmental Agency	any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister (including, for the avoidance of doubt, the Commonwealth Treasurer), ASIC, ATO, ASX, the Foreign Investment Review Board and any regulatory organisation established under statute or any stock exchange.
Implementation Date	the fifth Business Day after the Record Date or such other day as ordered by the Court or agreed between Cortona and Unity.
Independent Expert	BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045.
Independent Expert's Report	the report prepared by the Independent Expert dated 12 November 2012 set out in Annexure A.
Ineligible Foreign Shareholder	a Scheme Participant whose registered address (as shown in the Register as at the Record Date) is in a jurisdiction other than Australia and its external territories or New Zealand, or the United Kingdom, and other jurisdictions agreed in writing between the parties.
Insolvency Event	see Section 11.2.
JORC Code	Australasian Code for Reporting of Exploration Results, Resources and Reserves (The JORC Code 2004 Edition).
Merged Group	the combined entity consisting of Cortona and Unity.
Merged Group Board	the proposed board of directors of the Merged Group, being Clive Jones, Andrew McIlwain, Peter van der Borgh, Ronnie Beevor and David Ransom.
Merger	the proposed merger between Cortona and Unity via the Scheme.
Mineral Resource	a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories, as defined in the JORC Code.
New Unity Shares	the Unity Shares to be issued as Scheme Consideration.

Term	Meaning
Notice of Scheme Meeting	the notice of meeting relating to the Scheme Meeting which is contained in Annexure D.
Officer	in relation to any entities, any of its directors and officers.
Ore Reserve	economically mineable part of a Measured or Indicated Mineral Resource of gold at the time of reporting, as defined in the JORC Code.
Perth time	the local time in Perth, Western Australia.
Proxy Form	the proxy form which accompanies this Scheme Booklet.
Record Date	5.00pm (Perth time) on the fifth Business Day after the Effective Date.
Register	the share register of Cortona.
Regulatory Approvals	<ul style="list-style-type: none"> any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority or exemption from, by or with a Governmental Agency; or in relation to anything that would be fully or partly prohibited or restricted by law if a Governmental Agency intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.
Related Body Corporate	has the same meaning given to it in the Corporations Act.
Related Entity	of a party means another entity which: <ul style="list-style-type: none"> is a related body corporate of the first entity; is in any consolidated entity which contains the party; or the party controls.
Relevant Person	has the meaning given to that term in Section 2.11(a).
Relevant Interest	has the same meaning as given by sections 608 and 609 of the Corporations Act.
Sale Facility Agent	means the appropriately licensed agent appointed by Unity to administer the facility made available to Ineligible Foreign Shareholders under which New Unity Shares to which those shareholders would otherwise have become entitled under the Scheme are sold, as described in Section 2.12.
Scheme or Scheme of Arrangement	the proposed scheme of arrangement between Cortona and the Scheme Participants under Part 5.1 of the Corporations Act in the form set out at Annexure B which if implemented will give effect to the Merger between Unity and Cortona, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Unity and Cortona.
Scheme Booklet	this document.
Scheme Consideration	0.734 New Unity Shares per Scheme Share.
Scheme Implementation Agreement	the Scheme Implementation Agreement between Cortona and Unity dated 27 September 2012. A summary is set out in Sections 9.1 to 9.7, and a full copy can be obtained from Cortona's website www.cortonaresources.com.au .
Scheme Meeting	the meeting of Cortona Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.
Scheme Participant	each person who is a Cortona Shareholder at the Record Date.
Scheme Resolution	the resolution to agree to the terms of the Scheme.
Scheme Share	a Cortona Share held by a Scheme Participant as at the Record Date.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard.

Term	Meaning
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
Subsidiary	has the meaning given to that term in the Corporations Act.
Superior Proposal	<p>a publicly announced bona fide proposal received after the date of the Scheme Implementation Agreement which with respect to Cortona, the Cortona Board determines, acting in good faith and in order to satisfy what the Cortona Board considers to be its fiduciary and statutory duties (after having taken advice from its independent legal and financial advisers):</p> <ul style="list-style-type: none"> • is reasonably capable of being valued and completed, taking into account all aspects of the proposal; and • would, if completed in accordance with its terms, be more favourable to Cortona Shareholders than the Scheme, taking into account all terms of the proposal.
Third Party	<p>any of the following:</p> <ul style="list-style-type: none"> • a person other than Unity, Cortona, and any of their Related Bodies Corporate; or • a consortium, partnership, limited partnership, syndicate or other group in which neither Unity nor any of its related bodies corporate has agreed in writing to be a participant.
Unity	Unity Mining Limited ACN 005 674 073.
Unity Board	the board of directors of Unity.
Unity Constitution	the constitution of Unity.
Unity Director	each member of the Unity Board.
Unity Group	Unity and each of its Related Bodies Corporate.
Unity Information	<p>the information contained in:</p> <ul style="list-style-type: none"> • the subsections headed 'Responsibility for information', 'Disclaimer as to forward looking statements', and 'Estimates, targets and forecasts' in the Important Notices as they relate to Unity; • the Letter from the Managing Director of Unity; • Section 1 as it relates to Unity; • Sections 2.11(a) and 2.11(b); • the answer to the question "Who is Unity?" in Section 3; • Section 5; • Section 6 as it relates to Unity's contribution to the Merged Group; • the risks in Section 7 applicable to Unity; • Section 10.2(b); • Section 10.3; • Section 10.4; • Section 10.5(e); • Section 10.7; and • Section 10.11(b).
Unity Material Adverse Change	see Section 11.2.
Unity Material Transaction	see Section 11.2.
Unity Performance Right	a performance right issued under Unity's 2010 long term incentive plan for executive officers, which is convertible into a Unity Share subject to certain individual and group performance conditions being met.
Unity Shares	fully paid ordinary shares in the capital of Unity.

11.2 Definitions from the Scheme Implementation Agreement

The definitions of the following terms that have been used in this Scheme Booklet have been taken from the Scheme Implementation Agreement.

Term	Meaning
Advisers	in relation to an entity, its financiers, and any legal adviser, financial adviser, corporate adviser or other expert adviser or consultant who provides advisory services in a professional capacity to third parties and who has been engaged by that entity.
Competing Proposal	<p>any expression of interest, proposal, offer, pursuant to which a Third Party will, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed substantially in accordance with its terms:</p> <ul style="list-style-type: none"> • acquire (directly or indirectly) or become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in all or a substantial part of the assets or business of the Cortona Group; • acquire a relevant interest in, become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in 10% or more of all issued Cortona Shares; • acquire control of Cortona; • otherwise acquire or merge with Cortona; or • require a party to abandon, or otherwise fail to proceed with, the Merger, <p>whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the Cortona Group, or other synthetic merger or any other transaction or arrangement.</p>
Cortona Disclosure Materials	all written information in connection with the Merger or relating to the Cortona Group's past, present or future operations, affairs, business and/or strategic plans, which has been provided to Unity or its Representatives prior to the date of the Scheme Implementation Agreement or publicly announced prior to the date of the Scheme Implementation Agreement.
Cortona Material Adverse Change	<p>a matter, event or circumstance that occurs, is announced or becomes known to Cortona (whether or not it becomes public) where that matter, event or circumstance has, has had, or could reasonably be expected to have, individually or when aggregated with all such matters, events or circumstances, the result that:</p> <ul style="list-style-type: none"> • there is or would be reasonably likely to be a material adverse effect on the assets, liabilities, business, results, operations, trading or financial position or material licenses of the Cortona Group; • the Cortona Group is unable to carry on its business in substantially the same manner as carried on as at the date of the Scheme Implementation Agreement, or which otherwise materially and adversely affects the prospects of the Cortona Group or the future development of the Dargues Reef project; • the total consolidated net assets of the Cortona Group as set out in the consolidated financial statements for the 12 month period ending 30 June 2012 are diminished by \$3 million or more; or • other than where consented to by Unity, any of the Cortona Material Permits are revoked, not renewed or otherwise cease to be held by the Cortona Group, <p>other than a matter, event or circumstance:</p> <ul style="list-style-type: none"> • required to be done or procured by Cortona pursuant to the Scheme Implementation Agreement or the Merger; • which is, and to the extent that it is, fairly disclosed in the Cortona Disclosure Materials or otherwise known to Unity; • which relates to changes in business conditions affecting the Australian gold industry generally or the financing of projects generally in the Australian gold industry; • which relates to interest rates, commodity prices or currency exchange rates; or • which is, and to the extent that it is, a consequence of Losses covered by insurance which Cortona's insurers have agreed to pay.
Cortona Material Permits	mining lease 1675, exploration licence 6003, exploration licence 6462 and exploration licence 6548 held by the Cortona Group.

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Term	Meaning
Cortona Material Transaction	<p>other than:</p> <ul style="list-style-type: none"> • as expressly contemplated by the Scheme Implementation Agreement or the Merger; • to the extent that it is fairly disclosed in the Cortona Disclosure Materials; or • with the prior written consent of Unity, <p>the occurrence of any of the following:</p> <ul style="list-style-type: none"> • Cortona or any of its subsidiaries issues, or agrees to issue, or grants an option to subscribe for, debentures, other than to a wholly-owned subsidiary of Cortona; • Cortona or any subsidiary of Cortona makes any change to its constitution or other constituent documents; • Cortona or any subsidiary of Cortona disposes, or agrees to dispose, of shares in a related body corporate of Cortona; • the Cortona Group changes in any material respect the nature of its business; • Cortona or any subsidiary of Cortona agrees to incur or incurs any financial indebtedness or issues any indebtedness or debt securities or varies any proposed financial indebtedness terms other than by way of extension or in the ordinary course of business; • Cortona or any subsidiary of Cortona makes any loans, advances or capital contributions to, or investments in, any other person, other than to or in Cortona or any wholly-owned subsidiary of Cortona or in the ordinary course of business; • Cortona or any subsidiary of Cortona: <ul style="list-style-type: none"> – grants to any officer of Cortona or any subsidiary of Cortona any increase in severance or termination pay or superannuation entitlements; or – makes or agrees to make any material change to the terms of, or waives any claims or rights under, or waives the benefit of any provisions of, any contract of employment with any senior executive of Cortona or of any subsidiary of Cortona; • Cortona or any of its material subsidiaries ceases, or threatens to cease, to carry on business; • Cortona or any of its material subsidiaries becomes subject to an Insolvency Event or is deregistered as a company or otherwise dissolved; • Cortona or any of its material subsidiaries disposes, or agrees to dispose, of any asset (including an exploration licence) other than where: <ul style="list-style-type: none"> – the total amount involved in the relevant transactions in the period until the Second Court Date is less than \$200,000; or – the disposal relates to a Cortona Permit that is not a Cortona Material Permit, • Cortona or any of its material subsidiaries acquires, or agrees to acquire, any asset (including an exploration licence) other than: <ul style="list-style-type: none"> – in the ordinary course of business; or – where the amount involved in the relevant transactions in the period until the Second Court Date is less than \$200,000 in total; • Cortona converting all or any of its shares into a larger or smaller number of shares; • any member of the Cortona Group resolving to reduce, or reducing, its share capital in any way, or reclassifying, redeeming, combining, splitting or repurchasing directly or indirectly any of its shares; • any member of the Cortona Group resolving to buy back, or buying back, any of its shares, including by: <ul style="list-style-type: none"> – entering into a buy-back agreement; or – resolving to approve the terms of a buy-back agreement under the Corporations Act; • any member of the Cortona Group issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than: <ul style="list-style-type: none"> – to a wholly-owned subsidiary of Cortona; – an issue of Cortona Shares following the valid exercise of any Options on issue as at the date of the Scheme Implementation Agreement; • any member of the Cortona Group issuing, or agreeing to issue, securities convertible into shares or debt securities (including any performance rights or options); • any member of the Cortona Group making, in aggregate, capital expenditure in excess of \$200,000;

Term	Meaning
Cortona Material Transaction	<ul style="list-style-type: none"> • any member of the Cortona Group: <ul style="list-style-type: none"> – acquiring, leasing or disposing of; – agreeing to acquire, lease or dispose of; or – offering, proposing or announcing a bid or tenders for, any material business, assets (other than trading inventories and consumables in the ordinary and usual course of business) or entity with a value greater than \$200,000 in total in the period until the Second Court Date, or enters into joint venture, partnership or similar arrangement; • other than in the ordinary course of business, any member of the Cortona Group: <ul style="list-style-type: none"> – entering into any contracts or commitments either individually or collectively involving revenue or expenditure of more than \$200,000 over the term of the contract or commitment; – terminating or amending in a material manner any contracts of the Cortona Group's business which either individually or collectively involve expenditure or revenue of more than \$200,000 over the term of the contract; – paying, discharging or satisfying any claims, liabilities or obligations under any contracts or commitments (including land access or native title claims) involving revenue or expenditure of more than \$200,000 other than the payment, discharge or satisfaction consistent with past practice and in accordance with its terms; or – waiving any material claims or rights under, or waiving the benefit of any provision of, any contracts or commitments involving revenue or expenditure of more than \$200,000, other than contracts or commitments associated with the implementation of the Merger; • except as expressly provided for in an existing employment contract in place as at the date of the Scheme Implementation Agreement, any member of the Cortona Group: <ul style="list-style-type: none"> – paying any bonus to, or increasing the compensation of, any officer of any member of the Cortona Group; – accelerating the rights of any officer of any member of the Cortona Group to compensation or benefits of any kind (including under any Cortona executive or employee share plan); – granting to any officer of any member of the Cortona Group any increase in severance or termination pay or superannuation entitlements or by issuing any Cortona Shares or securities convertible to Cortona Shares to any of those persons; or – establishing, adopting, entering into or amending in any material respect (including by taking any action to accelerate any rights or benefits due under) any enterprise bargaining agreement, Australian workplace agreement, employee benefit plan or superannuation scheme of Cortona or relating to the officers or employees of any member of the Cortona Group • any member of the Cortona Group making any change in its accounting methods, principles or practices which would materially affect the reported consolidated assets, liabilities or results of operations of any member of the Cortona Group, other than as required to comply with any changes to generally accepted accounting principles, standards, guidelines or practices in the jurisdiction of the relevant entity's incorporation; • Cortona or any subsidiary of Cortona create, or agree to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property, other than in the ordinary course of business; or • other than where consented to by Unity, any member of the Cortona Group disposing of, relinquishing or surrendering all or any part of any of the Cortona Material Permits or any interest in the Cortona Material Permits.
Insolvency Event	<p>any of the following:</p> <ul style="list-style-type: none"> • a person is or states that the person is unable to pay from the person's own money all the person's debts as and when they become due and payable; • a person is taken or must be presumed to be insolvent or unable to pay the person's debts under any applicable legislation;

Term	Meaning
Insolvency Event	<ul style="list-style-type: none"> • an application or order is made for the winding up or dissolution or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of a corporation; • an administrator, provisional liquidator, liquidator or person having a similar or analogous function under the laws of any relevant jurisdiction is appointed in respect of a corporation or any action is taken to appoint any such person and the action is not stayed, withdrawn or dismissed within seven days; • a controller is appointed in respect of any property of a corporation; • a corporation is deregistered under the Corporations Act or notice of its proposed deregistration is given to the corporation; • a distress, attachment or execution is levied or becomes enforceable against any property of a person; • a person enters into or takes any action to enter into an arrangement (including a scheme of arrangement or deed of company arrangement), composition or compromise with, or assignment for the benefit of, all or any class of the person's creditors or members or a moratorium involving any of them; or • anything analogous to or of a similar effect to anything described above under the law of any relevant jurisdiction occurs in respect of a person.
Representative	in relation to Unity or Cortona, each of its Related Entities and each of its officers, employees and Advisers or of any of its Related Entities.
Unity Disclosure Materials	all written information in connection with the Merger or relating to the Unity Group's past, present or future operations, affairs, business and/or strategic plans, which has been provided to Cortona or its Representatives prior to the date of the Scheme Implementation Agreement or publicly announced prior to the date of the Scheme Implementation Agreement.
Unity Material Adverse Change	<p>a matter, event or circumstance that occurs, is announced or becomes known to Unity (whether or not it becomes public) where that matter, event or circumstance has, has had, or could reasonably be expected to have, individually or when aggregated with all such matters, events or circumstances, the result that:</p> <ul style="list-style-type: none"> • there is or would be reasonably likely to be a material adverse effect on the assets, liabilities, business, results, operations, trading or financial position or material licenses of the Unity Group; • the Unity Group is unable to carry on its business in substantially the same manner as carried on as at the date of the Scheme Implementation Agreement, or which otherwise materially and adversely affects the prospects of the Unity Group; • the amount which is equal to the aggregate of cash, plus receivables, less trade creditors, of the Unity Group falls below \$30 million; or • other than where consented to by Cortona, any of the Unity Material Permits are revoked, not renewed or otherwise cease to be held by the Unity Group, <p>other than an event, occurrence or matter:</p> <ul style="list-style-type: none"> • required to be done or procured by Unity pursuant to the Scheme Implementation Agreement or the Merger; • which is, and to the extent that it is, fairly disclosed in the Unity Disclosure Materials, or otherwise known to Cortona; • which relates to changes in business conditions affecting the Australian gold industry generally or the financing of projects generally in the Australian gold industry; • which relates to interest rates, commodity prices or currency exchange rates; or • which is, and to the extent that it is, a consequence of Losses covered by insurance which Unity's insurers have agreed to pay.
Unity Material Permits	mining lease 7M/1991, mining lease 7M/2006, mining lease 5M/2002, exploration licence 8/2009, exploration licence 1/2010, exploration licence 34/2010, exploration licence 11/2010, exploration licence 28/2001 and exploration licence 13/2011 held by the Unity Group.
Unity Material Transaction	<p>other than:</p> <ul style="list-style-type: none"> • as expressly contemplated by the Scheme Implementation Agreement or the Merger; • to the extent that it is fairly disclosed in the Unity Disclosure Materials; or • with the prior written consent of Cortona, <p>the occurrence of any of the following:</p>

Term	Meaning
Unity Material Transaction	<ul style="list-style-type: none"> • the Unity Group changes in any material respect the nature of its business; • Unity or any subsidiary of Unity agrees to incur or incurs any financial indebtedness or issues any indebtedness or debt securities or varies any proposed financial indebtedness terms other than in the ordinary course of ordinary business or pursuant to advances under the Unity's existing debt facilities as at the date of the Scheme Implementation Agreement; • Unity or any subsidiary of Unity makes any loans, advances or capital contributions other than: <ul style="list-style-type: none"> – to or in Unity or any wholly-owned subsidiary of Unity; or – in the ordinary course of business, and where the total amount involved in the relevant transactions in the period until the Second Court Date is less than \$3 million; • Unity or any of its material subsidiaries ceases, or threatens to cease, to carry on business; • Unity or any of its material subsidiaries becomes subject to an Insolvency Event or is deregistered as a company or otherwise dissolved; • Unity or any of its material subsidiaries disposes, or agrees to dispose, of any asset (including an exploration licence) other than: <ul style="list-style-type: none"> – in the ordinary course of business, or as contemplated by an ASX announcement made prior to the date of the Scheme Implementation Agreement; or – where the amount involved in the relevant transactions in total in the period until the Second Court Date is less than \$3 million; • Unity or any of its material subsidiaries acquires, or agrees to acquire, any asset (including an exploration licence) other than: <ul style="list-style-type: none"> – in the ordinary course of business; or – where the amount involved in the relevant transactions in total in the period until the Second Court Date is less than \$5 million. • any member of the Unity Group issuing, or agreeing to issue, securities convertible into shares or debt securities (other than any performance rights or options issued to directors, officers or employees of the Unity Group); • Unity converting all or any of its shares into a larger or smaller number of shares; or • any member of the Unity Group resolving to reduce, or reducing, its share capital in any way, or reclassifying, redeeming, combining, splitting or indirectly any of its shares.

11.3 Interpretation

In this Scheme Booklet:

- other words and phrases have the same meaning (if any) given to them in the Corporations Act;
- words of any gender include all genders;
- words importing the singular include the plural and vice versa;
- an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- a reference to a Section or Annexure, is a reference to a Section of or Annexure of, this Scheme Booklet as relevant;
- a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re enactments of any of them;
- headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- a reference to time is a reference to Perth time;
- a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia;
- an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and
- the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

ANNEXURE A

INDEPENDENT EXPERT'S REPORT



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CORTONA RESOURCES LIMITED Independent Expert's Report

14 November 2012



Financial Services Guide

14 November 2012

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (“we” or “us” or “ours” as appropriate) has been engaged by Cortona Resources Limited (“Cortona”) to provide an independent expert’s report on the proposed acquisition by Unity Mining Limited (“Unity”) of 100% of the issued shares in Cortona by way of a scheme of arrangement. You will be provided with a copy of our report as a retail client because you are a shareholder of Cortona.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

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Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately \$80,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Cortona for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of our report.

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TABLE OF CONTENTS

1.	Introduction	4
2.	Summary and Opinion	4
3.	Scope of the Report	7
4.	Outline of the Scheme	9
5.	Profile of Cortona Resources Limited	10
6.	Profile of Unity Mining Limited	15
7.	Economic analysis	20
8.	Industry analysis	21
9.	Valuation approach adopted	23
10.	Valuation of Cortona Resources Limited	24
11.	Valuation of Proposed Merged Entity	30
12.	Is the Scheme fair?	48
13.	Is the Scheme reasonable?	48
14.	Conclusion	51
15.	Sources of information	51
16.	Independence	52
17.	Qualifications	52
18.	Disclaimers and consents	53

Appendix 1 - Glossary

Appendix 2 - Valuation Methodologies

Appendix 3 - Discount Rates

Appendix 4 - Independent Valuation Report prepared by SRK Consulting (Australasia) Pty Ltd

14 November 2012

The Directors
Cortona Resources Limited
Level 5
72 Kings Park Road
WEST PERTH WA 6005

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 28 September 2012, Cortona Resources Limited (“Cortona” or “the Company”) and Unity Mining Limited (“Unity”) jointly announced that they had entered into a Scheme Implementation Agreement (“SIA”) whereby Unity will acquire 100% of the issued capital of Cortona by way of a scheme of arrangement (the “Scheme”). Under the proposed Scheme, the Cortona shareholders will receive 0.734 Unity shares in consideration for every one Cortona share they hold.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Cortona have requested that BDO Corporate Finance (WA) Pty Ltd (“BDO”) prepare an independent expert report (“our Report”) to express an opinion as to whether or not the Scheme is in the best interests of the shareholders of Cortona (“Shareholders”).

Our Report is prepared pursuant to section 411 of the Corporations Act 2001 in order to assist the Shareholders in their decisions whether to approve the Scheme and will be included in the scheme booklet for Cortona to be sent to all Shareholders (“Scheme Booklet”).

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 60 ‘Schemes of Arrangement’ (“RG 60”), Regulatory Guide 111 ‘Content of Expert’s Reports’ (“RG 111”), and Regulatory Guide 112 ‘Independence of Experts’ (“RG 112”).

In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this Report. We have considered:

- A post merger analysis
- The likelihood of a superior alternative offer being available to Cortona
- A comparison of the value of one Cortona share to the value of 0.734 Unity shares following the merger
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Scheme
- The position of Shareholders should the Scheme not proceed.

2.3 Opinion

We have considered the terms of the Scheme as outlined in the body of this Report and have concluded that, in the absence of a superior offer, the Scheme is not fair but reasonable and in the best interests of the Shareholders of Cortona.

In particular we note that:

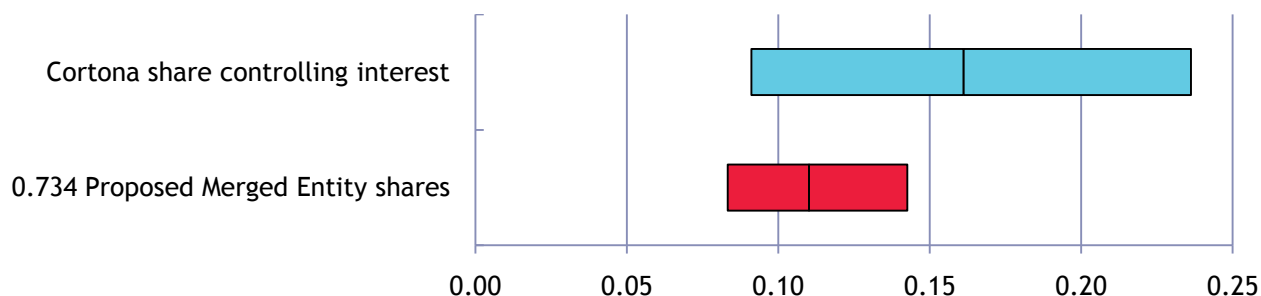
- Unity has \$39.4 million cash and has access to cash flows as a result of the Henty Project being in production. This will help to provide funding for the development of the Dargues Reef Project which has not yet commenced production;
- Shareholders will have immediate access to the current strong gold price through the gold production of the Henty Project; and
- The Proposed Merged Entity will be able to leverage Unity's underground mining and production experience, particularly in terms of management's expertise.

2.4 Fairness

In section 12 we determined that the value of 0.734 Unity shares following the merger ("Proposed Merged Entity"), received as consideration under the Scheme by Shareholders compares to the value of one Cortona share on a control basis prior to the implementation of the Scheme as shown in the table below:

	Ref	Low \$	Preferred \$	High \$
Value of one Cortona share	10.3	0.0911	0.1612	0.2362
Value of 0.734 shares in Proposed Merged Entity	11.9	0.0834	0.1102	0.1426

The above valuation ranges are shown graphically below:



RG111.31 requires us to make this comparison between the value of the securities offered, being 0.734 shares in the Proposed Merged Entity (allowing for a minority discount), and the value of the target securities, being one Cortona share, assuming 100% of the securities are available for sale (i.e. including a premium for control). This comparison reflects the fact that:

- The acquirer is obtaining control in the target; and
- The security holders of the target will be receiving scrip constituting minority interests in the acquirer.

In our assessment of the value range of one Cortona share we have included a premium for control as required under RG111.11 (b), which we have determined to be within a range of 25% to 35%. In determining the value range of 0.734 shares in the Proposed Merged Entity to be received as consideration, we have taken into account a minority interest discount, as required under RG111.31, which we determined to be within a range of 20% to 26%.

For the information of Shareholders we have also provided a comparison on a 'like for like' basis of one Cortona share on a minority basis and 0.734 Proposed Merged Entity shares on a minority basis. We have therefore also calculated the value of one Cortona share excluding a premium for control. To do this we have deducted a minority interest discount of 20% to 26% and the resulting value range is shown below:

	Low \$	Preferred \$	High \$
Value of one Cortona share (excluding premium for control)	0.0675	0.1240	0.1890
Value of 0.734 shares in Proposed Merged Entity	0.0834	0.1102	0.1426

2.5 Reasonableness

We have considered the analysis in section 13 of our Report, in terms of both the:

- advantages and disadvantages of the Scheme; and
- alternatives, including the position of Shareholders if the Scheme does not proceed.

In our opinion, the position of Shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal, we believe that the Scheme is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES

Section	Advantages	Section	Disadvantages
13.2	Allows commencement of the development phase of the Dargues Reef Project in the short term	13.3	Cortona shareholders will hold a reduced percentage of the Proposed Merged Entity
13.2	Greater liquidity of shares	13.3	Change of risk exposure
13.2	Exposure to mineral provinces in Tasmania and Victoria		
13.2	Financial flexibility to more aggressively explore promising mineral interests		
13.2	Immediate exposure to gold price through gold production		
13.2	Leverage from Unity's underground mining and production experience		
13.2	Exposure to the West African gold sector		
13.2	Benefit of cost synergies		
13.2	Use of tax losses		
13.2	Possible utilisation of mining components from Unity's Kangaroo Flat plant		

Other key matters we have considered include:

Section	Description
13.1	Consequences of not approving the Scheme include a potential decline in Cortona's share price
13.4	Future funding requirements
13.4	No alternative superior proposals
13.4	Potential for capital gains tax scrip for scrip roll-over relief for Shareholders
13.4	Loan facility provided by Unity to Cortona

3. Scope of the Report

3.1 Purpose of the Report

The Scheme is to be implemented pursuant to section 411 of the Corporations Act 2001 Cth ("the Act"). Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement with members pursuant to section 411 of the Act ("Section 411").

Schedule 8 of the Corporations Regulations requires an independent expert's report if:

- The corporation that is the other party to the scheme has a common director or directors with the company which is the subject of the scheme; or
- The corporation that is the other party is entitled to more than 30% of the voting shares in the subject company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company the subject of the scheme and setting out his or her reasons for that opinion.

While an independent expert's report is technically not required by the Corporations Regulations for the Scheme, Cortona has commissioned one to assist Shareholders in making their decision.

The requirement for an independent expert's report is also a precondition in the SIA, which states that for the Scheme to proceed, the independent expert must opine that the Scheme is in the best interests of Cortona Shareholders.

3.2 Regulatory guidance

Neither the Act nor the Regulations define the term 'in the best interests of'. ASIC has issued RG 111 which provides some direction as to what matters an independent expert report should consider when determining whether or not a particular transaction is in the best interests of shareholders.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of 'control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to section 411 can encompass a wide range of transactions. Accordingly, “in the best interests” must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a ‘fair and reasonable’ assessment in the case of a takeover. If the expert would conclude that a proposal was ‘fair and reasonable’; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of ‘in the best interests’ does not imply the best possible outcome for shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities which are the subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being ‘not fair’ the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

Is the Scheme fair? (section 12)

- A comparison between the value of one Cortona share prior to the Scheme and the value of 0.734 shares in the Proposed Merged Entity following implementation of the Scheme

Is the Scheme reasonable? (section 13)

- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Scheme, after reference to the value derived above

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

3.4 Compliance with APES 225

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 ‘Valuation Services’ (“APES 225”).

A Valuation Engagement is defined by APES 225 as follows:

“an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.”

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Scheme

4.1 Announcement

On 28 September 2012, Unity Mining Limited and Cortona Resources Limited jointly announced that they had entered into a Scheme Implementation Agreement whereby Unity will acquire 100% of the issued capital of Cortona by way of a scheme of arrangement. Under the proposed Scheme, the Cortona shareholders will receive 0.734 Unity shares in consideration for every one Cortona share they hold.

Board and Management

The Board of the Proposed Merged Entity will consist of five directors, of whom three will be current directors of Unity and two will be current directors of Cortona. The Chairman will be Clive Jones and the Managing Director and Chief Executive Officer will be Andrew McIlwain. Peter van der Borgh will be an Executive Director. Ronnie Beevor and David Ransom will be Non-Executive Directors. Peter McCarthy, George Lazarou, Derek Fisher and Mark Milazzo will resign from their positions within Unity and Cortona following implementation of the Scheme. The Proposed Merged Entity will be headquartered in Melbourne.

Conditions Precedent

In addition to shareholder and court approvals, the Scheme is subject to:

- no material adverse change in Cortona or Unity
- no material transactions by Cortona or Unity
- Ministerial approval under the Mining Act 1992 (NSW) for the effective change of control of Cortona
- other customary conditions.

The Scheme is expected to be implemented in January 2013.

Full disclosure of the conditions precedent to the Scheme is included in the Scheme Booklet.

Capital Structure

The Scheme will result in existing Cortona shareholders acquiring 196,747,303 Unity shares, representing approximately 28% of the Proposed Merged Entity.

The following table summarises the number of shares the respective companies have on issue, the number of shares that Unity will need to issue to Shareholders and the number of shares on issue in the Proposed Merged Entity on completion of the Scheme, assuming no options in Cortona are exercised. We note that it is the intention of the SIA that the existing options in Cortona are cancelled and option holders paid cash consideration for the value based on a Black-Scholes valuation, prior to completion of the Scheme (except for 3 million options held by Zenix Nominees Pty Ltd which are to be cancelled for nil consideration).

Summary of Proposed Merged Entity	Number
Number of Cortona shares on issue - subject to the Scheme	268,048,097
Ratio for new Unity shares to be issued	0.734
Number of new Unity shares to be issued	196,747,303
Existing Unity shares on issue	505,250,467
Total shares in Proposed Merged Entity	701,997,770
Equity interest held by Cortona shareholders	28.0%
Equity interest held by existing Unity shareholders	72.0%
	100.0%

5. Profile of Cortona Resources Limited

5.1 History

Cortona listed on the ASX on 21 March 2006 and is primarily a mineral exploration company that specialises in gold. The Board and senior management comprises Clive Jones as Non-Executive Director and Chairman, Peter van der Borgh as Managing Director, George Lazarou, Dr Derek Fisher and Mark Milazzo as Non-Executive Directors and Lorne Harvey as Chief Financial Officer.

The Dargues Reef Project has received the required State, Federal and Local Government regulatory approvals for the development of the underground gold mine and off-site processing, having received the final approval in August 2012 from the Parkes Shire Council for the modification and use of the London Victoria processing plant at Parkes. Cortona has been advised that an objection has been lodged challenging the Parkes Shire Council's decision to approve the modification and use of the London Victoria processing plant for processing of gold concentrate from Cortona's Dargues Reef Project. As at the date of this report, the merits of that objection have not been heard.

The Company's principal asset is the Dargues Reef Project. Recent advances on the Dargues Reef Project include:

- Receipt of Environmental Approval from the Land and Environment Court and the Granting of the Mining Lease (ML 1675)
- An agreement with GBF Mining Services Pty Ltd, a specialised underground mining contractor, to mine the high grade deposit.
- Signed a Memorandum of Understanding with plant construction experts DRA Pacific Pty Ltd to build the gravity and concentrate extraction plant on site.
- Secured an agreement with a concentrate processing plant at the old London-Victoria Gold Mine near Parkes in New South Wales.
- Metallurgical test work has confirmed gold recoveries in excess of 95%.
- A\$42 million financing facility with Deutsche Bank. Earlier this year, Cortona entered into a commitment letter with Deutsche Bank AG in relation to the provision of a \$42 million financing package to partially fund the development and construction of the Dargues Reef gold project. That commitment has been extended by Deutsche Bank and currently expires on 21 December 2012. The financing package remains subject to the satisfaction of a number of conditions customary for financing arrangements of this nature, including the provision of a minimum equity contribution by Cortona, completion of due diligence, finalisation of the mine plan and execution of acceptable facility and security documentation.

5.2 Projects

Dargues Reef Gold Project

Since July 2007, Cortona's principal focus has been the Dargues Reef gold project at Majors Creek in New South Wales, which is host to the largest historic alluvial goldfield in the State with historic production of approximately 1.25Moz.

Dargues Reef is approximately 60km southeast of Canberra, 13km south of Braidwood and immediately north of the village of Majors Creek. A Definitive Feasibility Study and an Environmental Assessment has been conducted.

The Dargues Reef Gold Project will comprise an underground gold mine (decline), a run-of-mine (ROM) Pad, temporary waste rock emplacement, crushing facility, onsite concentrator and offsite gold concentrate processing plant, tailings storage facility and associated infrastructure.

The application area for the Project infrastructure covers an area of approximately 403ha of freehold land owned by the Company. Further information on the Dargues Reef Project may be found in Appendix 4.

Other exploration areas

Eugowra Project

The Eugowra Project (EL6880) 100% CRC covers an area of 194 km sq. The tenement is located 40km SE of Forbes in the Mt Foster-Tumut structural zone of the Lachlan Fold Belt in New South Wales and is prospective for gold.

Booths Reward Project

The Booths Reward project, EL6012 and EL6445, (100% CRC) is located 170km NW of Canberra is centred on the Township of Coolac on the Hume Highway 12km north of Gundagai in central NSW. The project is considered prospective for Gold and Copper-Lead-Zinc mineralisation.

The land holding extends from the Coolac-Muttama Goldfield in the north through to the Murrumbidgee River in the south. The project area covers the southern portion of the Muttama Goldfield encompassing an area of 121.2 km sq and at least 15 recorded historic gold mines/prospects within a 10 km long north-south trending segment of the prospective Jindalee Beds.

Christmas Gift Project

The Christmas Gift Project (E6010) 100% CRC is located in the Cullinga Goldfield in central NSW 180km NW of Canberra.

The main underground working, Christmas Gift, extends over a length of 225m and a depth of 110m. Production records indicate 49,000t of ore was mined between 1892 and 1931 with an average grade of 23.5g/t Au. Previous drilling has identified dilatational jog structures and high grade gold mineralisation associated with carbonate and quartz veining of varying intensity together with shearing and brecciation.

Further information on Cortona's exploration areas may be found in Appendix 4.

5.3 Historical Balance Sheet

Cortona Resources Limited Statement of Financial Position	Audited as at 30-Jun-12 \$	Audited as at 30-Jun-11 \$
CURRENT ASSETS		
Cash and cash equivalents	4,022,871	2,514,674
Trade and other receivables	135,849	156,025
Other assets	-	8,440
TOTAL CURRENT ASSETS	4,158,720	2,679,139
NON-CURRENT ASSETS		
Trade and other receivables	244,057	300,057
Property, plant and equipment	2,703,529	2,768,565
Financial assets at FV through P&L	20,000	30,000
Exploration and Evaluation	30,805,810	26,535,099
TOTAL NON-CURRENT ASSETS	33,773,396	29,633,721
TOTAL ASSETS	37,932,116	32,312,860
CURRENT LIABILITIES		
Trade and other payables	638,892	670,246
Provisions	86,794	126,211
TOTAL CURRENT LIABILITIES	725,686	796,457
TOTAL LIABILITIES	725,686	796,457
NET ASSETS	37,206,430	31,516,403
EQUITY		
Contributed equity	45,203,455	36,620,560
Reserves	2,813,420	2,757,420
Accumulated losses	(10,810,445)	(7,861,577)
TOTAL EQUITY	37,206,430	31,516,403

Source: Audited financial statements for the year ended 30 June 2012 and 30 June 2011

5.4 Historical Statement of Comprehensive Income

Cortona Resources Limited Statement of Comprehensive Income	Audited for the year ended 30-Jun-12 \$	Audited for the year ended 30-Jun-11 \$
Revenue from continuing activities	108,581	250,811
Administration expenses	1,137,829	1,486,698
Compliance and Regulatory Expenses	869,408	205,437
Depreciation Expense	54,030	54,071
Employee benefits	1,159,616	959,508
Employee share based payments	56,000	395,305
Finance costs	9,576	9,635
Insurance Expense	58,888	66,906
Occupancy Expenses	167,298	152,846
Provision for diminution of financial assets	10,000	-
Travel and accommodation	157,792	175,216
Write off expense	56,976	-
(Loss) before income tax	(3,628,832)	(3,254,811)
Income tax expense	679,964	306,429
Net (loss) from continuing operations before income tax	(2,948,868)	(2,948,382)
Income tax expense	-	-
Net (loss) for the period	(2,948,868)	(2,948,382)

Source: Audited financial statements for the years ended 30 June 2012 and 2011

Cash increased from \$2.5 million as at 30 June 2011 to \$4 million as at 30 June 2012. Contributing to this increase in cash included a share purchase plan and two share placements:

- On 7 September 2011, the Company issued 25,000,000 ordinary shares for cash consideration of \$3.5 million less capital raising costs of \$180,009.
- On 19 April 2012, the Company issued 33,000,000 ordinary shares for cash consideration of \$3.5 million less capital raising costs of \$317,020.
- On 8 May 2012, the Company issued 14,291,712 ordinary fully paid shares, via a Share Purchase Plan, for cash consideration of \$1.715 million less capital raising costs of \$102,900.

The funds raised pursuant to the Placements and Share Purchase Plan were used primarily for the site engineering works and finalising approval required for the development of the Dargues Reef Gold Project, regional exploration, and working capital purposes.

Cash decreased by \$1.6 million from 30 June 2012 to 30 September 2012 as a result of exploration drilling, ongoing environmental studies on site, ongoing mining, engineering and metallurgical studies, head office and corporate costs.

5.5 Capital Structure

The share structure of Cortona as at 15 October 2012 is outlined below:

	Number
Total Ordinary Shares on Issue	268,048,097
Top 20 Shareholders	95,628,240
Top 20 Shareholders - % of shares on issue	35.68

Source: Cortona Management

The range of shares held in Cortona as at 15 October 2012 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	Percentage of Issued Ordinary Shares
1-1,000	83	14,742	0.01%
1,001-5,000	283	1,026,577	0.38%
5,001-10,000	381	3,237,311	1.21%
10,001-100,000	1,299	51,675,297	19.28%
100,001 - and over	401	212,094,170	79.12%
TOTAL	2,447	268,048,097	100.00%

Source: Cortona Management

The ordinary shares held by the most significant shareholders as at 15 October 2012 are detailed below:

Name	No. of Ordinary Shares Held	Percentage of Issued Ordinary Shares
National Nom Ltd	19,697,242	7.35%
HSBC Custody Nom Aust Ltd	15,609,700	5.82%
Moly Mines Ltd	12,000,000	4.48%
Carlowen PL	7,142,860	2.66%
Subtotal	54,449,802	20.31%
Others	213,598,295	79.69%
Total Ordinary Shares on Issue	268,048,097	100.00%

Source: Cortona management

As at the date of this report there are 9,250,000 options over unissued shares in Cortona as follows:

Expiry Date	Exercise Price	Number of Options	Cash raised if options exercised
4 August 2013	\$0.25	3,000,000	\$750,000
25 November 2013	\$0.236	4,750,000	\$1,121,000
24 May 2014	\$0.20	400,000	\$80,000
8 May 2014	\$0.35	600,000	\$210,000
8 November 2014	\$0.15	500,000	\$75,000
Total		9,250,000	\$2,236,000

Source: Cortona Management

6. Profile of Unity Mining Limited

6.1 History

Unity Mining Limited listed on the ASX in November 1985 and was formerly known as Bendigo Mining Limited. It is an Australian gold explorer and producer which owns and operates the Henty Gold Mine on the West Coast of Tasmania and is involved in gold exploration in West Africa through its investment in GoldStone Resources Limited (“GoldStone”). Unity also holds tenure over the Bendigo Goldfield in Victoria.

The Board of Directors comprises of Peter McCarthy as Non-Executive Director and Chairman, Andrew McIlwain as Managing Director and Chief Executive Officer, and Ronnie Beevor and David Ransom as Non-Executive Directors.

6.2 Projects

Henty Gold Project (100% ownership)

The Henty Gold Mine is an underground gold mine that commenced operation in 1996 and is located in glaciated mountainous terrain in the upper Henty Valley on the West Coast of Tasmania, adjacent to the Southwest Conservation Area.

In the year to 30 June 2012, key mine activities at the Henty Gold Mine included underground development of approximately 4,289 metres, ore mining of approximately 297,885 tonnes and exploration drilling of approximately 43,833 metres. Exploration expenditure was approximately \$7.7 million which led to the successful discovery of the Read Zone, which remains open to the north and south, and extended the Newton zone at depth and to the south. Underground drilling is ongoing at these locations and elsewhere in the mine. Surface drilling at Henty continued throughout the 2012 financial year, to test extensions of the mineralisation along the Henty Fault in the Henty South area and the mine workings and also at the Moxon, Firetower and Lakeside prospects. At 30 June 2012, three drill rigs were actively engaged on Henty, near mine and regional exploration programs with a planned budget of approximately \$12.0 million for the 2013 financial year.

Firetower

In October 2011 Unity entered into an agreement with an AIM-listed company, Greatland Pty Ltd. The agreement refers to four tenements in Northern Tasmania, collectively known as “The Firetower Project”. The terms of the agreement allow Unity to earn an interest of up to 75% in the tenements, for the expenditure of \$7 million, in two stages, over five and a half years. The first stage requires expenditure of \$2 million over two and a half years, following a minimum expenditure of \$200,000.

Bendigo Goldfield Project (100% ownership)

The Bendigo Goldfield is Australia's second largest in terms of historical production, having historically produced some 22 million ounces of gold. Unity Mining owns 100% of the historic Bendigo Goldfield, and has farmed out regional exploration to ASX-listed Drummond Gold Limited (ASX: DGO).

Under the terms of the farm-in agreement initiated during the 2011 financial period, Drummond Gold may explore on the Bendigo exploration lease areas held by Unity Mining (EL5035 and EL3327). Unity Mining will retain exclusive rights to the mining leases which cover the Bendigo Goldfield, including the Kangaroo Flat Mine and its associated infrastructure. Drummond has spent over \$750,000 during the past year, meeting the initial earn in requirement. Drummond now has the right to earn 51% interest in the Bendigo

Region by spending a further \$5 million within three years. Drummond can then earn an additional 19% interest, taking its interest to 70% by spending a further \$3 million in the following two years.

During the 2012 financial year, there was no gold production from the Kangaroo Flat Mine as it was on care and maintenance throughout the period.

In January 2012 Catalyst Metals Ltd (“Catalyst”) entered into a twelve month option agreement to acquire the Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area from Unity. It was announced on 30 October 2012 that Unity and Catalyst have agreed to terminate this agreement and Unity is therefore now able to consider utilising its Kangaroo Flat gold plant, equipment and facilities in its Dargues Reef Project. Catalyst holds a right of refusal until 30 June 2013 on any components that are not required by Unity.

GoldStone Resources Limited (34% shareholding)

GoldStone Resources Limited (“GoldStone”) is an AIM-listed West African gold exploration company. Unity Mining acquired 20% of GoldStone on 7 May 2010. Unity announced it had increased its stake in GoldStone to 34% on 27 May 2011.

GoldStone’s key asset is the Homase/Akrokerry project in the Ashanti Gold Belt in Ghana. GoldStone has a 65% interest in the Homase licence with an option to earn up to 85% and wholly owns the Akrokerry licence. In October and December 2011 GoldStone announced results from the inaugural drilling program during the year at Homase, Ghana. The drilling extended the known part of the high grade shoot under the northern part of the Homade pit in length and depth. The GoldStone public release on 1 August 2012 announced a gold resource (broken down as set out in the table below), estimated in accordance with JORC guidelines, beneath and along strike from the Homase main pit for this combined project area.

100% of Homase/ Akrokerry Project	Million tonnes	Grade (g/t)	Contained gold (ozs)
Measured	1.55	2.26	113,000
Indicated	4.17	1.75	234,000
Inferred	3.27	1.47	155,000
Total	8.99	1.74	502,000

During the 2012 financial year, Unity maintained its ownership of 34% of GoldStone via a further investment of \$2.6 million as part of the placement of ordinary shares by GoldStone to raise approximately £4.7 million in late November 2011.

6.3 Historical Balance Sheet

Unity Mining Limited Statement of Financial Position	Audited as at 30-Jun-12 \$'000	Audited as at 30-Jun-11 \$'000
CURRENT ASSETS		
Cash and cash equivalents	44,376	41,842
Trade and other receivables	3,704	2,299
Inventories	3,940	3,362
Prepayments	592	218
Other financial assets	5,996	-
Assets classified as held for sale	5,528	-
TOTAL CURRENT ASSETS	64,136	47,721
NON-CURRENT ASSETS		
Investments in associates	7,669	7,679
Other financial assets	2,676	7,086
Mine property, plant and equipment	33,338	34,317
Exploration and Evaluation	5,298	4,817
TOTAL NON-CURRENT ASSETS	48,981	53,899
TOTAL ASSETS	113,117	101,620
CURRENT LIABILITIES		
Trade and other payables	10,671	10,604
Interest bearing liabilities	1,181	1,397
Provisions	3,384	3,455
Liabilities directly associated with assets classified as held for sale	5,847	-
TOTAL CURRENT LIABILITIES	21,083	15,456
NON-CURRENT LIABILITIES		
Interest bearing liabilities	1,001	2,009
Provisions	2,559	7,798
TOTAL NON-CURRENT LIABILITIES	3,560	9,807
TOTAL LIABILITES	24,643	25,263
NET ASSETS	88,474	76,357
EQUITY		
Contributed equity	422,766	423,352
Reserves	1,772	1,944
Accumulated losses	(336,064)	(348,939)
TOTAL EQUITY	88,474	76,357

Source: Unity Mining Limited's 2012 and 2011 Annual Reports

Cash increased from \$41.84 million as at 30 June 2011 to \$44.38 million as at 30 June 2012. Contributing to this increase in cash was a \$2.2 million inflow from the sale of surplus mine equipment and mine property. From 30 June 2012 to 30 September 2012 cash decreased by approximately \$5 million due to

lower gold production at Henty as a consequence of one-off production issues and a focus on development to the new Read Zone.

During the year, Unity invested approximately \$9.7 million in exploration and \$7.2 million in mine development. Other cash outflows in the year included an approximate \$2.6 million investment in GoldStone Resources Ltd, \$1 million buyback of ordinary shares, and \$1.2 million repayment of lease liabilities.

Bank deposits included in other financial assets and totalling \$5,446,000 have been used as security for environmental rehabilitation commitments associated with the Kangaroo Flat Mine. The current asset has increased during the 2012 financial period due to the reclassification of \$5,446,000 from non-current assets, as these term deposits are associated with Kangaroo Flat Mine which is classified as assets held for sale.

The value of the 1,000,000 Catalyst shares issued to Unity on signing of the option agreement are included in current other financial assets above.

Bank term deposits to the value of \$2.617 million have been provided as security for environmental rehabilitation commitments in relation to the Henty Gold Mine of \$2.585 million with the Minister for Natural Resources and Energy and corporate office lease commitments of \$32,000. The non-current bank term deposit asset has reduced during the 2012 financial year due to the reclassification of \$5.446 million to current other financial assets, as these term deposits are associated with the Kangaroo Flat Mine which is classified as assets held for sale, as previously mentioned.

6.4 Historical Statement of Comprehensive Income

Unity Mining Limited Statement of Comprehensive Income	Audited for the year ended 30-Jun-12 \$'000	Audited for the year ended 30-Jun-11 \$'000
Sales Revenue	80,805	50,778
Cost of Sales:		
Cost of mining, processing and site administration	(49,280)	(39,510)
Depreciation and amortisation	(9,985)	(6,085)
Total Cost of Sales	(59,265)	(45,595)
Gross Profit	21,540	5,183
Interest and other revenue	3,074	3,135
Exploration expenses	(2,170)	(4,159)
Corporate expenses	(5,532)	(5,632)
Finance costs	(244)	(339)
Share of loss of associates	(2,577)	(545)
Net loss arising on Financial assets held at FV through P&L	(691)	-
Net value loss on available-for-sale financial assets	-	(4,057)
Net value gain financial assets held for trading	100	-
Profit/(loss) for the year from discontinued operations	(625)	1,100
Profit/(loss) from continuing operations before income tax	12,875	(5,314)
Income tax expense	-	-
Net profit/(loss) for the period	12,875	(5,314)

Source: Unity Mining Limited's 2012 and 2011 Annual Reports

The \$30 million increase in revenue for the year to 30 June 2012 relative to the prior period was a result of processing higher grade gold ore, processing increased tonnes and receiving a higher gold price. The decreased exploration expense of some \$2 million relative to the year to 30 June 2011 related primarily to the reduced rate of exploration expenditure being written off as unsuccessful at the Henty Gold Mine.

The increase to \$2.6 million share of loss of GoldStone Resources is due to the accelerated exploration activities during the financial year that were undertaken in Homase/ Akrokerrri and Ghana by the company.

6.5 Capital Structure

The share structure of Unity as at 12 October 2012 is outlined below:

	Number
Total Ordinary Shares on Issue	505,250,467
Top 20 Shareholders	272,923,588
Top 20 Shareholders - % of shares on issue	54.02

The range of shares held in Unity as at 12 October 2012 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	Percentage of Issued Ordinary Shares
1-1,000	560	297,973	0.06%
1,001-5,000	2,111	7,385,418	1.46%
5,001-10,000	1,741	13,706,465	2.71%
10,001-100,000	2,605	84,443,543	16.71%
100,001 - and over	422	399,417,068	79.05%
Total	7,439	505,250,467	100.00%

The ordinary shares held by the most significant shareholders as at 12 October 2012 are detailed below:

Name	No. of Ordinary Shares Held	Percentage of Issued Ordinary Shares
Orbis Funds Management	59,559,851	11.79%
State Teachers Retirement System of Ohio	32,114,188	6.36%
Subtotal	91,674,039	18.14%
Others	413,576,428	81.86%
Total Ordinary Shares on Issue	505,250,467	100%

Unity is seeking the approval of its shareholders to issue performance rights to the Managing Director and CEO, Andrew McIlwain, under a long term incentive plan. If approval is obtained then further performance rights will be issued to other eligible Unity employees. The maximum number of Unity performance rights which may be issued to the current Unity employees eligible to participate in the incentive plan over a three year performance period is as follows:

Recipient	No. of Performance Rights to be issued
Andrew McIlwain	4,000,000
Matt Daly	2,841,357
Bill Geier	2,436,974
Angela Lorrigan	2,269,931
Ben Hill	1,884,474
Total	13,432,736

Source: Unity Mining Limited Management

7. Economic analysis

The outlook for growth in the world economy has softened over recent months, with estimates for global GDP being edged down, and risks to the outlook still seen to be on the downside. Economic activity in Europe is contracting, while growth in the United States remains modest. Growth in China has also slowed, and uncertainty about near-term prospects is greater than it was some months ago. Around Asia generally, growth is being dampened by the more moderate Chinese expansion and the weakness in Europe.

Key commodity prices for Australia remain significantly lower than earlier in the year, even though some have regained some ground in recent weeks. The terms of trade have declined by over 10 per cent since the peak last year and will probably decline further, though they are likely to remain historically high.

Financial markets have responded positively over the past few months to signs of progress in addressing Europe's financial problems, but expectations for further progress remain high. Low appetite for risk has seen long-term interest rates faced by highly rated sovereigns, including Australia, remain at exceptionally low levels. Nonetheless, capital markets remain open to corporations and well-rated banks, and Australian banks have had no difficulty accessing funding, including on an unsecured basis. Share markets have generally risen over recent months.

In Australia, most indicators available for this meeting suggest that growth has been running close to trend, led by very large increases in capital spending in the resources sector. Consumption growth was quite firm in the first half of 2012, though some of that strength was temporary. Investment in dwellings has remained subdued, though there have been some tentative signs of improvement, while non-residential building investment has also remained weak. Looking ahead, the peak in resource investment is likely to occur next year, and may be at a lower level than earlier expected. As this peak approaches it will be important that the forecast strengthening in some other components of demand starts to occur.

Labour market data have shown moderate employment growth and the rate of unemployment has thus far remained low. The Bank's assessment, though, is that the labour market has generally softened somewhat in recent months.

Inflation has been low, with underlying measures near 2 per cent over the year to June, and headline CPI inflation lower than that. The introduction of the carbon price is affecting consumer prices in the current quarter, and this will continue over the next couple of quarters. Moderate labour market conditions should work to contain pressure on labour costs in sectors other than those directly affected by the current strength in resources. This and some continuing improvement in productivity performance will be needed to keep inflation low as the effects of the earlier exchange rate appreciation wane. The Bank's assessment remains, at this point, that inflation will be consistent with the target over the next one to two years.

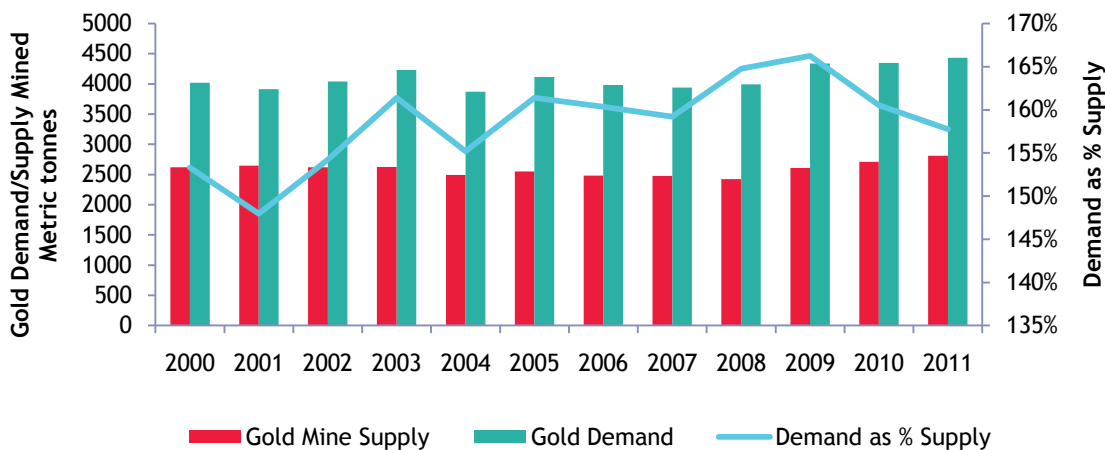
Interest rates for borrowers have for some months been a little below their medium-term averages. There are tentative signs of this starting to have some of the expected effects, though the impact of monetary policy changes takes some time to work through the economy. However, credit growth has softened of late and the exchange rate has remained higher than might have been expected, given the observed decline in export prices and the weaker global outlook.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 2 October 2012

8. Industry analysis

Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.

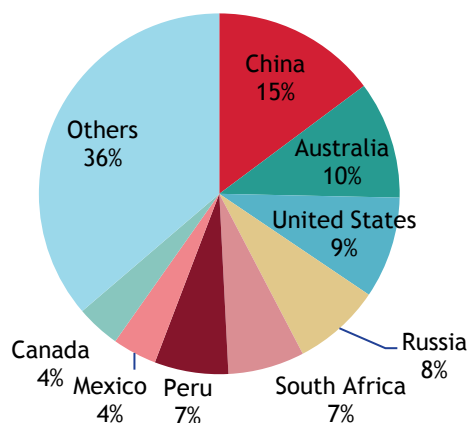
As illustrated in the chart below, gold mine production was approximately 2,812 metric tonnes in 2011 and gold consumption was 4,436 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainty during the past 24 months has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased by 8% between 2009 and 2011, with demand as a percentage of supply remaining at over 150% for the same period.



Source: Bloomberg and BDO Analysis

Until the late 1980's, South Africa produced approximately half of the total gold produced. More recently however, gold production has become geographically segmented, as shown in the chart below, with production dominated by China and Australia.

Production by Country - YTD August 2012



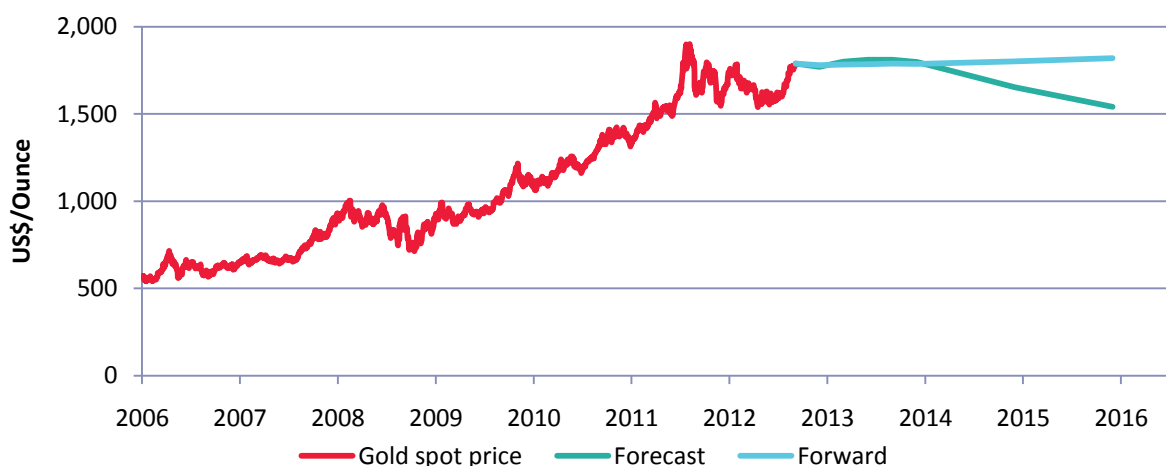
Source: Bloomberg and BDO Analysis

Gold prices

The price of gold fluctuates on a daily basis depending on global demand and supply factors. The price trend over the last two years is reflective of weak global economic conditions driving demand. As can be

seen in the graph below, the value of gold peaked at US\$1,900 per ounce on 5 September 2011. This peak was largely caused by the recent debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as gold. Prices contracted in December 2011 reaching a low of US\$1,545 per ounce, however 2012 has seen the gold price recover reaching US\$1,639 on 22 August 2012.

Gold prices are forecast to fall over the next three years. Nevertheless, growth in global money supply, U.S dollar depreciation and overall uncertainty in global financial markets may continue to drive investors toward using precious metals as a store of value. This could be further fuelled by the rapidly increasing appetite for precious metals from China.



Source: Bloomberg, Consensus Economics and BDO Analysis

Recent gold transactions

The emergence of a new generation of mid-tier miners and the resurgent gold price has been driving the increase in the number of announced gold acquisitions in 2012. In August 2012, Zijin Mining Group announced that it had made a cash offer to acquire its remaining 83.02% share in Norton Gold Fields Ltd for \$198 million.

Recently, six large deals have been announced to the market:

- On 29 June 2012 it was announced that Allied Gold Mining Plc and St Barbara Ltd had reached an agreement in which the two companies would merge, worth \$594 million.
- On 6 August 2012, Silver Lake Resources announced it planned to merge with Integra Mining Ltd in a deal worth \$417 million.
- On 9 August 2012, Regis Resources Limited announced it had executed a letter of agreement to acquire the McPhillamys Gold Project from joint venture owners, Newmont Exploration Pty Ltd and Alkane Resources Limited. The consideration to be paid is \$150 million to be satisfied by the issue of Regis shares based on an issue price of \$4.20 per share.
- On 19 September 2012, CGA Mining Limited and B2Gold Corp announced they had entered into a Merger Implementation Agreement to combine the two companies. The transaction is estimated to be valued at approximately C\$1.1 billion.
- On 20 September 2012, Focus Minerals Limited announced that it had entered in to a Share Subscription Deed with Shandong Gold International Mining Corporation Limited, under which Shandong Gold agreed to subscribe for new fully paid ordinary Focus shares to raise \$227.5 million.

- On 27 September 2012, Noble Mineral Resources Limited announced that it had entered into binding agreements with the Zhongrun Group, a major non-government Chinese mining and investment group, whereby Zhongrun will invest \$84.7 million in Noble to become Noble's largest shareholder.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ("FME")
- Discounted cash flow ("DCF")
- Quoted market price basis ("QMP")
- Net asset value ("NAV")
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

Valuation of Cortona Resources Limited

In our assessment of the value of Cortona shares, we have chosen to employ the following methodologies:

- Net assets value as our primary method; and
- QMP approach as our secondary method.

We have chosen these methodologies for the following reasons:

- As Cortona is essentially an exploration company, its core value is in the cash and mineral assets that it holds. In valuing Cortona's mineral assets, we have relied on the independent specialist valuation performed by SRK Consulting (Australasia) Pty Ltd ("SRK") in accordance with the Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("the Valmin Code") and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). We are satisfied with the valuation methodologies adopted by SRK which we believe are in accordance with industry practices and compliant with the requirements of the Valmin Code. A copy of SRK's report is attached in Appendix 4.
- Cortona is listed on the ASX and this provides an indication of the market value where an observable market for the securities exists.
- Cortona does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation is not appropriate.

Valuation of the Proposed Merged Entity

In our assessment of the value of the Proposed Merged Entity, we have chosen to employ the following methodologies:

- Sum-of-parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods. The component parts of the Proposed Merged Entity are valued using NAV as our primary methodology, complemented by the DCF methodology in respect of Unity's Henty Gold Mine.

- QMP as our secondary method, which analyses the trading activity of Cortona and Unity shares on the ASX following the announcement of the Scheme.

Sum-of-parts

We have employed the sum-of-parts method in estimating the fair market value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- The adjusted net asset value of Cortona;
- The value of the mineral assets of Unity;
- The value of other mining tenements held by Unity;
- The value of available-for-sale financial assets held by Unity;
- The value of other assets and liabilities of Unity; and
- The resulting number of Shares upon completion of the Scheme.

In valuing Cortona's mineral assets, we have relied on the independent specialist valuation performed by SRK in accordance with the Valmin Code and the JORC Code. We are satisfied with the valuation methodologies adopted by SRK which we believe are in accordance with industry practices and compliant with the requirements of the Valmin Code. A copy of SRK's report is attached in Appendix 4.

10. Valuation of Cortona Resources Limited

10.1 Net assets valuation of Cortona

The valuation of Cortona's assets on a going concern basis is reflected in our valuation below:

Statement of Financial Position	Ref	As at 30-Sep-12 \$ in 000s	Low Value \$ in 000s	Preferred Value \$ in 000s	High Value \$ in 000s
CURRENT ASSETS					
Cash and cash equivalents		2,405	2,405	2,405	2,405
Trade and other receivables		102	102	102	102
TOTAL CURRENT ASSETS		2,507	2,507	2,507	2,507
NON-CURRENT ASSETS					
Trade and other receivables		244	244	244	244
Property, plant and equipment		2,690	2,690	2,690	2,690
Financial assets at FV through P&L		20	20	20	20
Exploration and Evaluation	Note a	31,670	19,480	38,270	58,380
TOTAL NON-CURRENT ASSETS		34,624	22,434	41,224	61,334
TOTAL ASSETS		37,131	24,940	43,730	63,840
CURRENT LIABILITIES					
Trade and other payables		425	425	425	425
Provisions		93	93	93	93
TOTAL CURRENT LIABILITIES		518	518	518	518
TOTAL LIABILITIES		518	518	518	518
Net asset value of Cortona		36,612	24,422	43,212	63,322
Shares on issue			268,048,097	268,048,097	268,048,097
Net asset value per Cortona share			0.0911	0.1612	0.2362

The table above indicates the value of a Cortona share on a controlling interest basis is between \$0.0911 and \$0.2362 with a preferred value of \$0.1612.

Note a)

We instructed SRK to provide an independent market valuation of the mineral and exploration assets held by Cortona. SRK applied the comparable transaction methodology in valuing the Dargues Reef Project and exploration assets of Cortona. The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement.

We consider these methods to be appropriate given the following:

- The Dargues Reef Project is not yet in production and therefore there is increased uncertainty of the capital and production costs in comparison to a mine that has commenced production. It is also subject to development and commissioning risks typical of mining projects;
- The Dargues Reef Project is not fully funded by Cortona's facility agreement with Deutsche Bank and would therefore require additional equity funding which would dilute shareholders' interests. We do not have reasonable grounds to assume that the Company will be able to raise sufficient equity capital at a price that is not dilutive to shareholders;
- The decision to commence production at Dargues Reef will be conditional upon the project having an adequate return on investment. Based on current long term forecasts of the price of gold of brokers and analysts, extraction of the Dargues Reef Project would not return the required value to shareholders given the dilution required to raise development funding. The DCF valuation methodology does not take into account the option value inherent in mining operations, including the option to decide to proceed to production only at such a time that the gold price is sufficient to return value to shareholders. Therefore the DCF methodology of valuation at the date of this report is not appropriate for valuation of the Dargues Reef Project;
- The value per share of gold mining companies when valued using the DCF valuation methodology is often lower than the value of the trading price per share. Possible reasons for a difference between the value of the mineral assets per share and the traded price are:
 - The potential upside at existing operating or development sites that would allow for an extension of the life of mine and higher volumes, outside of the announced reserve and resource; and
 - The value attributable to the strong management of a company;
 - These differences are not reflected in a DCF valuation.
- The resources of the Dargues Reef Project include inferred resources. Inferred resources are generally not of sufficient certainty for inclusion in an assessment of a DCF valuation; and
- The exploration assets of Cortona are in the pre-feasibility stages of development.

The range of values for each of Cortona's exploration assets is set out below:

	Low valuation \$ in millions	Preferred valuation \$ in millions	High valuation \$ in millions
Dargues Reef Project	17.30	32.70	48.20
Majors Creek exploration ground	1.47	3.92	6.37
Booths Reward exploration ground	0.10	0.38	1.01
Christmas Gift exploration ground	0.04	0.09	0.13
Eugowra exploration ground	0.10	0.60	1.90
	19.48	38.27	58.38

The table above indicates a range of values between \$19.5 million and \$58.4 million, with a preferred value of \$38.3 million.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of a control transaction the expert should consider the value of the company shares assuming a 100% ownership of the target including a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. The value of Cortona derived from the NAV method is reflective of a controlling interest, and therefore no adjustment for control is required.

10.2 Quoted Market Prices for Cortona Securities

To provide a comparison to the valuation of Cortona in section 10.1 we have also assessed the QMP of a Cortona share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of a control transaction the expert should consider the value of the company shares assuming 100% ownership of the target including a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction
- access to underlying cash flows
- control over dividend policies
- access to potential tax losses.

RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in section 13.

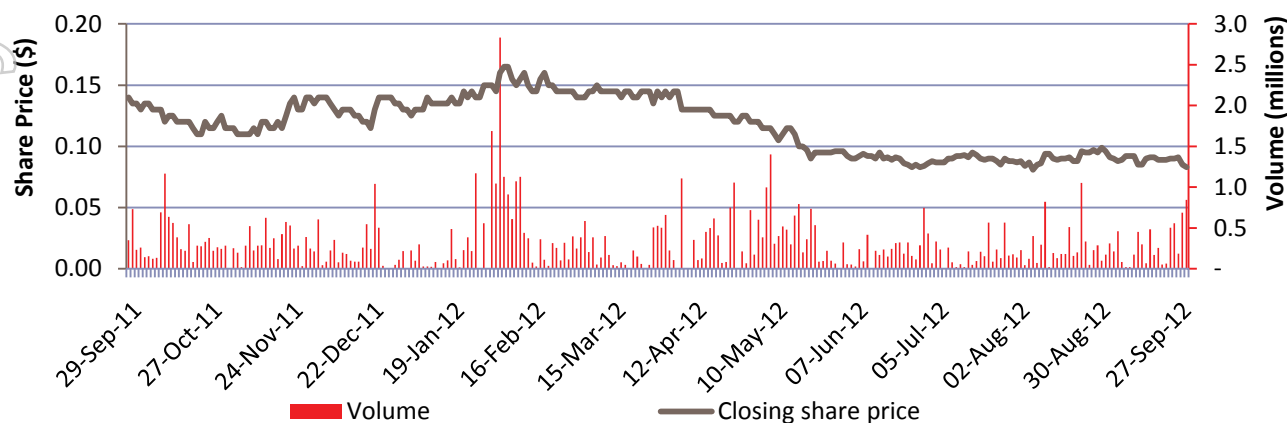
Therefore, our calculation of the QMP of a Cortona share including a premium for control has been prepared in two parts. The first part is to calculate the QMP on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a QMP value that includes a premium for control.

Minority interest value

Our analysis of the QMP of a Cortona share is based on the pricing prior to the announcement of the Scheme on 28 September 2012. This is because the value of a Cortona share after the announcement may

include the market expectations of the post merger effects of the announcement of the Scheme. However, we have considered the value of a Cortona share following the announcement when we have considered reasonableness in section 13.

The following chart provides a summary of the share price movement from 28 September 2011 to 27 September 2012, which was the last full trading day prior to the announcement.



Source: BDO Analysis and Bloomberg

The daily price of Cortona shares from 28 September 2011 has ranged from a low of \$0.081 on 6 August 2012 to a high of \$0.165 on 3 February 2012 and 6 February 2012. On 2 February 2012 a total 2,831,844 Cortona shares were traded over the day being the highest volume of shares traded over the period reviewed. This came immediately after the Company announced it had reached an agreement with its objectors, The Coastwatchers Association Inc and the South East Region Conservation Alliance Inc, to develop the Dargues Reef Mine Project. The end of the legal action allowed Cortona to finalise its remaining permitting requirements to develop the project, and proceed with the development of Dargues Reef for the benefit of shareholders and local communities.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement \$ (movement)	Closing Share Price 3 Days Post Announcement \$ (movement)
27/09/2012	More Gold Intersected at Ruby Lode	0.083 (▼ 2%)	*0.110 (▲ 33%)
9/08/2012	Dargues Reef Approvals Complete	0.094 (▲ 9%)	0.090 (▼ 4%)
26/07/2012	Quarterly Activities and Cashflow Reports	0.090 (▲ 6%)	0.088 (▼ 2%)
16/07/2012	Paste Fill Approval and New Drilling Program at Dargues Reef	0.095 (▲ 4%)	0.089 (▼ 6%)
6/06/2012	Dargues Reef Update	0.092 (▲ 2%)	0.092 (◀ 0%)
26/04/2012	Quarterly Activities and Cashflow Reports	0.125 (▲ 4%)	0.120 (▼ 4%)
24/04/2012	Grant of Dargues Reef Mining Lease	0.120 (▼ 4%)	0.125 (▲ 7%)
5/04/2012	Placement and SPP to Raise up to \$7m	0.130 (▼ 10%)	0.130 (◀ 0%)
4/04/2012	Trading Halt	0.145 (◀ 0%)	0.130 (▼ 10%)
28/03/2012	Deutsche Bank \$42M Credit Approved Commitment	0.145 (▲ 7%)	0.140 (▼ 3%)

Date	Announcement	Closing Share Price Following Announcement \$ (movement)	Closing Share Price 3 Days Post Announcement \$ (movement)
9/02/2012	Dargues Reef Approved	0.155 (▲ 3%)	0.150 (▼ 3%)
31/01/2012	Quarterly Activities and Cashflow Reports	0.150 (◀ 0%)	0.165 (▲ 10%)
31/01/2012	Agreement Reached with Objectors to Dargues Development	0.150 (◀ 0%)	0.165 (▲ 10%)
30/01/2012	Trading Halt	0.150 (◀ 0%)	0.160 (▲ 7%)
21/12/2011	Council Withdraws Appeal	0.130 (▲ 13%)	0.140 (▲ 8%)
31/10/2011	Quarterly Activities and Cashflow Reports	0.115 (▼ 8%)	0.110 (▼ 4%)
24/10/2011	Planning Approval Update	0.120 (▲ 9%)	0.120 (◀ 0%)
10/10/2011	Dargues Reef Approvals	0.120 (▼ 8%)	0.120 (◀ 0%)
28/09/2011	Federal Approval for Dargues Reef, Operations Update	0.135 (▼ 4%)	0.135 (◀ 0%)

Source: BDO Analysis and Bloomberg

*Includes movement after announcement of the Scheme

To provide further analysis of the market prices for a Cortona share, we have also considered the volume weighted average price (“VWAP”) for 10, 30, 60 and 90 day periods to 27 September 2012.

	27 September 2012	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.083				
VWAP		\$0.087	\$0.088	\$0.090	\$0.090

Source: BDO Analysis and Bloomberg

The above VWAPs are prior to the date of the announcement of the Share Scheme, to avoid the influence of any change in the price of Cortona shares that has occurred since the Share Scheme was announced.

An analysis of the volume of trading in Cortona shares in the 1 year up until 27 September 2012 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	\$0.080	\$0.093	843,400	0.31%
10 days	\$0.080	\$0.093	3,150,198	1.18%
30 days	\$0.080	\$0.099	6,180,798	2.31%
60 days	\$0.080	\$0.100	12,013,474	4.48%
90 days	\$0.080	\$0.100	15,554,974	5.80%
180 days	\$0.080	\$0.145	37,058,108	13.83%
1 year	\$0.080	\$0.170	80,416,967	30.00%

Source: BDO Analysis and Bloomberg

This table indicates that Cortona’s shares display a low level of liquidity, with only 30.00% of Cortona’s current issued capital being traded in a 1 year period. For the QMP methodology to be reliable there needs to be a ‘deep’ market in the shares. RG 111.69 indicates that a ‘deep’ market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities
- Approximately 1% of a company's securities are traded on a weekly basis
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

Our assessment is that a range of per share values for Cortona shares based on the QMP, after disregarding post announcement pricing, is between \$0.083 and \$0.090 with a midpoint of \$0.087.

Control Premium

We have reviewed control premiums paid by acquirers of gold mining companies listed on the ASX since 2006. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (A\$m)	Average Control Premium
2012	1		-
2011	11	56.45	52.31
2010	19	933.80	60.31
2009	17	259.82	20.52
2008	13	153.19	28.54
2007	15	169.29	24.74
2006	15	64.39	10.37
Median		161.24	26.64
Mean		272.82	32.80

Source: BDO Analysis and Bloomberg

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets
- Nature and magnitude of discretionary expenses
- Perceived quality of existing management
- Nature and magnitude of business opportunities not currently being exploited
- Ability to integrate the acquiree into the acquirer's business
- Level of pre-announcement speculation of the transaction
- Level of liquidity in the trade of the acquiree's securities.

Based on the results above, we consider the control premium paid for gold mining companies is in the order of 25% to 35%.

	Low \$	Mid \$	High \$
QMP value per share	0.085	0.087	0.090
Control premium	25%	30%	35%
QMP valuation including a premium for control	0.106	0.113	0.117

Therefore, our valuation of Cortona on a per share basis based on the QMP method and including a premium for control is between \$0.106 and \$0.117 with a midpoint of \$0.113.

10.3 Assessment of Cortona Value

The results of the valuations performed are summarised in the table below:

	Low \$	Preferred \$	High \$
Net assets value method	0.0911	0.1612	0.2362
QMP method	0.1060	0.1130	0.1170

The net assets value methodology is the most reliable for this purpose due to the core value of Cortona being in the exploration and development assets that it holds in its balance sheet, for which we have received an independent valuation.

From our analysis of the quoted market price of a Cortona share we note that 14% of the Company's issued capital had been traded in the six months up until the date of announcement, which represents a low level of liquidity. We also note that in the same period, Cortona shares have traded between a low of \$0.081 and a high of \$0.165 on a minority interest basis. Due to the range of trading values of a Cortona share and the low level of liquidity we consider that the QMP methodology is not as reliable as the NAV methodology in determining the value of a Cortona share. We have therefore based our valuation of a Cortona share on the NAV methodology.

The table above indicates the net asset value of a Cortona share is between \$0.0911 and \$0.2362.

11. Valuation of Proposed Merged Entity

In valuing a share in the Proposed Merged Entity, we have considered:

- The sum-of-parts method including the following valuation components:
 - The adjusted net asset value of Cortona
 - The mineral assets of Unity Mining Limited
 - The value of exploration assets of Unity Mining Limited
 - The value of other assets and liabilities of Unity Mining Limited.
- Synergies that are expected as a result of the Share Scheme.
- The resulting number of Shares upon completion of the Share Scheme.
- A discount for a minority interest.

11.1 Value of mineral assets of Unity

11.1.1 DCF Valuation of Henty Gold Project

We selected the DCF approach in valuing the Henty Gold Project. The DCF approach estimates the fair market value by discounting the future cash flows arising from the Henty Gold Project to their net present value. Performing a DCF valuation requires the determination of the following:

- The future cash flows that the Henty Gold Project is expected to generate; and
- An appropriate discount rate to apply to the cash flows of the Henty Gold Project to convert them to present value equivalent.

The Henty Gold Project Model

A cash flow model for the Henty Gold Project was prepared by the management of Unity (“**Henty Model**”). The Henty Model estimates the future cash flows expected from the Henty Gold Project. The Henty Model depicts forecasts of real, after-tax cash flows over the life of mine on a monthly basis.

The Henty Model was prepared based on the estimated production profile, operating costs and capital expenditure over the life of mine. The main assumptions underlying the Henty Model include:

- Gold prices
- Mining and production volumes
- Mining and maintenance costs
- Capital expenditure
- Foreign exchange rates
- Royalties
- Tax
- Discount rate

We undertook the following analysis on the Henty Model:

- Appointed SRK as technical expert to review and where required, provide changes to the technical assumptions underlying the Henty Model;
- Conducted independent research on certain economic and other inputs such as commodity prices, foreign exchange rates, inflation, taxation assumptions and discount rate applicable to the future cash flows of the Henty Gold Project;
- Held discussions with Unity’s management regarding the preparation of the Henty Model and its views;
- Adjusted the Henty Model (“**Adjusted Henty Model**”) to reflect any changes to the technical assumptions as a result of SRK’s review and any changes to the economic and other input assumptions from our research; and
- Performed a sensitivity analysis on the value of the Henty Gold Project as a result of flexing selected assumptions and inputs.

Appointment of a technical expert

SRK was engaged to prepare a report providing a technical assessment of certain key assumptions underlying the Henty Model. SRK's assessment involved the review and provision of input on the reasonableness of the following assumptions adopted in the Henty Model:

- Mining physicals (including ore tonnage and grades estimates);
- Mining costs (including direct operating expenditure and fixed costs);
- Processing costs;
- Practicality of the mine plan; and
- Project cashflow projections.

Based on SRK's report, we highlight the following key issues in the Henty Model:

- Production estimates are reasonable;
- Operating costs are based on historical performance and are considered appropriate;
- Capital cost estimates are considered appropriate, however an additional tailings storage facility would be required to continue operations past 2014.

A copy of SRK's report is included in Appendix 4.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the Adjusted Henty Model is based. Accordingly, actual results may vary materially from that forecast, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Gold prices

Revenue has been estimated as the product of annual saleable gold and the forecast gold prices. The Adjusted Henty Model has been based on forecast gold prices and exchange rates. Since the gold price is quoted in USD, the value is then converted to AUD.

We obtained projected prices for gold having considered:

- Historical spot and forward prices;
- Any gold price hedging or contractual arrangements entered into by Unity; and
- Consensus Economics price forecasts.

The gold prices per ounce that are assumed within the Adjusted Henty Model over the period from 1 October 2012 to 31 July 2018 are summarised in the table below (in nominal terms):

	FY2013	FY2014	FY2015	FY2016	FY2017	Long term
Gold (US\$/Oz)	1,850	1,700	1,550	1,400	1,325	1,325

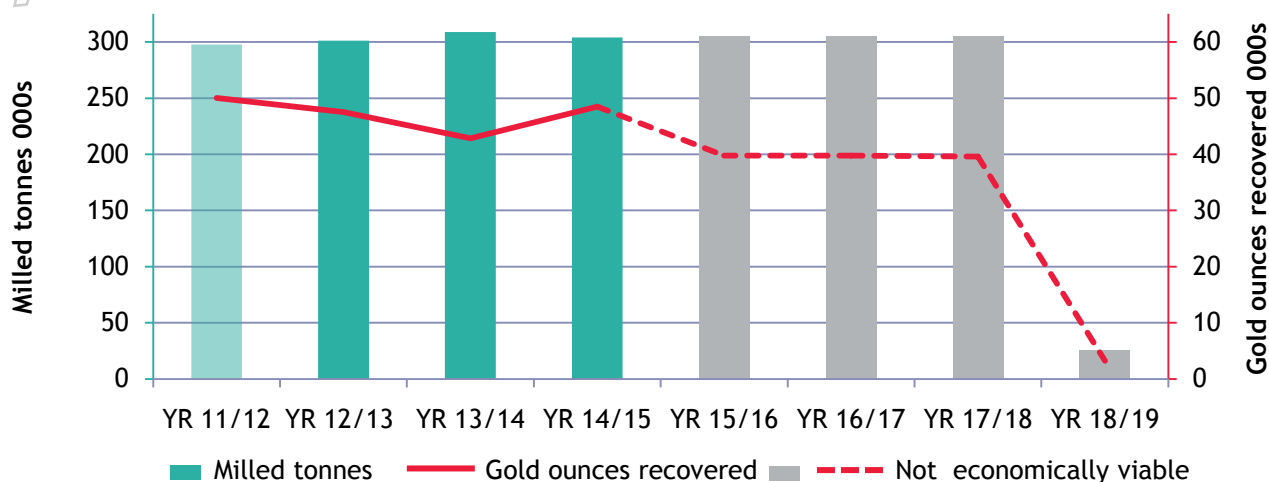
Foreign exchange rate

All commodity prices are stated in USD and the cash flows in the Adjusted Henty Model are in AUD. The exchange rate assumptions used in the Adjusted Henty Model are as follows:

	FY2013	FY2014	FY2015	FY2016	FY2017	Long Term
USD:AUD	1.000	0.950	0.920	0.895	0.888	0.888

Mining and production volumes

For the purposes of valuation, SRK has generated a modified life of mine schedule which includes all measured, indicated and inferred resources. Unity is currently mining the inferred resources and SRK considers that the inferred resources are able to be mined at the same costs and with the same capital as the other resources, and therefore the inferred resource could reasonably be included within the DCF valuation. The assumed ore mined and ounces of gold recovered in the Adjusted Henty Model, and actual ore mined and gold recovered in the year to 30 June 2012 is set out below:



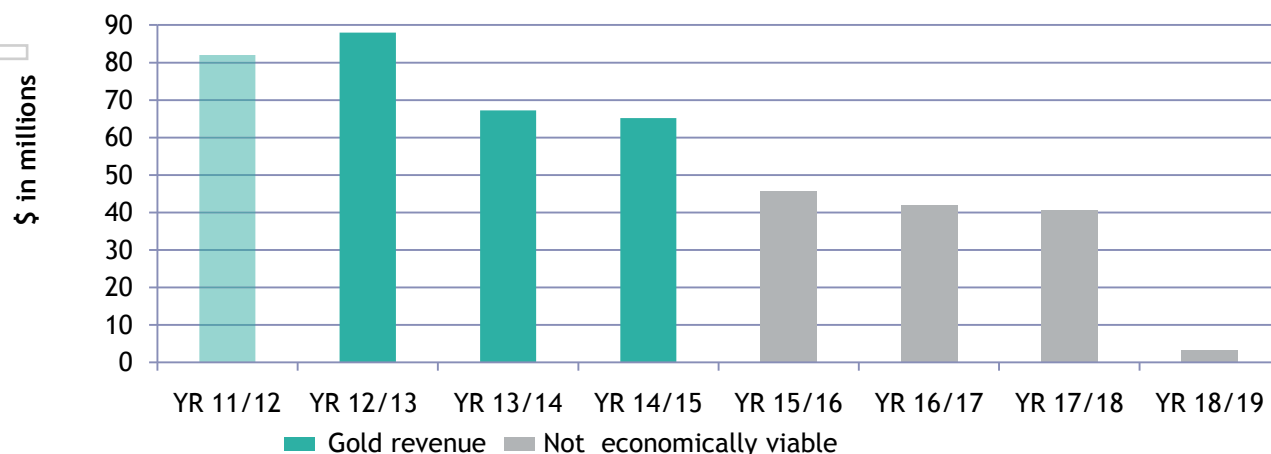
Source: Adjusted Henty Model, BDO analysis, Unity financial statements for the year to 30 June 2012

For the purpose of valuation of the Henty Project we have assumed that production continues until such a point that it ceases to be economically viable having considered the long term forecasts of gold prices of brokers and analysts, and the ability of the existing mining infrastructure to access the resource. As these ounces return a negative cash flow we have assumed that they will not be mined. This results in 122,000 ounces of measured and indicated resource that does not contribute to the valuation derived under the DCF methodology.

The Henty Gold Project is forecast to produce the following saleable product:

- Gold
- Silver (comparably immaterial)

The production assumptions above result in the following gross revenue estimates over the life of the mine, and actual revenue in the year to 30 June 2012:



Source: Adjusted Henty Model, BDO analysis, Unity financial statements for the year to 30 June 2012

Mining and processing costs

The operating costs included in the Adjusted Henty Model have been based on historical performance of the Henty Project. Costs of consumables such as diesel and rock bolts have been increased by 1% from historical levels.

Site administration costs including wages and salaries of staff are included in the costs. Total costs have been assumed as follows:

	Cost per tonne mined
Mine operating costs	\$75.62
Processing and water treatment	\$33.66
Site administration	\$16.72
Total	\$126.00

Mine and processing capital expenditure

The Adjusted Henty Model incorporates sustaining capital expenditure of \$96.8 million (\$60.2 million to 30 June 2015). SRK has advised us that an additional tailings storage facility would be required to continue operations past 2014 (estimated to cost between \$1.5 million and \$2.0 million) in order to mine the remaining ore, and this expenditure has been assumed in the Adjusted Henty Model.

Royalties

Royalty payments are included in the Adjusted Henty Model at an overall rate of 6.9% of total revenue. This represents a mix of royalties payable relating to the Henty Tenements and under the Tasmanian Mineral Royalty Regime. The overall royalty rate paid is dependent upon the ore zone mined, ranging between 1% and 10%.

Tax

The Adjusted Henty Model assumes that no corporate tax is payable over the period of the forecasts having taken into account tax losses available to Unity and a corporate tax rate of 30%.

Discount rate

We have selected a nominal after tax discount rate in the range of 8.2% to 10.3% to discount the future cash flows of the Henty Gold Project to their present value.

In selecting this range of discount rates we considered the following:

- The rates of return for comparable listed Australian gold companies;
- The debt to equity ratios of comparable listed Australian gold companies;
- An appropriate cost of debt; and
- An appropriate target debt to equity ratio.

Details on our discount rate determination are provided in Appendix 3.

In our assessment of the inflation rate, we have considered forecasts prepared by economic analysts and other publicly available information including broker consensus to arrive at our inflation rate assumptions.

From our analysis, target inflation is in the range of 2% to 3% which is consistent with the Reserve Bank of Australia's target inflation rate range. The cash flows included in the Adjusted Henty Model are stated in real terms, and an inflation rate of 3% has been used to convert the discount rate applied from nominal to real terms.

Valuation

On the basis of the assumptions set out in Section 11 and the discount rate set out in Appendix 3, we conclude that the value of the Henty Gold Project is between \$41.5 million and \$41.9 million.

\$ in millions	Nominal discount rate				
	8.2%	8.7%	9.3%	9.8%	10.3%
DCF value of Henty Project	41.88	41.79	41.69	41.60	41.51

Sensitivities

The estimated value of the Henty Gold Project is derived under the DCF approach. Our valuation is highly sensitive to changes in the forecast commodity prices, operating costs and exchange rate. We have therefore included an analysis to consider the value of the Henty Gold Project under various pricing scenarios and in applying:

- A change of +/- 20% to gold prices
- A change of +/- 20% to exchange rate
- A change of +/- 20% to operating costs
- A change of +/- 20% to capital expenditure
- A nominal discount rate in the range of 8.2% to 10.3%

The following table sets out the valuation outcomes from our DCF analysis:

\$ in millions	Nominal discount rate				
	8.2%	8.7%	9.3%	9.8%	10.3%
Henty Gold Project NPV	41.88	41.79	41.69	41.60	41.51
Change in gold price					
+ 10%	61.52	61.34	61.17	61.00	60.82
+ 20%	88.04	87.64	87.25	86.87	86.49
- 10%	23.70	23.67	23.64	23.62	23.59
- 20%	9.97	9.97	9.97	9.97	9.97
Change in exchange rate (USD/AUD)					
+ 10%	61.52	61.34	61.17	61.00	60.82
+ 20%	88.04	87.64	87.25	86.87	86.49
- 10%	23.70	23.67	23.64	23.62	23.59
- 20%	9.97	9.97	9.97	9.97	9.97
Change in operating costs					
+ 10%	32.16	32.11	32.06	32.01	31.96
+ 20%	24.23	24.20	24.18	24.15	24.12
- 10%	51.60	51.46	51.32	51.19	51.06
- 20%	64.76	64.50	64.25	64.00	63.76
Change in capital expenditure					
+ 10%	36.33	36.27	36.20	36.13	36.07
+ 20%	30.79	30.75	30.71	30.67	30.64
- 10%	47.43	47.31	47.18	47.06	46.94
- 20%	52.98	52.83	52.68	52.53	52.38

Source: BDO Analysis

The table above indicates that the project value is most sensitive to changes in the gold price and foreign exchange rates. The project value is also sensitive to changes in operating expenditure. The Henty Gold Project value is least sensitive to changes in capital expenditure.

Valuation multiple

The value per share of gold mining companies when valued using the DCF valuation methodology, including the value of exploration assets, is often lower than the value of the trading price per share.

It is common practice to apply a multiple to the DCF value and value of the exploration assets to arrive at the value of a company.

Possible reasons for a difference between the value of the mineral assets per share and the traded price are:

- The potential upside at existing operating or development sites that would allow for an extension of the life of mine and higher volumes, outside of the announced reserve and resource; and
- The value attributable to the strong management of a company.

We have analysed a number of broker reports reporting on ASX listed gold companies with their main operations in Australia. The broker reports indicated that multiples range between 0.85 and 1.53.

In determining an appropriate multiple to apply to the Henty Gold Project, we have had regard to:

- Unity's medium volatility;
- Identified potential development sites that may allow the Henty Gold Project to be extended;
- Unity's risk profile; and
- Strength of the current management team.

Based on the results of our analysis, we consider a multiple range of 1.1 to 1.2 to be appropriate for valuing the Henty Gold Project. This multiple has also been applied to the valuation of Unity's other exploration assets and Cortona's exploration assets when considered as part of the Proposed Merged Entity.

\$ in millions	Nominal discount rate				
	8.2%	8.7%	9.3%	9.8%	10.3%
DCF value of Henty Project	41.88	41.79	41.69	41.60	41.51
<i>Multiple applied</i>	<i>1.20</i>	<i>1.18</i>	<i>1.15</i>	<i>1.13</i>	<i>1.10</i>
Value of Henty Project	50.26	49.10	47.95	46.80	45.66

Based on all our considerations above, we estimate the fair market value of the Henty Gold Project to be in the range of \$45.6 million to \$50.3 million, with a preferred value of \$48.0 million.

11.2 Corporate costs

For the year ended 30 June 2012, corporate costs for Unity totalled approximately \$5.5 million. We have been informed by the management of Unity that these included costs relating to Unity's relocation to Melbourne, the hiring of a new Chief Executive Officer and Chief Financial Officer, and the redundancy of certain employees. Corporate costs over the life of the mine are assumed to be approximately \$4.6 million per annum before inflation. The net present value of these costs is calculated as approximately \$13 million.

11.3 Other exploration assets of Unity

We engaged SRK to conduct an independent technical valuation of Unity's other mineral and exploration assets. The table below provides a summary of this valuation:

	Low valuation \$ in millions	Preferred valuation \$ in millions	High valuation \$ in millions
Lakeside inferred resources	1.70	2.61	3.53
Henty exploration ground	0.41	1.00	1.75
Firetower exploration ground	0.58	1.20	1.90
Bendigo exploration ground	0.50	1.98	3.47
	3.19	6.79	10.65
<i>Multiple applied</i>	<i>1.10</i>	<i>1.15</i>	<i>1.20</i>
Value of Unity's exploration assets	3.51	7.81	12.78

The table above indicates a range of values between \$3.5 million and \$12.8 million, with a preferred value of \$7.8 million.

SRK applied the comparable transaction methodology in valuing the resources of Unity's exploration assets. The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement. We consider these methods to be appropriate given the stage of development for the exploration assets of Unity.

11.4 Other assets and liabilities of Unity

11.4.1 Net cash

Unity had cash of \$39.4 million as 30 September 2012. No opening cash balance has been included within the Adjusted Henty Model used for our assessment of the value of the Henty Gold Project, and therefore we have treated the cash position as a surplus asset. It is assumed within the Adjusted Henty Model that finance lease liabilities are repaid.

11.4.2 Assets held for sale

In January 2012 Catalyst entered into a twelve month option agreement to acquire the Kangaroo Flat Mine plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area from Unity (it was announced on 30 October 2012 that this agreement has been terminated). Included in other financial assets as at 30 September 2012 was \$5.5 million relating to bank deposits held as security for environmental rehabilitation commitments of the Kangaroo Flat Mine. It was announced on 30 October 2012 that this agreement had been terminated.

The following assets and liabilities related to the Kangaroo Flat Mine as at 30 September 2012:

	\$ in 000s
Assets held for sale	5,528
Other financial assets - bank deposits	5,446
Liabilities - provision for rehabilitation commitments	(5,847)
Net assets held for sale	5,127

The Kangaroo Flat Mine was placed on a care and maintenance status at the commencement of the FY12 period. In January 2012 Unity Mining entered into a twelve month option agreement with Catalyst Metals Limited to acquire the Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area from Unity. The option agreement required Catalyst to pay Unity \$50,000 on signing, plus issue 1,000,000 shares, with a further three \$100,000 quarterly payments to Unity during the option period. It was announced on 30 October 2012 that this agreement had been terminated.

11.4.3 Other financial assets

Other financial assets of \$8.1 million were held by Unity as at 30 September 2012 relating primarily to security for environmental rehabilitation commitments. Excluding the deposits relating to the Kangaroo Flat Mine noted above in section 11.4.2, deposits were held of \$2.6 million.

A provision for the cost of rehabilitation is included in the balance sheet at 30 September 2012 of \$2.4 million. We have considered the provision to be the present value of the related liabilities of Unity. No assumptions regarding rehabilitation have been made in the Adjusted Henty Model.

Unity also holds assets of \$550,000 at 30 September 2012 relating to shares in Catalyst that were received as part of the agreement to acquire the Kangaroo Flat Mine. The valuation of \$550,000 was based on the price of a Catalyst share on the ASX at 30 June 2012 of \$0.55. The price of a Catalyst share as at 18 October 2012 was \$0.48, equating to a value of the shares held by Unity of \$480,000.

In considering the value of the Proposed Merged Entity we have included the following relating to other financial assets:

	\$ in 000s
Environmental rehabilitation commitments (excluding those relating to Kangaroo Flat Mine)	2,617
Shares in Catalyst	480
Less rehabilitation provisions	(2,397)
Net assets held for sale	700

11.4.4 Investments in associates

Unity holds a 34% interest in AIM listed gold exploration company, GoldStone. The value reported in the financial statements of Unity at 30 September 2012 was \$7.7 million, representing an initial cost of \$10.9 million, less Unity's share of losses of \$3.2 million.

The net assets of GoldStone at 29 February 2012 as reported in the company's financial statements was US\$7.1 million, primarily comprising a cash balance of US\$7.6 million. The 34% interest in the net assets of GoldStone as reported in the financial statements of Unity at 30 June 2012 was \$3.4 million.

The value of the net assets of GoldStone assumes a 100% interest and therefore includes a premium for control. The interest held by Unity of 34% does not provide Unity control of the company, and therefore a discount for a minority interest is applicable to the net asset valuation in assessing Unity's investment. However we note that Unity is the largest shareholder of the company and has two nominated directors on its board, and therefore has significant influence over the company. The discount for a minority interest applicable to Unity's investment is not considered to be material to the overall value of the Proposed Merged Entity.

To provide an analysis of the market prices for a GoldStone share, we have also considered the volume weighted average price ("VWAP") for 10, 30, 60 and 90 day periods to 17 October 2012.

0.01 GBP	17 October 2012	10 Days	30 Days	60 Days	90 Days
Closing Price	3.300				
VWAP		3.247	3.536	3.624	3.605

Source: BDO Analysis and Bloomberg

An analysis of the volume of trading in GoldStone shares in the 1 year up until 17 October 2012 is set out below:

	Share price low 0.01 GBP	Share price high 0.01 GBP	Cumulative Volume traded	As a % of Issued capital
1 day	3.125	3.300	-	0.00%
10 days	3.125	3.350	4,455,740	1.40%
30 days	3.125	4.125	10,894,864	3.42%
60 days	3.100	4.125	30,355,834	9.54%
90 days	3.100	4.125	44,805,412	14.07%
180 days	3.100	4.575	84,329,605	26.49%
1 year	3.100	6.375	220,608,295	69.30%

Source: BDO Analysis and Bloomberg

This table indicates that GoldStone's shares display a moderate to deep level of liquidity, with 69.30% of GoldStone's current issued capital being traded in a 1 year period. For the QMP methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities
- Approximately 1% of a company's securities are traded on a weekly basis
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

Our assessment is that a range of per share values for GoldStone shares based on the QMP, is between £0.03257 and £0.03624 with a midpoint of £0.03436.

We consider the value of the 107,053,326 shares held by Unity within GoldStone to between £3,476,000 and £3,880,000 with a midpoint of £3,678,000 (between \$5,438,000 and \$6,068,000 with a midpoint of \$5,753,000, based on the GBP:AUD exchange rate per Bloomberg as of 17 October 2012).

The shares of GoldStone demonstrate a moderate to deep level of liquidity, and the net asset value of GoldStone may not reflect the fair market value of its exploration assets. Therefore our valuation of GoldStone, based on the QMP method, is between \$5,438,000 and \$6,068,000 with a midpoint of \$5,753,000.

11.4.5 Other assets and liabilities

Other assets and liabilities of Unity	Reference	Unaudited as at 30-Sep-12 \$'000	Other assets and liabilities \$'000
CURRENT ASSETS			
Cash and cash equivalents	11.4.1	39,416	-
Trade and other receivables	Note a	2,269	2,269
Inventories	Note a	4,701	4,701
Prepayments	Note a	621	621
Other financial assets	11.4.3	5,587	-
Assets classified as held for sale	11.4.2	5,528	-
TOTAL CURRENT ASSETS		58,122	7,591
NON-CURRENT ASSETS			
Investments in associates	11.4.4	7,669	-
Other financial assets	11.4.3	2,493	-
Mine property, plant and equipment	Note b	37,895	-
Exploration and Evaluation	11.3	6,234	-
TOTAL NON-CURRENT ASSETS		54,291	-
TOTAL ASSETS		112,413	7,591
CURRENT LIABILITIES			
Trade and other payables	Note a	9,584	9,584
Interest bearing liabilities	11.4.1	1,225	-
Provisions	Note a	3,489	3,489
Liabilities directly associated with assets classified as held for sale	11.4.2	5,847	-
TOTAL CURRENT LIABILITIES		20,145	13,073
NON-CURRENT LIABILITIES			
Interest bearing liabilities	11.4.1	676	-
Provisions	Note a, 11.4.3	2,556	162
TOTAL NON-CURRENT LIABILITIES		3,232	162
TOTAL LIABILITIES		23,377	13,235
NET ASSETS/(LIABILITIES)		89,036	(5,644)

Note a) Working capital

The valuation of the Henty Gold Project does not take into consideration any opening balances of working capital associated with the mining operations. Therefore we have considered the value of related balances within other assets and liabilities. We have applied the net balances reported in the financial statements of Unity at 30 September 2012 within the value of other assets and liabilities.

Note b) Property, plant and equipment

We are unaware of any property, plant and equipment which does not contribute to the operations of the business, and we have not identified any material surplus assets during the course of our work. Therefore no value has been attributed to surplus assets of Unity.

11.5 Discount for minority interest

The value of the Proposed Merged Entity derived from the sum-of-parts method is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. However, if the Share Scheme is approved Cortona shareholders will each be minority holders of shares in the Proposed Merged Entity, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of that company.

Therefore, we have adjusted our valuation of a share in the Proposed Merged Entity to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control. We determined in section 10.2 that an appropriate premium for control is between 25% and 35%. A discount for a minority interest is the inverse of a premium for control. We have applied a discount for minority interest of between 20% and 26%.

11.6 Shares on issue

In determining a valuation per share for the Proposed Merged Entity, we applied the number of shares that will be on issue after the implementation of the Share Scheme as follows:

Summary of Proposed Merged Entity	Number
Number of Cortona shares on issue - subject to the Scheme	268,048,097
Ratio for new Unity shares to be issued	0.734
Number of new Unity shares to be issued	176,747,303
Existing Unity shares on issue	505,250,467
Total shares in Proposed Merged Entity	701,997,770

Unity is seeking the approval of its shareholders to issue performance rights, as detailed in section 6.5. The maximum number of Unity performance rights which may be issued is 13,432,736. The vesting of the performance rights is contingent on Unity achieving performance hurdles over a three year performance period, which will be determined by assessing the performance of Unity as measured by total shareholder return relative to a comparator group of companies. Details of the performance rights are included in Unity's notice of meeting issued on the ASX on 27 September 2012.

Due to the uncertainty of these performance hurdles being met, and the immateriality of the number of shares that would be issued if the performance rights convert to shares, we have not considered the performance rights in the valuation of the Proposed Merged Entity.

11.7 Sum-of-parts valuation of the Proposed Merged Entity

The value of the Proposed Merged Entity on a going concern basis is reflected in our valuation below:

	Ref	Low valuation \$ in 000s	Preferred valuation \$ in 000s	High valuation \$ in 000s
Value of Cortona	10.3, Note a	26,370	48,953	74,998
Value of Henty Gold Project	11.1	45,660	47,950	50,260
Corporate costs	11.2	(12,900)	(13,020)	(13,150)
Value of Unity's exploration assets	11.3	3,510	7,810	12,780
Value of Unity's other assets and liabilities:	11.4			
▪ Net cash/(debt)	11.4.1, Note b	39,366	39,366	39,366
▪ Assets held for sale	11.4.2	5,127	5,127	5,127
▪ Other financial assets	11.4.3	700	700	700
▪ Investments in associates	11.4.4	5,438	5,753	6,068
▪ Other assets and liabilities	11.4.5	(5,644)	(5,644)	(5,644)
Sum-of-parts value of Merged Entity on a controlling basis		107,627	136,995	170,505
Discount for minority interest	11.5	26%	23%	20%
Sum-of-parts value of Merged Entity on a minority interest basis		79,724	105,381	136,404
Number of shares	11.6	701,997,770	701,997,770	701,997,770
Value per share of Proposed Merged Entity		0.1136	0.1501	0.1943

Note a) Value of Cortona

A net asset multiple of between 1.1 and 1.2 has been applied to the valuation of Cortona's mineral and exploration assets when considered as part of the Proposed Merged Entity as follows:

	Low valuation \$ in 000s	Preferred valuation \$ in 000s	High valuation \$ in 000s
Value of Cortona's mineral and exploration assets (section 10.1)	19,480	38,270	58,380
<i>Multiple applied</i>	<i>1.10</i>	<i>1.15</i>	<i>1.20</i>
Value of Cortona's mineral and exploration assets when considered as part of the Proposed Merged Entity	21,430	44,010	70,060
Value of Cortona's other assets and liabilities	4,942	4,942	4,942
Value of Cortona when considered as part of Proposed Merged Entity	26,370	48,953	74,998

Note b) Cash

Under the terms of the SIA, the existing options over unissued shares in Cortona are to be cancelled and option holders paid cash consideration prior to completion of the Scheme (except for 3 million options held by Zenix Nominees Pty Ltd which are to be cancelled for nil consideration). Therefore we have deducted the value of the cash as agreed between Unity and Cortona that the Proposed Merged Entity will need to pay to option holders in consideration for the options.

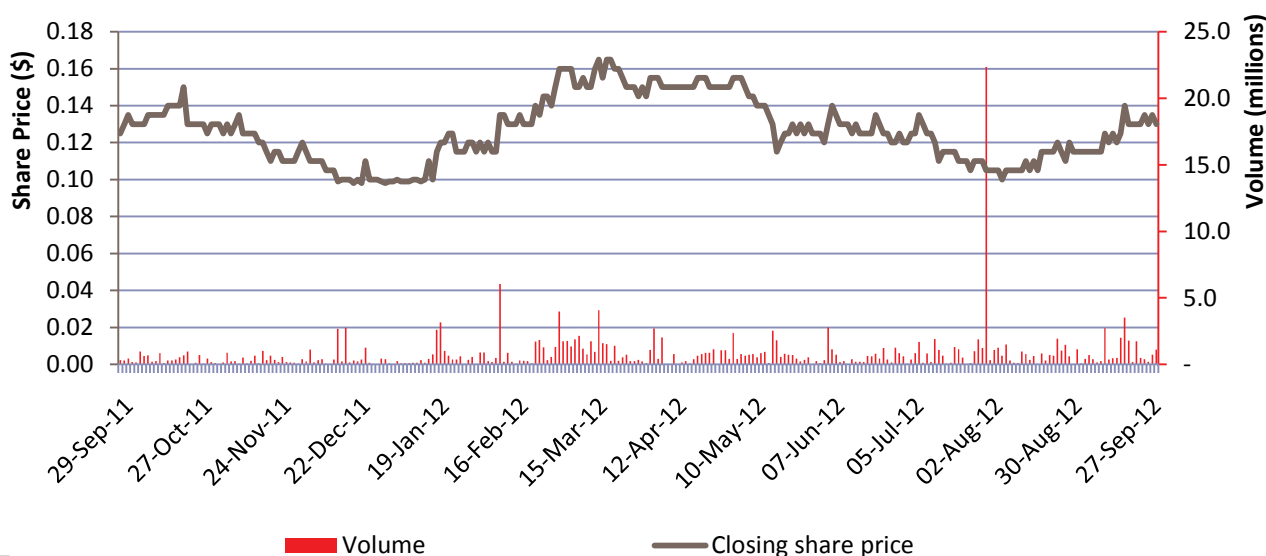
11.8 Quoted Market Prices for Unity Securities

To provide a comparison to the valuation of Unity in section 11.7, we have also assessed the QMP of a Unity share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Our analysis of the QMP of a Unity share is based on the pricing prior to the announcement of the Scheme on 28 September 2012. This is because the value of a Unity share after the announcement may include the market expectations of the post merger effects of the announcement of the Scheme. However, we have considered the value of a Unity share following the announcement when we have considered reasonableness in section 13.

The following chart provides a summary of the share price movement from 28 September 2011 to 27 September 2012, which was the last full trading day prior to the announcement.



Source: BDO Analysis and Bloomberg

The daily price of Unity shares from 28 September 2011 has ranged from a low of \$0.098 on 19, 21 and 29 December 2011 to a high of \$0.165 on 14, 16 and 19 March 2012. On 30 July 2012 a total 22,351,258 Unity shares were traded over the day being the highest volume of shares traded over the period reviewed.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement \$ (movement)		Closing Share Price 3 Days Post Announcement \$ (movement)	
27/09/2012	Unity Market Update	0.130	(▼ 4%)	*0.15	(▲ 12%)
27/09/2012	Maldon Gold Operation Update	0.130	(▼ 4%)	0.15	(▲ 12%)
7/09/2012	GoldStone Sangola drilling results	0.115	(◄ 0%)	0.13	(▲ 9%)
28/08/2012	Financial Statements for the year ended 30 June 2012	0.120	(▲ 9%)	0.12	(▼ 4%)
21/08/2012	ORS: Octagonal to reprocess Kangaroo Flat Tailings at Maldon	0.115	(◄ 0%)	0.12	(◄ 0%)
17/08/2012	Resources & Reserves Update	0.115	(▲ 10%)	0.12	(◄ 0%)
2/08/2012	GoldStone Homase/Akrokerry Resources Update	0.105	(◄ 0%)	0.11	(◄ 0%)
18/07/2012	Quarterly Report June 2012	0.115	(◄ 0%)	0.11	(▼ 4%)
12/06/2012	GoldStone Operational Update	0.125	(▼ 4%)	0.13	(◄ 0%)
17/04/2012	Drill results from Homase/Akrokerry, Ghana	0.150	(◄ 0%)	0.16	(▲ 3%)
16/04/2012	Quarterly Report March 2012	0.150	(◄ 0%)	0.16	(▲ 3%)
1/03/2012	Senegal and Gabon Operations Update	0.160	(◄ 0%)	0.16	(◄ 0%)
28/02/2012	Financial Results for the six months ending 31 December 2011	0.150	(▲ 7%)	0.16	(▲ 7%)
24/02/2012	Ghana Operations update	0.145	(◄ 0%)	0.14	(▼ 3%)
23/02/2012	Resources and Reserves update	0.145	(▲ 7%)	0.14	(▼ 3%)
8/02/2012	Unity announces on-market share buyback	0.135	(▲ 17%)	0.13	(▼ 4%)
1/02/2012	CYL: Clean copy: Catalyst and Unity Mining Option Agreement	0.120	(▲ 4%)	0.12	(▼ 4%)
17/01/2012	December 2011 Quarterly Report	0.115	(▲ 15%)	0.13	(▲ 9%)
22/12/2011	CYL: Option Agreement to Acquire UML Bendigo Plant and Assets	0.110	(▲ 12%)	0.10	(▼ 9%)
25/11/2011	GoldStone Half Yearly Report	0.110	(◄ 0%)	0.11	(◄ 0%)
10/11/2011	Appointment of Managing Director and CEO	0.125	(◄ 0%)	0.13	(◄ 0%)
25/10/2011	Homase/Akrokerry project update, Ghana	0.130	(◄ 0%)	0.13	(◄ 0%)
20/10/2011	September 2011 Quarterly Report	0.130	(▼ 13%)	0.13	(◄ 0%)
13/10/2011	Further exploration success at Newton Zone, Henty	0.140	(▲ 4%)	0.14	(◄ 0%)
12/10/2011	Unity Mining farms into the Firetower exploration project	0.135	(◄ 0%)	0.14	(▲ 4%)

Source: BDO Analysis and Bloomberg

*Includes movement after announcement of the Scheme

To provide further analysis of the market prices for a Unity share, we have also considered the volume weighted average price (“VWAP”) for 10, 30, 60 and 90 day periods to 27 September 2012.

	27 September 2012	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.130				
VWAP		\$0.131	\$0.128	\$0.114	\$0.115

Source: BDO Analysis and Bloomberg

The above VWAPs are prior to the date of the announcement of the Share Scheme, to avoid the influence of any change in the price of Unity shares that has occurred since the Share Scheme was announced.

An analysis of the volume of trading in Unity shares in the 1 year up until 27 September 2012 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	\$0.130	\$0.135	1,121,600	0.22%
10 days	\$0.125	\$0.140	6,623,650	1.31%
30 days	\$0.015	\$0.145	19,295,336	3.82%
60 days	\$0.099	\$0.145	57,188,795	11.32%
90 days	\$0.099	\$0.145	72,244,914	14.30%
180 days	\$0.099	\$0.170	117,339,558	23.22%
1 year	\$0.099	\$0.175	204,756,733	40.53%

Source: BDO Analysis and Bloomberg

This table indicates that Unity’s shares display a low level of liquidity, with only 40.53% of Unity’s current issued capital being traded in a 1 year period. For the QMP methodology to be reliable there needs to be a ‘deep’ market in the shares. RG 111.69 indicates that a ‘deep’ market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

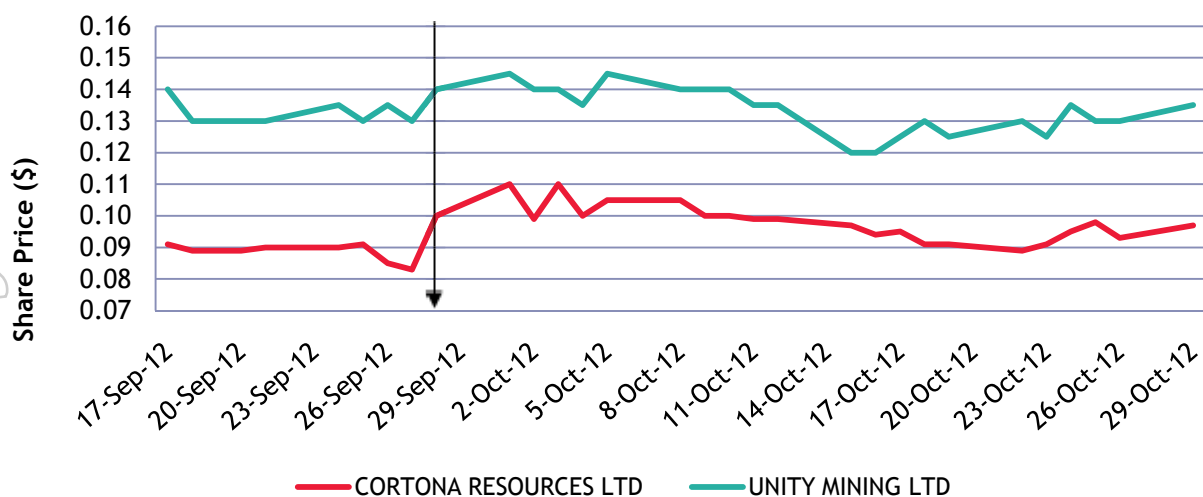
- Regular trading in a company’s securities
- Approximately 1% of a company’s securities are traded on a weekly basis
- The spread of a company’s shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company
- There are no significant but unexplained movements in share price.

A company’s shares should meet all of the above criteria to be considered ‘deep’, however, failure of a company’s securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

Our assessment is that a range of per share values for Unity shares based on the QMP, after disregarding post announcement pricing, is between \$0.114 and \$0.131 with a midpoint of \$0.123.

Post announcement movement in share price

We have also analysed the share price movements of both Cortona and Unity since the announcement of the Scheme on 28 September 2012, these movements are shown in the graph below:



Source: Bloomberg and BDO Analysis

We note that on the first trading day after the announcement of the Scheme, Cortona’s share price reached a high of \$0.110 on 1 October 2012 then again on 3 October 2012. Since that date Cortona’s share price gradually declined before increasing to \$0.097 on 29 October 2012. The graph above reflects that Unity’s share price has also gradually declined since the announcement of the Scheme before increasing. Unity’s share price closed at a high of \$0.145 on the first trading day after the announcement of the Scheme and closed at \$0.135 on 29 October 2012.

As discussed in 11.7, we have based our valuation of Cortona on the net assets valuation methodology. Therefore this decline in the share price of both Cortona and Unity has no impact on our valuation or opinion.

11.9 Assessment of valuation of Proposed Merged Entity

The results of the valuation performed are summarised in the table below:

	Low \$	Preferred \$	High \$
Sum-of-parts method value of Proposed Merged Entity	0.1136	0.1501	0.1943
Value of 0.734 shares of Proposed Merged Entity	0.0834	0.1102	0.1426

The sum-of-parts methodology is the most reliable for the purpose of valuing the Proposed Merged Entity due to the core value of Cortona and Unity being in the exploration and development assets held.

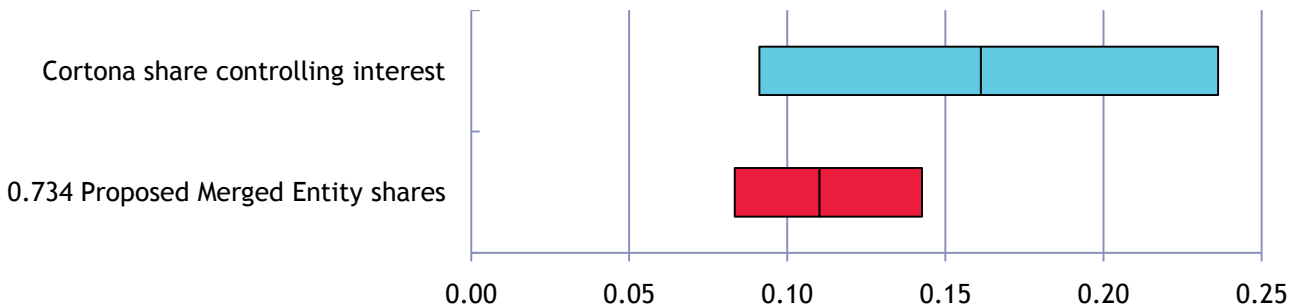
Under the proposed Share Scheme, the Cortona shareholders will receive 0.734 shares in the Merged Entity in consideration for every Cortona share they hold. The table above indicates the value of 0.734 Proposed Merged Entity shares is between 0.0834 and 0.1426.

12. Is the Scheme fair?

A comparison between the value of a Cortona share prior to the implementation of the Share Scheme and 0.734 shares in the Proposed Merged Entity is shown below:

Share Scheme	Low \$	Preferred \$	High \$
Value of a Cortona share	0.0911	0.1612	0.2362
Value of 0.734 Proposed Merged Entity shares	0.0834	0.1102	0.1426

The above valuation ranges are shown graphically below:



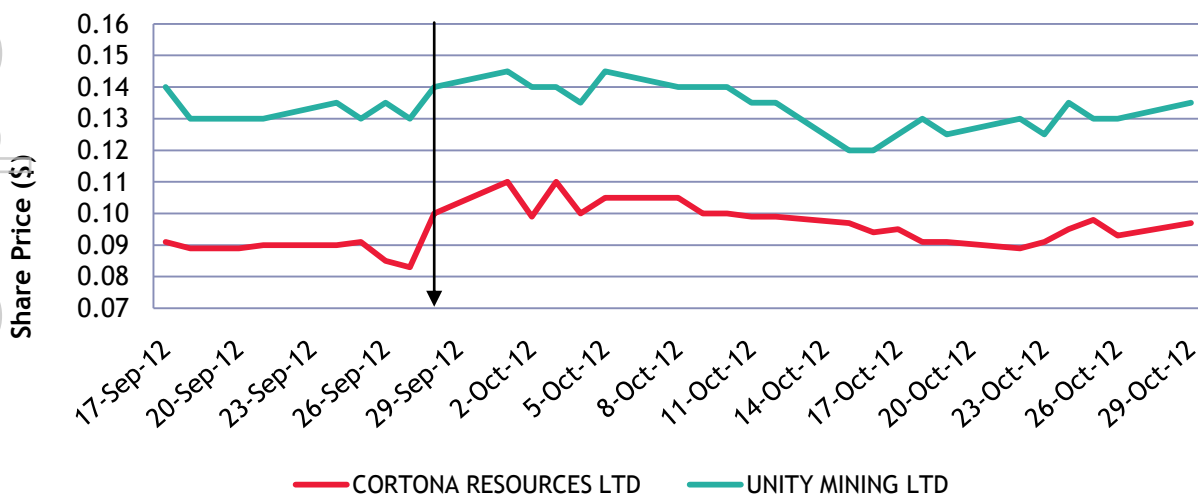
We note from the table above that whilst the ranges of values of a Cortona share and 0.734 shares in the Proposed Merged Entity overlap, the preferred value of a Cortona share is more than the preferred and high values of 0.734 shares in the Proposed Merged Entity. Therefore, we consider that the Share Scheme is not fair.

13. Is the Scheme reasonable?

13.1 Consequences of not approving the Scheme

Potential decline in share price

We have also analysed the share price movements of both Cortona and Unity since the announcement of the Scheme on 28 September 2012, these movements are shown in the graph below:



Source: Bloomberg and BDO Analysis

We note that on 1 October 2012, the first trading day after the announcement of the Scheme, Cortona's share price reached a high of \$0.11 and reached that level again on 3 October 2012. Since that date Cortona's share price gradually declined to near pre-announcement levels, before increasing to \$0.097 on 29 October 2012.

Unity's share price has also gradually declined since the announcement of the Scheme, before increasing to \$0.135 at 29 October 2012. This would equate to \$0.099 for 0.734 Unity shares.

Based on the quoted shares prices pre-announcement as at 27 September 2012 of \$0.083 for a Cortona share and \$0.130 for a Unity share (equating to \$0.095 for 0.734 Unity shares), this implies a premium of 15.0% for 0.734 Unity shares. Given the above analysis, it is possible that if the Scheme is not approved, then Cortona's share price may decline to pre-announcement levels and Cortona shareholders will not be able to access this premium.

13.2 Advantages of approving the Scheme

We have considered the following advantages when assessing whether the Scheme is reasonable.

Advantage	Description
Allows commencement of the development phase of the Dargues Reef Project in the short term	The funding required for the development of the Dargues Reef Project will be available with Unity's cash resources and cashflows from the Henty Gold Mine augmenting Cortona's existing credit facility. This will allow the Dargues Reef Project, which has received approval to commence production, to do so sooner and with more certainty than without the Scheme.
Greater liquidity of shares	The shares of the Proposed Combined Entity should have greater liquidity than Cortona shares currently based on the greater liquidity of Unity shares historically combined with additional shares on issue following the Scheme.
Exposure to further mineral provinces in Tasmania and Victoria	Unity's other mineral assets will add wider exposure for Cortona shareholders by including mineral provinces in Victoria and Tasmania.
Financial flexibility to more aggressively explore the Proposed Merged Entity's most promising mineral interests	The combined cash resources of Cortona and Unity will provide the opportunity for the most promising mineral interests of the combined entity to be explored more aggressively.
Immediate exposure to the gold price through production	By effectively acquiring an interest in the (already producing) Henty Gold Mine, shareholders will gain exposure to the current strong gold price.
Leverage from Unity's underground mining and production experience	The Dargues Reef Project will be brought into production utilising Unity's experience of operating a producing gold mine. This will provide synergistic benefits particularly in terms of leveraging Unity management's expertise.
Exposure to the West African gold sector	Unity's 34% investment in GoldStone with its West African gold interests will provide Cortona shareholders with exposure to the West African gold sector.
Benefit of cost synergies	Combining Cortona and Unity has the potential to realise certain cost synergies such as ASX listing costs, corporate overheads and rationalisation of management structures in the Proposed Merged Entity. This will reduce cashflow in these areas and allow more to be directed to the Proposed Merged Entity's projects.

Advantage	Description
Use of tax losses	Unity currently has tax losses available of approximately \$270 million. These tax losses may potentially be available to the Proposed Merged Entity and therefore be utilised against future profits generated from the Dargues Reef Project.
Possible utilisation of mining components from Unity's Kangaroo Flat plant	Following the announcement of termination of Catalyst's option to acquire the Kangaroo Flat plant, the Proposed Merged Entity may be able to use components of the Kangaroo Flat Plant at the Dargues Reef Project, which potentially significantly reduces the capital cost of the projects. Catalyst has an option first right of refusal to purchase any components not required by Unity.

13.3 Disadvantages of approving the Scheme

If the Scheme is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Cortona shareholders will hold a reduced percentage of the Proposed Merged Entity	Existing Shareholders interests will be diluted upon implementation of the Scheme as Cortona shareholders as a whole will only have a 28% interest in the Proposed Merged Entity.
Change of risk exposure	Cortona Shareholders will be exposed to different risk profiles after approval of the Scheme. Cortona is in the pre-production phase whereas Unity is an active gold producer providing different risks (including exposure to West African exploration assets) which Cortona shareholders have not previously been exposed to.

13.4 Other considerations

13.4.1 Future funding requirements

It is likely that in order to fund the development of the Dargues Reef Project to the production phase without implementing the Scheme, Cortona will need to utilise its approved credit facility and/or raise further equity capital.

If Cortona utilises the Deutsche Bank funding facility it will still have to raise approximately \$50 million in fresh equity or approximately \$90 million of fresh equity if Cortona decides not to proceed with Deutsche Bank. In the current market conditions such a capital raising might be difficult.

Further, both utilising the credit facility and raising fresh capital would be detrimental to existing shareholders - utilising the credit facility will reduce the net return and raising further equity capital will dilute existing interests.

13.4.2 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Cortona a premium over the value resulting from the Scheme.

13.4.3 Tax

There is a potential for capital gains tax scrip for scrip roll-over relief for Shareholders. This means that Shareholders who receive Unity shares as part of the Scheme are able to defer any capital gains tax liability that they would otherwise incur if they were to dispose of their Cortona shares at a profit.

13.4.4 Loan facility

Unity has agreed to provide Cortona with a loan facility of up to \$1 million with which to fund certain agreed activities in order to seek to expedite the development of the Dargues Reef Project. Further information on this loan facility is set out in section 4.5 of the Scheme Booklet. We note that if the Scheme is not approved the loan will become secured on all of Cortona's freehold land in New South Wales, however this would only be secured to the extent of the loan amount and it is likely that any funding provided by a third party would be provided on similar terms and also be secured. The terms of the loan are set out below:

- Interest of 10% p.a. calculated daily on the amount of funds loaned;
- Maturity Date 12 months from first draw down date; and
- Repayable at any time on or prior to the Maturity Date.

14 Conclusion

We have considered the terms of the Scheme as outlined in the body of this Report and have concluded that, in the absence of a superior offer, the **Scheme is not fair but reasonable and in the best interests of the Shareholders of Cortona.**

In particular we note that:

- Unity has \$39.4 million cash and has access to cash flows as a result of the Henty Project being in production. This will help to provide funding for the development of the Dargues Reef Project which has not yet commenced production;
- Shareholders will have immediate access to the current strong gold price through the gold production of the Henty Project; and
- The Proposed Merged Entity will be able to leverage Unity's underground mining and production experience, particularly in terms of management's expertise.

15 Sources of information

This report has been based on the following information:

- Draft Scheme Booklet dated on or about the date of this Report;
- Unaudited management accounts of Cortona for the three months ended 30 September 2012;
- Audited financial statements of Cortona for the years ended 30 June 2012 and 30 June 2011;
- Unaudited management accounts of Unity for the three months ended 30 September 2012;
- Audited financial statements of Unity for the years ended 30 June 2012 and 30 June 2011;
- Cash flow model based on Life of Mine for Henty Gold Project prepared by management of Unity;
- Independent Technical Review and Resource Evaluation of Unity Mining/ Cortona Resources dated November 2012 prepared by SRK Consulting (Australasia) Pty Ltd;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Cortona.

16 Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$80,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Cortona in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Cortona, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Cortona and Unity and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Cortona and Unity.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years, any professional relationship with Cortona, other than in connection with the preparation of this Report.

A draft of this Report was provided to Cortona and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this Report as a result of this review.

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17 Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 170 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia. Sherif Andrawes is the Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 14 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18 Disclaimers and consents

This report has been prepared at the request of Cortona for inclusion in the Scheme Booklet which will be sent to all Cortona Shareholders. Cortona engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert report to consider the proposed acquisition by Unity of 100% of the issued shares in Cortona by way of a scheme of arrangement.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Cortona or Unity in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Unity. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this Report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this Report does not constitute legal or taxation advice to the Shareholders of Cortona, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by both Cortona and Unity.

The valuer engaged for the mineral asset valuation, SRK Consulting (Australasia) Pty Ltd, possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made, in arriving at their valuations are considered appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this Report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this Report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes
Director



Adam Myers
Director

For personal use only

Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian Dollar
BDO	BDO Corporate Finance (WA) Pty Ltd
CAPM	Capital Asset Pricing Model
Catalyst	Catalyst Metals Ltd
The Company	Cortona Resources Limited
DCF	Discounted Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
FSG	Financial Services Guide
GoldStone	GoldStone Resources Limited
The JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
LME	London Metals Exchange
NAV	Net Asset Value
Our Report	This Independent Expert's Report prepared by BDO
Proposed Merged Entity	The proposed combined entity of Cortona Resources Limited and Unity Mining Limited following the implementation of the Scheme
QMP	Quoted Market Price
RG60	Schemes of Arrangement (September 2011)
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Scheme	The Scheme of Arrangement for Unity Mining Limited to acquire 100% of the issued shares of Cortona Resources Limited
Section 411	Section 411 of the Corporations Act 2001
Shareholders	Shareholders of Cortona Resources Limited not associated with Unity Mining Limited
SIA	Scheme Implementation Agreement between Cortona Resources Limited and Unity Mining Limited
SRK	SRK Consulting (Australasia) Pty Ltd
Unity	Unity Mining Limited
USD	US Dollar
The Valmin Code	Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital

Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value (“NAV”)*

Asset based methods estimate the market value of an entity’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity’s valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity’s value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity’s assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis (“QMP”)*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a “deep” market in that security.

3 *Capitalisation of future maintainable earnings (“FME”)*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

6 Black Scholes option pricing model

The Black Scholes option pricing model is used to calculate a theoretical call price using the five key determinants of an option's price: stock price, strike price, volatility, time to expiration, and short-term (risk free) interest rate.

Appendix 3 - Discount Rates

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model (“CAPM”) is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business’ weighted average cost of capital (“WACC”) the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM

$$K_e = R_f + \beta \times (R_m - R_f)$$

Where:

K_e = expected equity investment return or cost of equity in nominal terms

R_f = risk free rate of return

R_m = expected market return

$R_m - R_f$ = market risk premium

β = equity beta

The individual components of CAPM are discussed below.

Market Risk Premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice.

We have noted that the current market risk premium is 8%. This has been sourced from Bloomberg. The market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate is dependent on the ten year government bond rates. For the purpose of our report we have adopted a market risk premium of 6% to 8%.

Equity Beta

Beta is a measure of the expected correlation of an investment’s return over and above the risk free rate, relative to the return over and above the risk free rate of the market as a whole. A beta greater than one implies that an investment’s return will outperform the market’s average return in a rising market and underperform the market’s average return in a falling market. On the other hand, a beta less than one implies that the business’ performance compared to that of a business whose beta is greater than one will provide an inverse relationship in terms of the market’s average return.

Equity betas are normally either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock’s historical data and is based on the observed relationship between the security’s return and the returns on an index. An adjusted beta is calculated based on the assumption

that the relative risk of the past will continue into the future, and hence derived from the historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors which make the operating risk of the investment project greater or less risky than comparable listed companies when assessing the equity beta for an investment project.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. Thus, a more valid analysis of betas can be achieved by “ungearing” the equity beta (β_a) by applying the following formula:

$$\beta_a = \beta / (1 + (D/E \times (1-t)))$$

In order to assess the appropriate equity beta we have had regard to the equity betas of listed companies involved in similar activities in similar industry sectors. The geared betas below have been calculated using weekly data over a two-year period.

Company	Market Capitalisation	Geared Beta (β)	Gross Debt/Equity (%)	Ung geared Beta (β_a)
MORNING STAR GOLD LTD	31,275,031	0.89	0%	0.89
HILL END GOLD LTD	12,343,691	0.82	0%	0.82
RAND MINING LTD	18,252,363	1.32	14%	1.20
EVOLUTION MINING LTD	1,415,211,426	0.91	3%	0.89
REGIS RESOURCES LTD	2,361,461,426	1.19	13%	1.10
SILVER LAKE RESOURCES LTD	847,855,469	1.08	6%	1.04
	Mean	1.04	6.07%	0.99
	Median	1.00	4.73%	0.96
	Weighted average			1.02

Company	Description
MORNING STAR GOLD	Morning Star Gold NL is a gold exploration and production company with exploration activities located in Victoria and New South Wales. The Company also has silver and base metals exploration activities.
HILL END GOLD LTD	Hill End Gold Limited is involved in the exploration and production of gold.
RAND MINING LTD	Rand Mining Ltd. explores for and produces gold through its exploration projects in Western Australia.
EVOLUTION MINING LTD	Evolution Mining Ltd is a gold exploration company with operations in Western Australia. The Company owns the gold mines - Cracow, Edna May, Mt Rawdon and Pajingo - and the Mt Carlton development project.
REGIS RESOURCES LTD	Regis Resources Ltd. is a mineral exploration and production company. The company mines for gold, nickel and copper
SILVER LAKE RESOURCES LTD	Silver Lake Resources Limited is a mineral exploration company. The Company is focused on gold exploration in Western Australia.

Risk Free Rate for Unity (R_f)

The risk free rate is normally approximated by reference to a long term government bond with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received. Having regard to the period of the operations we have used the current yield to maturity on the 3 year Commonwealth Government Bond which was 2.41% per annum as at 15 October 2012.

Selected Beta for Unity (B)

In selecting an appropriate Beta for the Henty Project, we have considered the similarities between the project and the comparable companies selected above. Having regard to the above we consider that an appropriate ungeared beta to apply to the Henty Project is between 0.96 and 0.99. We consider it reasonable that a forward looking ungeared beta for Unity will reflect that of its peers.

We understand that the expected capital structure of Unity is to reflect approximately 0.5% debt and 99.5% equity. We consider it reasonable to assume that the shareholders of Unity determine their required rate of return, for a particular company project, by viewing the risks associated with the company's portfolio of assets as a whole. Unity is expected to have less than 1% debt on its balance sheet. Therefore we have regearred the project beta to between 0.97 and 0.99.

Cost of Equity of Unity

On this basis we have assessed the cost of equity to be:

Input	Value Adopted	
	Low	High
Risk free rate of return	2.41%	2.41%
Equity market risk premium	6.00%	8.00%
Beta (geared)	0.97	0.99
Cost of Equity	8.21%	10.34%

Gearing of Unity

As described earlier, we understand the capital of structure of Unity is expected to be made up of approximately 0.5% debt and 99.5% equity. We have been informed that the cost of debt of Unity is 8.6%.

Calculation of WACC of Unity

The WACC represents the market return required on the total assets of the undertaking by debt and equity providers. WACC is used to assess the appropriate commercial rate of return on the capital invested in the business, acknowledging that normally funds invested consist of a mixture of debt and equity funds. Accordingly, the discount rate should reflect the proportionate levels of debt and equity relative to the level of security and risk attributable to the investment.

In calculating WACC there are a number of different formulae which are based on the definition of cash flows (i.e., pre-tax or post-tax), the treatment of the tax benefit arising through the deductibility of interest expenses (included in either the cash flow or discount rate), and the manner and extent to which they adjust for the effects of dividend imputation. The commonly used WACC formula is the post-tax WACC, without adjustment for dividend imputation, which is detailed in the below table.

CAPM

$$\text{WACC} = \frac{E}{E+D} K_e + \frac{D}{D+E} K_d (1 - t)$$

Where:

K_e = expected return or discount rate on equity

K_d = interest rate on debt (pre-tax)

T = corporate tax rate

E = market value of equity

D = market value of debt

$(1 - t)$ = tax adjustment

Based on the above inputs we have calculated the WACC of Unity to be between 8.2% and 10.3%.

WACC	Value Adopted	
	Low	High
Cost of equity, K_e	8.21%	10.34%
Cost of debt, K_d	8.63%	8.63%
Proportion of equity ((E/(E+D))	99.55%	99.55%
Proportion of debt ((D/(E+D))	0.45%	0.45%
Weighted average cost of capital	8.20%	10.32%

The cash flows used in the Adjusted Henty Model are on a real basis. The post tax nominal basis of the WACC has been converted into a post tax real basis using the following formula, and based on an inflation rate assumption of 3%:

CAPM

$$\text{WACC (real)} = \frac{(1+n)}{(1+i)} - 1$$

Where:

n = nominal WACC

i = rate of inflation

Appendix 4 - Independent Valuation Report Prepared by SRK Consulting (Australasia) Pty Ltd

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Independent Technical Review and Resource Valuation of Unity Mining / Cortona Resources

Report Prepared for

BDO

Report Prepared by



SRK Consulting (Australasia) Pty Ltd

COR003

November 2012

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Independent Technical Review and Resource Valuation of Unity Mining / Cortona Resources

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SRK Project Number: COR003

November 2012

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Executive Summary

SRK Consulting Australasia Pty Ltd (SRK) was engaged by Cortona Resources Limited (Cortona) to prepare an Independent Technical Report (ITR) under direction from BDO. BDO provided SRK with Instructions as set out in a letter dated 28 September 2012 confirming the Scope of Work. The ITR relates to a proposed Scheme of Arrangement with Unity Mining Limited (Unity) where by Unity will merge with Cortona, through Unity acquiring all of the share capital of Cortona.

Unity operates the Henty Gold Mine (Henty) in Tasmania and has mineral exploration assets in Tasmania, Victoria and Southern Africa. Cortona operate the Dargues Reef Gold Project (Dargues Reef) in New South Wales and has mineral exploration assets in New South Wales.

Summary of Principal Objectives

This ITR has been prepared by SRK under instructions from BDO who have been retained by Cortona in relation to a proposed Scheme of Arrangement with Unity Mining Limited (Unity).

SRK was requested to provide the following:

- A valuation of Cortona's Dargues Reef Gold Project in New South Wales;
- Comments on the technical inputs to the DCF model for Unity's Henty Mine;
- A valuation of Cortona's other mineral exploration assets in New South Wales; and
- A valuation of Unity's other mineral exploration assets in Tasmania and Victoria. The Southern African assets are excluded from this report.

Outline of Work Programme

SRK has conducted a comprehensive review and assessment of all material technical issues likely to influence the future performance of the Projects, which included the following:

- Full access to key Unity and Cortona personnel for discussion and enquiry;
- A review of its Mineral Resource and Ore Reserve estimates, including the methodologies applied in determining such estimates and classifications;
- A review of Technical Reports, supporting documentation and associated technical economic projections as prepared by Unity and Cortona, including projected future operating costs and capital expenditure schedules for the project;
- Peter Fairfield, Paul Hunter and Lisa Chandler, all full time employees of SRK, conducted a site visit to the Dargues Reef Gold project area on 13 to 14 September 2011. During the visit the key aspects of the project site were reviewed; and
- Anne-Marie Ebbels and Robin Simpson, full time employees of SRK, conducted a site visit to the Henty Gold Mine on 25 to 27 Septembers 2012.

Unity's Assets

Introduction and Background

Unity's premier asset in Tasmania is the Henty Gold Mine, an underground gold mine that commenced operation in 1996. The company also holds an advanced exploration project, Lakeside Deposit, located 13 km NW from the Henty Gold Mine (Figure ES-1).

Unity Mining also owns Bendigo Goldfield project, the tenements cover the entire Bendigo Goldfield which is Australia's second largest producer of gold in terms of historical production. Exploration on Unity Mining's Bendigo project is being undertaken through a farm-in agreement with Drummond Gold (ASX: DGO).

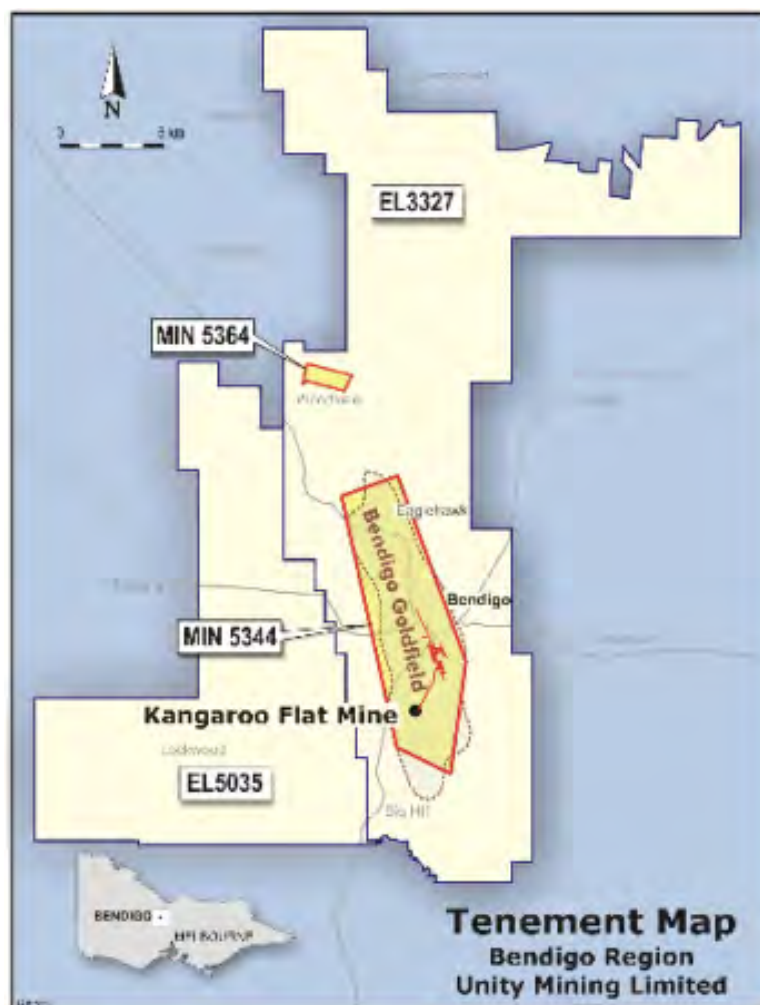


Figure ES-1: Bendigo Goldfield

Source: Unity's website (<http://www.unitymining.com.au>) – 12/10/2012

Unity holds three mining leases (7M/1991, 7M/2006 and 5M/2002) and six exploration licences (8/2009, 1/2010, 34/2010, 11/2010, 28/2001 and 13/2011), which comprises a total area of approximately 420 km² in North West Tasmania. Unity also has 2 mining leases and 2 exploration licences in the Bendigo region, Victoria, Australia, covering approximately 610 km² in total.

A farm-in agreement was signed between Unity and Greatland Gold Plc in October 2011 on the Firetower Gold Project in Tasmania. The farm-in agreement will allow Unity Mining to earn up to 75% of the Firetower Gold project for expenditure of \$7 M over a 5.5 year period (Figure ES-2).



Figure ES-2: Unity Mining Assets in Tasmania

Source: Unity's website (<http://www.unitymining.com.au>) – 12/10/2012

Geology and Resources

Exploration data

The Henty drillhole database provided to SRK contains 3,094 holes, for about 280,000 m of drilling, and about 150,000 assay records. SRK's conclusion from working with the drillhole data is that the database is well organised and reasonably clean, and is therefore suitable to be used for Resource estimation.

SRK also reviewed the results from standards and blanks submitted as part of ongoing QA/QC on the assay data. The QA/QC results do not flag assay quality as a high risk factor for confidence in the Mineral Resource estimation, but SRK would recommend that the QA/QC programme be expanded to include duplicates and check assay analyses on pulps by an umpire laboratory.

Geological model

The estimation of Mineral Resources is constrained to within lode structures, which are grouped into several main zones of mineralisation. In the set of Henty domain wireframes there are 47 separate lode shapes. Many of these shapes belong to zones which have been mined out and no longer contribute to the tally of Mineral Resources. The lodges are generally narrow (true thicknesses < 10 m on average) compared to the extents along strike and down dip. The largest lodges are interpreted to extend several hundred metres along strike, and up to 200 m down dip.

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SRK viewed the lode contacts in underground exposures and in drill core. SRK's assessment is that Unity's method for defining the contacts – using a combination of grade, rock type and alteration information – is appropriate.

Although locally it is possible to propose some adjustments to the lode interpretations, SRK's conclusion is that the overall interpretation is robust: the lode wireframes are a good representation of the mineralised volume and can be confidently used for Mineral Resource estimation.

Resource estimation

For each of the mineralisation zones that contribute to the current tally of Mineral Resources (Newton-Mt Julia, Tyndall, Darwin South and Read), separate Datamine block models have been prepared by Lewis Mineral Resource Consulting Pty Ltd.

SRK compared the block models against the drillhole database and wireframed domain interpretation, reviewed the resource reports that accompany each model, and examined reconciliation data from 2011 and 2012. The resource models reconcile well – when averaged over several months - against the sum of the actual gold produced and the estimated tailings grade.

Despite the overall good reconciliation, SRK considers several aspects of the modelling methodology to be sub-optimal:

- 1 Pairwise-relative variogram models are used in the Ordinary Kriging;
- 2 Estimation is into sub-blocks (that are very small compared to the drillhole spacing), instead of parent blocks; and
- 3 Search neighbourhoods that are too restricted.

Changes to the modelling methodology should lead to better quality local estimation, and therefore potentially improve the reconciliation over shorter time periods.

The main risk SRK identifies from the sub-optimal local estimation quality is that lower grade blocks will be misallocated to ore or waste (all mine planning is done from the resource models; no grade control model is generated for short term mine planning). The proportion of such misallocated blocks will be low however, because the cut-off grade is typically well below the mean lode grade, so most material within the lodes is extracted as ore.

Classification

The classification is largely done according to the search pass used during the estimation, resulting in somewhat spotty distributions of Measured, Indicated and Inferred blocks. Overall though, the high proportions of most lodes which have been assigned to the combined Measured and Indicated categories seem reasonable to SRK, given the typical 15 m to 20 m spacing between drill intersections through the lodes.

Exploration potential

The most promising zones for where further drilling could extend the Mineral Resources are the Read Zone (along strike, to the south) and the Newton Zone (down dip). Exploration done to date at Henty has also not closed off the possibility of discovering new zones within a few hundred metres to the south, and a few hundred metres below, of the current mine workings.

Mine Design and Schedule

SRK reviewed the systems processes and inputs used to develop the Life of Mine (LoM) Plan and schedule and found them to be suitable and appropriate for the operation.

The work has been undertaken using standard industry software and practices with assumptions based on continuation of recent practices and application of historical performance and productivity. This includes the metallurgical and processing historical performance.

The total Proved and Probable Ore Reserve for Henty have been reported at 794 kt at 4.6 g/t gold containing 118 koz of gold. The reported Ore Reserve is deemed adequate by SRK to sustain 300 ktpa for 2.6 years. SRK notes that the current LoM Schedule contains 1.6 Mt. For valuation purposes, SRK generated two modified schedules, one including only the Ore Reserves and the second including the Ore Reserve and the additional Measured, Indicated and Inferred Resource that is not in the Ore Reserves.

Economic Input Parameters

The input parameters for Unity's economic model are based on projections of historical performance for the operation and are considered by SRK to have a high level of accuracy. The basis of the operation (geology, mineralogy, mine design) does not change as such; forward projection of the costs is considered to be appropriate.

Operating cost

The operating cost estimates in Table ES-1 contained within the LoM model are based on historical performance at Henty and are considered appropriate. No issues of material significance were identified.

Some costs have been escalated, but consumables such as diesel, ANFO and rock bolts have not.

Table ES-1: Summary of Operating Costs

Item	Cost (\$M)	% of Total	Unit (\$/t)
Mine Operating Costs	140.2	60	75.62
Processing and water treatment costs	62.4	27	33.66
Site Administration	31.0	13	16.72
Total	233.6	100	126.00

Capital cost

SRK considers the capital cost estimates included in the model (Table ES-2) to be appropriate and cover all relevant aspects of the mining operation, with two exceptions.

SRK notes the absence of a closure plan and that the \$1 M for closure costs is under-estimated by an order of magnitude. SRK notes that closure costs are typically in the order of tens of millions of dollars.

SRK notes the absence of an allowance for an additional lift of a new Tailings Storage Facility for operations post 2014 has not been included. SRK estimates this would be in the order of \$1.5-2 M.

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Table ES-2: Total project capital cost estimates

Item	Capital cost (\$M)	% of total capital cost
Mining Capital Development	49.7	52
Mining Projects	12.9	13
Geology and Exploration Projects	29.1	31
Plant and Infrastructure	2.4	3
Closure	1.0	1
Total Capital Cost estimate	95.1	100

The revised schedules have been provided to BDO, for valuation purposes, in the spreadsheets: Adjusted 20 Henty LOM Schedule_M1_inc additional resources_Rev0.xlsx and Adjusted 20 Henty LOM Schedule_M1_no inferred_Rev2.xlsx.

Resource Valuation

SRK has recommended preferred values and value ranges for Unity's exploration properties on the basis of declared Inferred Resources and areal extent of tenure. SRK has recommended value ranges for both the Inferred Resources and the Exploration Ground on the basis of an analysis of recent comparable transactions involving gold properties in eastern Australia.

In the case of the Inferred Resources, SRK has compared the \$/oz valuation factor applied to the implied \$/oz for Measured and Indicated Resources derived from Unity's Henty Mine financial model, and concluded that SRK's valuation factor was reasonable.

In the case of the exploration ground, SRK has also considered exploration commitments and expenditure, as well as a modified Kilburn rating system to arrive at a reasonable valuation range.

SRK's recommended valuation ranges and Preferred Values for each project are detailed in Table ES-3.

Table ES-3: Summary of SRK's Valuation of Unity's Exploration Assets

Project	Development Stage	Low	Preferred	High
Henty Mine Inferred Resources	Operating Mine	\$0.95M	\$1.47M	\$1.98M
Lakeside Inferred Resources	Pre-Development	\$1.70M	\$2.61M	\$3.53M
Henty Exploration Ground	Advanced Exploration	\$0.41M	\$1.0M	\$1.75M
Firetower Exploration Ground	Advanced Exploration	\$0.58M	\$1.20M	\$1.9M
Bendigo Exploration Ground	Exploration	\$0.50M	\$1.98M	\$3.47M
Total		\$4.14M	\$8.26M	\$12.63M

Cortona's Assets

Introduction and Background

Since July 2007, Cortona's principal focus has been the Majors Creek gold project (Dargues Reef), host to the State's largest alluvial goldfield (historic production approx. 1.25 Moz).

The Dargues Reef Gold Project (the Project), 100% owned by Cortona, is located about 60 km southwest of Canberra in the Southern Tablelands of New South Wales.

Cortona plan to develop a new underground mine and associated infrastructure at the site to produce up to 355,000 tonnes of ore per annum for up to 7 years. Concentrate from the gravity circuit and flotation circuit will be transported about 400 km to the London-Victoria processing plant near Parkes in central-western NSW for further treatment.

Cortona also has three exploration projects covering approximately 650 km² in the southern Lachlan Fold Belt, New South Wales, Australia (Eugowra, Booths Reward and Christmas Gift).

Cortona has a total of 7 exploration licences (6880, 6003, 6010, 6012, 6445, 6462 and 6548) and a mining lease (1675). Most of the Cortona's activities have been focused on the mining lease ML1675 and the exploration licences 6003, 6462 and 6548. (Refer Figure ES-3).

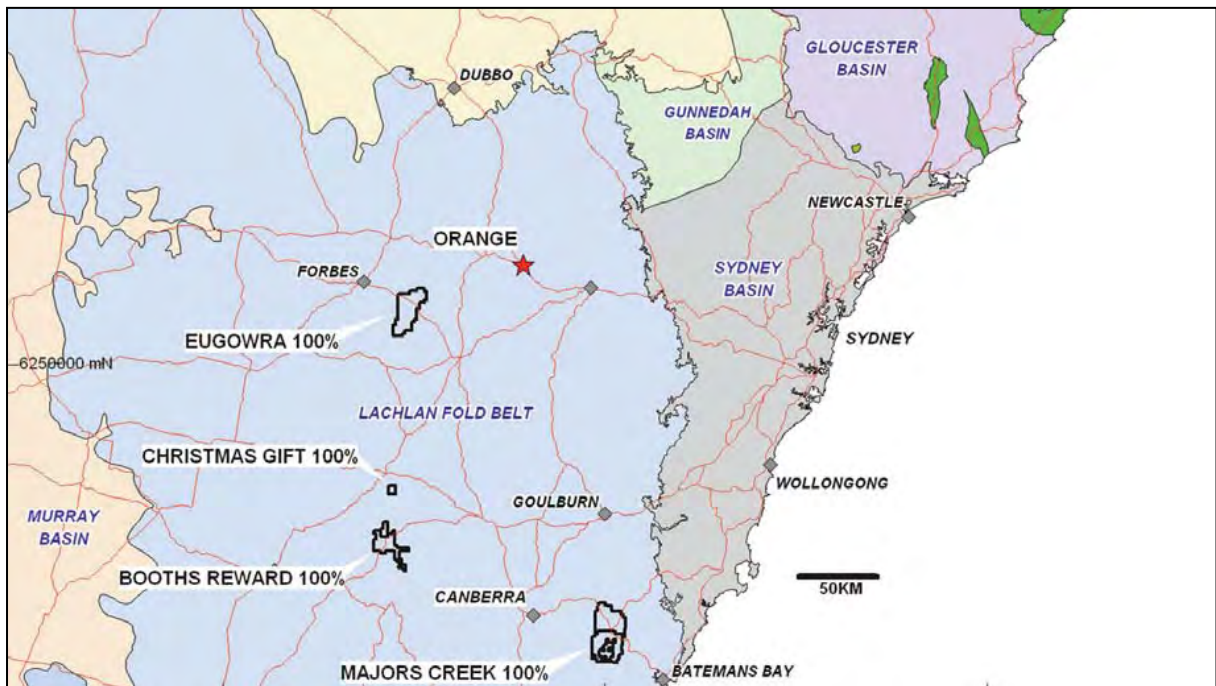


Figure ES-3: Cortona Mineral Assets – Location Map

Geology and Resources

Overall, SRK considers there to be sufficient drilling information to support the Mineral Resources as currently reported. SRK does consider that further modelling of the greater than 20 g/t Au population continuity is recommended for Bonanza Lode. The risk is that the continuity of the high grade population within the Bonanza Lode has been overestimated and therefore, the grade may also have been overestimated.

SRK has no material concerns with the approach and methodology used to define the mineralised lodes (pods) based on a 1 g/t Au cut-off grade; however, the gold grade estimation could possibly be improved by separate domaining of the E and ENE mineralised structures.

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SRK's principal findings from the fatal flaw review are as follows:

- No fatal flaws have been identified during the review;
- The geology, alteration and mineralisation appear to be well understood. Further work is warranted to better understand the structural controls on mineralisation such as structural source of mineralising fluids;
- Gold grade continuity is robust for Mineral Resources classified as Measured and Indicated. Less confidence in grade continuity is reflected in the classification of Inferred Resources, particularly where mineralisation is thin and multiple close spaced lodes occur;
- Gold sample repeatability is strong, reflecting the disseminated characteristic of the mineralisation;
- As part of ongoing study work, Cortona should confirm and include the location of the underground workings and underground drillholes in its mining plans;
- The frequency of faulting and the fault geometry at Dargues Reef has been documented as not well defined. SRK suggests Cortona develops its geological model to include structural features; and
- 69% of the mined ounces are located within the Main Lode, which is the largest and most continuous of the lodes.

Resource Valuation

SRK has recommended preferred values and value ranges for Cortona's exploration properties on the basis of declared Mineral Resources and areal extent of tenure. SRK has recommended value ranges for both the Mineral Resources and the Exploration Ground on the basis of an analysis of recent comparable transactions involving gold properties in eastern Australia.

In the case of the Mineral Resources, SRK has compared the \$/oz valuation factor applied to valuation factors generally applied in the Yardstick method of mineral valuation, and concluded that SRK's valuation factor was reasonable.

In the case of the exploration ground, SRK has also considered exploration commitments and expenditure, as well as a modified Kilburn rating system to arrive at a reasonable valuation range.

SRK's recommended valuation ranges and Preferred Values for each project are detailed in Table ES-6.

Table ES-6: Summary of SRK's Valuation of Cortona's Exploration Assets

Project	Development Stage	Low	Preferred	High
Dargues Reef Resources	Development	\$17.3M	\$32.7M	\$48.2M
Majors Creek Exploration Ground	Advanced Exploration	\$1.87M	\$4.5M	\$7.14M
Booths Reward Exploration Ground	Advanced Exploration	\$0.10M	\$0.38M	\$1.01M
Christmas Gift Exploration Ground	Advanced Exploration	\$0.04M	\$0.09M	\$0.13M
Egowra Exploration Ground	Exploration	\$0.17M	\$0.6M	\$1.90M
Total		\$19.5M	\$38.3M	\$58.4M

Table of Contents

Executive Summary	ii
Disclaimer.....	xv
1 Introduction and Scope of Report.....	1
1.1 Background.....	1
1.1.1 Cortona Resources Limited.....	1
1.1.2 Unity Mining Limited.....	3
2 Programme Objectives and Work Programme	7
2.1 Programme Objectives	7
2.2 Scope of Work.....	7
2.3 Reporting Standard.....	7
2.4 Key Sources of Data	7
2.5 Effective date	7
2.6 Indemnities.....	7
2.7 Verification, Validation and Reliance	7
2.8 Work Programme.....	8
2.8.1 Legal Matters.....	9
2.9 Limitations, Reliance on information, Declaration and Consent.....	9
2.9.1 Limitations	9
2.9.2 Reliance on Information	9
2.9.3 Statement of SRK Independence.....	10
2.9.4 Consent	10
2.9.5 Consulting Fees	10
3 Unity Mining – Henty Technical Assessment	11
3.1 Introduction	11
3.2 Geology and Resources	12
3.2.1 Geological setting.....	12
3.2.2 Exploration Data.....	13
3.2.3 Geological modelling.....	15
3.2.4 Estimation and reporting of Mineral Resources	17
3.2.5 Grade control and reconciliation	25
3.2.6 Near-mine exploration potential	27
3.3 Mining Assessment.....	28
3.3.1 Introduction.....	28
3.3.2 Background	28
3.3.3 Dilution and mining recovery.....	28
3.3.4 Ore Reserves	28
3.3.5 Mine Design and Schedule	29

4	Unity Mining – Resource Valuation.....	38
4.1	Introduction	38
4.2	Henty Gold Mine Exploration	41
4.2.1	Geology	42
4.2.2	Mineralisation	43
4.2.3	Henty Near-Mine Exploration	44
4.2.4	Exploration Mineral Resource Estimates	48
4.3	Firetower Exploration Project.....	49
4.4.2	Mineralisation	52
4.4.3	Exploration	53
4.4.4	Exploration Mineral Resource Estimates	53
4.5	Unity Mining Exploration Valuation	53
4.5.1	Henty Inferred Resource	55
4.5.2	Lakeside Inferred Resource	56
4.5.3	Henty Exploration Ground	56
4.5.4	Firetower Exploration Ground	59
4.5.5	Bendigo Exploration Ground	59
4.5.6	Conclusion.....	60
5	Cortona Resources – Resource Valuation	61
5.1	Introduction	61
5.2	Dargues Reef Gold Project Exploration	62
5.2.1	Geology	62
5.2.2	Mineralisation	63
5.2.3	Dargues Reef Exploration	64
5.3	Dargues Reef Mineral Resources Assessment	66
5.3.1	Resource Classification.....	67
5.3.2	Mineral Resource – Conclusions	67
5.7.1	Dargues Reef Resources	76
5.7.2	Majors Creek Exploration Ground.....	81
5.7.3	Booths Reward Exploration Ground.....	81
5.7.4	Christmas Gift Exploration Ground	82
5.7.5	Eugowra Exploration Ground	83
5.7.6	Conclusion.....	83
6	References	85

List of Tables

Table 1-1:	Titles held by Big Island Mining Pty Ltd under the Mining Act 1992	2
Table 1-2:	Unity Mineral Tenement Search Results	5
Table 3-1:	Summary of exploration data characteristics	13
Table 3-2:	Summary of Henty Mineral Resources (after mining depletion, and reported at 2.0 g/t Au cut-off)	18
Table 3-3:	Summary of resource modelling methods and parameters	19
Table 3-4:	Summary of monthly reconciliation results since January 2011	25
Table 3-5:	Dilution and Mining Recovery by mining method	28
Table 3-6:	Henty Ore Reserves as at 30 June 2012	29
Table 3-7:	Breakdown of Henty LoM tonnes and grade by category	30
Table 3-8:	SRK Revised Schedule for Ore Reserve Estimate Tonnes only	31
Table 3-9:	Breakdown of scheduled tonnes and grade by category for Ore Reserves	32
Table 3-10:	SRK Revised Schedule including additional Measured, Indicated and Inferred Resource	33
Table 3-11:	Breakdown of scheduled tonnes and grade by category for Ore Reserves plus additional Measured and Indicated Resources	34
Table 3-12:	Summary of Operating Costs	35
Table 3-13:	Total project capital cost estimates	36
Table 4-1:	Unity Mining Exploration Tenements	38
Table 4-2:	Mineral Resource Estimates for the Henty Mine as of 30/06/2012	48
Table 4-3:	Mineral Resource Estimates for the Lakeside Deposit as of 30/06/2012	48
Table 4-4:	Valuation Basis of Unity Exploration Assets	53
Table 4-5:	Comparable Gold Property Transactions in Eastern Australia post-2008	54
Table 4-6:	Henty Exploration Ground Expenditure Commitment	56
Table 4-7:	Geoscientific ratings table (Modified by SRK)	57
Table 4-8:	Modified Kilburn Valuation Table	58
Table 4-9:	Firetower Exploration Ground Expenditure Commitment	59
Table 4-10:	Bendigo Exploration Ground Expenditure Commitment	60
Table 4-11:	Summary of SRK's Valuation of Unity's Exploration Assets	60
Table 5-1:	Cortona Resources Tenements	61
Table 5-2:	Alteration at Dargues Reef Deposit	64
Table 5-3:	Dargues Reef Gold Deposit Mineral Resource Statement (Runge, June 2010)	66
Table 5-4:	Valuation Basis of Cortona Exploration Assets	76
Table 5-5:	Recent Australian transactions involving Pre-Development, Developing and Operating Gold Mines	77
Table 5-6:	Analysis of transactions	78
Table 5-7:	Majors Creek Project Expenditure Commitment	81
Table 5-8:	Booths reward Project Exploration Commitment	81
Table 5-9:	Christmas Gift Project Expenditure Commitment	82
Table 5-10:	Eugowra Exploration Ground Expenditure Commitment	83
Table 5-11:	Summary of SRK's Valuation of Cortona's Exploration Assets	84

List of Figures

Figure 1-1:	Cortona Mineral Assets – Location Map	1
Figure 1-2:	Location of Dargues Reef Gold project in NSW	3
Figure 1-3:	Bendigo Goldfield.....	4
Figure 1-4:	Unity Mining Assets in Tasmania.....	6
Figure 3-1:	Location of the Henty Gold Mine.....	11
Figure 3-2:	Long section of Henty gold deposits.....	12
Figure 3-3:	Section at 53482 North, through Mt Julia Zone	16
Figure 3-4:	Horizontal section, at 1820 mRL, through Newton-Mt Julia lodes.....	17
Figure 3-5:	Long section of remnant Newton-Mt Julia Mineral Resource coloured by classification category	21
Figure 3-6:	Scatterplot of block grades from 3D LMRC model (y-axis) against corresponding 2D SRK check estimation (x-axis), for nmj_a1 lode.....	22
Figure 3-7:	Histogram and summary statistics for block grades in nmj_a1 lode domain, as estimated from SRK's 2D model.....	22
Figure 3-8:	Histogram and summary statistics for block grades in nmj_a1 lode domain, as estimated from LMRC's 3D model.....	23
Figure 3-9:	Scatterplot of block grades from 3D LMRC model (y-axis) against corresponding 2D SRK check estimation (x-axis), for nmj_a2_1 lode	23
Figure 3-10:	Histogram and summary statistics for block grades in nmj_a2_1 lode domain, as estimated from SRK's 2D model.....	24
Figure 3-11:	Histogram and summary statistics for block grades in nmj_a2_1 lode domain, as estimated from LMRC's 3D model.....	24
Figure 3-12:	Chart of estimated tonnes processed (from resource model) and actual tonnes processed	26
Figure 3-13:	Chart of estimated grade of material processed (from resource model) and actual grade processed.....	26
Figure 3-14:	Chart of estimated metal processed (from resource model) and actual metal processed	27
Figure 3-15:	Unity's Henty LoM Schedule	30
Figure 3-16:	SRK revised production schedule by orebody for Ore Reserves tonnes	32
Figure 3-17:	SRK revised production schedule by orebody for Ore Reserves tonnes and additional Measured and Indicated Resources	34
Figure 4-1:	Unity Mining Assets in Tasmania.....	39
Figure 4-2:	Bendigo Goldfield.....	40
Figure 4-3:	Henty Gold Mine Location Map.....	41
Figure 4-4:	Henty Gold Mine Regional Geological Map.....	42
Figure 4-5:	Henty Gold Mine – Plan View and Long Section	43
Figure 4-6:	Unity's Tasmanian Exploration Pipeline.....	44
Figure 4-7:	Henty South Prospect	45
Figure 4-8:	Read Zone Target long section.....	45
Figure 4-9:	Newton Zone Target	46
Figure 4-10:	Moxon Prospect Targets.....	47
Figure 4-11:	Firetower Project Prospects.....	49
Figure 4-12:	Firetower Prospect – Longitudinal Section of the Main Zone	50

Figure 4-13: Regional geology indicating the complex folding and thrust faulting of the Ordovician sediments hosting the gold mineralisation	52
Figure 4-14: Gold resource transactions in eastern Australia post-2008	55
Figure 5-1: Cortona Mineral Assets – Location Map	61
Figure 5-2: Dargues Reef Gold Project (Majors Creek) – Tenement Map	62
Figure 5-3: Dargues Reef Gold Project (Majors Creek) – Geological Map	63
Figure 5-4: Dargues Reef Nearby Targets	65
Figure 5-5: Eugowra Exploration Project – Tenement Map	68
Figure 5-6: Eugowra Geological Map	69
Figure 5-7: Booths Reward Geological Map	71
Figure 5-8: Christmas Gift Location Map	73
Figure 5-9: Christmas Gift Geological Map	74
Figure 5-10: Date of transactions (Outlier transactions removed)	79
Figure 5-11: Resource ounces transacted (Outlier transactions removed)	79
Figure 5-12: Grade of deposits (Outlier transactions removed)	80

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by BDO. The opinions in this Report are provided in response to a specific request from BDO to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

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1 Introduction and Scope of Report

1.1 Background

SRK Consulting Australasia Pty Ltd (SRK) was engaged by Cortona Resources Limited (Cortona) to prepare an Independent Technical Report (ITR) under direction from BDO. BDO provided SRK with Instructions as set out in a letter dated 28 September 2012 confirming the Scope of Work. The ITR relates to a proposed Scheme of Arrangement with Unity Mining Limited (Unity) where by Unity will merge with Cortona, through Unity acquiring all of the share capital of Cortona. Unity and Cortona are referred to as The Companies

Unity operates the Henty Gold Mine (Henty) in Tasmania and has mineral exploration assets in Tasmania, Victoria and Southern Africa. Cortona operate the Dargues Reef Gold Project (Dargues Reef) in New South Wales and have mineral exploration assets in New South Wales.

1.1.1 Cortona Resources Limited

Since July 2007, Cortona's principal focus has been the Majors Creek gold project (Dargues Reef), host to the State's largest alluvial goldfield (historic production approx. 1.25 Moz). The Company has also three exploration projects covering approximately 650 km² in the southern Lachlan Fold Belt, New South Wales, Australia (Eugowra, Booths Reward and Christmas Gift). Refer Figure 1-1.

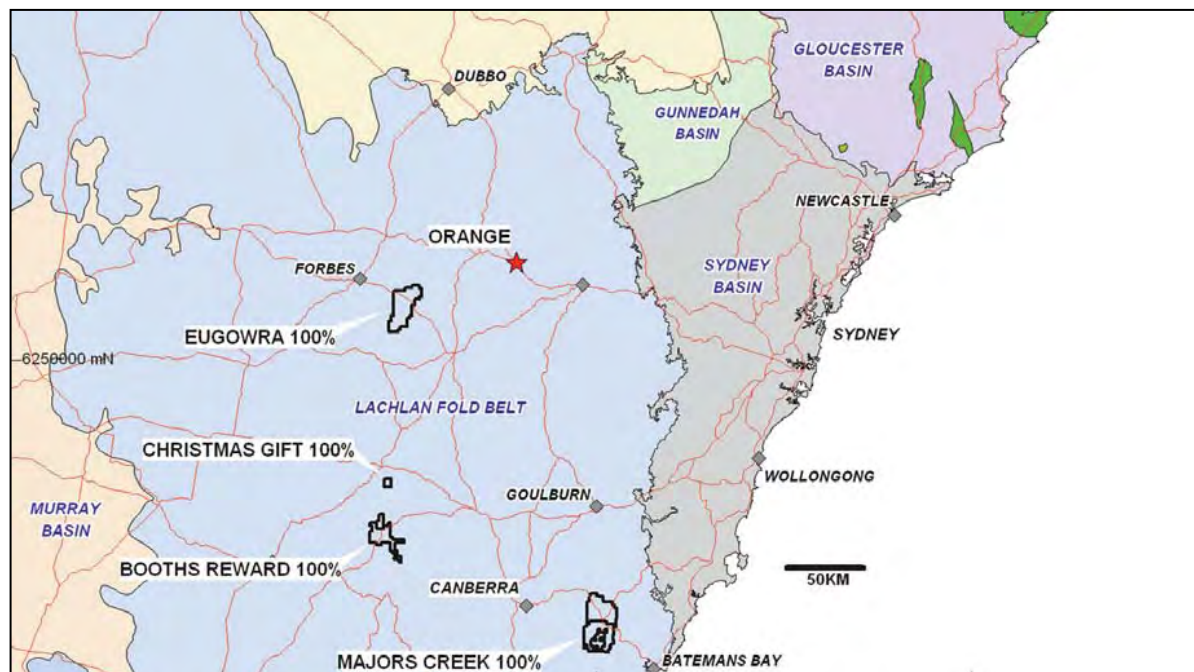


Figure 1-1: Cortona Mineral Assets – Location Map

Cortona has a total of 7 exploration licences (6880, 6003, 6010, 6012, 6445, 6462 and 6548) and a mining lease (1675). Most of the Cortona's activities have been focused on the mining lease ML 1675 and the exploration licences 6003, 6462 and 6548.

The results from a search of the Titles held by Big Island Mining Pty Ltd, a wholly owned subsidiary of Cortona Resources Limited are presented in Table 1-1.

The search was conducted by Mining Title Services Pty Ltd on 9 August 2012 and is detailed in the letter report titled "Title Search in Respect of Applications and Titles held by Big Island Mining Pty Ltd at 9 August 2012 Amended".

Table 1-1: Titles held by Big Island Mining Pty Ltd under the Mining Act 1992

Project	Title	Area	Current To	Renewal Application	Annual expenditure/ Labour Condition	Security Deposit Required	Conditions
Christmas Gift	EL6010	4 units	21/10/2012	Pending ##	\$34,000	"	Group 1 – Metallic minerals
Majors Creek	EL6003	29 units	2/10/2012	Pending ##	\$59,000	Joint Security \$244,000 held	Group 1 – Metallic minerals
Majors Creek	EL6462	75 units	31/08/2013		\$105,000	"	Group 1 – Metallic minerals
Majors Creek	EL6548	109 units	04/04/2012	Pending ##	\$139,000	"	Group 1 – Metallic minerals
Booths Reward	EL6012	6 units	21/10/2012	Pending ##	\$36,000	"	Group 1 – Metallic minerals
Booths Reward	EL6445	37 units	11/07/2012	Pending ##	\$67,000	"	Group 1 – Metallic minerals
Eugowra	EL6880	135 units	14/09/2011	Pending ##	\$165,000	"	Group 1 – Metallic minerals
Majors Creek/ Dargues Reef	ML 1675	317 ha	12/04/2024		\$227,500 or 13 men	\$56,000 held additional \$2,661,00 0 required	Copper, Gold and Silver

Renewal Applications: Section 117 of the Mining Act 1992, as amended, provides

"117 Authority to have effect until application dealt with"

- (1) If an application for the renewal of an authority is not finally dealt with before the date on which the authority would otherwise cease to have effect, the authority continues to have effect in relation only to the land to which the application relates, until the application is finally disposed of."

In undertaking this review, SRK was advised by Cortona that renewal applications have been submitted for EL6003 on 26 September 2012, EL6010 on 9 October 2012 and EL6012 on 8 October 2012 to the Department of Trade Investment, Regional Infrastructure & Services by Cortona after preparation of the Title search by the Mining Title Services on 9 August 2012. SRK was provided with copies of the applications and, on the basis of Section 117 described above, considers that the ELs are classified as Pending and thus continue to have effect.

The Dargues Reef Gold Project (the Project), 100% owned by Cortona, is located about 60 km southwest of Canberra in the Southern Tablelands of New South Wales.

Cortona plans to develop a new underground mine and associated infrastructure at the site to produce up to 355,000 tonnes of ore per annum for up to 7 years.

Concentrate from the gravity circuit and flotation circuit will be transported about 400 km to the London-Victoria processing plant near Parkes in central-western NSW for further treatment. The Dargues Reef Project location is shown in Figure 1-2.

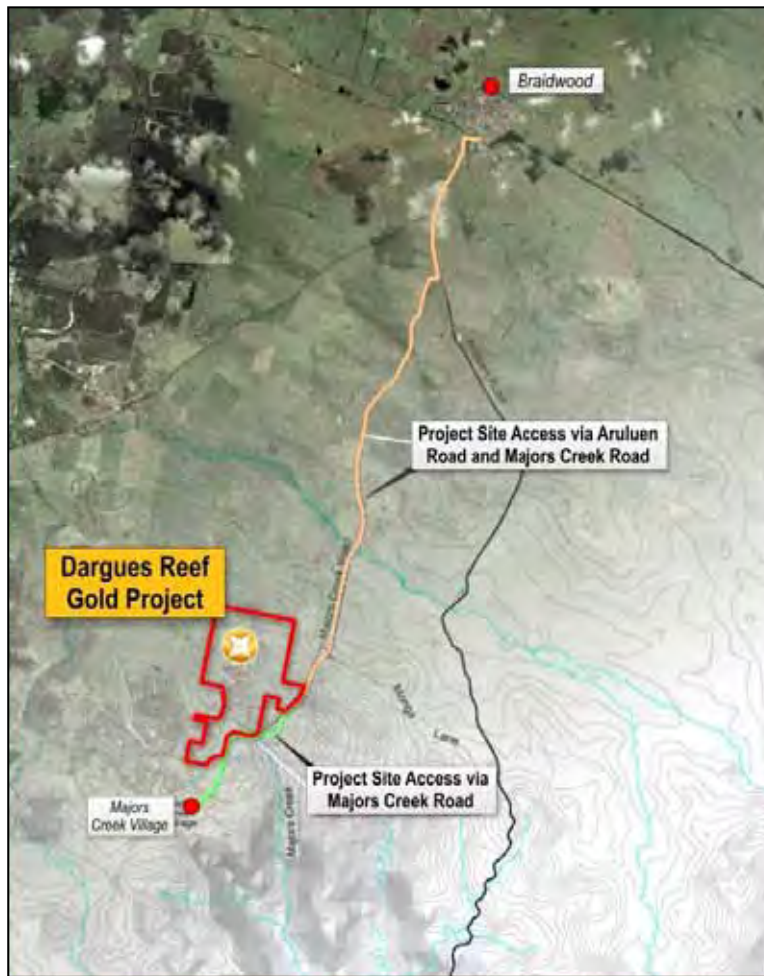


Figure 1-2: Location of Dargues Reef Gold project in NSW

Source: Cortona Company Update ASX Announcement (January, 2011)

1.1.2 Unity Mining Limited

Unity's premier asset in Tasmania is the Henty Gold Mine, an underground gold mine that commenced operation in 1996. The company also holds an advanced exploration project, Lakeside Deposit, located 13 km NW from the Henty Gold Mine.

Unity owns Bendigo Goldfield project, the tenements cover the entire Bendigo Goldfield which is Australia's second largest producer of gold in terms of historical production. Exploration on Unity Mining's Bendigo project is being undertaken through a farm-in agreement with Drummond Gold (ASX: DGO).

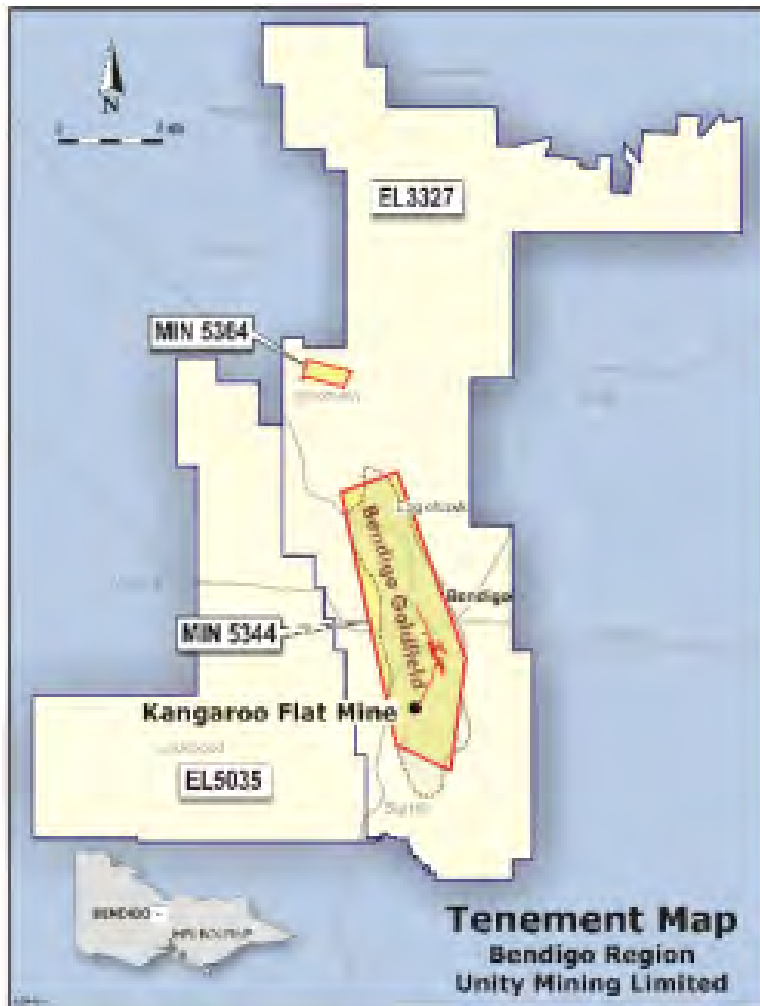


Figure 1-3: Bendigo Goldfield

Source: <http://www.unitymining.com.au>; 12/10/2012

Unity holds three mining leases (7M/1991, 7M/2006 and 5M/2002) and six exploration licences (8/2009, 1/2010, 34/2010, 11/2010, 28/2001 and 13/2011), which comprises a total area of approximately 420 km² in North West Tasmania. Unity has also 5 mining leases and 2 exploration licences in the Bendigo region, Victoria, Australia, covering approximately 610 km² in total.

A farm-in agreement was signed between Unity and Greatland Gold Plc in October 2011 on the Firetower Gold Project in Tasmania. The farm-in agreement will allow Unity Mining to earn up to 75% of the Firetower Gold project for expenditure of \$7 M over a 5.5-year period.

A report on the status of Unity's Mineral Tenements was completed by TAS Legal dated 10 November 2012. The results are summarised in Table 1-2.

Table 1-2: Unity Mineral Tenement Search Results

Project	Tenement name and/or number and area	Tenement reference name	Area	Ownership, including details of co-venturers and their interests	Impediments to title	Status: application or approval is pending	Grant Date	Expiry and Renewal Date	Tenement expenditure commitments to date	Tenement expenditure reported to date	Scheduled 2012/2012 commitment	Annual rent	Relevant Native Title Claimants	Conditions, endorsements and notes*
Bendigo Exploration	Mining Licence	MIN4622	70.7 Ha	Unity Mining Limited 100%	NIL	Granted	31/01/1994	31/01/2014	\$664,100	\$216,562	\$63,400	\$1,329.15	Dja Dja Wrung 99/9	CA,SC,B
	Mining Licence	MIN4872	4.4 Ha	Unity Mining Limited 100%	NIL	Granted	6/04/1995	6/04/2013	\$244,733	\$278,063	\$11,400*	\$82.75	Dja Dja Wrung 99/9	CA, SC, SC1, B
	Mining Licence	MIN4878	3.9 Ha	Unity Mining Limited 100%	NIL	Granted	4/12/1979	10/08/2017	\$801,400	\$7,790,044	\$15,000	\$73.70	Dja Dja Wrung 99/9	CA,SC,B
	Mining Licence	MIN5344	4275.4 Ha	Unity Mining Limited 100%	NIL	Granted	10/08/1987	9/08/2017	\$79,388,310	\$486,518,223	\$3,850,000	\$80,379	Dja Dja Wrung 99/9	CA,SC,B
	Mining Licence	MIN5364	173.9 Ha	Unity Mining Limited 100%	NIL	Granted	16/11/1989	9/08/2017	NIL	\$166,948	\$0.00	\$3,269.32	Dja Dja Wrung 99/9	CA,SC,B
	Exploration Licence	EL3327	455.0 Grats	Unity Mining Limited 100%	NIL	Renewal Pending	16/09/1982	16/09/2012	\$6,701,497	\$81,043,403	Pending	NIL	Dja Dja Wrung 99/9	CA,SC,B
	Exploration Licence	EL5035	114.0 Grats	Unity Mining Limited 100%	NIL	Granted	6/06/2007	5/06/2017	\$660,400	\$620,501	\$72,000.00	NIL	Dja Dja Wrung 99/9	CA,SC,B
Henty Mine	Mining Licence	ML7M/1991	1457 Ha	Unity Mining Limited 100%	NIL	Renewal Pending	5/06/1991	1/06/2012	NIL	\$30,468,482	NIL	\$34,924.29	NIL	SC, B, PLI
	Mining Licence	ML5M/2002	510 Ha	Unity Mining Limited 100%	NIL	Renewal Pending	16/12/2003	1/06/2012	NIL	\$30,468,482	NIL	\$34,924.29	NIL	SC, B, PLI
	Mining Licence	ML7M/2006	133 Ha	Unity Mining Limited 100%	NIL	Renewal Pending	7/11/2007	1/06/2012	NIL	NIL	NIL	NIL	NIL	SC, SC1, SC2, B, PLI
Henty Exploration	Exploration Licence	EL28/2001	10 km ²	Unity Mining Limited 100%	NIL	Granted	19/06/2002	10/05/2013	UNKNOW	\$1,140,788	\$220,000	\$575.00	NIL	SC, B, PLI,
	Exploration Licence	EL8/2009	11 km ²	Unity Mining Limited 100%	NIL	Granted	16/11/2009	15/11/2014	UNKNOW	\$503,290	\$180,000	\$632.50	NIL	SC, B, PLI,
	Exploration Licence	EL1/2010	22 km ²	Unity Mining Limited 100%	NIL	Granted	25/05/2010	24/05/2015	UNKNOW	\$118,482	\$85,000	\$1,265.00	NIL	SC, B, PLI,
	Exploration Licence	EL11/2010	4 km ²	Unity Mining Limited 100%	NIL	Granted	13/09/2012	12/09/2015	UNKNOW	\$82,615	\$210000*	\$114.96	NIL	SC, B, PLI, \$
Lakeside Resource	Exploration Licence	EL34/2010	69 km ²	Unity Mining Limited 100%	NIL	Granted	3/04/2011	2/04/2016	UNKNOW	\$633,343	\$23000000*	\$1,983.06	NIL	SC, B, PLI, \$
Henty Exploration	Exploration Licence	ELA13/2011	23 km ²	Unity Mining Limited 100%	NIL	Granted	5/10/2011	4/10/2016	UNKNOW	\$0	\$20000*	\$661.02	NIL	SC, B, PLI, \$
	Exploration Licence	EL2/2009	105 km ²	Greatland Pty Ltd	NIL	Granted	23/06/2009	22/06/2014	UNKNOW	\$82,413	\$80,000	\$6,037.50	NIL	SC, B, PLI
	Exploration Licence	EL26/2004	33 km ²	Greatland Pty Ltd	NIL	Granted	21/12/2004	26/11/2012	UNKNOW	\$1,508,990	\$80,000	\$1,897.50	NIL	SC, B, PLI
	Exploration Licence	EL31/2004	29 km ²	Greatland Pty Ltd	NIL	Granted	21/12/2004	26/11/2012	UNKNOW	\$227,051	\$50,000	\$1,667.50	NIL	SC, B, PLI
	Exploration Licence	EL34/2007	97 km ²	Greatland Pty Ltd	NIL	Renewal Pending	21/09/2007	20/09/2012	UNKNOW	\$168,395	\$173,016	\$5,577.50	NIL	SC, B, PLI

Abbreviations used in table for Conditions, endorsements and notes.

CA – Registered Compensation Agreements – see below

*SC – Standard conditions;

*SC1 This tenement is for surface access (0-5m depth) and is to be used for infrastructure and water in association with ML 5M/2002 only;

*SC2 - Substantial conditions in relation to liaison with Forestry Tasmania for removal of surface timber and vegetation;

*PLI – Public Liability Insurance (min. \$10M) required as a condition of lease/licence;

*\$ – Commitment over more than one year term – for comparison, expenditure to date has been divided by term of commitment;

*SP\$ - Special commitment – No specification of required expenditure in licence document, but \$20,000 specified in MRT computer register;

*B Bond imposed

Registered compensation agreements

Tenement	Reference	Date	Narrative
EL3327	F6885	08/10/1996	Crown Allotment 19, Sec C
	F6886	08/10/1996	Crown Allotment 49d, Sec C
	F6933	22/10/1996	Crown Allotment 192L
	F6956		

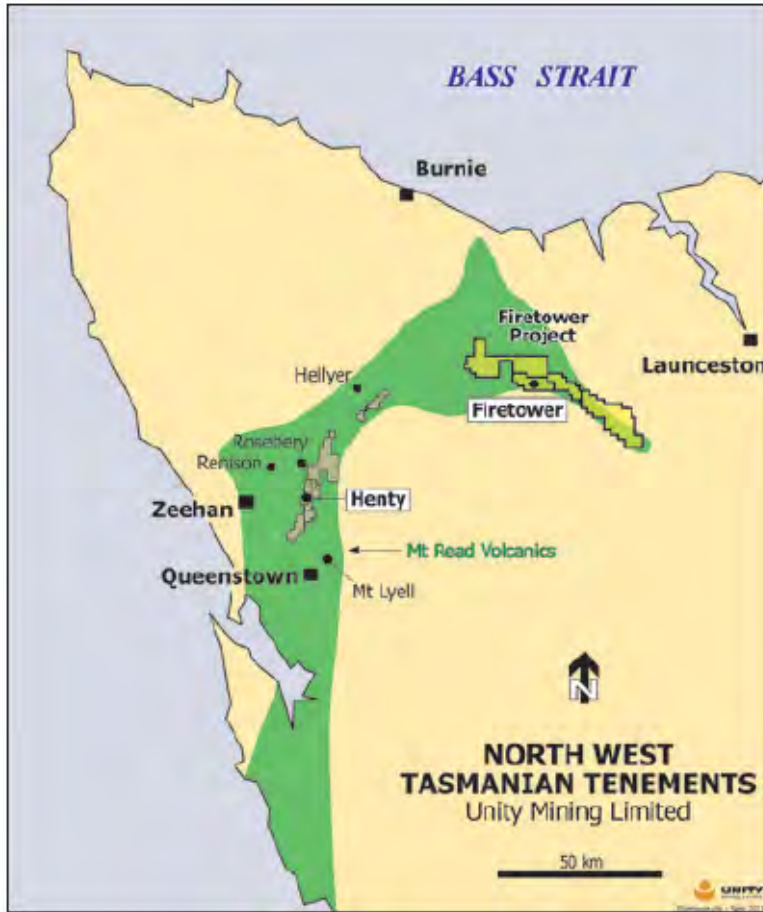


Figure 1-4: Unity Mining Assets in Tasmania

Source: <http://www.unitymining.com.au>; 12/10/2012

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2 Programme Objectives and Work Programme

2.1 Programme Objectives

This ITR has been prepared by SRK under instructions from BDO who have been retained by Cortona in relation to a proposed Scheme of Arrangement with Unity Mining Limited (Unity).

2.2 Scope of Work

SRK was requested to provide the following:

- A valuation of Cortona's Dargues Reef Gold Project in New South Wales;
- Comments on the technical inputs to the DCF model for Unity's Henty Mine;
- A valuation of Cortona's other mineral exploration assets in New South Wales; and
- A valuation of Unity's other mineral exploration assets in Tasmania and Victoria; the Southern African assets are excluded from this report.

2.3 Reporting Standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment Report under the guidelines of the VALMIN Code. The VALMIN Code is the code adopted by the Australasian Institute of Mining and Metallurgy and the standard is binding upon all AusIMM members. The VALMIN Code incorporates the JORC Code for the reporting of Mineral Resources and Ore Reserves. It should be noted that the authors of this Report are Corporate Members of The AusIMM and, as such, are bound by the VALMIN Code.

2.4 Key Sources of Data

Data and information on the Companies' assets used to prepare this report are referenced throughout the report.

2.5 Effective date

The effective date (Effective Date) of this report is deemed to be 17 October 2012.

2.6 Indemnities

As recommended by the VALMIN Code, The Companies have agreed to provide SRK with an indemnity under which SRK is to be compensated for any liability and / or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by The Companies or to The Companies not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

2.7 Verification, Validation and Reliance

The Companies have confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by it, was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect. SRK has no reason to believe that any material facts have been withheld.

The report herein is dependent upon technical and financial input as provided by The Companies and was taken in good faith by SRK. SRK has not independently verified Mineral Resources or Ore Reserves estimates by means of recalculation.

2.8 Work Programme

SRK has conducted a comprehensive review and assessment of all material technical issues likely to influence the future performance of the Projects, which included the following:

- Full access to key Unity and Cortona personnel for discussion and enquiry;
- A review of its Mineral Resource and Ore Reserve estimates, including the methodologies applied in determining such estimates and classifications;
- A review of Technical Reports, supporting documentation and associated technical economic projections as prepared by Unity and Cortona, including projected future operating costs and capital expenditure schedules for the project;
- Peter Fairfield, Paul Hunter and Lisa Chandler, all full time employees of SRK, conducted a site visit to the Dargues Reef Gold project area on 13 and 14 September 2011. During the visit, key aspects of the project site were reviewed; and
- Anne-Marie Ebbels and Robin Simpson, full time employees of SRK, conducted a site visit to the Henty Gold Mine on 25 to 27 September 2012.

This report has been prepared based on a technical review by a team of consultants sourced from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out below.

Unity – Henty

- Anne-Marie Ebbels, Principal Consultant (Mining), BEng (Mining), MAusIMM CP (Mining)
- John Blackburn, Principal Consultant (Mining), BE Hons (Mining), MBA, FAusIMM
- Robin Simpson, Principal Consultant (Resource Evaluation), MSc (Mineral Resource and Environmental Geostatistics), MAIG.

Unity – Exploration Assets

- Caue Araujo, Senior Geologist, BSc (Geology), MBA (Project Management & Finance), MAusIMM, CREA-MG (Brazil)
- Trivindren Naidoo, Senior Consultant (Geology), MSc, MGSSA, MAusIMM, Pr.Sci.Nat.

Cortona – Dargues Reef

The original work was undertaken as part of a review of Dargues Reef by SRK during 2011/12, culminating in September 2012.

- Peter Fairfield, Principal Consultant (Project Evaluations), BEng (Mining), FAusIMM
- Paul Hunter, Senior Consultant (Resource Evaluation), BSc, MSc, MAusIMM
- Lisa Chandler, Principal Consultant (Environmental), BSc, MEng, MAusIMM
- Kobus du Plooy, Principal Consultant (Geotechnical Engineering), BSc, GDip, MIEAust
- Keith Fenn, Principal Consultant (Geotechnical Engineering), NTC III, PrTE, SAICE, MIPET
- Peter Munro, Principal Consulting Engineer (Metallurgy), BSc, BEc, BCom, FAusIMM, SRK Associate
- Duncan Pratt, Senior Consultant (Mining), BEng, MAusIMM CP (Mining).

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Cortona – Exploration Assets

- Caue Araujo, Senior Geologist, BSc (Geology), MBA (Project Management & Finance), MAusIMM, CREA-MG (Brazil)
- Trivindren Naidoo, Senior Consultant (Geology), MSc, MGSSA, MAusIMM, Pr.Sci.Nat.

2.8.1 Legal Matters

SRK has not been engaged to comment on any legal matters.

2.9 Limitations, Reliance on information, Declaration and Consent

2.9.1 Limitations

SRK's opinion contained herein is based on information provided to SRK by Unity and Cortona throughout the course of SRK's investigations as described in this report, which in turn reflect various technical and economic conditions at the time of writing. If these conditions did change materially, the information and opinions contained in this report would have to be addressed to reflect these changes.

Taking due consideration of the timeframes for transactions of this nature, SRK notes that the resulting budgets and forecasts have been prepared appropriately and are based on the information available at the time and within the practical constraints and limitations of such budgets and forecasts.

The achievability of budgets and forecasts are neither warranted, nor guaranteed by SRK. Future cash flows and profits derived from such forecasts are inherently uncertain owing primarily to the volatility of the US Dollar gold price and the AUD / US Dollar exchange rates.

The forecasts as reported upon herein are those made by Unity and Cortona of future parameters that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of Unity and Cortona or its management. Consequently, actual results may be significantly more, or less favourable.

This report includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK does not consider them to be material.

As far as SRK has been able to ascertain, the information provided by Unity and Cortona was complete and not incorrect, misleading or irrelevant in any material aspect.

2.9.2 Reliance on Information

SRK believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinions presented in this report. The preparation of such a report is a complex process and does not lend itself to partial analysis or summary.

SRK's effective date for the Report (Section 1.3) is based on information provided by Cortona throughout the course of SRK's investigations, which in turn reflect various technical-economic conditions prevailing at the date of this report.

SRK has no obligation or undertaking to advise any person of any change in circumstances which comes to its attention after the date of this review, revise or update the report or opinion.

2.9.3 Statement of SRK Independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK has no prior association with The Companies in regard to the mineral assets that are the subject of this Report apart from having provided technical advice to The Companies regarding the Projects. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

2.9.4 Consent

Neither the whole, nor any part of this report, nor any reference thereto may be included in any other document without the prior written consent of SRK as to the form and context in which it appears.

2.9.5 Consulting Fees

SRK will receive payment of approximately \$150,000 to undertake the work associated with completion of the Scope of Work defined in Section 2.2.

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3 Unity Mining – Henty Technical Assessment

3.1 Introduction

Henty is wholly owned by Unity and lies within the mineral-rich Mt Read Volcanic Belt in Western Tasmania. Access to the project is via a sealed road from Queenstown from the south and Burnie to the north.

Unity holds granted mining leases 7M/1991 and 5M/2002 and exploration leases EL28/2001, ELA/2009 and EL34/2010 as shown in Figure 3-1. These leases secure the country both to the north and south along strike of the current mining area.



Figure 3-1: Location of the Henty Gold Mine

Source: <http://www.unitymining.com.au/activities/henty/>

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3.2 Geology and Resources

3.2.1 Geological setting

The following five paragraphs are summarised from information on Unity's website:

The Henty Mine is hosted in the Cambrian Mt Read Volcanics. The geological model for the formation of the Henty gold deposit has changed over the life of the mine; the current model is a Volcanogenic Hosted Massive Sulphide (VHMS) deposit that has been subsequently altered and overprinted by late stage hydrothermal and structural events.

The geology of the Mine Lease is dominated by the Henty Fault, a major NNE-striking regional structure traversing the Mt Read Volcanics. The Henty Fault divides into North and South Henty faults in the middle of the Mine Lease.

The deposit is comprised of a series of gold bearing, sulphide-rich lodes that plunge shallowly to the south and dip steeply to the west in close proximity to the footwall of the regional South Henty fault. Alteration and mineralisation are strongly controlled by the South Henty Fault, which appears to form the upper boundary to the mineralised zone. Alteration extends several hundred metres downdip from the fault contact before a rapid decrease in intensity.

The gold lodes are grouped into several main zones. From north to south the current set of identified zones is about 3 km long (Figure 3-2).

Several of these zones have been mined out. The four remaining zones that contribute Indicated and Measured Mineral Resources to the latest tabulation of resources (30/06/2012) are Darwin South, Tyndall, Mt Julia and Newton. A fifth zone, the Read Zone, was discovered more recently and is only classified at an Inferred confidence level, but is presently the focus of infill and extension drilling.

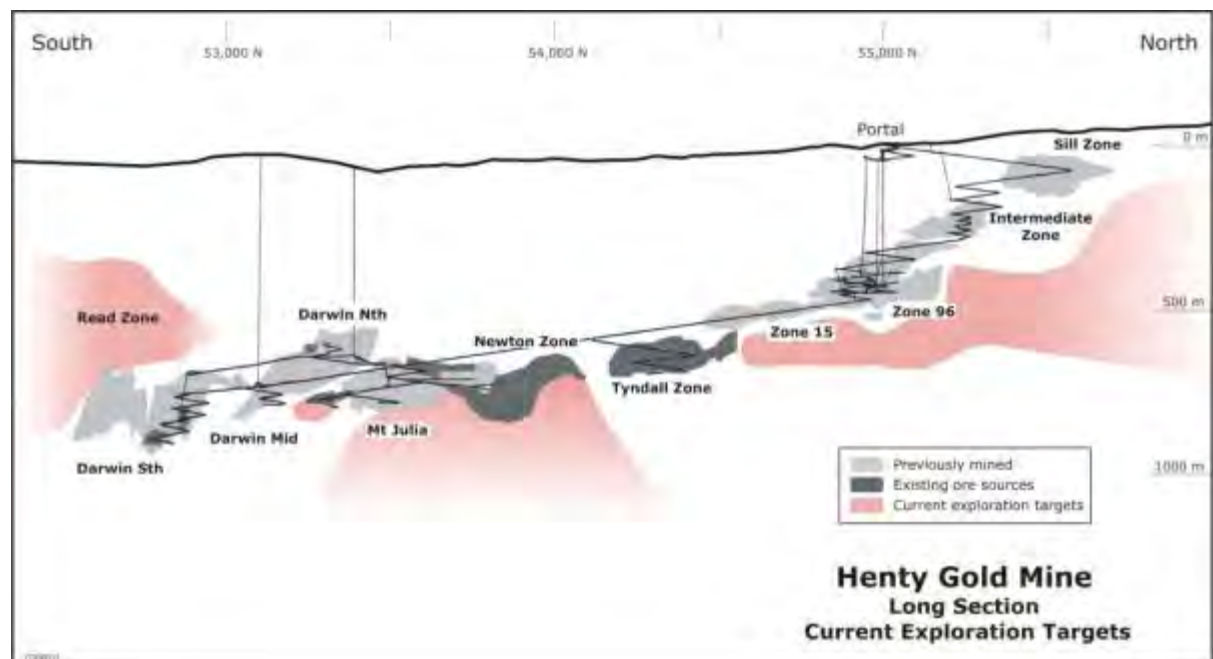


Figure 3-2: Long section of Henty gold deposits

Source: <http://www.unitymining.com.au>

3.2.2 Exploration Data

The entire drillhole database for Henty was provided to SRK. The complete database was useful for visualising the geometry of the deposits and spatial distribution of grades, but for evaluating data collection practices and data quality, SRK focused mainly on the holes drilled since Bendigo / Unity acquired the project in 2009. The zones containing the current Mineral Resources are essentially defined from drilling done since 2009, and many of the key drillholes for assessing potential extensions of the deposit along strike or down dip are also drilled since 2009.

Drilling dates are only intermittently recorded in the collar table of the database, but the Bendigo / Unity drillholes can be identified by the prefix “Z”. Of the 3,094 drillholes in the database given to SRK, 2,050 have this prefix.

Characteristics of the exploration data are summarised in Table 3-1.

Table 3-1: Summary of exploration data characteristics

Item	Comments
Sampling techniques	<p>Diamond drilling, mostly NQ diameter. There are 3094 holes listed in the database, for a total of about 280,000 m. Holes have been drilled from both surface and underground sites, but the current Mineral Resources are largely defined by holes collared underground.</p> <p>Sludge samples and channel samples have also been collected, but SRK did not look at this information in much detail because such samples have not been regularly or consistently collected, these data are not used for resource estimation (apart from verifying the domain shapes), and there is no separate grade control estimation built from these samples. In the databases given to SRK, there are 2,645 runs of channel and face samples listed, and 838 sludge holes.</p>
Drill sample recovery	<p>Recoveries are not stored in the database, but from the drill core SRK viewed, and the sites SRK was shown underground, SRK expects that core recovery should be close to 100%. There is often considerable fracturing in and around mineralised zones, but substantial amounts of clayey material – that would pose a concern about recovery – do not appear to be a feature of the mineralised zones.</p>
Logging	<p>Logging information is stored in lithology, structure, alteration and geotech tables in the database. In the main “rocktype” field in the lithology table, 128 unique codes have been used. The wide variety of codes is a legacy of the various companies that have worked on the project, but has also occurred because the rock types used are often influenced by alteration, mineralisation and structure, instead of being purely lithological.</p>
Sub-sampling techniques	<p>Half core. Samples are only taken in and around zones that have been visually identified as mineralised. The buffer of non-mineralized samples that have been assayed is usually several metres either side of mineralisation, so SRK do not consider that there is a significant risk of mineralisation being ignored due to insufficient sampling along drillholes.</p> <p>Instead of a fixed sample interval, most sampling is done to contacts chosen by the logging geologist. On average, samples are about one metre long.</p>
Assay data	<p>Samples are sent to ALS Burnie for preparation and analysis. Up until early 2012, preparation and analysis were done in an on-site laboratory operated by SGS, but this facility has been discontinued.</p> <p>There are about 150,000 records in the assay table of the database. Most samples have only been assayed for Au. The other elements recorded are Ag, As, Bi and Cu. Gold is the only element reported in the statements of Mineral Resources and Ore Reserves.</p>

Item	Comments
Location of data points	Downhole surveys are taken by camera shots, with a measurement typically every 30 m. When the holes are viewed in 3D, it is apparent that the dip of steeper holes (drilled to both east and west) noticeably decreases with depth, resulting in a distinct curvature over several hundred metres. From discussions with Henty personnel, SRK understands that there has not been a history of substantial discrepancies between the locations of lodes interpreted from the drilling, and the actual locations intersected by mine workings. Therefore SRK considers that uncertainties related to collar and downhole surveys are not a significant risk factor.
Data spacing and distribution	In the plane of the lodes, the average spacing between intersection centres is about 15 to 20 m (both along strike and down dip).
Orientation of data in relation to geological structure	The Mineral Resources are mostly defined from intersections at a high angle to the orientation of the lodes, so the intersection thickness is not vastly greater than the true thickness of the lode. Some holes that were drilled at the early stages of lode definition are collared at surface or from underground workings almost along strike of the lodes, so there are a few intersections at low angles to the lodes. These intersections however contribute a minor proportion of the overall information available by the time a lode has been sufficiently drilled to attain Indicated or Measured status.

QA/QC Sampling

Blanks and standards are each inserted at a rate of about 1 in 25 samples. Usually several standards are actively used, at various grades approximately similar to the range of grades encountered in Henty mineralisation. The current set of standards in use is off-the-shelf Certified Reference Materials (CRMs) from Rocklabs, with certified values of about 1 g/t, 5.4 g/t, and 17 g/t.

Duplicates, and check assays on pulps by an umpire laboratory, are not components of the present QA/QC programme, and SRK understands that duplicates and check assays have never been regular features of the QA/QC analyses since Unity acquired the project.

Review of the QA/QC results mainly occurs at the point when results from a batch of assays are loaded into the database; loading will automatically fail if CRMs are outside the limit of three standard deviations. Previously, a monthly review of QA/QC samples was included in the monthly reporting done by the mine geologists, but the current review and interpretation of QA/QC is somewhat sporadic.

SRK reviewed the Henty QA/QC database, which contained about 16,000 analyses of standards, and 7,000 analyses of blanks. There are 49 different standards in the database; 37 of these have at least 100 analyses recorded.

Blanks: Out of the 7,005 blanks, 16 returned assays > 0.9 g/t. The highest value was 99.63 g/t.

Standards: SRK's overall impression from reviewing charts of the standard analyses is that the distribution of results is generally consistent with the expected statistical characteristics. As far as possible, the data were arranged in temporal sequence, and no particular patterns of bias were identified over time. Occasional values that report well outside the expected limits can probably be attributed to sample swaps.

In conclusion, although the absence of check assays is a concern, and there are occasional anomalous results from the standards and blanks, the QA/QC data do not flag assay quality as a high risk factor for confidence in the Mineral Resource estimation. This conclusion is supported by the good reconciliation, over several months, of estimated grades against processed grades (Section 2.2.5).

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Database validation

Detailed verification of the drillhole database against primary data sources was beyond the scope of SRK's review. SRK did; however, conduct some validation on the database, in order to check for internal consistency, as part of the loading of the database tables and 3D visualisation of the drillholes.

A number of minor errors were identified, such as overlapping, duplicate and zero-length intervals in the assay and lithology tables. A few holes had missing collar and survey information, and several holes plotted in locations that were clearly wrong. SRK compiled lists of items for correcting and passed the information on to Unity.

On closer inspection, most errors were found to be associated with older data around zones that have been already been mined out. Other errors are related to the newest data (post 30 June 2012 resource estimate), which will undergo further data cleaning before the next resource update.

SRK's conclusion from working with the drillhole database is that it is well organised and reasonably clean, and is therefore suitable to be used for resource estimation.

3.2.3 Geological modelling

The domains to constrain the resource estimation are based on the individual gold lodes. Unity models the lodes by digitizing the interpreted contacts on section, and then manually wireframing the contact perimeters to create 3D shapes.

The contacts are interpreted from a combination of grade, rock type and alteration information. The key rock types for mineralisation are logged with MV and MQ codes. Whatever rules there are for defining the contacts have clearly been applied very loosely, and in some cases the position of a contact on a drillhole can be equivocal over a few metres. When viewed at a slightly larger scale though, the contacts become more distinct. Typically the transition of grades from consistently <0.5 g/t to consistently >1.0 g/t occurs over less than 5 m. An example section is shown in Figure 3-3.

SRK viewed the lode contacts in underground exposures and in drill core. For the core, the corresponding assays were available. SRK's assessment is that Unity's method for defining the contacts – using a combination of grade, rock type and alteration information – is appropriate.

In the set of Henty domain wireframes reviewed by SRK, there are 47 separate lode shapes. Many of these shapes belong to zones which have been mined out and no longer contribute to the tally of Mineral Resources.

The lodes are generally narrow (true thicknesses <10 m on average) compared to the extents along strike and down dip. The largest lodes are interpreted to extend several hundred metres along strike, and up to 200 m down dip.

Using Surpac and Leapfrog software, SRK compared the domain wireframes against the logging and assays in the database. One of the tests done by SRK was to look at horizontal slices through the wireframes – abrupt changes in strike and / or thickness are generally an indication that reasonable alternative interpretations could be modelled (Figure 3-3).

Although locally it is possible to propose some adjustments to the lode interpretations, SRK’s conclusion is that the overall interpretation is robust.

The grade thresholds applied for defining lode contacts have varied according to the judgement of the interpreting geologist. Where such thresholds were used, these thresholds usually do appear to correspond to abrupt changes in mineralisation. In general the grade thresholds applied for defining the lode domains are also not unreasonably high compared to stated mining cut-offs (a 2.1 incremental cut-off, and a 3.8 Reserve cut-off), so there is low risk of an unrealistic high grade interpretation conditionally biasing the estimation.

Therefore the lode wireframes are a good representation of the mineralised volume and can be confidently used for Mineral Resource estimation.

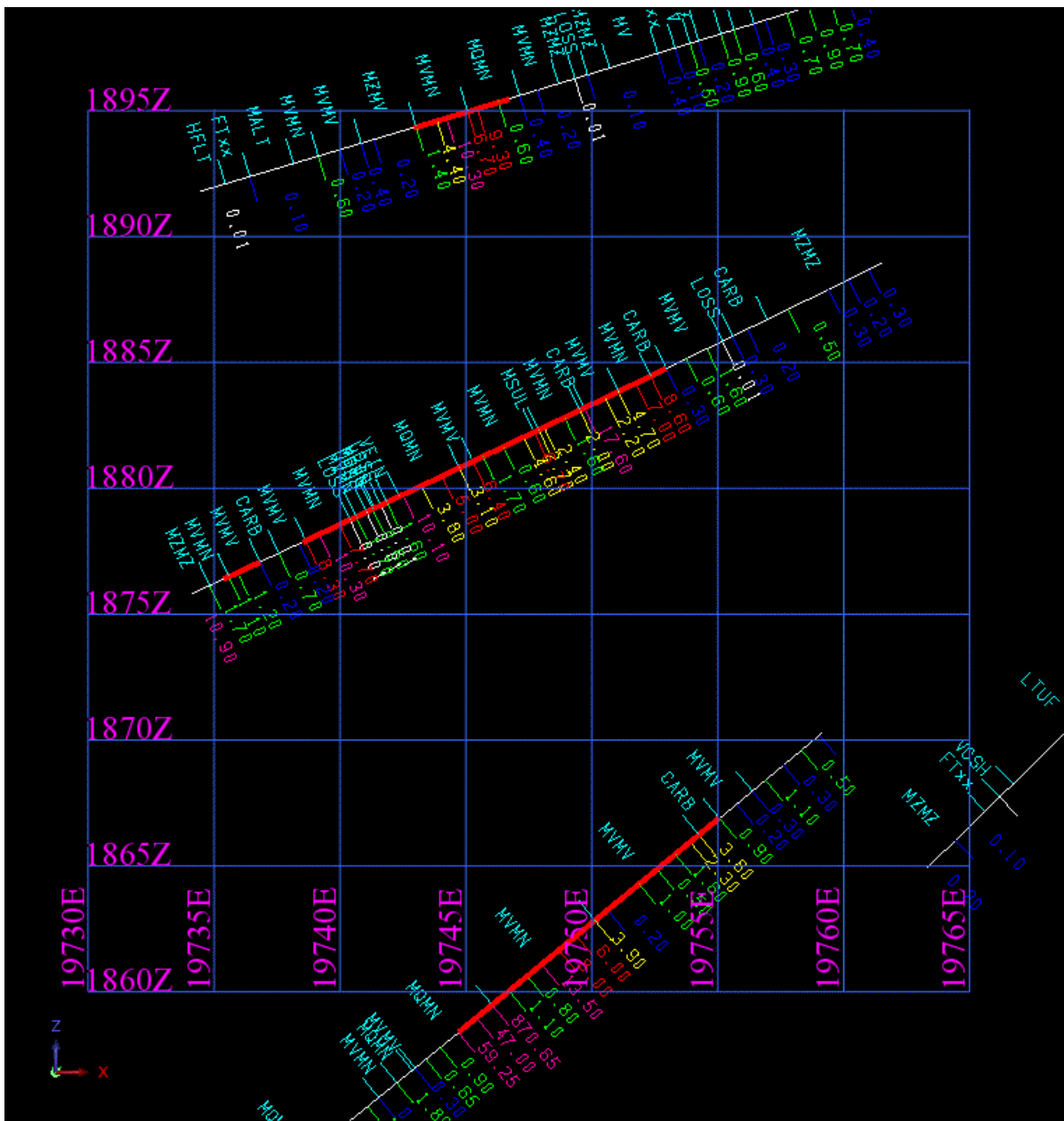


Figure 3-3: Section at 53482 North, through Mt Julia Zone

Note: Portions of the drillholes that are inside the lode wireframes are coloured red. Gold grades are on the right hand side of the drillholes; primary rock type logging is on the left.

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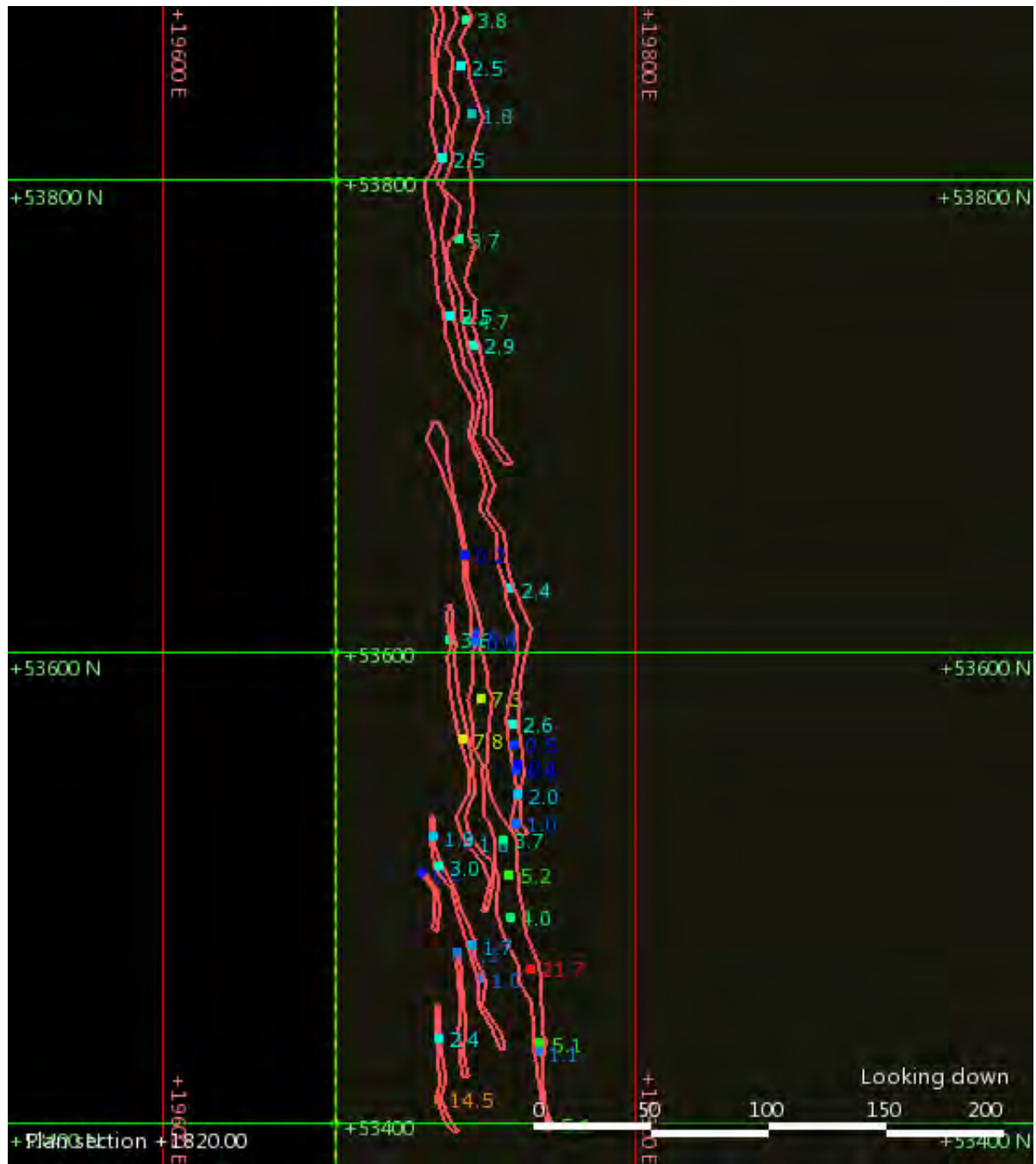


Figure 3-4: Horizontal section, at 1820 mRL, through Newton-Mt Julia lodes

Note: Points are intersection centres, with composited grade for the entire intersection.

3.2.4 Estimation and reporting of Mineral Resources

Table 3-2 shows the current tabulation of the Mineral Resources for Henty. The resource estimation was prepared by Richard Lewis of Lewis Mineral Resource Consulting Pty Ltd (LMRC), based on the database and wireframes provided by Unity. Datamine is the main software used for the estimation.

There are separate Datamine block models for the Newton-Mt Julia, Tyndall, Darwin South and Read Zones. For each of these models, there is an accompanying resource report prepared by LMRC.

The scope of LMRC’s work includes classification, but Unity does the final allocation to Measured, Indicated and Inferred categories. The models delivered by LMRC are not depleted for previous mining; depletion is applied by Unity.

Unity personnel sign off as the Competent Persons for the Mineral Resources and Ore Reserves.

For an active mine, the best possible validation of the resource model will come from the reconciliation. For Henty, the resource model reconciles well – when averaged over several months - against the sum of the actual gold produced and the estimated tailings grade. Reconciliation results are presented in Section 2.1.5.

Despite the overall good reconciliation, SRK has identified a number of aspects that could be adjusted and lead to better quality local estimation, and therefore potentially improve the reconciliation over shorter time periods.

The estimation methods and parameters are summarised in Table 3-3.

Table 3-2: Summary of Henty Mineral Resources (after mining depletion, and reported at 2.0 g/t Au cut-off)

Henty Gold Mine - Mineral Resources Estimate as at 30 June 2012				
Location	Category	Tonnes	Grade g/t gold	Contained Ounces
Darwin South	Measured	65,844	5.0	10,502
	Indicated	448,376	4.7	68,000
	Inferred	10,996	7.8	2,747
	Subtotal	525,216	4.8	81,248
Mt Julia	Measured	156,296	4.4	21,859
	Indicated	152,355	4.2	20,774
	Inferred	38,246	4.2	5,134
	Subtotal	346,897	4.3	47,767
Tyndall	Measured	23,099	6.4	4,783
	Indicated	8,583	6.6	1,829
	Inferred			
	Subtotal	31,682	6.5	6,612
Newton	Measured	1,029,165	4.8	159,489
	Indicated	63,551	5.2	10,666
	Inferred	7,714	4.5	1,109
	Subtotal	1,100,430	4.8	171,263
Read	Measured			
	Indicated			
	Inferred	69,369	12.5	27,865
	Subtotal	69,369	12.5	27,865
Total Henty Underground	Measured	1,274,404	4.8	196,634
	Indicated	672,865	4.7	101,268
	Inferred	56,956	20.1	36,854
	Total	2,004,225	5.2	334,756

Table 3-3: Summary of resource modelling methods and parameters

Item	Comments
Compositing	The samples are composited to 1 m within the lode wireframes (Section 2.1.3). Residual lengths (<0.5 m) are combined with the neighbouring composite. Isolated, mineralised intersections that are near the lodes - but not captured by the lodes - are recoded so that these grades will be used in the estimation. The threshold for this recoding ranges from 2 g/t to 3 g/t, depending on Zone.
Top cutting	Separate top cuts are defined for each lode from probability plots and histograms. SRK reviewed the top cuts in terms of the number of composites cut, and the effect of cutting on the mean grade, and concluded that the chosen top cuts are reasonable. The resource reports do not include a comparison of cut versus uncut grades, but from what SRK can determine, for most lode domains there is less than a 10% reduction in mean composite grade due to cutting.
Variogram modelling	The variogram models used for the estimation are based on fitting to pairwise-relative experimental variograms. The implications of using such models are discussed further below.
Block size	XYZ dimensions (in metres) are 2 x 5 x 5 for the Darwin South model, and 4 x 5 x 5 for Newton-Mt Julia. For comparison, the target drill spacing of intersection centres is usually 15 m by 15 m. Minimum sub-blocking dimensions are 0.002 x 1.25 x 1.25 for Darwin South, and 0.008 x 1.25 x 1.25 for Newton-Mt Julia. Estimation is done on sub-block supports. In the tables of estimation parameters, there is no mention of block discretisation – which may mean that the sub-block grades are actually estimates of single points. The implications of estimating on such small supports are discussed further below. Block dimensions are not given in the reports for the Tyndall and Read models.
Estimation	Ordinary kriging. Soft boundaries are used for the estimation, so that composites from within one lode can inform another.
Search neighbourhood	Three pass search. The dimensions of the first pass approximately correspond to the ranges of the corresponding variogram model. For Darwin South the ellipsoid dimensions (in metres) are 47.5 x 60.5 x 15.5, for Newton-Mt Julia the dimensions are 28 x 25 x 4, for Tyndall the dimensions are 18 x 18 x 2, and for Read the dimensions are 15 x 10 x 3. A minimum of 5 composites are required for estimation, otherwise the estimation algorithm proceeds to the next search pass. An octant search method is used, and a maximum of 5 composites can come from one drillhole. The search ellipsoid dimensions increase by a factor of about 2 for the second pass, and a factor of 3 for the third pass. The implications of using reasonably tight search neighbourhoods, and therefore potentially estimating blocks from a low number of composites, are discussed further below.
Density	A constant factor of 2.8 is applied for ore and waste. Considering the range of rock types present at Henty, this factor seems appropriate to SRK. The density factor has been validated by 16 years of mining, so is not considered to be a significant source of risk.
Cut-off grade	The Mineral Resources are reported at 2 g/t lower cut-off. This grade is similar to the incremental cut-off used for mine planning. The mean grade (at 0 cut-off) of most lodes is well above 2 g/t, so the majority of the material contained in the lode domains will be mined as ore.
Waste grades	SRK was informed that, for the purposes of converting Resources to Reserves, Unity assigns a grade of 0.01 g/t to dilution from outside the lodes. This approach is quite conservative, given the frequent occurrence of grades up to 1 g/t, and occasional occurrence of grades > 1 g/t, for several metres away from the lodes.
Classification	From Unity's notes accompanying the statement of Mineral Resources at June 30 th , 2012: <i>"The Mineral Resource classifications were based on the estimation search pass. As a guide, the first search pass has been considered a Measured Resource, the second pass has been considered an Indicated Resource and the third search pass has been considered an Inferred Resource"</i> The high-grade Read Zone is currently classified entirely as Inferred, because drill intersections available at the time of the last estimation were relatively sparse. Also, the estimated grades are highly dependent on a few high-grade composites, and the estimation is very sensitive to the choice of top cut.

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From the estimation parameters in Table 3-3, there are three factors in particular that SRK considers will lead to sub-optimal local estimation:

- 1 The use of pairwise-relative variogram models. The pairwise-relative transform is a useful method for revealing structure in otherwise troublesome experimental variograms, but there is no back-transform that can make the pairwise-relative variogram models compatible with the kriging equations. In SRK's experience, compared to regular variogram models, pairwise-relative models will understate the nugget proportion, and overstate the grade continuity at short distances. Therefore using pairwise-relative models as an input for kriging is likely to result in the estimation assigning too much weight to the closest composites.
- 2 Estimating on sub-block supports, which have dimensions that are small compared to the sample spacing. In LMRC's resource reports, the decision to estimate on sub-block supported is defended by comparing grade-tonnage curves (for cut-offs of about 5 g/t) from full block estimations against sub-block estimations. SRK notes that such a validation is a global check on what is essentially a local problem, and that the biggest discrepancies will probably be occurring at grades greater than 5 g/t.
- 3 Restricted search neighbourhoods. Setting a low number of composites per estimate is sometimes done to mitigate the smoothing effect of Ordinary Kriging, but the consequence of such an approach is a reduction in the quality of individual estimates. The restricted neighbourhoods have implications for classification, because the classification is tied to the search pass. Therefore there is the risk that poor quality estimates from the first pass (which in an extreme case could select only five composites, all from the same hole) will always be assigned to the Measured category.

All three of the factors above will cause the model to overstate the variability of block grades, and in particular will result in a tendency to underestimate low grades and overestimate high grades.

The main risk SRK identifies from the resource models is that lower grade blocks will be misallocated to ore or waste. Mine planning is done from the resource models; no grade control model is generated for short term mine planning. The proportion of blocks misallocated will be low, because the cut-off grade is typically well below the mean lode grade, so most material within the lodes is extracted as ore. However, the misallocation could potentially be reduced by changes to the estimation methods and parameters.

In the resource reports, LMRC uses a change of support function – “indirect log-normal correction” - to validate the variability of the estimated block grades. This function adjusts the declustered grade distribution to the predicted block distribution, based on the block dimensions and the variogram model. LMRC notes that the variance of estimated block grades is a good match to the variance predicted from the change of support function. However, as discussed above, SRK disagrees with the use of pairwise-relative variogram models, and therefore considers validation based on such variogram models to be flawed.

Classification

The distribution of Measured, Indicated and Inferred blocks is somewhat spotty (Figure 3-5), particularly occurrences of Measured within larger zones of Indicated. This spotty distribution is a consequence of using the search pass (which is in turn derived from the variogram ranges) as the basis for estimation. SRK would prefer to see the classification based directly on kriging quality parameters, with some manual adjustments to smooth out the spottiness.

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Although locally the split between Measured and Indicated may be equivocal, the overall high proportions of most lodes which have been assigned to the combined Measured and Indicated categories seem reasonable to SRK, given the typical 15 m to 20 m spacing between drill intersections through the lodes.

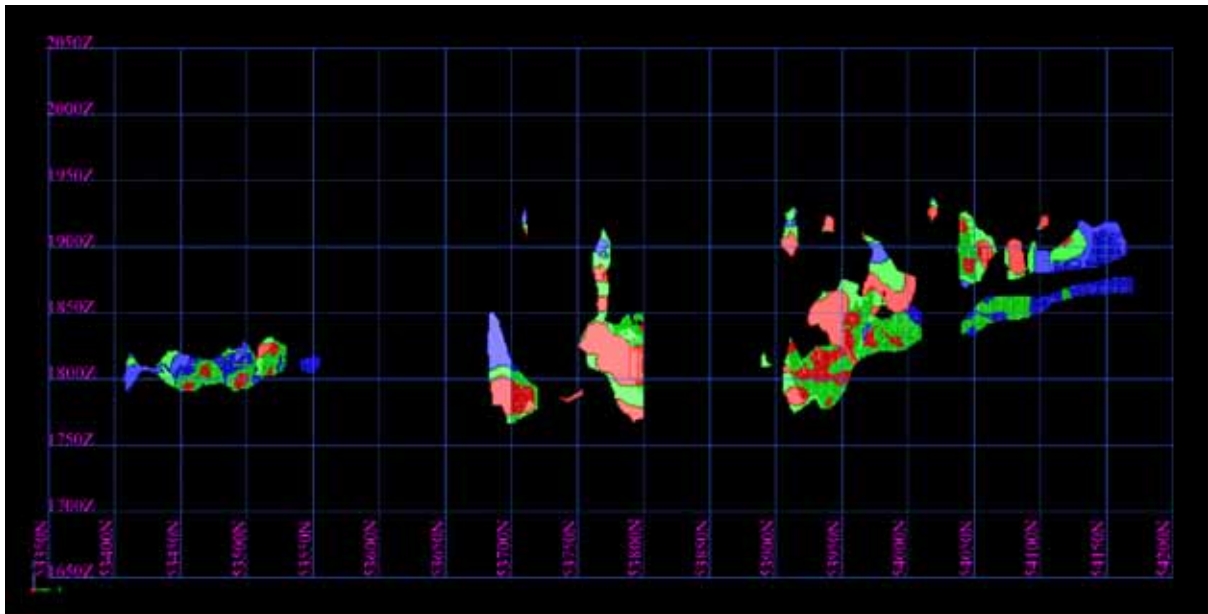


Figure 3-5: Long section of remnant Newton-Mt Julia Mineral Resource coloured by classification category

Note: Red = Measured, Green = Indicated, Blue = Inferred

2D check estimation

For domains such as the Henty lodes, where the contacts are reasonably sharp and the thickness is small compared to the strike and dip extents, 2D estimation is a method that can offer several advantages:

- Reduces the geometric complexity that arises from trying to estimate grades within narrow zones that locally may have moderate variations in orientation or thickness;
- Avoids many of the difficulties that come from working with a composite length that has to be much smaller than the already narrow lode thickness;
- Extreme values tend to get smoothed out during compositing (because the effective composite length is the full intersection thickness), so there are fewer problems from outlier values; and
- As a consequence of the previous three points, the variogram models will often be easier to fit, and confidence in the variogram models will be greater than for 3D models fitted to short composites within narrow domains.

The inherent assumption with 2D estimation is that mining selectivity will only occur along strike and across strike; there will be no selectivity across the thickness of the domain.

SRK ran 2D check estimations for the two largest lodes from the Newton-Mt Julia Zone (the nmj_a1, and nmj_a2_1 lodes). Accumulation and thickness variables were estimated, and then the accumulation was divided by the thickness to generate grade estimates for the 2D blocks. The grades from the 2D estimations were copied back into the corresponding blocks in the original 3D models, and the Au grade statistics were compared (Figure 3-6 to Figure 3-11).

SRK's check estimations returned a lower mean grade (4.1 g/t compared to 4.8 g/t) for nmj_a1. For nmj_a2_1, the mean grade from the check estimation was higher (4.7 g/t compared to 4.2 g/t).

At the block scale, the correlation between the original estimate and paired estimate is quite weak (coefficients of linear correlation are 0.46 and 0.27 for the two lodes).

SRK's conclusion from the scatter between the results from the original estimation and the 2D check estimation is that there is considerable scope for adjusting the estimation methods and parameters to achieve better quality local estimation.

The kriging slope of regression values from the 2D gold accumulation estimation averaged about 0.9, implying that good quality local estimation should be attainable for the Henty lodes.

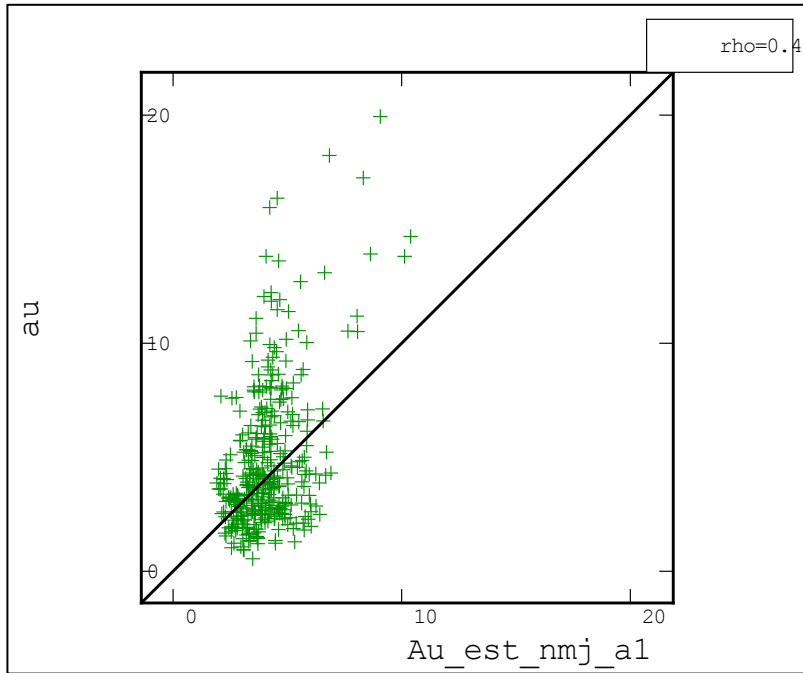


Figure 3-6: Scatterplot of block grades from 3D LMRC model (y-axis) against corresponding 2D SRK check estimation (x-axis), for nmj_a1 lode

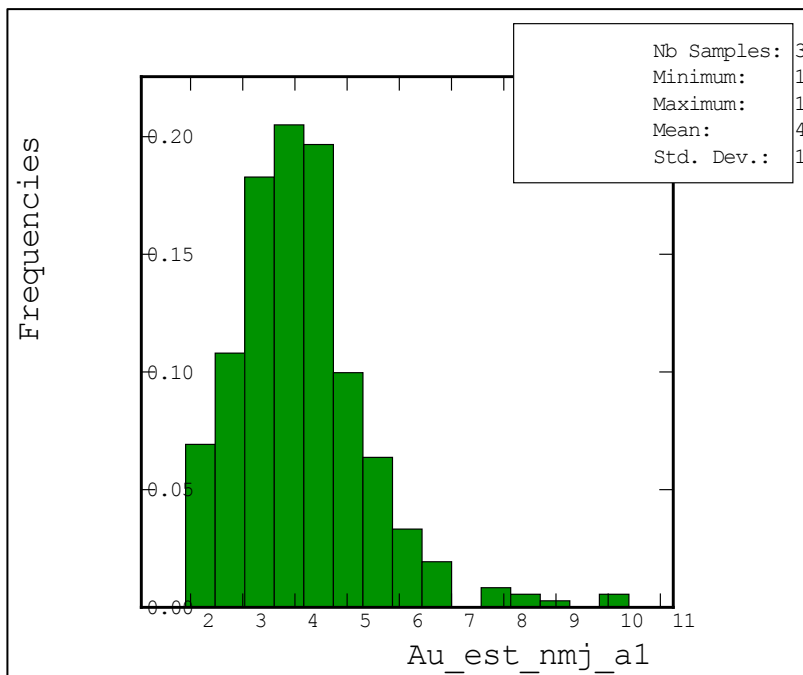


Figure 3-7: Histogram and summary statistics for block grades in nmj_a1 lode domain, as estimated from SRK's 2D model

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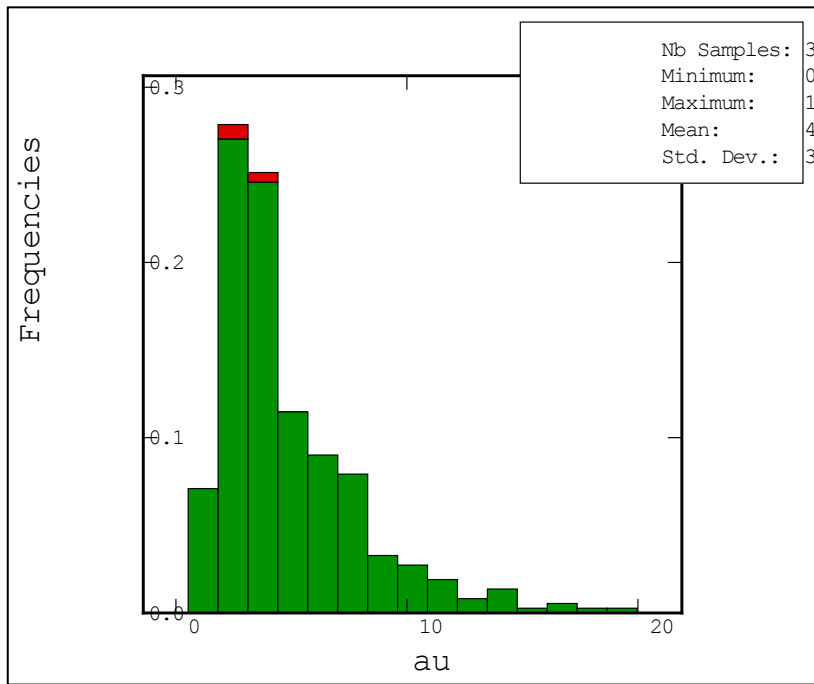


Figure 3-8: Histogram and summary statistics for block grades in nmj_a1 lode domain, as estimated from LMRC's 3D model

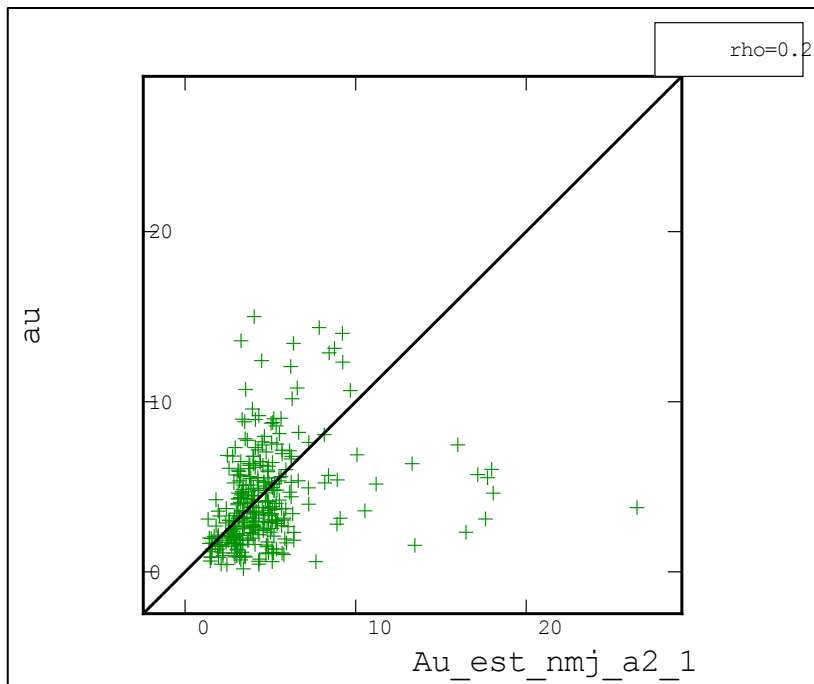


Figure 3-9: Scatterplot of block grades from 3D LMRC model (y-axis) against corresponding 2D SRK check estimation (x-axis), for nmj_a2_1 lode

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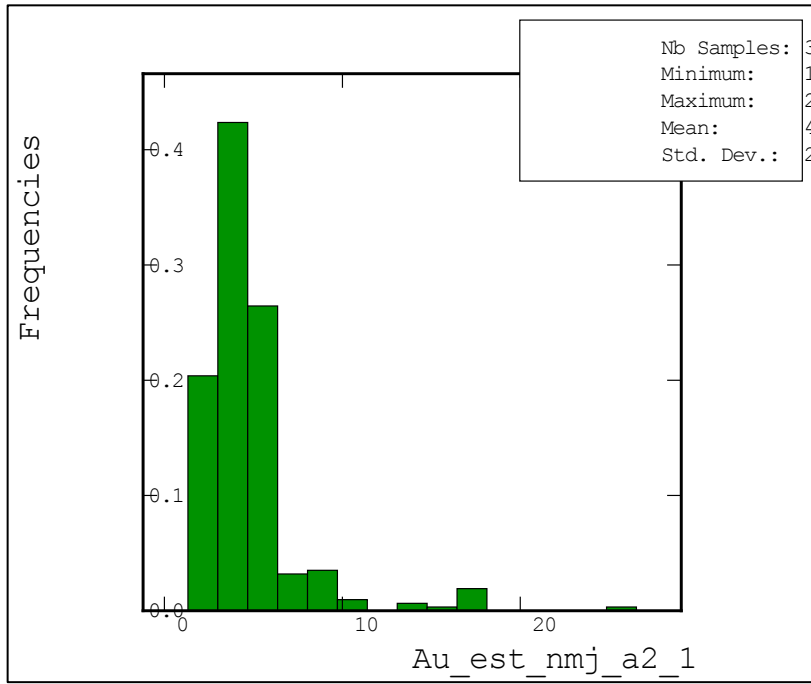


Figure 3-10: Histogram and summary statistics for block grades in nmj_a2_1 lode domain, as estimated from SRK's 2D model

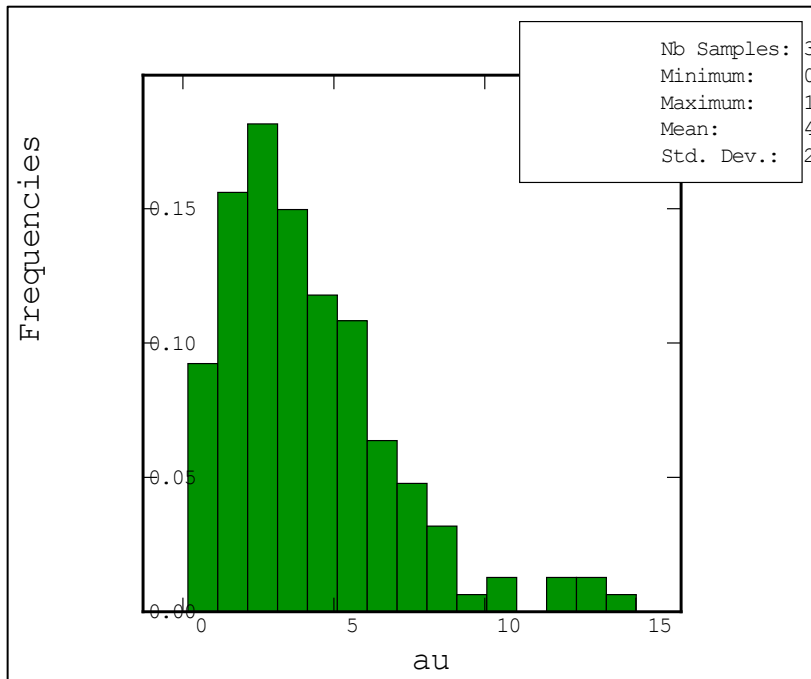


Figure 3-11: Histogram and summary statistics for block grades in nmj_a2_1 lode domain, as estimated from LMRC's 3D model

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3.2.5 Grade control and reconciliation

SRK understands the grade control sampling (face samples, channel samples and sludge samples) has mostly been done on an *ad hoc* basis at Henty; no grade control models are regularly generated for short term mine planning. All mine planning is done from the resource models.

Monthly reconciliation spreadsheets and monthly mine reports were included in the data provided to SRK. Table 3-4 shows the monthly reconciliations of tonnes, grade and ounces estimated from the resource model against the tonnes processed, and against the sum of gold produced and gold lost to tailings.

Over time, the processed grade reconciles very well against the predicted grade, although there is considerable variation from month to month. The actual tonnes have a tendency to be greater than the predicted tonnes (109% of predicted, over all months in Table 3-4), which is somewhat unusual, given there is no corresponding decrease in grade. The monthly mine reports, which include a section commenting on the reconciliation, do not contain an explanation for the additional tonnes.

The information in Table 3-4 is also presented as charts in Figure 3-12, Figure 3-13 and Figure 3-14.

Table 3-4: Summary of monthly reconciliation results since January 2011

Month	Estimated (Resource model)			Actual Processed (including gold in tailings)			Processed / Estimated (%)		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Jan-11	15,738	3.0	1,499	18,238	3.4	1,970	116	113	131
Feb-11	9,515	5.1	1,560	10,234	3.5	1,156	108	69	74
Mar-11	21,213	5.0	3,432	21,887	4.5	3,135	103	89	91
Apr-11	19,995	7.2	4,660	23,992	5.8	4,471	120	80	96
May-11	23,362	4.9	3,669	23,286	6.9	5,146	100	141	140
Jun-11	21,439	6.3	4,335	22,485	5.6	4,037	105	89	93
Jul-11	22,944	3.6	2,682	24,237	4.6	3,617	106	128	135
Aug-11	24,543	4.8	3,807	24,766	5.8	4,592	101	120	121
Sep-11	22,002	5.0	3,505	22,953	4.0	2,938	104	80	84
Oct-11	25,225	6.9	5,631	25,558	5.4	4,438	101	78	79
Nov-11	28,117	7.4	6,647	27,231	7.5	6,542	97	102	98
Dec-11	19,580	8.4	5,319	25,923	10.0	8,339	132	118	157
Jan-12	22,078	4.3	3,029	25,263	5.5	4,483	114	129	148
Feb-12	21,161	5.4	3,669	21,701	6.2	4,329	103	115	118
Mar-12	23,613	5.1	3,879	25,150	3.9	3,146	107	76	81
Apr-12	21,680	5.0	3,500	24,889	3.9	3,127	115	78	89
May-12	17,642	4.0	2,243	25,137	3.8	3,051	142	95	136
Jun-12	24,380	5.4	4,238	25,728	5.9	4,892	106	109	115
Jul-12	23,715	3.8	2,879	25,391	3.8	3,067	107	100	107
Aug-12	15,941	4.0	2,064	19,579	3.7	2,308	123	93	112
Total	423,883	5.3	72,247	463,628	5.3	78,783	109	100	109

Source: Compiled from monthly reconciliation spreadsheets and monthly reports provided by Unity to SRK

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Figure 3-12: Chart of estimated tonnes processed (from resource model) and actual tonnes processed

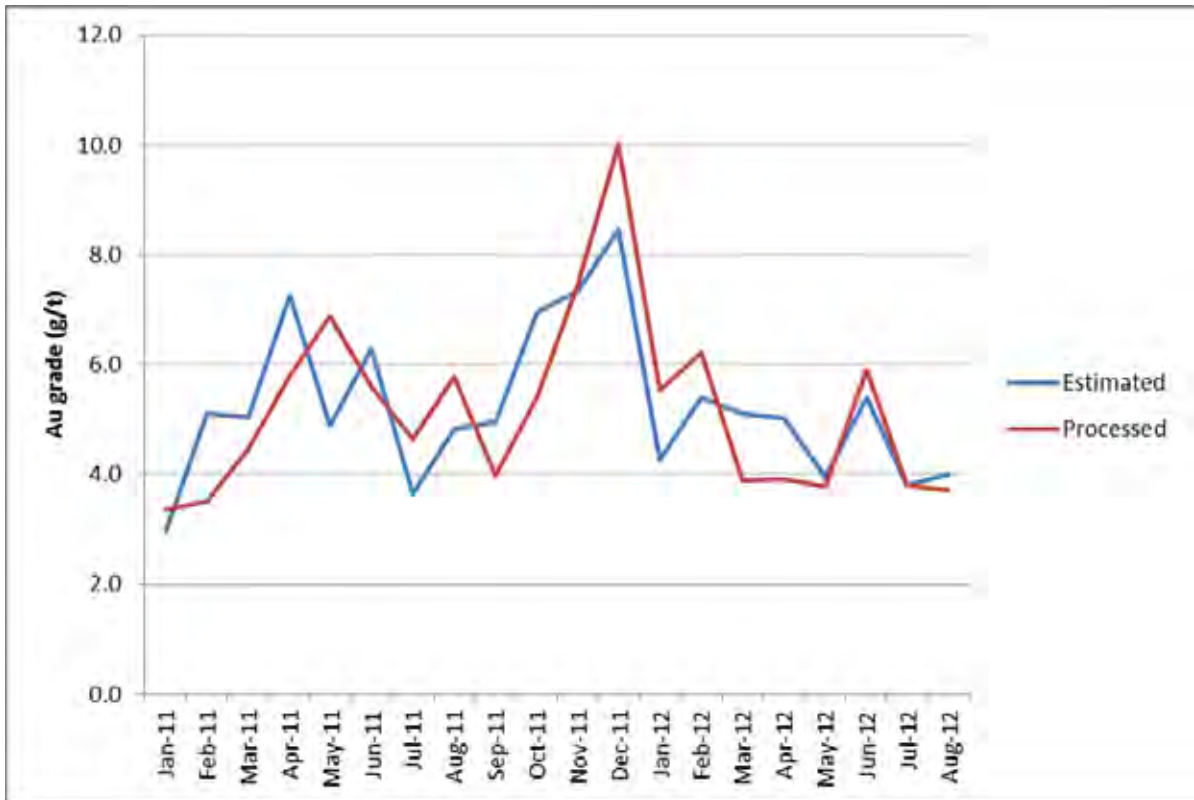


Figure 3-13: Chart of estimated grade of material processed (from resource model) and actual grade processed

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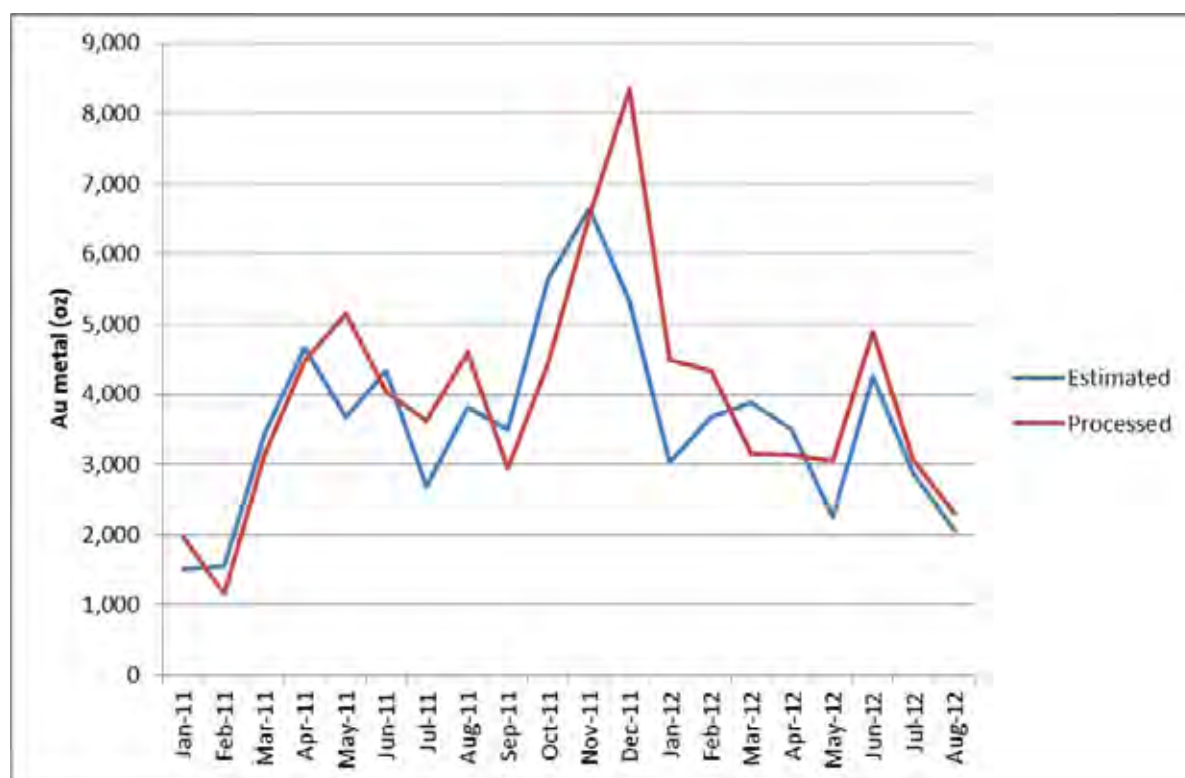


Figure 3-14: Chart of estimated metal processed (from resource model) and actual metal processed

3.2.6 Near-mine exploration potential

Of the currently identified zones, the Newton Zone and the Read Zone offer the most potential to increase the resource base through further drilling. Some of the Newton Zone lodes are open at depth, particularly from about 53600N to 53800N. The Read Zone has been the focus of infill drilling since it was listed in the 30 June 2012 Mineral Resource statement in the Inferred category. There is the potential to find additional Read Zone lodes, particularly along strike to the south.

Unity has explored for new zones, further south along plunge from the main trend of known zones. From viewing the drillhole database, it is apparent there are about 10-15 holes, each several hundred metres long, collared from several sites on the surface, and targeting mineralisation for up to about 1,000 m or so south of the southernmost known zones (Darwin South and Read). Several shallow dipping or sub-horizontal holes also have been drilled, from underground sites near Darwin South, apparently also searching for mineralisation zones further south.

The exploration for new zones to the south has encountered above background gold grades, and rock types consistent with gold mineralisation, but no intersections to match the thicknesses and grades of the lodes mined to date. This exploration drilling has by no means closed off the possibility of defining new zones to the south though. The constraints on the collar positions of these holes mean that the holes approach the expected lode orientation at a low angle (from roughly along strike or up dip), so it would be easy for the holes to miss the lodes entirely.

Unity currently has a deep exploration hole underway, from near the portal (northern end of the orebody), to test the concept of whether or not an additional system of zones and lodes could be present, several hundred metres below the currently known zone system.

3.3 Mining Assessment

3.3.1 Introduction

The review by SRK of the mining aspects of the Henty Gold Mine entailed a review of the following information:

- 20 Henty LOM Schedule_M1.xlsx;
- Reserves and Resources Report June 2012.pdf;
- Monthly Report for 2011 and 2012;
- Reconciliation Data for 2011 and 2012; and
- June 2012 Reserve Data Input Spreadsheets.

3.3.2 Background

Henty is an underground gold mine that commenced production in 1996. Access from surface to the series of orebodies at Henty is via a decline. Mining methods used at Henty vary according to the ore body geometry and geotechnical characteristics of the ore body and host rock. The main mining methods are longhole bench stoping, transverse open stoping and flat-backing (cut and fill). Stopes are filled with either paste fill (historically) or waste rock. Ore is truck hauled to an internal hoisting shaft where it is hoisted to a bin and then truck hauled to the surface run-of-mine pad.

The mining schedule is targeted at a production rate of 300,000 tpa of ore. Standard industry software has been used to determine the schedule.

3.3.3 Dilution and mining recovery

SRK reviewed the dilution and mining recovery applied to the Ore Reserve by Unity as shown in Table 3-5. SRK accepts that these assumptions are reasonable for the various mining methods applied at Henty.

Table 3-5: Dilution and Mining Recovery by mining method

Mining Method	Dilution		Recovery (%)
	Tonnes (%)	Gold Grade (g/t)	
Blind Uphole	15	0.0 - 1.0	95
Adjacent to Waste-filled stopes	25	0.0	95
Avoca	15	0.0	95
Flat-back	5 - 10	1.0	95 - 98

3.3.4 Ore Reserves

The total Proved and Probable Ore Reserve for Henty have been reported at 794 kt at 4.6 g/t Au containing 118 koz Au. This includes areas of remnants with the previously mined orebodies. A detailed breakdown of the data by orebody is shown in Table 3-6. The reported Ore Reserve is deemed adequate by SRK to sustain 300 ktpa for 2.6 years.

Table 3-6: Henty Ore Reserves as at 30 June 2012

Area	Proved			Probable			Total		
	Tonnes (kt)	Gold grade (g/t)	Contained Gold (koz)	Tonnes (kt)	Gold grade (g/t)	Contained Gold (koz)	Tonnes (kt)	Gold grade (g/t)	Contained Gold (koz)
Darwin South	3	4.3	0	51.2	4.7	8	54	4.5	8
Mt Julia	15	4.1	2				15	4.1	2
Tyndall	30	5.3	5				30	5.3	5
Newton	628	4.5	91	22.7	4.4	3	650	4.5	95
Zone 15	29	5.6	5				29	5.6	5
Zone 96	16	5.8	3				16	5.8	3
Total	720	4.6	107	74.1	4.6	11	794	4.6	118

Notes: Ore Reserve cut-off of 3.8 g/t gold; Reserves are based on a gold price of AUD1450/oz.

The Henty Ore Reserves have been compiled by Mr Matt Daly who is an employee of Unity and is member of The Australasian Institute of Mining and Metallurgy. Mr Daly is a full time employee of the Company and has more than five years' experience in the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Daly has given prior written consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

3.3.5 Mine Design and Schedule

SRK reviewed the proposed mine design and schedules for the life-of-mine (LoM) plan for Henty. The mine is planning to produce from the Tyndall, Darwin South and Newton orebodies and the remnants remaining in Mt Julia, Zone 15 and Zone 96.

Mine Design

The mine design for Henty uses several different mining methods which are dependent on the orebody geometry and the proximity to the Henty Fault. SRK considers that the applications of the mining methods appropriate.

Mine Schedule - Production

The Henty LoM schedule proposed by Unity, as shown in Figure 3-15, targets a production rate of 300 ktpa and includes ore that is not within the current Ore Reserve Estimate. Table 3-7 shows the breakdown by category in the Henty LoM schedule. The Read Zone is an Inferred Resource and part of the Newton and Darwin South production is from the Measured and Indicated Resources, but are not in the Henty Ore Reserve. The Southern Extension is ore that Unity believes may be there, but Unity has yet to undertake any significant exploration on this area. These tonnes in the Southern Extension are therefore speculative.

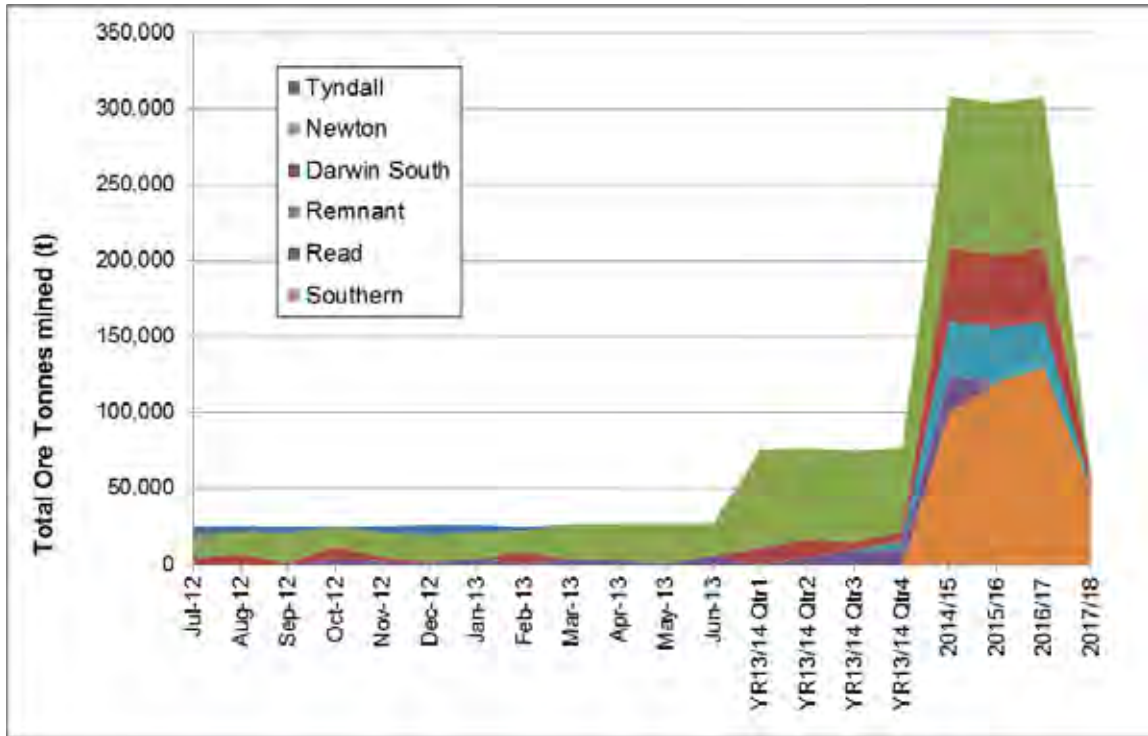


Figure 3-15: Unity’s Henty LoM Schedule

Table 3-7: Breakdown of Henty LoM tonnes and grade by category

Category	Tonnes (t)	Grade (g/t)	Recovered Ounces (koz)
Measured +Indicated	1,119,342	5.1	182.9
Inferred	76,743	11.5	28.3
Sub total	1,196,085	5.5	211.2
Extensional mineralisation	400,000	6.0	77.2
Total	1,596,085	5.6	288.4

Note the current LoM schedule provided by Unity excludes some Measured and Indicated Resources

SRK has developed two schedules from the LoM model (20 Henty LOM Schedule_M1.xlsx) for Henty:

- A schedule that includes the Ore Reserve tonnes only (Reserve Only Schedule)
- A schedule that includes the Measured, Indicated and Inferred Resource that is not in the Ore Reserves (Revised Schedule)

Reserve Only Schedule

A summary of the Reserve Only Schedule developed by SRK is presented in Table 3-8.

Figure 3-16 shows the Reserve only production schedule by orebody which includes only the Ore Reserves Estimate tonnes. SRK has provided the schedule and LoM economic model electronically to BDO (Adjusted 20 Henty LOM Schedule_M1_no_inferred_Rev1.xlsx).

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Table 3-8: SRK Revised Schedule for Ore Reserve Estimate Tonnes only

Item	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
Capital (m)	212	164	83	112	60	79	66	44	63	62	35	33
Operating (m)	188	235	317	288	290	272	233	206	187	189	246	253
Production Drill Metres (m)	5,053	4,759	3,084	3,313	5,176	4,574	5,226	5,911	5,747	5,735	5,459	5,848
Cable Metres (m)	1,263	1,190	771	828	1,294	1,144	1,306	1,478	1,437	1,434	1,365	1,462
Hoisted Tonnes (t)	25,222	25,270	25,036	21,013	25,635	24,908	25,211	26,672	26,428	24,205	26,181	25,346
Hoisted Grade (g/t)	5.57	4.78	5.59	5.02	5.15	6.31	5.49	5.07	4.69	5.45	5.57	4.68
Hoisted Ounces (oz)	4,519	3,888	4,503	3,391	4,246	5,053	4,451	4,349	3,981	4,238	4,688	3,815
Mill Recovery (%)	93	93	93	93	93	93	93	93	93	93	93	93
Recovered ounces (oz)	4,203	3,615	4,188	3,153	3,949	4,699	4,140	4,044	3,703	3,942	4,360	3,548

Item	YR13/14 Qtr 1	YR13/14 Qtr 2	YR13/14 Qtr 3	YR13/14 Qtr 4	2014/15	Total
Capital (m)	900	780	500	600	1,245	5,038
Operating (m)	175	415	625	530	1,188	5,837
Production Drill Metres (m)	19,250	19,199	18,750	18,750	46,250	182,086
Cable Metres (m)	4,813	4,800	4,688	4,688	11,563	45,522
Hoisted Tonnes (t)	77,000	76,796	75,000	75,000	185,000	789,924
Hoisted Grade (g/t)	4.18	4.28	4.38	4.62	4.14	4.66
Hoisted Ounces (oz)	10,350	10,558	10,565	11,147	24,624	118,368
Mill Recovery (%)	93	93	93	93	93	93
Recovered ounces (oz)	9,625	9,819	9,825	10,367	22,901	110,082

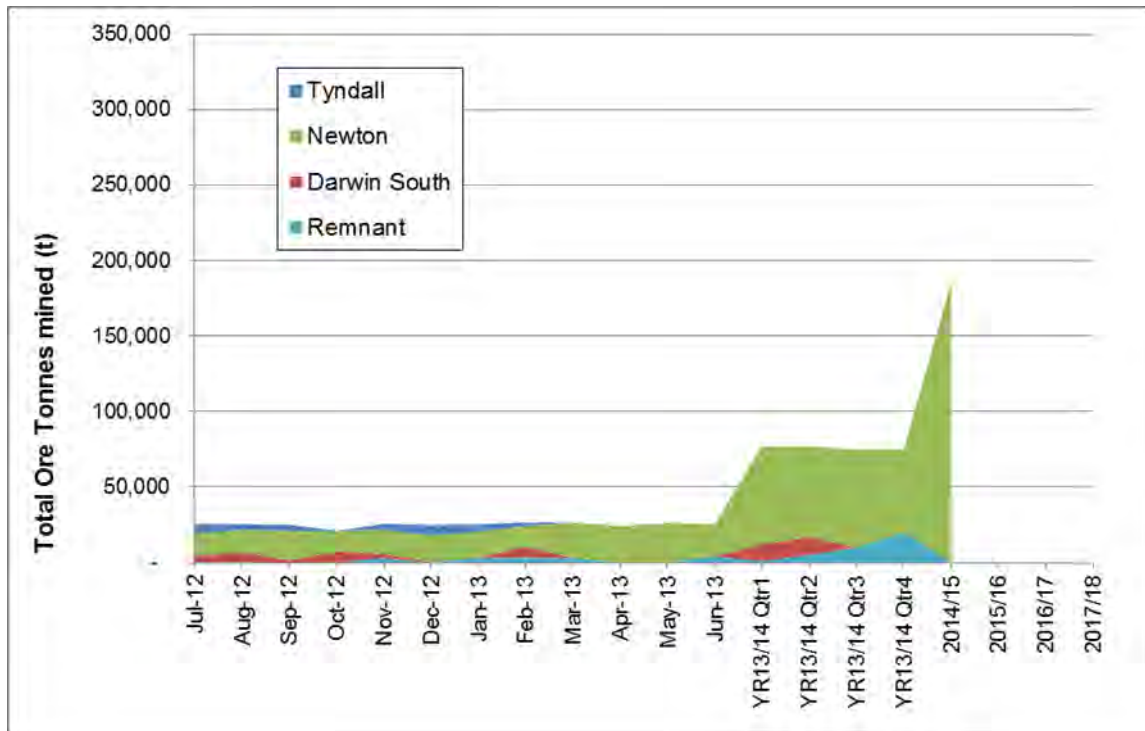


Figure 3-16: SRK revised production schedule by orebody for Ore Reserves tonnes

Table 3-9 shows the breakdown of the Reserve only schedule by Resource category.

Table 3-9: Breakdown of scheduled tonnes and grade by category for Ore Reserves

Category	Tonnes (t)	Grade (g/t)	Recovered Ounces (koz)
Measured +Indicated	789,924	4.7	118
Inferred	0	0	0
Sub total	789,924	4.7	118
Extensional mineralisation	0	0	0
Total	789,924	4.7	118

SRK notes that the Mineral Resource has a significant tonnage in Measured and Indicated Resource that have not been included in the Ore Reserves Estimate. To address this, SRK created a Revised Schedule that includes the additional Measured and Indicated Resources and Inferred Resources.

Revised Schedule

SRK created a Revised Schedule (Table 3-10) containing the Ore Reserves and additional Measured, Indicated and Inferred Resources. This has been provided electronically to BDO, Adjusted 20 Henty LOM Schedule_M1_inc additional resources_Rev0.xlsx.

SRK believes that the additional Measured, Indicated and Inferred material has the likelihood to be mined at the same costs and capital, and therefore could be included in the upside case DCF model. Figure 3-17 shows the revised production schedule which included Ore Reserves and the additional Measured, Indicated and Inferred Resources. Table 3-11 shows the breakdown of the schedule by Resource category.

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Table 3-10: SRK Revised Schedule including additional Measured, Indicated and Inferred Resource

Item	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
Development	Capital (m)	164	83	112	60	79	66	44	63	62	35	33
	Operating (m)	188	235	317	288	290	233	206	187	189	246	253
Production Drill Metres (m)	5,053	4,759	3,084	3,313	5,176	4,574	5,226	5,911	5,747	5,753	5,459	5,848
Cable Metres (m)	1,263	1,190	771	828	1,294	1,144	1,306	1,478	1,437	1,434	1,365	1,462
Hoisted Tonnes (t)	25,222	25,270	25,036	21,013	25,635	24,908	25,211	26,672	26,428	24,205	26,181	25,436
Hoisted Grade (g/t)	5.57	4.78	5.59	5.02	5.15	6.31	5.49	5.07	4.69	5.45	5.57	4.68
Hoisted Ounces (oz)	4,519	3,888	4,503	3,391	4,426	5,053	4,452	4,349	3,981	4,239	4,688	3,815
Mill Recovery (%)	93	93	93	93	93	93	93	93	93	93	93	93
Recovered ounces (oz)	4,203	3,615	4,188	3,153	3,949	4,699	4,140	4,044	3,073	3,942	4,360	3,548

Item	YR13/14 Qtr 1	YR13/14 Qtr 2	YR13/14 Qtr 3	YR13/14 Qtr 4	2014/15	2015/16	2016/17	2017/18	2018/19	Total
Development	Capital (m)	780	415	300	300	1,600	1,600	1,600	-	9,693
	Operating (m)	175	19,199	18,750	20,000	2,375	2,375	2,375	201	14,350
Production Drill Metres (m)	19,250	4,800	4,688	5,000	76,000	76,250	76,250	76,250	6,250	448,086
Cable Metres (m)	4,813	76,796	75,000	80,000	19,000	19,063	19,063	19,063	1,563	112,022
Hoisted Tonnes (t)	4.48	4.56	4.67	4.84	5.33	4.36	4.36	4.34	4.35	4.71
Hoisted Grade (g/t)	11,102	11,253	11,269	12,459	52,120	42,753	42,753	42,592	3,496	280,921
Hoisted Ounces (oz)	93	93	93	93	93	93	93	93	93	93
Mill Recovery (%)	93	93	93	93	93	93	93	93	93	93
Recovered ounces (oz)	10,325	10,465	10,480	11,587	48,472	39,760	39,760	39,611	3,252	261,257

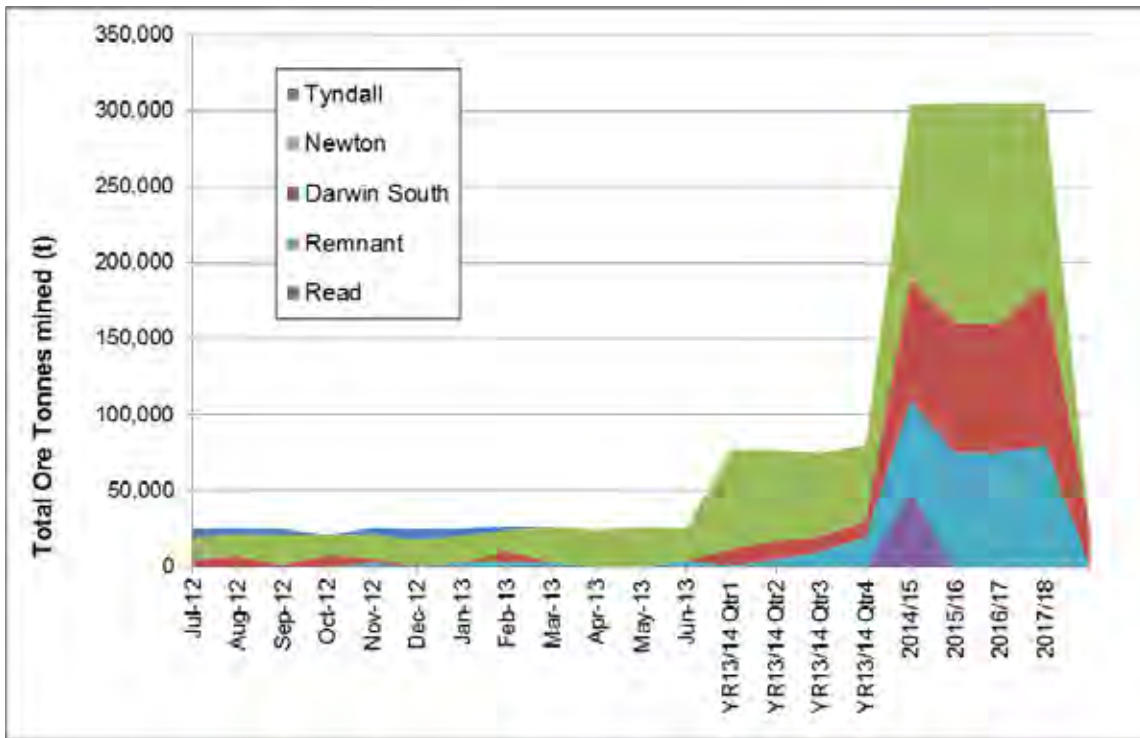


Figure 3-17: SRK revised production schedule by orebody for Ore Reserves tonnes and additional Measured and Indicated Resources

Table 3-11: Breakdown of scheduled tonnes and grade by category for Ore Reserves plus additional Measured and Indicated Resources

Category	Tonnes (t)	Grade (g/t)	Recovered Ounces (koz)
Measured +Indicated	1,804,924	4.6	264.5
Inferred	49,000	10.4	16.4
Sub total	1,853,924	4.7	280.9
Extensional mineralisation	0	0	0
Total	1,853,924	4.7	280.9

SRK notes that with the inclusion of the Measured and Indicated Resources, previously excluded, the conversion of the Mineral Resource (334 koz, Table 3-2) to scheduled production (281 koz, Table 3-11) is 84%. SRK considers this to be in-line with standard industry practice and acceptable.

SRK also notes that Unity is currently mining portions of the Inferred Resource and has a history of converting Inferred Resources into production. As such, SRK considers that the inclusion of Inferred Resources totally 6% of the Revised Schedule to be reasonable.

Mine Schedule – Other Activities

SRK believes that the scheduled rates applied in the LoM plan and the schedules developed by SRK are reasonable and can be achieved with the existing equipment that is owned by Unity. The schedule for development, production drilling and cable metres has been adjusted in-line with the revised production schedule as shown in Table 3-10.

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Mining Operations

SRK has reviewed the drill and blast parameters, required waste volumes for backfilling, ancillary and support equipment and haulage distances.

During the site visit to Henty, SRK observed that the equipment was well maintained and the workshops were suitable for the continued maintenance of the existing equipment.

SRK accepts that Unity has considered and planned the Henty operation with a professional level of attention to detail and a practical knowledge regarding the likely performance for the Henty Mine.

3.4 Operating Costs

SRK's review of the costs of Henty entailed a review of the LoM model, Operating Costs.

SRK reviewed the operating costs included within the LoM models:

- 20 Henty LOM Schedule_M1.xlsx
- Consol Budget 2012-2013.xlsx

Table 3-12 summarises the cost inputs for the LoM model that includes the Measured, Indicated and Inferred Resource outside the Ore Reserves (Adjusted 20 Henty LOM Schedule_M1_inc additional resources_Rev0.xlsx). SRK accepts that the values used as inputs are reasonable. There were no issues identified that were of material significance.

Table 3-12: Summary of Operating Costs

Item	Cost (\$M)	% of Total	Unit (\$t)
Mine Operating Costs	140.2	60	75.62
Processing and water treatment costs	62.4	27	33.66
Site Administration	31.0	13	16.72
Total	233.6	100	126.00

The operating costs have been based on historical performance of Henty. There has been some escalation of costs, but consumables such as diesel, ANFO and rock bolts have not been escalated. SRK suggests that the mine operating costs are increased by 1%.

Site administration costs included wages and salaries of staff in finance, human resources, information technology and occupational health and safety. All other salaries are included in the unit costs for processing and mining.

3.5 Capital Costs

SRK reviewed the capital cost estimate for the project. These costs have been summarised in Table 3-13 based on the revised schedule with the Measured, Indicated and Inferred Resources not in the Ore Reserves. The original Henty LoM model had an estimated capital expenditure of \$74 M.

Table 3-13: Total project capital cost estimates

Item	Capital cost (\$M)	% of total capital cost
Mining Capital Development	49.7	52.0
Mining Projects	12.9	13
Geology and Exploration Projects	29.1	31
Plant and Infrastructure	2.4	3
Closure	1.0	1
Total Capital Cost estimate	95.1	100

Mining Capital Development

The mining capital development is an accounting adjustment for the mine development that is capitalised for accounting purposes. The estimate is based on the mine design and the historical costs from Henty.

Mining Projects

The mining projects capital expenditure includes the upgraded of underground infrastructure, equipment replacement and refurbishments,

Geology and Exploration

The capital expenditure on the geology and exploration is for continued exploration for extension of the orebody to the south and at depth.

Plant and Infrastructure

The plant and infrastructure capital expenditure includes processing plant upgrade, refuge chamber installation and minor works. SRK notes that during 2014, the TSF will reach capacity and that an additional lift or new TSF will be required; no capital allowance for this has been included in the LOM plan. SRK estimates this will cost in the order of \$1.5-2.0M.

Mine Closure

SRK considers that the current cost (\$1 M) for the mine closure project is considerably understated – costs of mine closure (including tailings dams) are typically of the order of tens of millions of dollars. A detailed mine closure plan should be developed as this will result in the build-up of a realistic mine closure cost.

Sustaining Capital

In mature operations, SRK considers the application of a rule of thumb of 2 to 3% of the annual operating cost be included as a sustaining capital cost. SRK accepts the sustaining capital has been applied at a suitable rate for 2013/14 and 2014/2015 and there is no sustaining capital allowance for 2012/13.

3.6 Summary

SRK's key findings for Henty are:

- SRK considers the Geological Model and Mineral Resource Estimate to be suitable for the operations and in accordance with JORC;
- The mining schedule inputs are considered appropriate;
- The modifying factors applied for calculation of the tonnes mine in the LoM schedule and Ore Reserves Estimate are appropriate;

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- The costs assumptions are projections based on historical performance and are considered appropriate;
- SRK has developed a modified LoM schedule only include the Ore Reserves included in Unity's LoM plan. The revised schedule has reduced the mine life from 4.2 years to 2.6 years and the ounces of gold from 268 koz to 110 koz;
- An additional schedule has been developed to include the Ore Reserves and the additional Measured, Indicated and Inferred Resource. This revised schedule has increased the mine life to 6.08 years and produces 261 koz of gold;
- If the mine extends beyond 2014 and the current Ore Reserve, the TSF will need to be expanded. SRK estimates that the costs would be in the order of \$1.5-2.0 M; and
- SRK notes the absence of a closure plan and that the closure cost of \$1 M seems conservative.

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4 Unity Mining – Resource Valuation

4.1 Introduction

Unity's premier asset in Tasmania is the Henty Gold Mine, an underground gold mine that commenced operation in 1996. The company also holds the Lakeside Deposit, an advanced exploration project located 13 km NW from the Henty Gold Mine (see Mineral Resource estimates in Section 3.2.4).

Unity also owns the Bendigo Goldfield project, tenements of which cover the entire Bendigo Goldfield. The Bendigo Goldfield is Australia's second largest producer of gold in terms of historical production. Exploration on Unity Mining's Bendigo project is being undertaken through a farm-in agreement with Drummond Gold (ASX: DGO).

The distribution of the Unity Tasmania tenement holdings is shown in Figure 4-1. The Henty group of tenements (Figure 4-3) comprises 2 mining leases (7M/1991 and 5M/2002), 5 exploration licences (EL8/2009, EL1/2010, EL34/2010, EL11/2010 and EL28/2001) and 1 exploration licence application (ELA 13/2011) (Table 4-1), for a combined total area of approximately 420 km² in North West Tasmania.

The Unity holdings in Victoria are shown in Figure 4-2 and Table 4-1 also has 5 mining leases and 2 exploration licences in the Bendigo region, Victoria, covering approximately 610 km² in total.

A farm-in agreement was signed between Unity and Greatland Gold Plc in October 2011 on the **Firetower Gold Project** in Tasmania. The farm-in agreement will allow Unity Mining to earn up to 75% of the Firetower Gold project for expenditure of \$7M over a 5.5-year period.

Table 4-1: Unity Mining Exploration Tenements

Lease	Name	Expiry	Rent	Renewal	Ann. Report	Area (km ²)
EL28/2001	Tyndall Creek	10-May-13	10-May-13	10-Apr-13	10-Apr-13	10
EL8/2009	Red Hills	15-Nov-14	15-Nov-13	15-Oct-14	15-Oct-12	11
EL1/2010	Ten Mile Creek	24-May-15	24-May-13	24-Apr-15	24-Apr-13	22
EL11/2010	Moxon's Saddle	12-Sep-15	12-Sep-13	12-Aug-15	12-Aug-13	4
EL34/2010	Tullah	3-Apr-16	3-Apr-14	3-Mar-16	3-Mar-13	69
ELA 13/2011	Henty Gorge	4-Oct-16	4-Oct-12	4-Sep-16	4-Sep-12	23
Total Area - Exploration Licenses - Henty						139

JV Leases (Firetower*)	Name	Expiry	Rent	Renewal	Ann. Report	Area (km ²)
EL2/2009	Gowrie Park	23-Jun-14	23-Jun-12	23-May-14	23-May-12	105
EL26/2004	Firetower	26-Nov-12	26-Nov-12	26-Oct-12	26-Oct-12	33
EL31/2004	Firetower East	26-Nov-12	26-Nov-12	26-Oct-12	26-Oct-12	29
EL34/2007	Quamby Brook	20-Sep-12	20-Sep-12	20-Aug-12	20-Aug-12	97
Total Area - JV Leases - Firetower Exploration Project						264

* Unity to earn up to 75% in the tenements, for the expenditure of \$7 million, in two stages, over five and a half years. The first stage requires expenditure of \$2 million over two and a half years, following a minimum expenditure of \$200,000.

Bendigo Leases (Farmed out)	Name	Expiry	Rent	Renewal	Ann. Report	Area (km ²)
MIN4622	Bendigo	31/01/2014				0.707
MIN4872	Bendigo	6/04/2013				0.044
MIN4878	Bendigo	10/08/2017				0.039
MIN5364	Bendigo	9/08/2017				42.75
MIN5344	Bendigo	9/08/2017				1.739
EL5035	Bendigo	16/09/2012				364
EL3327	Bendigo	5/06/2017				114
Total Area - Bendigo Exploration Projects (5 Mining Leases and 2 Exploration Leases)						610



Figure 4-1: Unity Mining Assets in Tasmania

Source: <http://www.unitymining.com.au>; 12/10/2012

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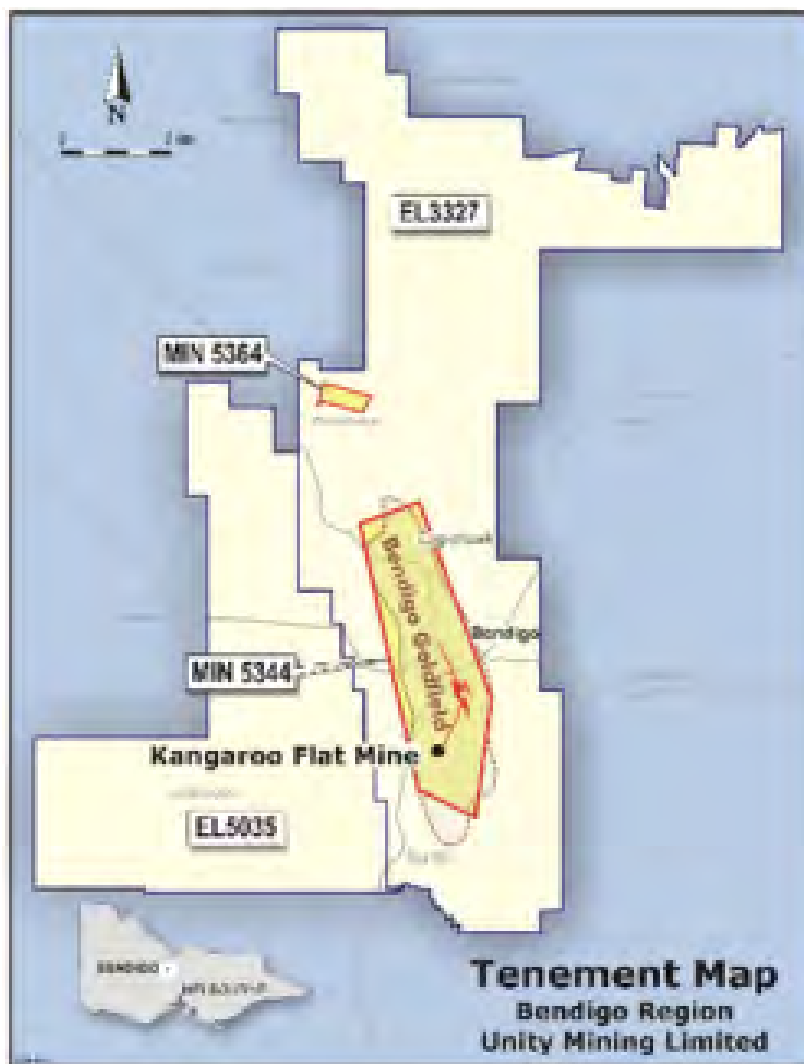


Figure 4-2: Bendigo Goldfield

Source: <http://www.unitymining.com.au>; 12/10/2012

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4.2 Henty Gold Mine Exploration

Unity acquired the Henty Gold Mine in July 2009 and since restarting exploration it has announced the discovery of the Read and Newton Zones, and extensions to gold mineralisation in the Tyndall Zone, the Darwin Mid and Darwin South Zones, increasing the published resources.

The 2 Henty mining leases and 6 exploration leases comprise approximately 160 km² of and holdings. These leases generally overlap the north north-east to south south-west trend of the North Henty, South Henty and Great Lyell Faults.



Figure 4-3: Henty Gold Mine Location Map

Source: <http://www.unitymining.com.au>; 12/10/2012

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4.2.1 Geology

The Henty gold mine is hosted by the Cambrian Mt Read Volcanics, an arcuate belt of acid to intermediate volcanics occupying the eastern margin of the Dundas trough. They are bound to the east by Precambrian basement rocks of the Tyennan region and younger Cambro-Ordovician siliciclastic rocks, which interfinger with fossiliferous volcano-sedimentary rocks of the Dundas Group and the Western sedimentary sequence (Figure 4-4).

The Mt Read Volcanics north and west of the Henty fault host Pb-Zn-rich polymetallic volcanic-hosted massive sulfide (VHMS) deposits namely the Rosebery, Hercules, Que River, and Hellyer deposits. Whereas, the volcanics south and east host the Henty gold mine and copper gold deposits of the Mt Lyell field.

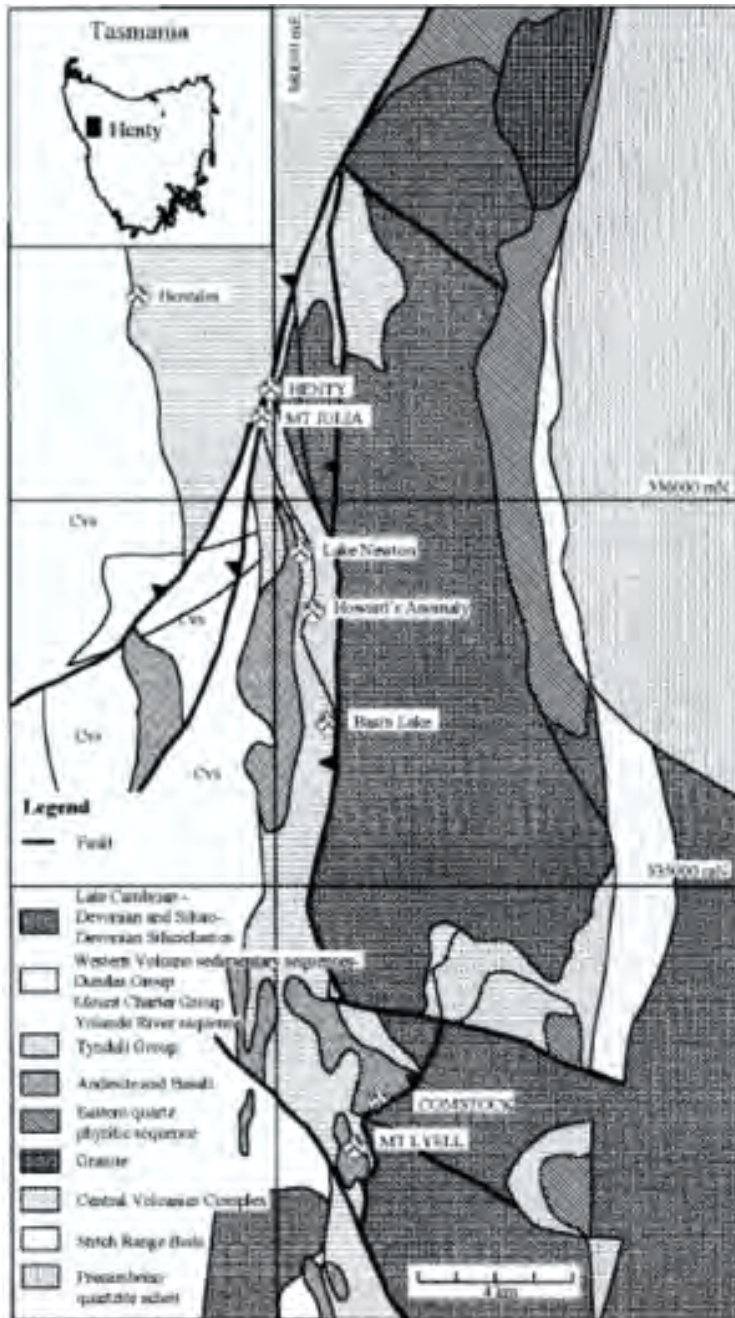


Figure 4-4: Henty Gold Mine Regional Geological Map

Source: Corbett, 1992

The N-NE-trending, steeply west dipping Henty Fault divides the Mt Read Volcanics into two parts. The Henty Fault divides into the North and South Henty faults near Mt Read. The Great Lyell Fault splays off the Henty Fault in the vicinity of Mt Murchison and strikes in a southerly direction, south of Mt Lyell. Both of these structures bound the western margin of the Owen Conglomerate. The Henty Fault zone hosts rocks of the Henty fault sequence to the south of Mt Murchison and the Farrell slates to the north near Tullah.

The Mt Read Volcanics south and east of the Henty Fault are divided into the following four lithological groups (Corbett, 1992):

- 1 Central Volcanic Complex consists of a sequence of volcanic rocks with a composition varying from rhyolite to andesite in composition with minor sedimentary and mafic units;
- 2 Eastern quartz-porphyritic sequence of quartz-porphyritic lavas and volcanoclastic rocks;
- 3 Tyndall Group comprising mainly quartz-porphyritic felsic and intermediate lavas and volcanoclastic rocks with interbedded epiclastic rocks; and
- 4 Western sequence of volcano-sedimentary siltstone, shale, quartz, and volcanoclastic turbidite and felsic porphyry intrusions.

4.2.2 Mineralisation

The Henty deposit consists of two mineralised trends the Henty and the Darwin Trends.

The main Henty Trend consists of the Sill, Zone 96, Intermediate, Zone 15, Tyndall, Newton and Mt Julia lenses. The Darwin Trend hosts the North, Mid and Darwin South lenses. The former extends along the Henty Fault, the latter strikes in a south-easterly direction, away from the fault. Figure 4-5 illustrates some of these peripheral target zones.

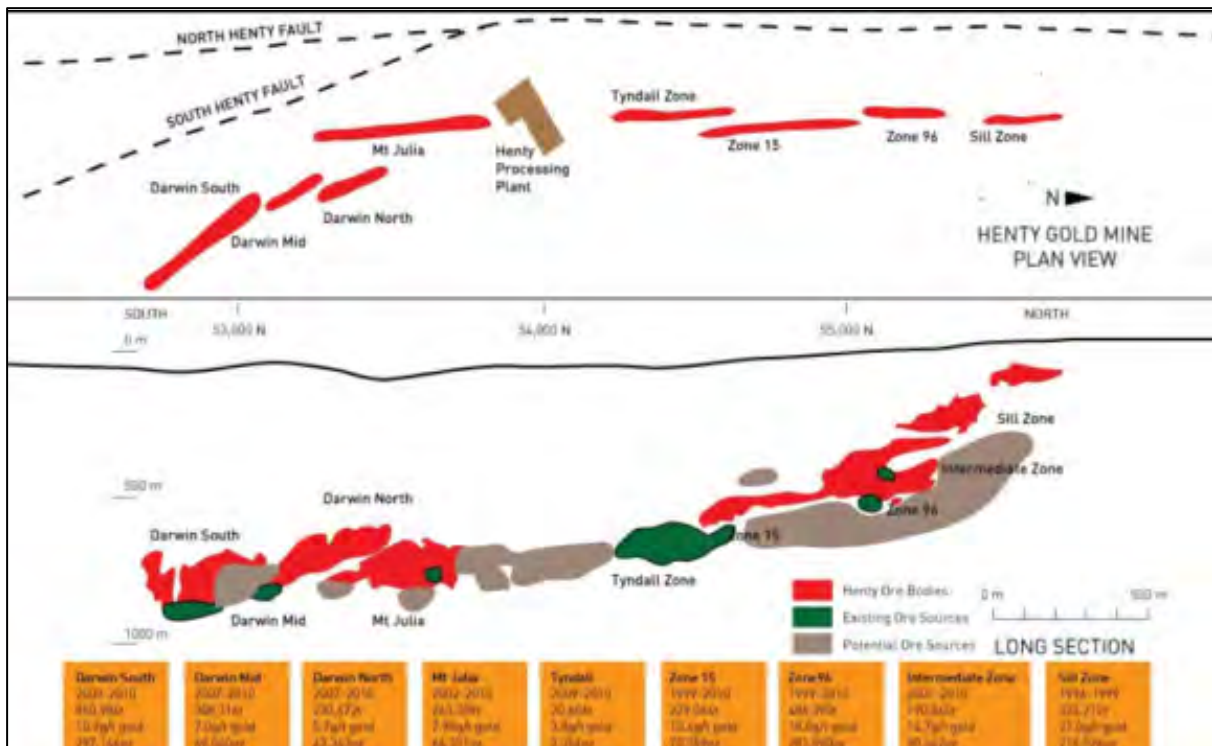


Figure 4-5: Henty Gold Mine – Plan View and Long Section

Source: <http://www.unitymining.com.au>; 12/10/2012

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The gold mineralisation at Henty is hosted in quartz-sericite altered volcaniclastic rocks. Alteration occurs along the stratigraphic boundaries within the Mt Read Volcanics, adjacent to the Henty Fault. This major structure bisects the Mt Read Volcanics, from north to south for a distance of approximately 25 km. The Henty deposit is located on the eastern side of the fault, where the massive lavas and intrusives of the Central Volcanic Sequence are overlain by a package of volcanic and sedimentary rocks, known collectively as the Tyndall Group.

The Henty deposit is controlled by the Henty Fault. The alteration zone is structurally dismembered and in places is strongly foliated and recrystallised. The mineralisation occurs in pods, known as “Zones”, that are, for the most part, sub-parallel to the Henty Fault, through the South Darwin Zone trends out to the south east, and away from the strike of the fault. There are three main alteration types observed in the Henty mine. Most of the gold mineralisation occurs in the “Massive Quartz” (MQ) alteration type. The MQ alteration zones are mostly comprised of silica, but may incorporate sulphides and sericite.

4.2.3 Henty Near-Mine Exploration

Unity holds a contiguous package of tenements along strike from the Henty Mine. These tenements are centred on the Henty Fault, which is thought to be a major control on gold mineralisation. Other controls include the Great Lyell Fault and subsidiary structures and an altered package of Cambrian Volcanics.

In-mine exploration in 2012 was focused on testing the Read and Newton Zones. High grade drilling results from the Read Zone confirmed the potential for multiple high grade shoots within a large envelope of background mineralisation. Figure 4-6 presents Unity’s Tasmanian exploration projects status.



Figure 4-6: Unity’s Tasmanian Exploration Pipeline

Source: <http://www.unitymining.com.au>; 12/10/2012

The Read Zone is part of the Henty South prospect (Figure 4-7 and Figure 4-8). This prospect is the southerly extension of the Main Henty Trend, along and adjacent to the Henty Fault, and extends through the southern Mine Lease, into EL28/2001, and then into EL13/2011. Drilling results from the Read Zone have extended the high grade ore zone and a resource has been reported for the Read Zone, which remains open to both north and south of the currently interpreted boundary.

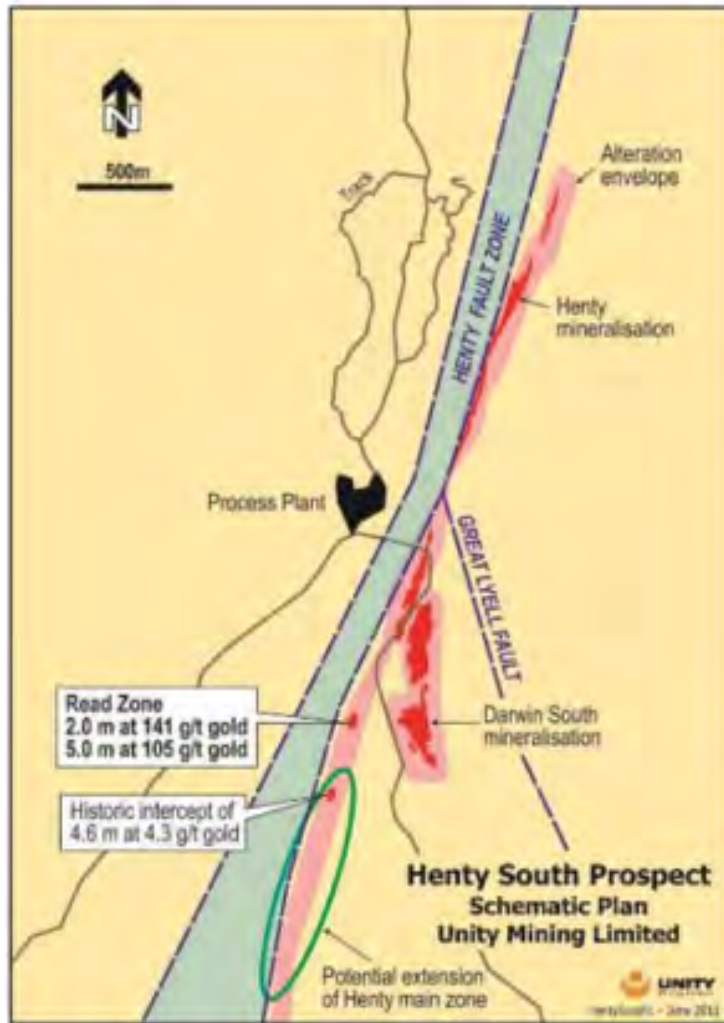


Figure 4-7: Henty South Prospect

Source: <http://www.unitymining.com.au>; 12/10/2012

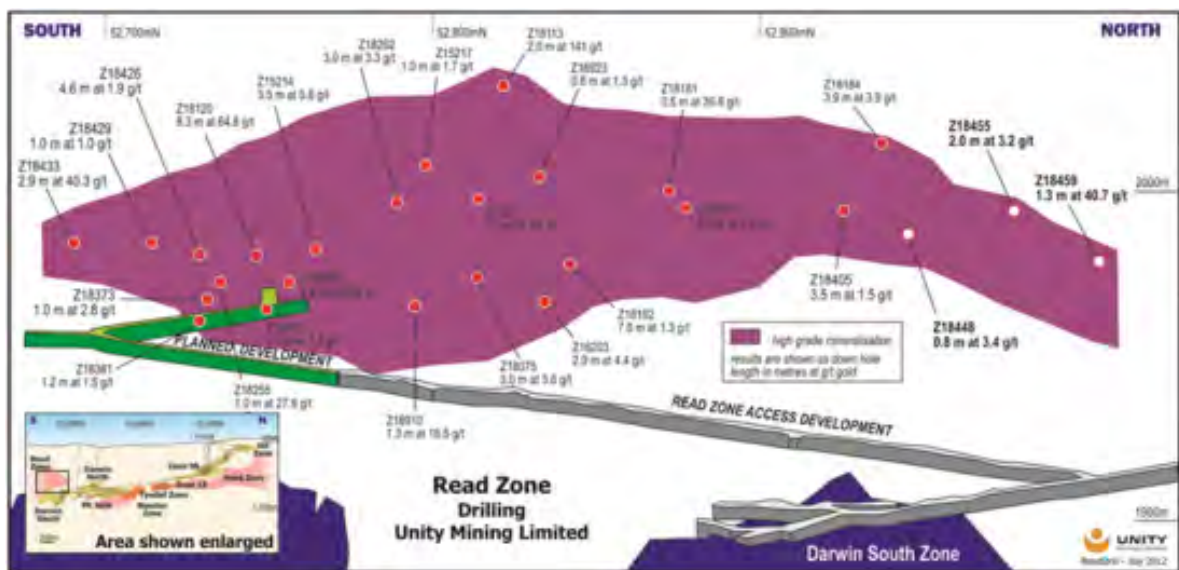


Figure 4-8: Read Zone Target long section

Source: <http://www.unitymining.com.au>; 12/10/2012

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Continued exploration of the Newton Zone (located between the Tyndall and Mt Julia zones) has resulted in the delineation of a declared resource. The Newton Zone remains open at its southern end.

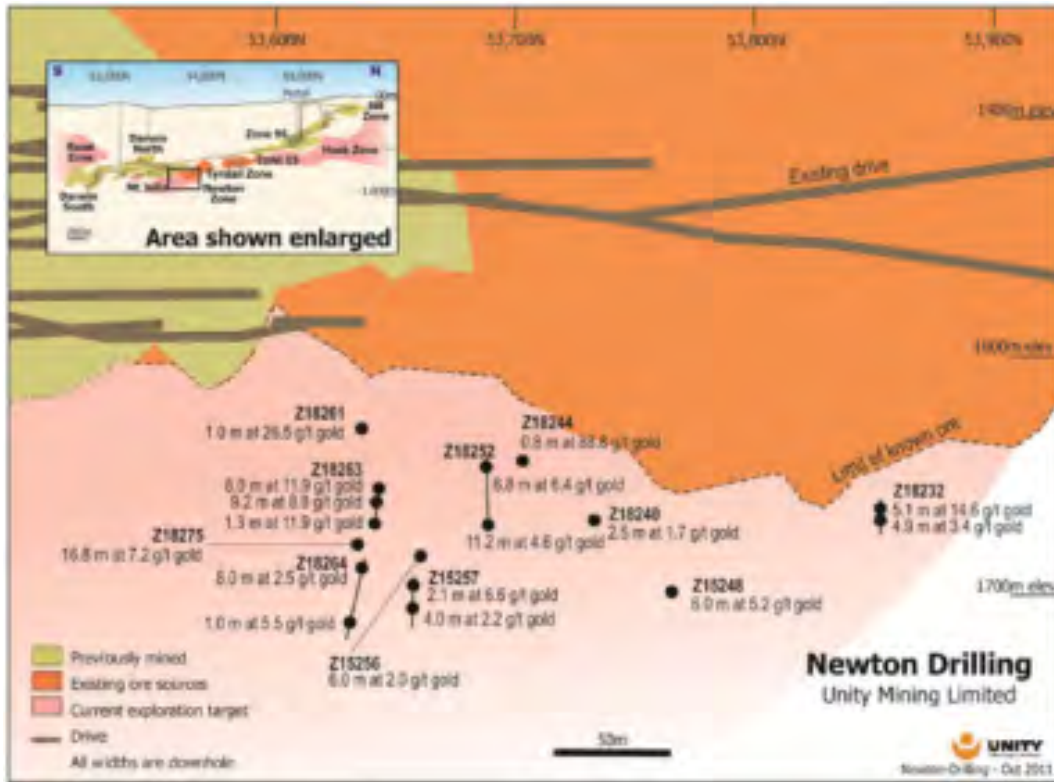


Figure 4-9: Newton Zone Target

Source: <http://www.unitymining.com.au>; 12/10/2012

Unity has drilled the immediate north along the Henty Fault (north of the Henty Mine), looking for extensions to the mineralisation and for the altered rock types that host the Henty deposit. Further north, along the Henty Fault, more untested and partly-tested prospects have potential for future exploration.

The Red Hills Prospect lies 4 km to the north-east of Henty. Unity has identified gold mineralisation in this area, which is hosted in pyritic veins. Geophysics is being employed to determine the extent of the pyritic veins and associated mineralisation. Targets are expected to be drill tested to follow up on gold in drill intersections.

The Moxon prospect lies 4 km NNE of Henty Mine. The area is structurally analogous to Henty, where NW-trending structures intersect the Henty Fault. These structures possibly assist in dilating the prospective package of rocks to allow the gold-bearing fluids to be introduced.

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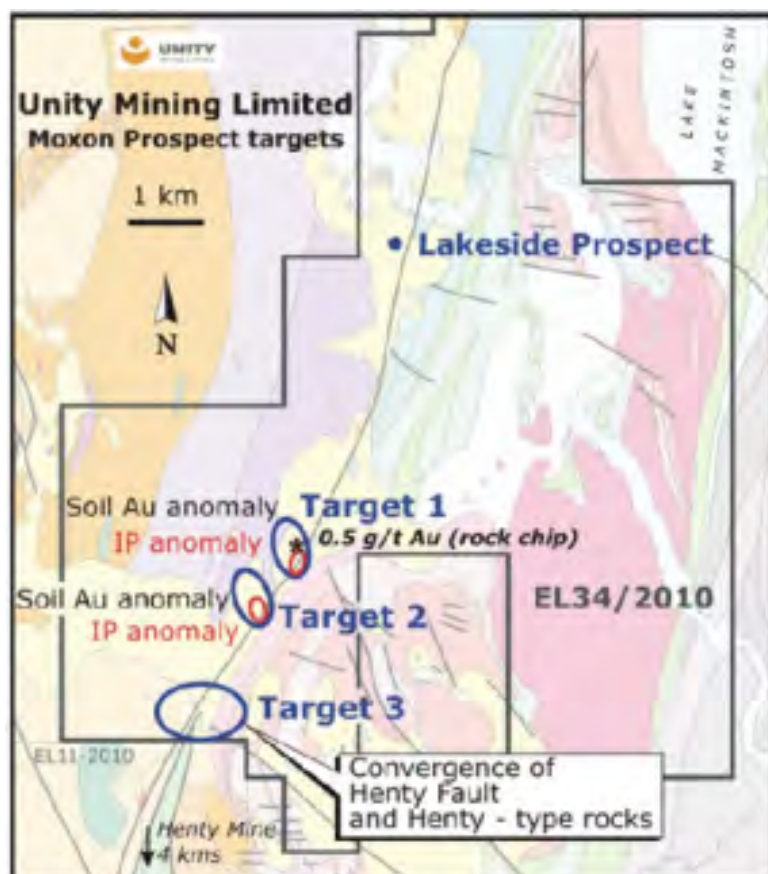


Figure 4-10: Moxon Prospect Targets

Source: <http://www.unitymining.com.au>; 12/10/2012

Located less than 2 km to the north of Henty, the Aurora prospect is a 1.5 km long zone that contains widespread alteration at surface, co-incident with a gold in soil anomaly and a strong IP anomaly, which is yet to be tested by drilling.

Drilling at the Platter zone intersected weak chalcopyrite and gold mineralisation in altered basalts, over several intervals between 27 m and 100 m below surface. At Henty itself the best gold grades are often associated with late chalcopyrite mineralisation similar to what is seen in the Platter Zone.

The Red Hills Prospect lies 4 km to the NE of Henty. Previous drilling in the area has delineated a thin base metal horizon. Unity has conducted follow-up drilling around this intercept and has identified a parallel, narrow, gold-rich horizon. This configuration is in some ways similar to Henty, where a base metal zone runs parallel to the gold lenses through much of the deposit.

The Farrell prospect consists of vein-hosted silver-lead and zinc mineralisation, which was extracted from a number of mines up until 1973. A combined production of 731,000 t at 396 g/t silver, 12.8% lead and 2% zinc was recorded from the two largest mines on the field.

The Lakeside-Sterling Valley is located approximately 13 km northeast of the Henty Gold Mine on EL34/2010, and was the main target for drilling in 2012. Within this prospect gold mineralisation has been delineated along a strike length of over 5 km. This includes the Lakeside Inferred Mineral Resource (Table 4-3). The host rocks are of similar age but a different type to Henty, however, like Henty, mineralisation is clearly linked to the Henty Fault.

Approximately 20 km north of Henty Mine, Unity holds 100% of a 22 km² tenement at Ten Mile Creek, where extensively altered porphyry hosts gold and copper anomalies in soil and rock chips.

4.2.4 Exploration Mineral Resource Estimates

The Henty Mine Mineral Resource estimation is based on diamond drill core samples. All samples were composited to 1 metre, flagged within the geological wireframes and top cuts applied to all datasets. Ordinary kriging was performed on all models based on the quantity and spacing of available data and the style of mineralisation. An in-situ bulk density of 2.8 based on 102 samples collected from ROM pad and underground development was used in the estimation. The Mineral Resource classifications were based on the estimation search pass. As a guide, the first search pass has been considered a Measured Resource, the second pass has been considered an Indicated Resource and the third search pass has been considered an Inferred Resource.

Table 4-2: Mineral Resource Estimates for the Henty Mine as of 30/06/2012

As of 30 June 2012	Measured			Indicated			Inferred			Total		
	kt	g/t gold	koz	kt	g/t gold	koz	kt	g/t gold	koz	kt	g/t gold	koz
Henty	1311	4.9	205	673	4.7	101	126	9.1	37	2110	5.1	343

Source: Unity Annual Report 2012; cut-off grade has not been specific

Estimation of Mineral Resources at the Lakeside deposit utilised diamond drill core samples and RC chip samples. All samples were composited to 1 m and flagged within the geological wireframes. Top cuts were not applied to the data. Ordinary kriging was performed on the models based on the quantity and spacing of available data and style of mineralisation. A density of 2.75 was used in the estimation. The value is considered by Unity to be suitable for the style of deposit. Due to the quality of the data, the entire deposit has been classified as an Inferred Resource.

Table 4-3: Mineral Resource Estimates for the Lakeside Deposit as of 30/06/2012

As of 30 June 2012	Measured			Indicated			Inferred			Total		
	kt	g/t gold	koz	kt	g/t gold	koz	kt	g/t gold	koz	kt	g/t gold	koz
Lakeside							750	2.8	66	750	2.8	66

Source: Unity Annual Report 2012

The information in this section of the report that relates to Mineral Resources is based on, and accurately reflects information compiled by Mr Raul Hollinger for the Henty Gold Mine and Mrs Angela Lorrigan for the Lakeside deposit. Mr Hollinger and Mrs Lorrigan are Members of both The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Hollinger and Mrs Lorrigan are full time employees of the Company and have more than five years' experience in the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hollinger and Mrs Lorrigan have given prior written consent to the inclusion in this report of the matters based on their respective information in the form and context in which it appears.

4.3 Firetower Exploration Project

Unity has executed a farm in agreement with Greatland Gold plc ("Greatland Gold") over the Firetower Gold project in Tasmania in October 2011. The project comprises over 265 km² of tenements located 35 km south of Devonport. These tenements cover an area which bears a strong geological resemblance to the Henty region. Shallow gold mineralisation has previously been drilled in the area.

The terms of the agreement allow Unity to earn up to 75% in the tenements, for the expenditure of \$7 million, in two stages, over five and a half years. The first stage requires expenditure of \$2 million over two and a half years, following a minimum expenditure of \$200,000. At year end, Unity had commenced the first drillhole into a co-incident copper/gold/magnetic anomaly at the Firetower West prospect. Further drilling will entail at least 3 holes to test for depth extensions of the highest grade gold mineralisation at Firetower.

The Firetower gold project encompasses the Greatland licences in Northern Tasmania listed in Table 4-1.

Gold mineralisation at the Firetower deposit is associated with widespread alteration of volcanoclastic rocks. Alteration is dominated by silica, sericite, carbonate, and pyrite. To date, gold mineralisation has been defined over a strike length of 400 m and has a width of up to 80 m. Drilling to date has tested to a maximum depth of 100 m and was completed by Noranda Pty Ltd (now Xstrata) during 1990, Plutonic Operations Ltd (now Barrick Gold) in 1992, AurionGold Ltd (now Barrick Gold) in 2002 and Greatland 2006 to present.

Other areas of gold mineralisation, and structural targets, have been identified over 50 km of strike east and west of the deposit. Of particular interest is the Firetower West target.

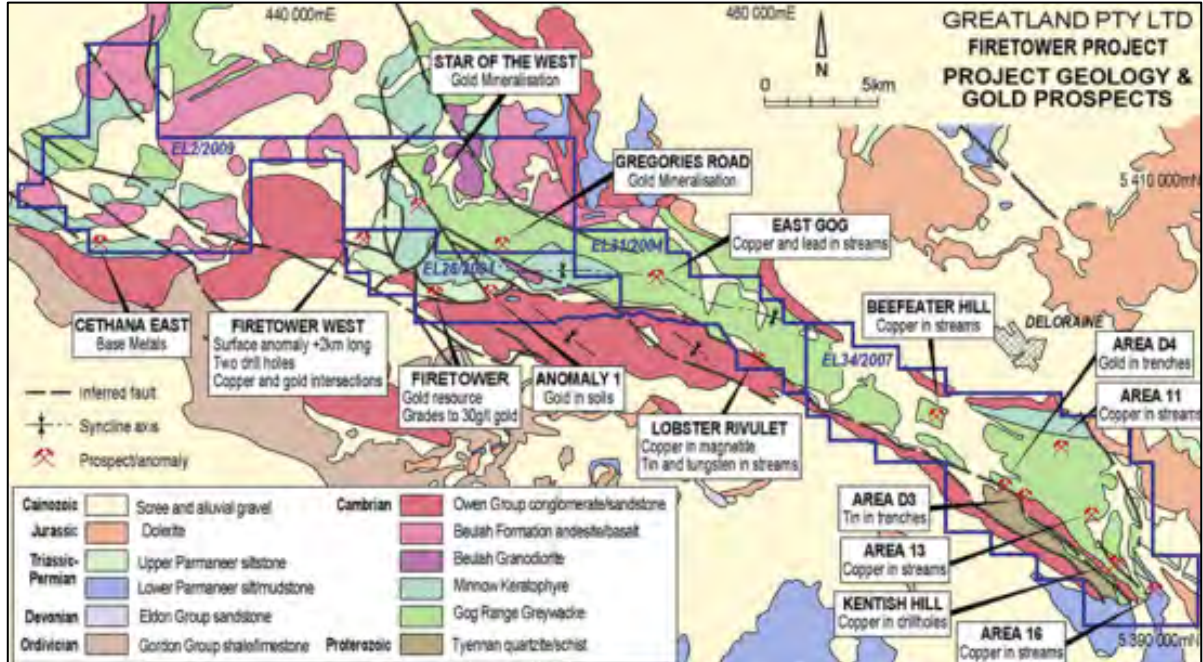


Figure 4-11: Firetower Project Prospects

Source: <http://www.unitymining.com.au>; 12/10/2012

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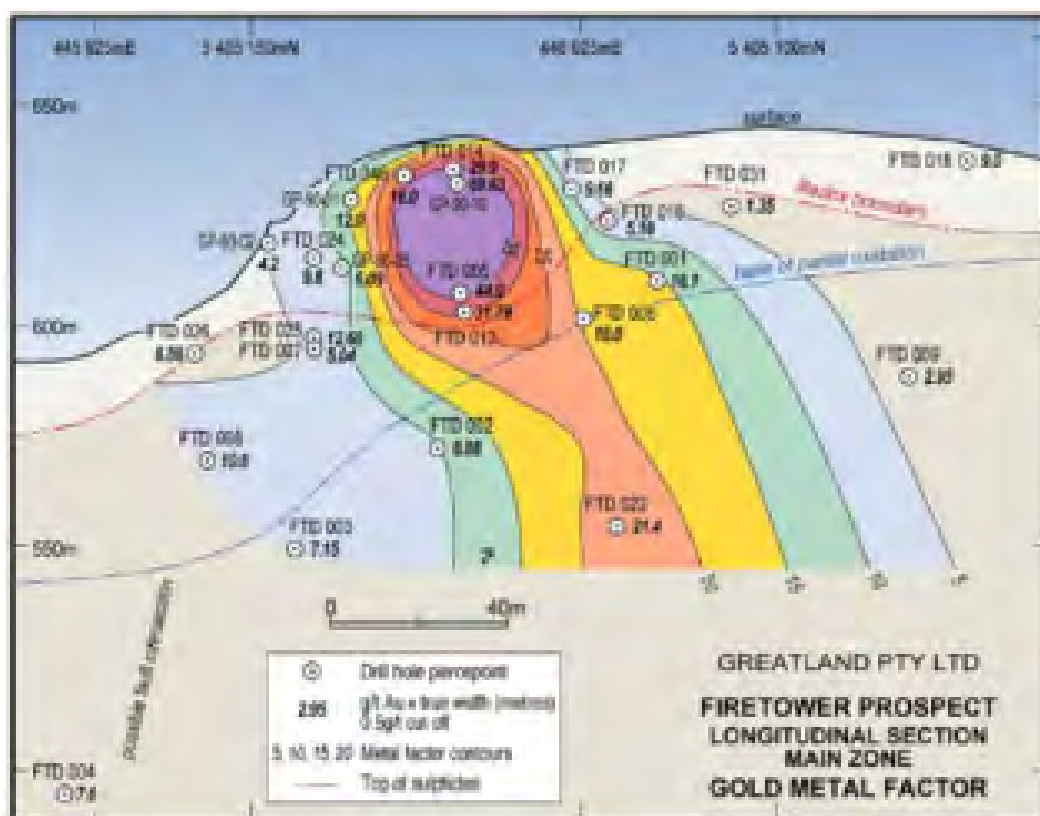


Figure 4-12: Firetower Prospect – Longitudinal Section of the Main Zone

Source: <http://www.unitymining.com.au>; 12/10/2012

Unity field work at the Firetower project commenced in January 2012, focused on developing access to two drill sites from which to test known high grade zones for depth extensions. Drilling was planned for 2012.

4.4 Bendigo Exploration Project

Unity Mining owns 100% of the Bendigo Goldfield, Australia's second largest in terms of historical gold production. Exploration on Unity Mining's Bendigo Exploration Leases (Figure 4-2) is being undertaken through a farm-in agreement with Drummond Gold (ASX: DGO). Under the terms of the farm-in agreement, Drummond Gold may explore on the Bendigo exploration lease areas held by Unity Mining (EL5035 and EL3327). Unity Mining will retain exclusive rights to the mining leases which cover the Bendigo Goldfield (MIN5364 and MIN5344), including the Kangaroo Flat Mine and its associated infrastructure.

In January 2012, Catalyst Metals Limited entered into a twelve month option agreement to acquire the Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area from Unity. The option agreement required Catalyst to pay Unity \$50,000 on signing, issue 1,000,000 shares and to pay four \$100,000 quarterly payments to Unity during the option period.

On settlement, if Catalyst exercises the option, Unity will receive additional equity in Catalyst such that it will own between 15% and 25% of Catalyst (dependent upon Catalyst's share price at the time) and a royalty of up to \$6,000,000 based on tonnes processed through the Kangaroo Flat plant. The equity will be represented by 2,000,000 shares in Catalyst and shares valued at a minimum of \$4,000,000 and a maximum of \$10,000,000. The royalty on future production comprises an initial

payment of \$2,000,000 after processing 50,000 tonnes, plus a production royalty of \$5 per tonne of ore processed up to a maximum of \$4,000,000.

For Unity, this agreement provides the opportunity to realise value from the Bendigo assets whilst still retaining significant upside exposure to the field as well as participating in a potential new gold mine utilising its currently idle infrastructure.

4.4.1 Geology

Bendigo lies within the Bendigo-Ballarat zone of the Paleozoic Lachlan Fold Belt of eastern Australia. This major fold belt has an orogenic history stretching from the Cambrian to the Carboniferous recording arc-continent collision, marine and non-marine sedimentation, folding and faulting, volcanism and igneous intrusion and regional metamorphism.

Cambrian volcanism and sedimentation are regionally significant in that they are the oldest rocks within the Bendigo-Ballarat zone but do not outcrop in the Bendigo region. Lower Ordovician marine sediments and metasediments comprise the main part of the Paleozoic bedrock at Bendigo. These sediments belong to a sequence of turbiditic sandstones, siltstones and mudstones known as the Castlemaine Supergroup.

The generalised structure of the Lower Ordovician sediments within the Bendigo Goldfield is that of regular, close spaced folding with extensive local reverse faulting related to the compression event generating the folding. Within the confines of the Bendigo Goldfield, mineralisation is known to occur through at least 3.2 km of the stratigraphic succession.

In the Late Ordovician to Late Devonian the Bendigo-Ballarat zone underwent a period of crustal shortening (regional compression) resulting in extensive folding and reverse faulting which have significantly increased the apparent thickness of the Castlemaine Supergroup. The Harcourt Granodiorite, a post-tectonic Upper Devonian granitoid, intruded the Ordovician sediments to the south of Bendigo. In the Mesozoic (Jurassic) lamprophyre dykes intruded the Ordovician sediments.

The main characteristics of folds at Bendigo are their regular frequency, continuity along strike, and their strong structural control of gold-quartz mineralisation. Several classes of faults occur in the area, most of which, with the exception of the Whitelaw and Sebastian faults, have small displacements. The Whitelaw and Sebastian Faults are steeply west-dipping reverse faults with a strike slip component and a displacement of at least 1,500 m. The three main types of minor faults are bedding-plane faults (backs), break faults and oblique-faults all of which may host quartz-gold mineralisation.

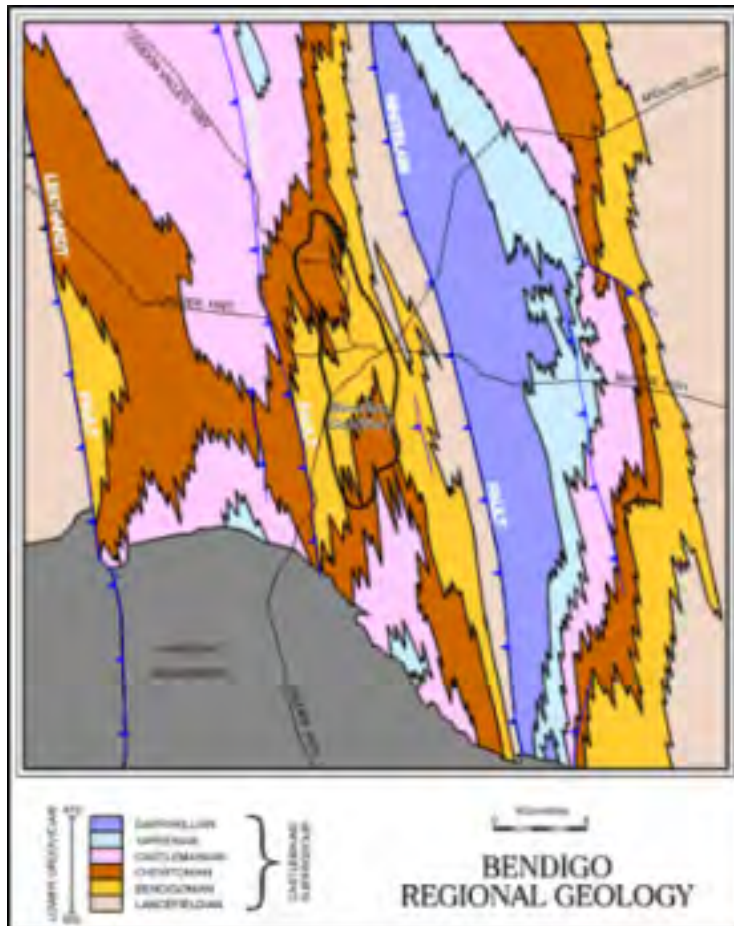


Figure 4-13: Regional geology indicating the complex folding and thrust faulting of the Ordovician sediments hosting the gold mineralisation

4.4.2 Mineralisation

Gold mineralisation at Bendigo is believed to be synchronous with a major period of regional compression (crustal shortening) during which the Ordovician sediments detached from the underlying Cambrian oceanic crust. The increase in crustal thickness of the overlying Ordovician sequences through folding and thrust faulting is thought to have caused prograde regional metamorphism of the underlying Cambrian stratigraphy resulting in the formation and release of auriferous hydrothermal fluids. Fluids migrated up fault splays associated with major regional structures to be precipitated in nearby favourable low pressure dilation zones (e.g. faults, bedding planes, fold axes) created when the hydraulic pressure of trapped fluids exceeded lithostatic pressure during local seismic events.

Known gold mineralisation is exclusively associated with quartz veining, with gold occurring as:

- Free gold in quartz;
- In association with sulphides in quartz;
- In association with fragments or laminae of wall rock in quartz; and
- Associated with sulphides in wall rock adjacent to quartz veins.

4.4.3 Exploration

Drummond is conducting a review of the exploration model for the Bendigo Goldfield, with the aim of developing a successful exploration strategy to enable production to recommence in the future. Drummond staff are re-processing and re-interpreting geophysics over the project area. In addition the company is trialling a variety of geochemical sampling methods to explore for shale-hosted gold mineralisation.

It is planned that this work will be undertaken by Drummond's geologists, with the assistance of external consultants, and will focus future exploration of the Mining Lease, particularly over the northern half of the Goldfield.

4.4.4 Exploration Mineral Resource Estimates

No Mineral Resource Estimates were completed to the Bendigo Exploration Project.

4.5 Unity Mining Exploration Valuation

In valuing Unity's Exploration Assets, SRK has considered the Inferred Resources associated with the Henty Mine and the Lakeside deposit, as well as the areal extent of the granted exploration tenure (Table 4-4).

Table 4-4: Valuation Basis of Unity Exploration Assets

Project	Tenements	Development Stage	Valuation basis
Henty Mine Inferred Resources	7M/1991, 5M/2002	Operating Mine	Declared Resources
Lakeside Inferred Resources	EL34/2010	Pre-Development	Declared Resources
Henty Exploration Ground	EL28/2001, EL8/2009, EL11/2010, EL11/2010, EL34/2010, EL13/2011,	Advanced Exploration	Areal extent
Firetower Exploration Ground	EL26/2004, EL31/2004, EL34/2007, EL02/2009	Advanced Exploration	Areal extent
Bendigo Exploration Ground	EL5035, EL3327	Exploration	Areal extent

Market Transactions

SRK analysed 13 transactions of gold properties in eastern Australia (Queensland, New South Wales, Victoria and South Australia) that occurred after January 2009 (Table 4-5). The projects considered ranged from Advanced Exploration projects to Operating Mines, and all included declared Resources classified as Inferred or higher.

In analysing these transactions, a discount of 10% was applied for share transactions as opposed to cash transactions, and future payments were discounted relative to payments at the time of announcement. All values and factors quoted are in Australian dollars.

The implied \$/oz value attributed to the transactions ranged from \$3.03/oz to \$193.96/oz (Figure 4-14), with a median of \$26.97/oz. The resource-weighted average was \$39.61/oz.

The transactions were also analysed in terms of implied value per square kilometre of tenement area. Five of these transactions were excluded from the area analysis as the value of the tenements was clearly heavily weighted towards the declared resources, primarily because the areas were comparatively small in relation to the resources. For the remaining eight transactions, the implied \$/km² values ranged from \$853.62/km² to \$36,585.37/km², with a median value of \$9,964.38/km². The area-weighted average value was \$3,177.89/km².

Table 4-5: Comparable Gold Property Transactions in Eastern Australia post-2008

Project	State	Stage	Date	Buyer	Seller	Equity	Implied Value ('000 A\$)	Area (km ²)	Ounces ('000)	Grade (g/t)	\$/km ²	\$/oz	Resource Category
Swifts Creek	NSW	Adv. Exploration	Dec-09	Rocky Mining Pty Ltd	Mutiny Gold Ltd	100%	299	350	8	6.43	854	35.95	Indicated, Inferred
Ballarat	VIC	Operating	Mar-10	Castlemaine Goldfields Limited	Lihir Gold Limited	100%	4,500	123	1,485	11.85	36,585	3.03	Indicated, Inferred
Beavis	VIC	Adv. Exploration	Aug-12	Wiltshire Asset Management	GBM Gold Ltd	100%	4,640	0.57	34	0.476	137.74	137.74	Inferred
Bendigo	VIC	Adv. Exploration	Jun-10	GBM Gold Ltd	Unspecified Company	100%	299	1.6	34	0.58		8.91	Indicated
Cowarra	VIC	Adv. Exploration	Nov-10	Commissioners Gold Limited	Capital Mining Limited and Commissioners Gold Limited	85%	260	32.8	37	2.3	7,929	7.03	Indicated
Drew Hill	NSW	Adv. Exploration	Jan-12	Polymetals Mining Limited	Exco Resources Limited	25%	5,092	728	189	0.98	6,994	26.97	Indicated, Inferred
Golf Bore	SA	Adv. Exploration	Oct-09	Southern Gold Limited	Dominion Mining Limited	51%	3,922	5000	54	2.1		72.52	Inferred
McPhillamys	NSW	Pre-Development	Aug-12	Regis Resources Limited	Newmont Mining Corporation	100%	135,000	420	2,958	1		45.64	Indicated, Inferred
Mt Hope	NSW	Adv. Exploration	Mar-12	Fisher Resources Pty Ltd	Central West Gold N.L.	70%	675	20	30	2.81	33,737	22.77	Inferred
Pajingo	QLD	Operating	Sep-10	Conquest Mining Pty Limited	Heemskirk Consolidated Ltd	40%	80,376	721.5	414	6.92		193.96	Proven, Probable
Sellheim	QLD	Operating	Jun-08	Maximus Resources Limited	Stiff, Allan Ranev	100%	1,500	125	17		12,000	89.72	Inferred
Tunkilla	SA	Development	Dec-11	Mungana Goldmines Limited	Minotaur Exploration Ltd	55%	10,565	6000	803	1.61	1,761	13.15	Measured, Indicated
Twin Hills	QLD	Adv. Exploration	Jul-09	North Queensland Metals, Heemskirk Consolidated Ltd	Gold One International Limited	100%	721	50.8	194	3.06	14,184	3.71	Proven, Probable + M, I, Inf

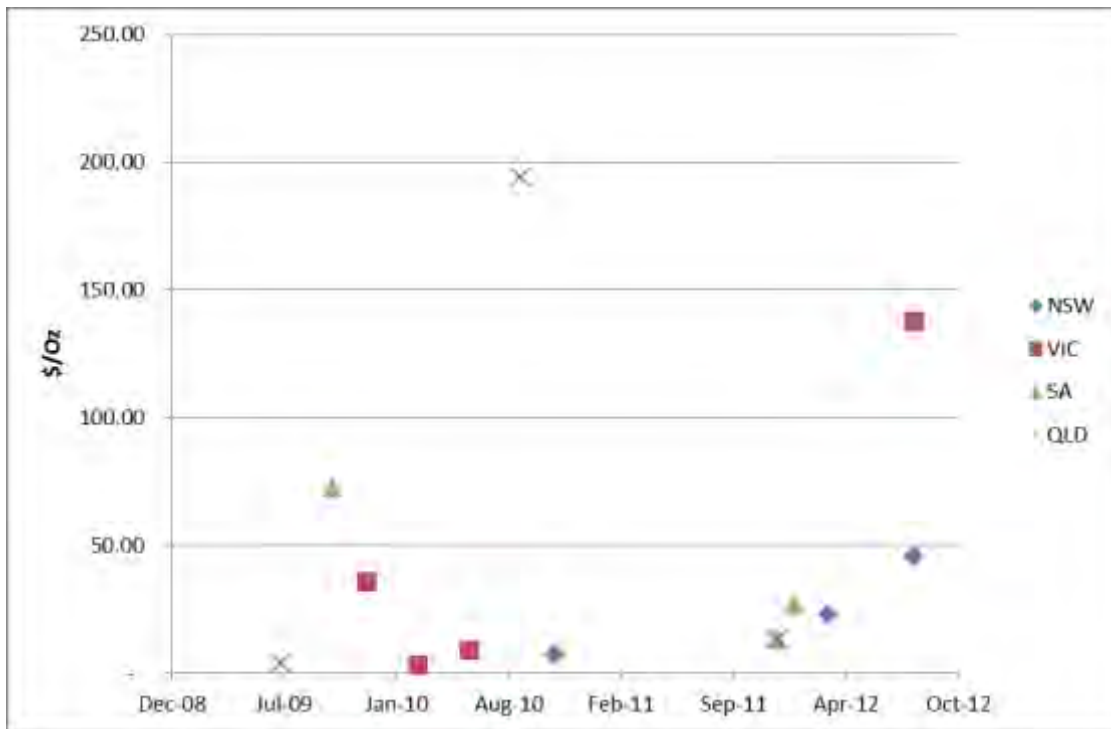


Figure 4-14: Gold resource transactions in eastern Australia post-2008

4.5.1 Henty Inferred Resource

SRK considers the Henty Mine to be an Operating Property as defined by the VALMIN Code. SRK has considered the value of the mine using an Income Approach (Net Present Value) in the previous section.

The Henty Mine Resources include currently declared Inferred Resources, which need to be valued separately, as Inferred Resources are generally considered unsuitable for base case DCF modelling due to the relatively high technical uncertainty as compared to Measured and Indicated Resources.

The Henty Mine Inferred Resources have been considered in the Upside Case of the DCF Modelling as one measure of the potential value of these Resources.

SRK has considered comparable market transactions in valuing the Henty Inferred Resources. Based on SRK's analysis of comparable market transactions, a factor of \$39.61/oz has been derived for the valuation of declared resource ounces.

SRK notes that the Measured and Indicated Resources within the Henty Mine DCF model are implicitly valued at \$190/oz to \$296/oz. As the degree of uncertainty associated with Inferred Resources is higher than that of Measured and Indicated Resources, it would be reasonable to discount the value of Inferred Resources when compared to that of Measured and Indicated Resources. SRK therefore considers a factor of \$39.61/oz to be reasonable for the valuation of the Henty Inferred Resources.

Due to the comparative technical risk inherent in Inferred Resources, SRK recommends a range of 35% above and below this target factor.

Based on SRK's analysis of comparable market transactions, SRK recommends that the Henty Inferred Resources, comprising 37,000 ounces be valued in the range \$0.95M to \$1.98M, with a Preferred Value of \$1.47M.

4.5.2 Lakeside Inferred Resource

SRK considers the Lakeside Deposit to be Pre-Development project as defined by the VALMIN Code. Income-based valuation approaches would not be suitable for valuing these Inferred Resources.

SRK has considered comparable market transactions in valuing the Lakeside Inferred Resources. Based on SRK's analysis of comparable market transactions, a factor of \$39.61/oz has been derived for the valuation of declared resource ounces.

SRK considers a factor of \$39.61/oz to be reasonable for the valuation of the Lakeside Inferred Resources.

Due to the comparative technical risk inherent in Inferred Resources, SRK recommends a range of 35% above and below this target factor.

Based on SRK's analysis of comparable market transactions, SRK recommends that the Lakeside Inferred Resources, comprising 66,000 ounces be valued in the range \$1.70M to \$3.53M, with a Preferred Value of \$2.61M.

4.5.3 Henty Exploration Ground

SRK considers the Henty Exploration Ground, consisting of EL28/2001, EL8/2009, EL11/2010, EL34/2010, EL13/2011, EL1/2010 and covering an area of 139 km², to be an Advanced Exploration Project as defined by the VALMIN Code.

The expenditure commitment for retaining the licences for a year is \$375,000 (Table 4-6). This can be considered a minimum value for the exploration ground.

Table 4-6: Henty Exploration Ground Expenditure Commitment

Licences	Area	Commitment	Expenditure	Planned
EL28/2001, EL8/2009, EL11/2010, EL34/2010, EL13/2011, EL1/2010	139 km ²	\$375,300	\$2,013,000	\$10,000,000

SRK has also conducted a Geoscientific Rating (modified Kilburn) valuation of the property (Table 4-8) based on the rating matrix in Table 4-7. SRK has used as Base Acquisition Cost of \$1,075/km² for Tasmania, and a Market Factor of 0.4. This has yielded a "preferred" value of \$1.49M for the property. SRK considers this a suitable high boundary for the valuation.

The Base Acquisition Cost is the cost of acquiring and maintaining tenure of an average licence block in a given jurisdiction. The Market Factor is used to account for non-technical influences on Market Value, and is applied to the Technical Valuation to derive a Market Valuation.

The value of the Exploration Ground is considered as a factor of the areal extent of the tenure. SRK has derived a factor for the valuation of the exploration ground based on an analysis of comparable transactions.

Based on the analysis of transactions, SRK has used a factor of \$3,177.89/km² for the valuation of the exploration ground, which gives a valuation of \$441,000.

SRK notes that the market-derived value is similar to the Expenditure Commitment for retaining the package. SRK considers the average of these two values (\$409,000) to define the low end of SRK's preferred valuation range.

SRK notes that the valuation derived from the modified Kilburn method is similar to the expenditure already incurred on the property. SRK considers the average of these two values (\$1.75M) to define the high end of SRK's preferred valuation range.

Based on SRK's analysis, SRK recommends that the Henty Exploration Ground comprising 139 km² be valued in the range \$0.41M to \$1.75M, with a Preferred Value of \$1.0M.

Table 4-7: Geoscientific ratings table (Modified by SRK)

Rating	Off Property Factor	On Property Factor	Anomaly Factor	Geological Factor
0.1				Unfavourable geological setting
0.5			Extensive previous exploration gave poor results	Poor geological setting
0.9			Poor results to date	Generally favourable geological setting, under cover or complexly deformed or metamorphosed
1	No known mineralisation in district	No known mineralisation on lease	No targets outlined	Generally favourable geological setting
1.5	Minor workings	Minor workings or mineralised zones exposed	Target identified, initial indications positive	Multiple exploration models being applied simultaneously
2	Several old workings in district	Several old workings or exploration targets identified		
2.5			Well defined exploration model applied to new areas	
3	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production	Significant grade intercepts evident, but not linked on cross or long sections	Significant mineralised zones exposed in prospective host rock
3.5			Several economic grade intercepts on adjacent sections	
4	Along strike from a major deposit (s)	Major mine with significant historical production		Well understood exploration model, with valid targets in structurally complex area, or under cover
5	Along strike from a world class deposit			Well understood exploration model, with valid targets in a well-understood stratigraphy
6				Advanced exploration model constrained by known and well-understood mineralisation
10		World class mine		

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Table 4-8: Modified Kilburn Valuation Table

Tenement	Name	Area (km ²)	BAC	Equity	Off property		On Property		Anomaly		Geology		Technical Value		Market Factor	Valuation		
					Low	High	Low	High	Low	High	Low	High	Low	High		Low	High	Preferred
EL 28/2001	Tyndall Creek	10	10,750	100%	2	3	1.5	3	1.5	2.5	1	2	48,375	483,750	0.40	19,350	193,500	106,425
EL 8/2009	Red Hills	11	11,825	100%	2	3	1.5	3	1.5	2.5	1	3	53,213	798,188	0.40	21,285	319,275	170,280
EL 1/2010	Ten Mile Creek	22	23,650	100%	2	3	1.5	3	1.5	2	1	2	106,425	851,400	0.40	42,570	340,560	191,565
EL 11/2010	Moxon's Saddle	4	4,300	100%	2	3	1.5	3	1.5	2.5	1	3	19,350	290,250	0.40	7,740	116,100	61,920
EL 34/2010	Tullah	69	74,175	100%	2	3	1.5	3	1.5	2	1	2	333,788	2,670,300	0.40	133,515	1,068,120	600,818
ELA13/2011	Henty Gorge	23	24,725	100%	2	3	1.5	3	1.5	2.5	1	3	148,350	1,668,938	0.40	59,340	667,575	363,458
EL 2/2009	Gowrie Park	105	112,875	75%	2	3	2	3	1.5	2.5	1	2	677,250	5,079,375	0.40	203,175	1,523,813	863,494
EL 26/2004	Firetower	33	35,475	75%	2	3	2	3	1.5	2.5	1	3	212,850	2,394,563	0.40	63,855	718,369	391,112
EL 31/2004	Firetower East	29	31,175	75%	2	3	2	3	1.5	2.5	1	2	187,050	1,402,875	0.40	56,115	420,863	238,489
EL 34/2007	Quamby Brook	97	104,275	75%	2	3	2	3	1.5	2.5	1	2	625,650	4,692,375	0.40	187,695	1,407,713	797,704
EL 33/27	Bendigo 1	114	137,940	100%	2	3	1.5	3	1.5	2	1	1.5	620,730	3,724,380	0.40	248,292	1,489,752	869,022
EL 50/35	Bendigo 2	364	440,440	100%	2	3	1.5	3	1.5	2	1	1.5	1,981,980	11,891,880	0.40	792,792	4,756,752	2,774,772
EL 60/03	Dargues Reef	78	94,380	100%	2	3.5	2	3.5	1.5	3	3.5	4	2,831,400	16,186,170	0.40	1,132,560	6,474,468	3,803,514
EL 64/62	Dargues Reef	78	94,380	100%	2	3.5	2	2.5	1.5	2	1	2.5	566,280	4,129,125	0.40	226,512	1,651,650	939,081
EL 65/48	Dargues Reef	305	369,050	100%	2	3.5	2	2.5	1.5	2	1	2	2,214,300	12,916,750	0.40	885,720	5,166,700	3,026,210
EL 68/80	Eugowra	194	234,740	100%	2	3	1.5	3	1.5	2	1	2	1,056,330	8,450,640	0.40	422,532	3,380,256	1,901,394
EL 60/12	Christmas Gift	11	13,673	100%	3	3.5	2.5	3	1.5	2	1	2	153,821	574,266	0.40	61,529	229,706	145,617
EL 60/12	Booths Reward	17	20,570	100%	2	3	1.5	2.5	1.5	2	1	2	92,565	617,100	0.40	37,026	246,840	141,933
EL 64/45	Booths Reward	104	125,840	100%	2	3	1.5	2.5	1.5	2	1	2	566,280	3,775,200	0.40	226,512	1,510,080	868,296

4.5.4 Firetower Exploration Ground

SRK considers the Firetower Exploration Ground, consisting of EL26/2004, EL31/2004, EL34/2007, EL02/2009 and covering an area of 265 km², to be an Advanced Exploration Project as defined by the VALMIN Code.

The expenditure commitment for retaining the licences for a year is \$715,000 (Table 4-9). Therefore \$536,000 can be considered a minimum value for Unity's 75% equity in the exploration ground. In order to earn the full 75% equity, Unity will have to spend \$7M on the project over 5.5 years, with the first stage requiring the expenditure of \$2M over 2.5 years.

Table 4-9: Firetower Exploration Ground Expenditure Commitment

Licences	Area	Commitment	Expenditure	Planned
EL26/2004, EL31/2004, EL34/2007, EL02/2009	265 km ²	\$715,000	\$569,000	\$2,000,000

SRK has also conducted a Geoscientific Rating (modified Kilburn) valuation of the property (Table 4-8) based on the rating matrix in Table 4-7. SRK has used as Base Acquisition Cost of \$1,075/km² for Tasmania, and a Market Factor of 0.4. This has yielded a "preferred" value of \$2.29M for Unity's 75% equity in the property. SRK considers this a suitable high boundary for the valuation.

The Base Acquisition Cost is the cost of acquiring and maintaining tenure in a given jurisdiction.

The value of the Exploration Ground is considered as a factor of the areal extent of the tenure. SRK has derived a factor for the valuation of the exploration ground based on an analysis of comparable transactions.

Based on the analysis of transactions, SRK has used a factor of \$3,177.89/km² for the valuation of the exploration ground, which gives a valuation of \$842,000.

SRK notes that the market-derived value is similar to the Expenditure Commitment for retaining the package. SRK considers the average of these two values (\$779,000) to define the low end of SRK's preferred valuation range.

SRK notes that the valuation derived from the modified Kilburn method is similar to the planned first stage expenditure on the property. SRK considers the average of these two values (\$2.53M) to define the high end of SRK's preferred valuation range.

Based on SRK's analysis of comparable market transactions, SRK recommends that Unity's 75% interest in the Firetower Exploration Ground comprising 265 km² be valued in the range \$0.58M to \$1.9M, with a Preferred Value of 1.2M.

4.5.5 Bendigo Exploration Ground

SRK considers the Bendigo Exploration Ground, consisting of EL5035 and EL3327 and covering an area of 610 km², to be an Exploration Project as defined by the VALMIN Code.

Drummond Gold has committed to spending \$8M over 5 years in exploration on the leases in order to earn a 70% interest on the leases, with an initial stage of \$5M over the first three years. Drummond has committed to a minimum expenditure of \$0.5M (Table 4-10), which can be considered as a minimum value for the leases.

Table 4-10: Bendigo Exploration Ground Expenditure Commitment

Licences	Area	Commitment	Expenditure	Planned
EL5035, EL3327	610 km ²	\$500,000		\$5,000,000

SRK has also conducted a Geoscientific Rating (modified Kilburn) valuation of the property (Table 4-8) based on the rating matrix in Table 4-7. SRK has used as Base Acquisition Cost of \$1,075/km² and a Market Factor of 0.4. This has yielded a “preferred” value of \$3.64M for the property. SRK considers this a suitable high boundary for the valuation.

The value of the Exploration Ground is considered as a factor of the areal extent of the tenure. SRK has derived a factor for the valuation of the exploration ground based on an analysis of comparable transactions.

Based on the analysis of transactions, SRK has used a factor of \$3,177.89/km² for the valuation of the exploration ground, which gives a valuation of \$1.94M.

SRK notes that the valuation derived from the modified Kilburn method is similar to the planned first stage expenditure on the property. SRK considers the average of these two values (\$3.47M) to define the high end of SRK’s preferred valuation range.

SRK notes that the market-derived value is very similar to the average (\$1.98M) of the minimum expenditure commitment and the high end of SRK’s preferred value range.

Based on SRK’s analysis, SRK recommends that the Bendigo Exploration Ground comprising 610 km² be valued in the range \$0.50M to \$3.47M, with a Preferred Value of \$1.98M.

4.5.6 Conclusion

SRK has recommended preferred values and value ranges for Unity’s exploration properties on the basis of declared Inferred Resources and areal extent of tenure. SRK has recommended value ranges for both the Inferred Resources and the Exploration Ground on the basis of an analysis of recent comparable transactions involving gold properties in eastern Australia.

In the case of the Inferred Resources, SRK has compared the \$/oz valuation factor applied to the implied \$/oz for Measured and Indicated Resources derived from Unity’s Henty Mine financial model, and concluded that SRK’s valuation factor was reasonable.

In the case of the exploration ground, SRK has also considered exploration commitments and expenditure, as well as a modified Kilburn rating system to arrive at a reasonable valuation range.

SRK’s recommended valuation ranges and Preferred Values for each project are detailed in Table 4-11.

Table 4-11: Summary of SRK’s Valuation of Unity’s Exploration Assets

Project	Development Stage	Low	Preferred	High
Henty Mine Inferred Resources	Operating Mine	\$0.95M	\$1.47M	\$1.98M
Lakeside Inferred Resources	Pre-Development	\$1.70M	\$2.61M	\$3.53M
Henty Exploration Ground	Advanced Exploration	\$0.41M	\$1.0M	\$1.75M
Firetower Exploration Ground	Advanced Exploration	\$0.58M	\$1.20M	\$1.9M
Bendigo Exploration Ground	Exploration	\$0.50M	\$1.98M	\$3.47M
Total		\$4.14M	\$8.26M	\$12.63M

5 Cortona Resources – Resource Valuation

5.1 Introduction

Since July 2007, Cortona's principal focus has been the Majors Creek gold project (Dargues Reef), host to the largest alluvial goldfield (historic production approx. 1.25 Moz) in New South Wales. The Company also has three exploration projects (Eugowra, Booths Reward and Christmas Gift) covering approximately 650 km² in the southern Lachlan Fold Belt, New South Wales, Australia.

Cortona has a total of 7 exploration licences (6880, 6003, 6010, 6012, 6445, 6462 and 6548) and a mining lease (1675). Most of the Cortona's activities have been focused on the mining lease ML1675 and the exploration licences 6003, 6462 and 6548.

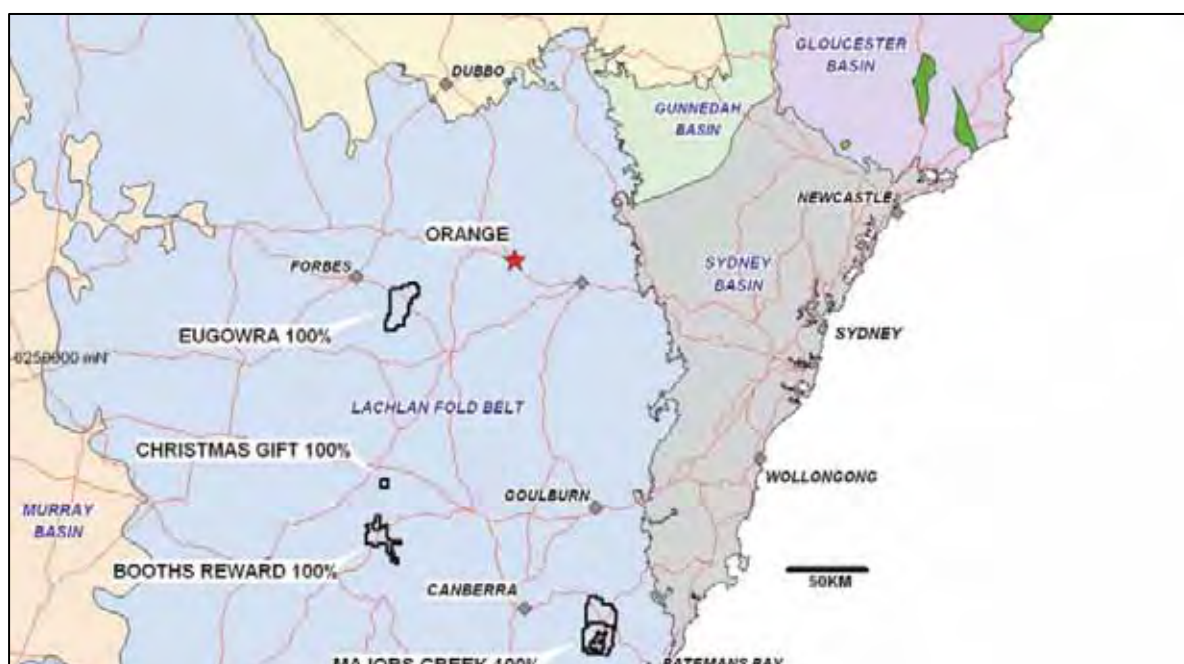


Figure 5-1: Cortona Mineral Assets – Location Map

Source: Runge Limited, 2010

Table 5-1: Cortona Resources Tenements

Lease	Exploration Project	Area (km ²)
ML1675, EL6003, EL6462 and EL6548	Dargues Reef	593
EL6880	Eugowra	194
EL6010	Christmas Gift	11.3
EL6012 and EL6445	Booths Reward	121

5.2 Dargues Reef Gold Project Exploration

Through its wholly owned subsidiary Big Island Mining Pty Ltd, Cortona maintains the mineral rights to explore for precious and base metals (Group 1 minerals) on tenements EL6003, EL6462, EL6548 and ML1675. The tenement package is referred to as the Majors Creek Project.

The project consists of three contiguous Exploration Licences and one small Mining Lease, covering a total surface area of 593 km². The Project surrounds the town of Braidwood in the Southern Tablelands in rural south eastern NSW.

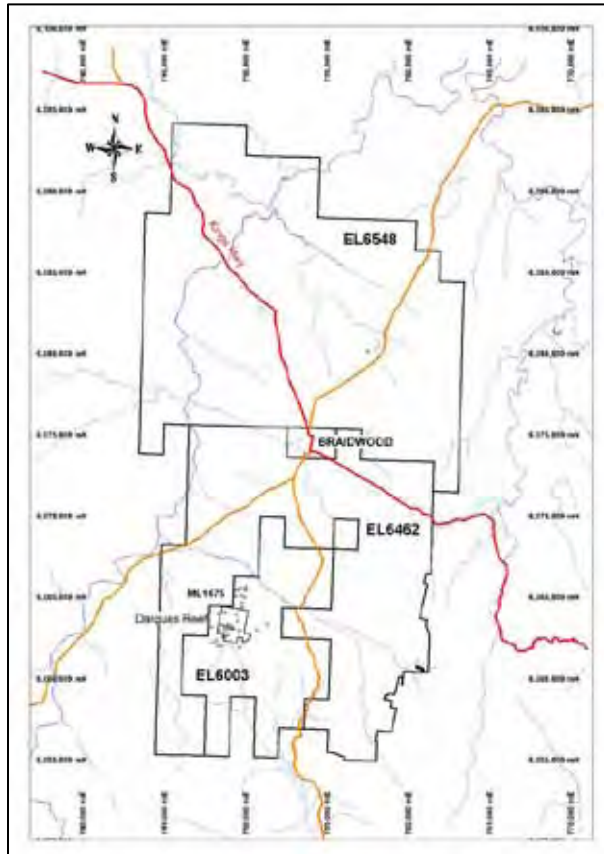


Figure 5-2: Dargues Reef Gold Project (Majors Creek) – Tenement Map

Source: Cortona, 2012

5.2.1 Geology

The deposit is located in the most easterly section of the Lachlan Fold Belt, entirely within the Devonian Braidwood Granodiorite (Figure 5-3), which intrudes the Silurian Long Flat Volcanics to the west and Ordovician sediments to the east (Runge, 2010). The Lachlan Fold Belt traverses eastern Australia from Tasmania to Queensland. It is described as a composite orogenic belt which has been subjected to four episodes of folding, strong compression and uplift (Gordon, August 2006):

- Late Ordovician to Early Silurian: the Benambran Orogeny involving uplift, folding and metamorphism;
- Middle Silurian to Middle Devonian: the Tabberabberan Orogeny involved sedimentation in deep troughs and on shallower ridges, and acid volcanism associated with rifting, basin formation and emplacement of granites;
- Early Devonian to Early Carboniferous: subsequent shallow-water sedimentation; and
- Carboniferous: Kanimblan Orogeny which stabilised the Lachlan Fold Belt area.

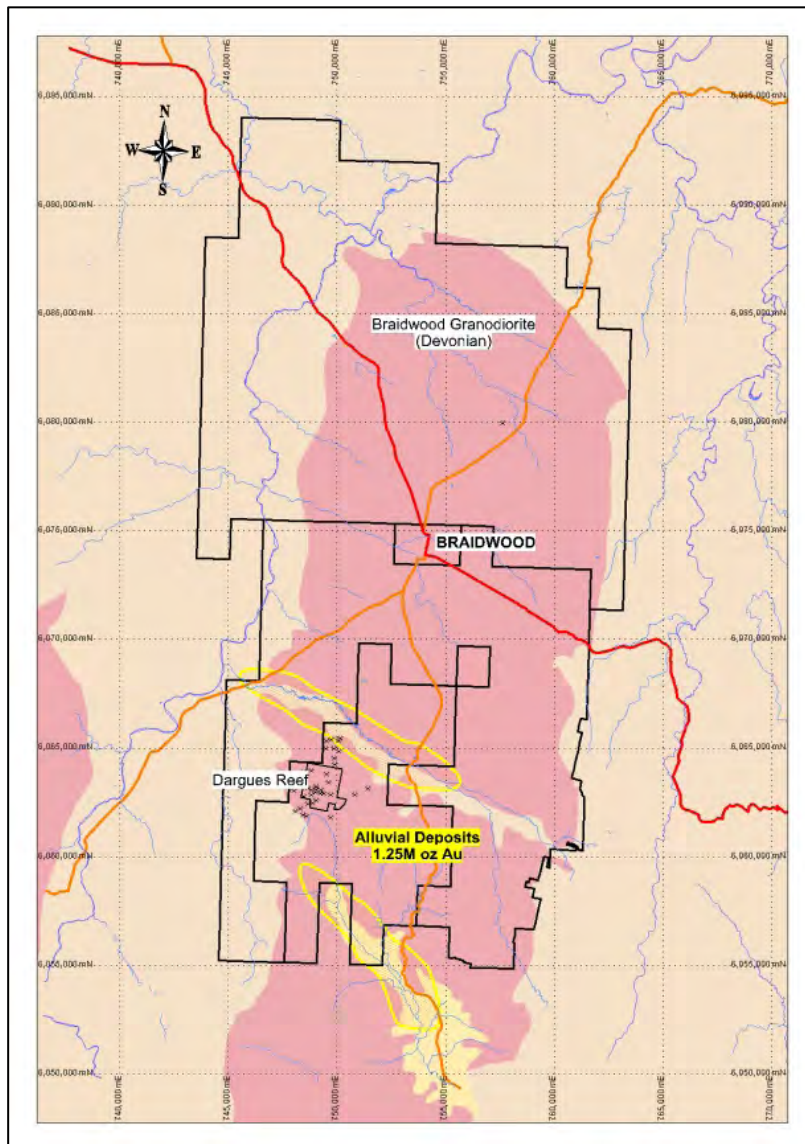


Figure 5-3: Dargues Reef Gold Project (Majors Creek) – Geological Map

Source: Runge Limited, 2008

Runge (2010) notes that the Braidwood Granodiorite intrudes the Silurian Long Flat Volcanics to the west and Ordovician sediments to the east (Figure 5-3). Cutting the Braidwood Granodiorite are numerous major structures trending ESE and SE which are clearly visible on regional aeromagnetic images of the area. These linear structures are represented by much of the drainage. The placer alluvial Au mineralisation occurs in the sediments deposited in these drainage systems.

5.2.2 Mineralisation

The following description of the mineralisation is sourced from the Runge (2010).

Mineralisation at Dargues Reef occurs as a number of discrete, fracture-controlled sulphide lodes situated within intense zones of phyllic alteration (silica-chlorite and lesser epidote and sericite). The lodes are steeply dipping (80-90°) and have a variable strike from E-W to ENE-WSW. The main zones of mineralisation (commonly referred to as the Big Blow and Main Lode) occur on the northern side of a parallel diorite dyke with some minor mineralisation sporadically developed on the southern margin. The mineralisation and dyke appear to be disrupted by an interpreted fault (or sets of faults), one of which is situated in the position of a N-S-trending water course (Spring Creek).

The sulphide lodes are generally 0.5 m to 10 m wide (true width) and up to 200 m long, and display a distinctive zonal alteration assemblage. The lodes are generally comprised of k-feldspar-albite-pyrite+/-chlorite-sericite-silica-carbonate with the alteration assemblage extending up to 60 m from the lodes. The main sulphide mineral is pyrite, although chalcopyrite, sphalerite and other sulphides are also present. Gold values are directly linked to pyrite content (ranging from 5% to 30%). The gold grains occur as small inclusions of native gold in pyrite or along the pyrite grain boundaries. Rare occurrences of visible gold in association with minor quartz veining have been observed at depth (e.g. drillhole DREX225 at 404 m, DREX226 at 459.85 m) with grades of up to 538 g/t over a 0.85 m width.

The typical alteration assemblage is presented in Table 5-2.

Table 5-2: Alteration at Dargues Reef Deposit

Site Name	Description	Width	Au Grade (g/t)
Weak Propylitic Alteration	Weak Propylitic Alteration	-20 m	< 0.01 – 0.05
Increasing Propylitic Alteration	Increasing propylitic alteration. Generally light green with stronger chl, epidote and sericite.	4 – 5 m	< 0.01 – 0.05
Red Brick	Strong propylitic alteration. Strong texturally destructive silica Hermatitic? Alteration of feldspars +/- py. Carbonate	0.5 – 2 m	< 0.05
Black Spot	Dark green to black chl spotting, replacement of plagioclase. Occurs on margin of 'red brick'	0.1 – 0.2 m	< 0.05
Felsic Lode	Largely k-feldspar-alb py +/- chl-sericite-carbonate-silica	0.1 – 20 m	0.5 – 4.0
Phyllic Lode (component of Felsic Lode)	Strong sericite, py + carbonate. Generally quite thin	0.1 – 20 m	0.5 - 10

Source: Runge Limited, (2010)

5.2.3 Dargues Reef Exploration

The Majors Creek Project (Dargues Reef) has been actively explored by Cortona since its acquisition in 2007. The exploration activities include regional geological mapping, rock chip sampling programmes, +40,000 m of RC and diamond drilling, extensive soil geochemistry programmes as well as compilation of comprehensive geophysical surveys such as heli-magnetic, gravity, induced polarisation and remote sensing imagery.

Cortona has a target of a +500,000 oz gold resource at Dargues Reef. Diamond and RC drilling campaigns have tested a range of targets including extensions to the Dargues Reef resource, and previously untested mineralised outcrops and IP targets at the near-mine Tory Boy (Excalibur / Doubloon), Dreadnought, Chinamans, Ruby Lode, Thompsons, Tulloch, Hughen, Snobs and Copper Ridge prospects (Figure 5-4).

During 2011, RC drilling at Dargues Reef successfully targeted the top 150-200 m with the objective of increasing the total ounces per vertical metre in the proven category and extending the existing resource further east.

The current status of the near-mine exploration at the Dargues Reef (Majors Creek) area is that recent positive drilling results require further follow up, particularly at Ruby Lode, Copper Ridge, Excalibur, Shinglehut prospects and Napoleon – a new gold occurrence 20 km from Dargues Reef.

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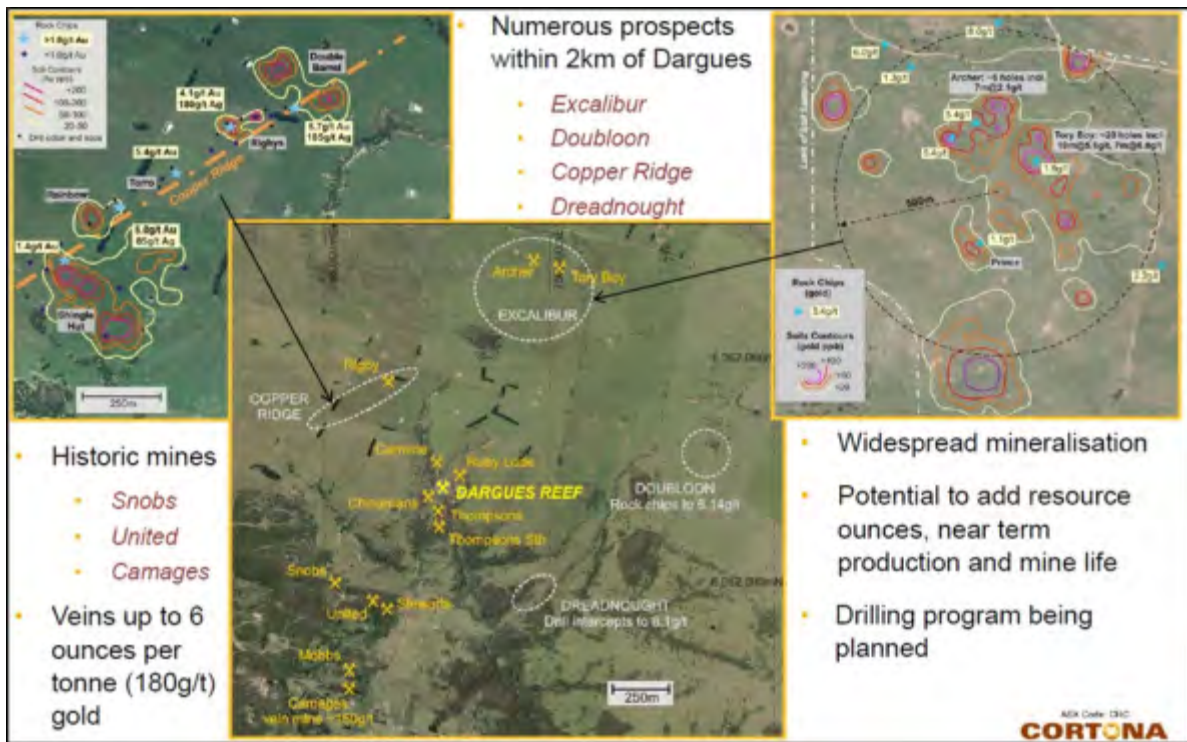


Figure 5-4: Dargues Reef Nearby Targets

Source: Cortona's June 2012 Presentation

The Dargues Reef ore body remains open at depth (+450 m), as indicated by some of the deepest holes drilled to date:

- 5.7 m @ 97.13 g/t Au from 454 m in DREX226 (open at depth)
- 9.9 m @ 32.2 g/t Au from 511.3 m (DREX225W2) (open at depth)
- 8.2 m @ 5.2 g/t Au from 556.6 m in DREX083 (approximately 50 m below the mineable resource)

The known mineralisation extends east of Dargues Reef and on into the adjoining Plums and Chianti prospects, a strike distance of + 500 metres. Plums and Chianti remain open and untested at depth. Drilling in this adjacent zone has identified Dargues Reef type alteration and gold mineralisation (20 m @ 6 g/t Au from 158 m in DREX135 – Plums Lode). Recent drilling of Plums Lode, east of Main Lode on the Dargues Reef line, has discovered a highly anomalous zone that may represent a structural duplication of the high-grade Main Lode. The Plums intercepts indicate a pipe like ore shoot, with a strike length in the order of 40 to 50 m, extending from 20 m below surface to at least 250 m where it remains open at depth.

Drilling at the Excalibur Target in 2009, 2 km north of Dargues Reef, has confirmed a new discovery. Excalibur displays a chargeability IP anomaly, several anomalous drill intercepts and an extensive mineralised alteration zone according to Cortona's geologists. This target was originally drilled in 2008 at the Tory Boy prospect and returned a significant intersection in EXEX007 and other exploration drillholes:

- 19 m @ 5.6 g/t Au from 47 m incl. 2 m @ 1.3% Cu plus 2 m @ 5.0 g/t Ag from 71 m within a broader mineralised envelope of 37 m @ 3.32 g/t Au from 43 m
- 5 m @ 4.88 g/t Au from 76 m in EXEX014
- 7 m @ 4.07 g/t Au from 25 m and 6 m @ 1.35 g/t from surface in EXEX026
- 9 m @ 5.2 g/t Au from 51 m in EXEX028

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In summary, the Majors Creek area presents numerous exploration targets within a 2-3 km radius of Dargues Reef such as Plums, Chianti, Dreadnought, Thompsons, Copper Ridge, Excalibur and numerous historic underground workings. Cortona exploration campaigns are focused on complementing the Dargues Reef resource with nearby shallow resources such as the Ruby Lode, Scarlet and Chinaman's Prospects. Recent drilling at the Hughen Prospect (500 m north of Dargues Reef) returned a highly anomalous silver intercept from 49 m depth with associated elevated copper and lead values.

5.3 Dargues Reef Mineral Resources Assessment

SRK has reviewed the following documents and data:

- Dargues Reef Gold Mine Definitive Feasibility (Mining Plus, 2010)
- Mineral Resource Estimate, Dargues Reef Gold Deposit, New South Wales (Runge, 2010)
- Open file data
- Cortona Drillhole data and wireframes
- Mineral Resource Estimate Model

The Dargues Reef "Definitive Feasibility Study" report was completed in December 2010 and envisages the mining of approximately 330 Kt of ore per year from an underground operation. Historic production from underground workings is recorded at 2,016 oz at 14 g/t Au. The following section of SRK's Report summarises the approach used to estimate the Mineral Resources at Dargues Reef and presents SRK's opinion on this approach.

The review completed by SRK was a fatal flaw review and as such was a high level review. A detailed review of the quantity and quality of the underlying data as well as the geological setting and controls on the mineralisation is beyond the scope of this Report. However, some comment has been made on these matters in so much as they impact on the resource estimation methodology chosen and the geological model.

The currently reported Mineral Resources for the Dargues Reef project, at a 2 g/t cut-off grade, are presented in Table 5-3.

Table 5-3: Dargues Reef Gold Deposit Mineral Resource Statement (Runge, June 2010)

Type	Measured		Indicated		Inferred		Total	
	Tonnage (kt)	Au (g/t)	Tonnage (kt)	Au (g/t)	Tonnage (kt)	Au (g/t)	Tonnage (kt)	Au (g/t)
Transitional			2	4.0			2	4.0
Fresh	378	7.2	816	6.8	420	4.5	1,613	6.3
Total	378	7.2	818	6.8	420	4.5	1,615	6.3

Information in this section relating to Mineral Resources has been completed by Mr Aaron Green of Runge Ltd., who is a member of the Australian Institute of Geoscientists. Mr Green has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'competent person' under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Green consents to the inclusion of the data in the form and context in which it appears. The contents of this report that relate to geology and historical exploration are based on information compiled by Mr Peter van der Borgh, who is a Professional Geologist and Fellow of the Geological Society. He has sufficient experience relevant to the style of mineralisation and types of

deposit under consideration and to the activity being undertaken to qualify as a 'Competent Person' as defined in the 2004 Edition of the JORC Code. Mr van der Borgh consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.

5.3.1 Resource Classification

The Dargues Reef Mineral Resource has been classified by Runge in accordance with terminology and guidelines of the 2004 edition of the JORC Code (JORC, 2004). Runge has documented a checklist of assessment and reporting criteria supporting the Mineral Resource criteria including: sampling techniques, drilling techniques, drill sample recovery, location of data points, data spacing, geological interpretation and estimation and modelling techniques.

Measured Mineral Resources predominantly contained kriging efficiencies of greater than 75 %.

The Dargues Reef DFS states the Mineable Inventory (MI) as 1.58 Mt at 5.12 g/t Au. This is not a JORC defined Ore Reserve as 14 % or 31 koz of gold in the Mineable Inventory is sourced from Inferred Resources, which cannot be classified as Ore Reserves.

5.3.2 Mineral Resource – Conclusions

SRK's principal findings from the geological fatal flaw review are as follows:

- No fatal flaws have been identified during the review;
- The geology, alteration and mineralisation appear to be well understood. Further work is warranted to better understand the structural controls on mineralisation such as structural source of mineralising fluids;
- Gold sample repeatability is strong, reflecting the disseminated characteristic of the mineralisation;
- Gold grade continuity is robust for Mineral Resources classified as Measured and Indicated. Less confidence in grade continuity is reflected in the classification of Inferred Resources, particularly where mineralisation is thin and multiple, close-spaced lodes occur; and
- SRK has no material concerns with the approach and methodology used to define the mineralised lodes (pods) based on a 1 g/t Au cut-off grade, however, the gold grade estimation could possibly be improved by separate domaining of the E and ENE mineralised structures.

Overall, SRK considers there to be sufficient drilling information to support the Mineral Resources as currently reported. SRK does consider that further modelling of the greater than 20 g/t Au population continuity is recommended for Bonanza Lode. The risk is that the continuity of the high grade population within the Bonanza Lode has been overestimated and therefore, the grade may also have been overestimated;

5.4 Eugowra Exploration Project

The Eugowra Exploration Project (EL6880) covered an original area of 390 km² in the central segment of the Eugowra Granite suite located in the Lachlan Fold Belt in central eastern New South Wales. An application to renew the holding for a further two years was lodged in September last year; the renewal application is still pending. During the period (in April 2012) the Exploration Titles Committee requested a reduction of area from 135 units to 67 units (approximately 194 km²). An application to reduce the holding has been submitted by Cortona (Figure 5-5).

This part of the Lachlan Fold Belt hosts some of Australia's largest operating gold mines, including Cadia, Lake Cowal, Ridgeway and North Parkes. The tenement is located 30-40 km east southeast of the township of Forbes and immediately south of the small township of Eugowra in the Mt Foster - Tumut Structural Zone.

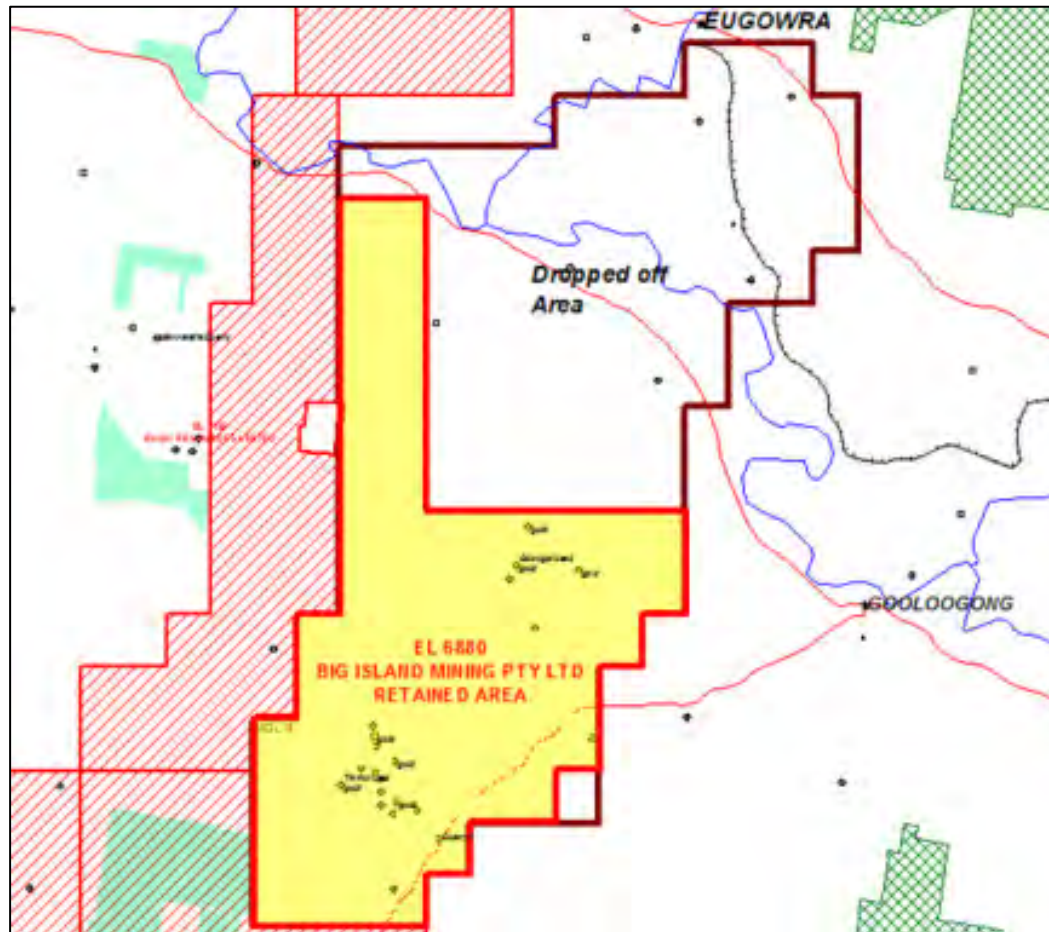


Figure 5-5: Eugowra Exploration Project – Tenement Map

Source: Cortona's 2012 Eugowra Annual Technical Report

5.4.1 Geology

The tenement covers a segment of the Early Devonian Eugowra granite suite; a variably magnetic, oxidised I-type granitic intrusive complex that forms part of the chemically distinct Boggy Plain Supersuite. The granitoids display similar chemistry, age and structure to the Braidwood Granodiorite, located in the Southern Tablelands of NSW. The location and spatial position of known gold mineral occurrences within the Eugowra tenement exhibit similar structural features to the mineralised geological settings within the comparable aged Braidwood Granodiorite. The occurrence of minor gold and tin mineralisation, in an under explored tenement, presents as a positive exploration indicator although recent exploration activities have downgraded the holdings gold prospectivity.

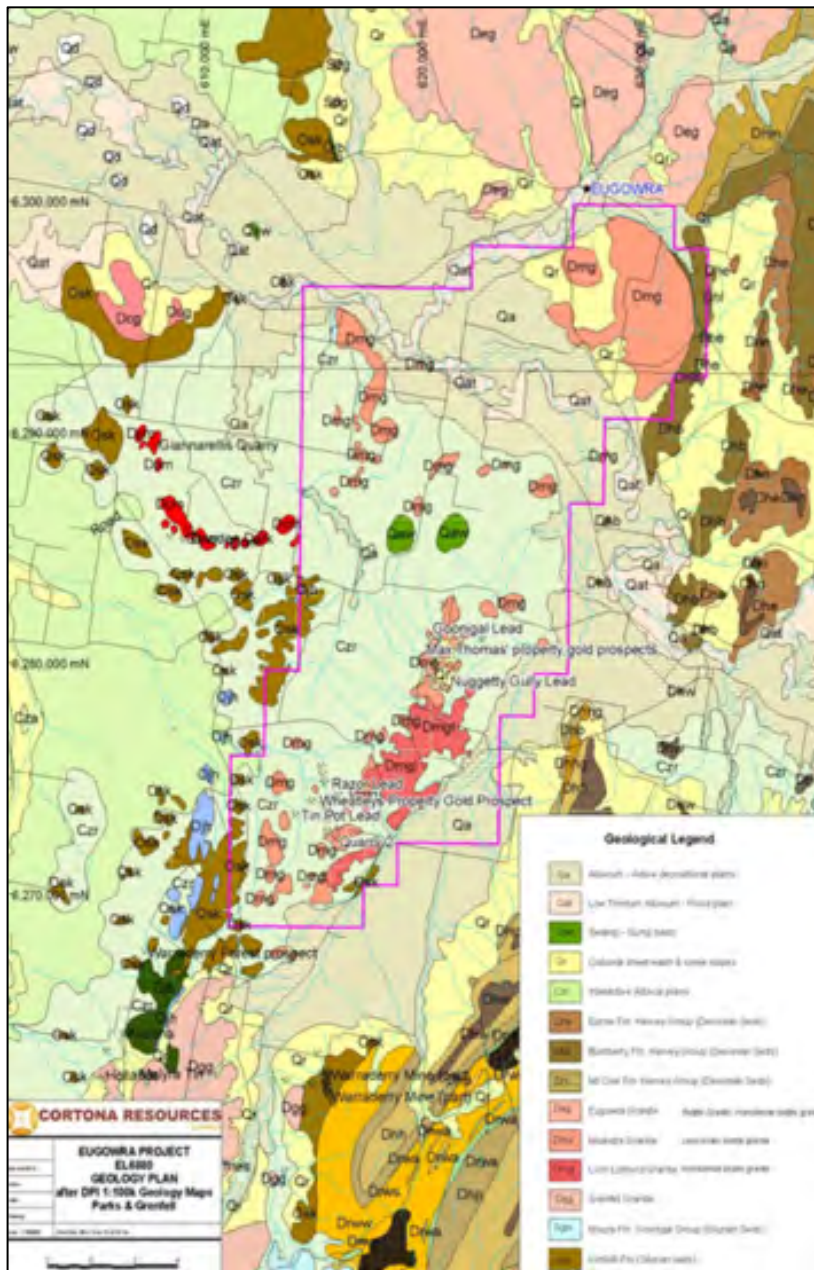


Figure 5-6: Eugowra Geological Map

Source: Cortona's 2012 Eugowra Annual Technical Report

Note: Original holding indicated, partial relinquishment pending

5.4.2 Mineralisation

Gold production on the tenement is recorded from the base of the Tertiary alluvial deposits that have been deposited over the Eugowra Granite suite in the form of Deep Leads. Alluvial gold has been worked from several localities including the most productive, the Goonigal Deep Lead, which was worked intermittently until the 1930s.

Gold was reported to occur in a basal “wash zone” comprising pebbles and cobbles of water worn rounded quartz and weathered granite in a clay matrix. This paleo-wash zone is approximately 0.2 m thick, 4.2 m wide and occurs at depths of between 49 m and 67 m. The primary source of the alluvial mineralisation remains unclear, however, it may be associated with quartz veining within the granites.

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5.4.3 Exploration

Cortona considers the area prospective for granite-hosted vein and disseminated lode deposits, and plans to explore and evaluate the tenement with systematic rock chip sampling, remote sensing and geochemical soil sampling in conjunction with geological mapping and eventually, following target generation, drilling campaigns on selected targets.

A geophysical survey done by Cortona collected quality data that has assisted with detailed structural mapping, interpretation and targeting of potential gold mineralisation sites within the granites. The interpretation has resulted in target generation, some of which have been geochemically sampled.

Two hundred and thirty three (233) auger soil samples were collected (EGSS 001 to EGSS 233). Soil results were generally disappointing with a peak Au result of 0.11 g/t Au and a peak Ag result of 0.46 g/t Ag. Remaining Au results were all ≤ 0.006 g/t Au and all but nine Ag results (ranging from 0.22 g/t to 0.11 g/t) returned values ≤ 0.1 g/t Au. Other peak results include Cu (27.4 ppm), Pb (33.2 ppm) and Zn (116 ppm).

5.4.4 Exploration Mineral Resource Estimates

No Mineral Resource Estimates were completed to the Eugowra Exploration Project.

5.5 Booths Reward Exploration Project

The Booths Reward Exploration Project includes the exploration licences EL6012 and EL6445. It is located 170 km NW of Canberra, centred on the Township of Coolac on the Hume Highway 12 km north of Gundagai in central NSW. The project, which is being explored for gold and copper-lead-zinc mineralisation, covers the southern portion of the Muttama Goldfield encompassing an area of 121.2 km² and at least 15 recorded historic gold mines/prospects within a 10 km-long N-S-trending segment of the Jindalee Beds.

The Booths Reward mine, mined to a depth of 82 m, represents the largest historic working within the tenement area with reported production (1888-1936) of 1,000 oz of gold at an average grade of 3 oz/t. In recent times, pre-2000, only modest gold orientated exploration has been conducted in the district. Previous exploration companies focused on the base metal potential of the Bongongolong prospect and on base metal, VMS and nickel-chromite mineralisation associated with the serpentinite sequences on EL6445.

5.5.1 Geology

The Booths Reward exploration project is positioned in the Bogan Gate Synclinal Zone, within a lower Paleozoic sequence known as the Eastern Central Zone, located in the central portion of the Lachlan Fold Belt.

The Eastern Central Zone is bound in the east by the Mooney Mooney and Thuddungra Faults and in the west by the Cootamundra Fault and the Gundagai Fault. It is characterised by a central N-S-trending belt of Ordovician-Devonian metasediments, mafic and ultramafic rocks of the Jindalee Group, representing the basal unit and oldest rocks in the trough sequence. The sequence displays upper greenschist to lower amphibolite facies metamorphism. This stratigraphy is interpreted as representing part of the 'metamorphic core complex' of the Tumut Trough, which is considered to have been structurally emplaced, or upthrust, along the Berthong and Coolac faults during the closure of the Tumut Trough.

The Ordovician-Devonian stratigraphy is flanked to the east and west by Silurian volcano-sedimentary sequences deposited in the Tumut Trough. This sequence includes the Brawlin Formation and Jackalass Slate located in the western sediment dominated portion. The Blowering Formation, to the east, is composed of dacitic volcanics, volcanoclastic rocks, dacitic sub-volcanic intrusives and interbedded fine grained sediments.

The ultramafics occurring within the Ordovician-Devonian and Silurian stratigraphy appear to be of the same age as the sequence they intrude. Within the Jindalee Beds the largest ultramafic intrusive is the N-S-trending Wambidgee Serpentinite.

The local rock units of the Silurian stratigraphy are represented by the Coolac Serpentinite, the Honeysuckle metabasic Igneous Complex and the Valley View metabasic Igneous Complex which includes the Brungle Creek Metabasalt and the Brungle Creek Chert. The Young Granodiorite, which hosts several vein gold deposits further east, also outcrops within the tenements. It occurs along the far eastern side of the project area, and in the vicinity of Booths Reward, where it is represented by medium-grained granite.

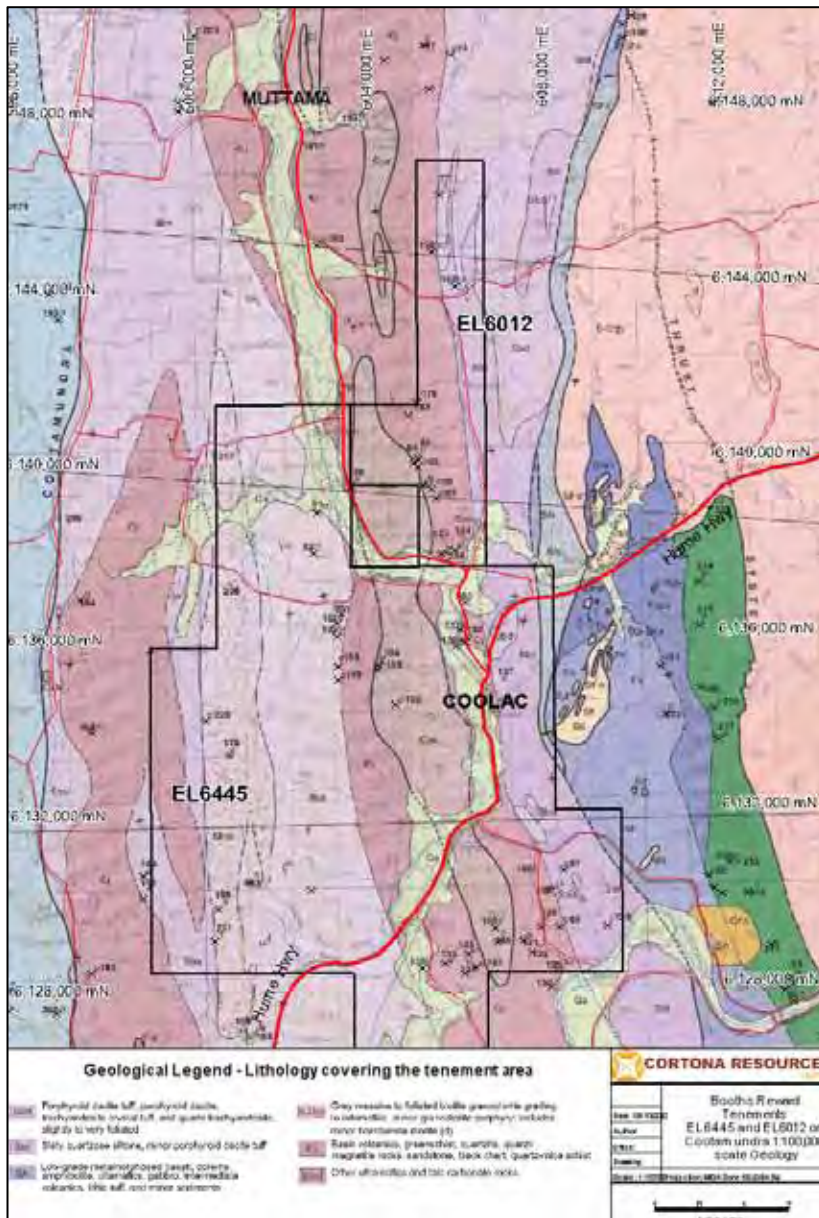


Figure 5-7: Booths Reward Geological Map

Source: Cortona 2012

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5.5.2 Mineralisation

At Booths Reward the N-NW-trending structure contains a hornblende-rich dyke which is intruded by a number of feldspar porphyry diorite dykes, which is associated with the gold mineralisation. The main reefs in this area strike parallel to this shear, with an associated conjugate set of high-grade sulphide ± quartz veins that are aligned east-northeast. The sulphides include pyrite, pyrrhotite, and locally chalcopyrite, sphalerite, galena and minor arsenopyrite.

Gold mineralisation has been identified within a narrow zone of sheared serpentinite hosted by a conjugate set of quartz reefs that strike parallel and obliquely to local shear zones. It is also associated with a strong positive magnetic anomaly, a significant gold in soil anomaly, NNW-trending shearing, quartz veining and several old workings. Exploration to date confirms gold mineralisation occurrences outside the known line of lode indicating additional targets other than the historic workings. Many of the historic gold occurrences are positioned near or on the prospective faulted contact of the Jindalee Group and Bowering Beds.

At Booths Reward, gold targets display greenschist facies "Orogenic Lode Gold"-style mineralisation; however, other targets on the adjoining tenement, particular Bongongalong, include VMS and Ni-Cr mineralisation that complement the traditional historic gold workings.

5.5.3 Exploration

Exploration in the district has been conducted by numerous companies during the past 40 years. In recent times, Braeside Australia, Moly Mines, Cortona Resources and Austminex are the only companies to have targeted gold mineralisation; however, the majority of exploration activities have concentrated on the Booths Reward mine area. Results are generally encouraging but exploration remains at an early stage and no resources have been defined.

The Booths Reward group of workings occur over a 350 m NE-SW-trending ridgeline with a best historic RC drillhole intersection of 10 m @ 2.2g/t Au in BR957 which terminated in mineralisation in an area that returned rock chip results peaking at 39.2 g/t Au. Exploration since 2005 has focused on gold mineralisation, based on data compilation, soil geochemical sampling, RC drilling (1,533 m) and diamond drilling (336.29 m).

The area of old workings (Booths Hill) has proven to be the best zone of gold mineralisation identified so far. The mineralised sequence is concentrated along the eastern margin of the Wambidgee Serpentinite. Other exploration targets that warrant follow-up work include gold-in-soil anomalies associated with a shear zone and a 200 m-long N-S structure that outcrops along the western side of an outcropping chert horizon and a second irregular soil anomaly further west.

Recent and historic RC and diamond drilling, focused mainly on EL6012, has intersected several high grade gold intercepts. The mineralisation envelope has not been defined and remains open at depth and along strike. The most significant recent intersection (2006) returned 10 m @ 3.51 g/t Au in diamond hole BRDD013 including 2 m @ 13.29 g/t Au, 1 m @ 25.3 g/t Au and 2 m @ 3.96 g/t Au.

Planned exploration at Booths Reward includes ground magnetic interpretation, structural interpretation, geological mapping and sampling and follow up drilling together with a literature review of the Bongongalong Pb-Zn VMS target.

5.5.4 Exploration Mineral Resource Estimates

No Mineral Resource Estimates were completed to the Booths Reward Exploration Project.

5.6 Christmas Gift Exploration Project

The Christmas Gift Project is located in NSW, 15 km east of Cootamundra and 130 km northwest of Canberra (Figure 5-8). Through its subsidiary Big Island Mining Pty Ltd, Cortona holds the sole and unencumbered title. The tenement covers the northern segment of a group of historical mines and workings, approximately 2.5 km of strike, which comprise part of the old Cullinga Goldfield.

The most productive underground mine in the goldfield was the Christmas Gift (formally Boxsells) with a recorded production of 36,690 oz at an average grade of 27.8 g/t Au. The project is named after this mine. The tenement has been subject to several exploration campaigns by numerous mining companies in the past. Historic exploration has returned several excellent drill intersections.



Figure 5-8: Christmas Gift Location Map

Source: Cortona's 2011 Christmas Gift Annual Technical Report

5.6.1 Geology

The EL6010 tenement is located in the Lachlan Fold Belt, an Ordovician to Carboniferous orogenic subdivision of the Neoproterozoic to Mesozoic Tasman Fold Belt system. The Lachlan Fold Belt represents a large well-endowed porphyry Cu-Au belt hosting several significant mines such as North Parkes, Cowal, Copper Hill, Temora and Cadia-Ridgeway.

The tenement hosts metamorphosed Cambrian to Siluro-Devonian sediments and volcanics, which have been intruded by Silurian granodiorites. The sequence is disrupted by north striking, steep dipping, thrust faults which are approximately 2-5 km apart, and form the contact boundaries between the major rock units. Movement along the thrusts, in most cases, is interpreted to be east block up. The thrust zones have been intruded by elongate serpentinite bodies.

All lithological units, with the exception of the dolerite and dacite porphyry, belong to the volcanoclastic and sedimentary sequences of the Silurian Blowering Formation or Jindalee Group, represented by metamorphosed oceanic sediments and ultramafics which form the oldest rocks in the region. The Jindalee Beds display extremely poor outcrop and form low lying rolling hills of dark brown soils that are generally under crop.

The dacite porphyry appears to be of different provenance than the volcanoclastic sequence. It is syngeneic with the Blowering Formation but interpreted to relate to the Young Granodiorite. The weaker foliation within the dacite supports this presumption.

The Jindalee Group is an upthrust, anticlinal belt comprised of Cambrian metavolcanic rocks, ultramafic rocks and iron-rich sediments. It is in faulted contact with the Blowering Formation and Silurian 'Young' Granodiorite in the east.



Figure 5-9: Christmas Gift Geological Map

Source: Cortona's 2011 Christmas Gift Annual Technical Report

5.6.2 Mineralisation

Gold mineralisation is associated with carbonate and quartz + sulphide veining of varying intensity and shearing with brecciation related to hydrothermal fluid generation during intrusive activity in the Late Silurian period. The characteristics of the mineralisation and alteration indicate that the veining has mesothermal affinities although classic epithermal textures have also been observed in the core. This event is interpreted as a consequence of a later, barren quartz + calcite hydrothermal breccia event. Gold is reported to be free and accompanied by pyrite, galena with minor chalcopyrite and sphalerite mineralisation. The high grade ore shoots display relatively sharp grade boundaries adjacent to less intense veining and alteration zones characterised by carbonate, silica and pyrite.

The historic gold mines are restricted to a NNE-striking 200 m-wide zone within a tuffaceous sediment unit. The gold mineralisation appears to be structurally controlled by steep east-dipping thrusts which parallel the strike of the lithological sequence. Exploration to date has indicated that the majority of gold mineralisation is spatially related to the faulted Jindalee Group and Blowering Formation contact.

5.6.3 Exploration

Previous exploration includes a range of investigative tools such as shallow RAB and RC drilling, limited diamond drilling, geological mapping, rock chip and soil geochemistry and geophysical programmes. Past explorers have focused on the known line of old workings targeting shallow depth and strike repetitions of the high grade dilatational jogs, adjacent to and bordering the old workings, which includes the Christmas Gift Mine and other nearby workings collectively called the Cullinga Mines.

Underground mining at Christmas Gift was conducted between 1899 and 1941 on three levels. The mine extends over a strike length of 225 m and to a depth of 110 m, stepping down and to the east towards a porphyry contact. Total recorded production yielded 36,690 ounces of gold (41,000 t @ 27.8 g/t Au) although the production figures are likely to be understated due to poorly kept mine records.

The immediate Christmas Gift mine area has been RC and diamond drilled on a 25 m x 20 m pattern. The main area of stoping plunges at an angle of approximately 25° to the north. A second zone, termed the Federal Lode, appears to plunge steeply to the south. It is apparent from the previous drilling that mining has left several unmined areas containing high-grade gold mineralisation adjacent to the stopes.

The principal exploration target is the Christmas Gift Lode which remains to be fully tested down plunge. The proposed exploration model is a dilatational jog structure which remains inadequately drilled in the vicinity of the underground workings. The main Christmas Gift lode originally contained at least 50,000 oz of gold and other comparable sized lodes with similar geological controls and orientation could be discovered within the tenement.

The down plunge extensions of old stopes and areas adjacent the mined ore zones, for the most part, remain untested as does the majority of the "line of lode" which is proximal or confined to the Blowering Formation/Jindalee Group faulted contact. These targets include poorly tested shallow mineralisation identified 100 m south of the Venables Mine. Additionally, a second target, 250 m west of the known line of lode is also prospective. The target area, termed the Western Zone, where two drill intersections, 23 m apart and down dip of 2 m @ 5.0 g/t and 2 m @ 3.6 g/t Au were returned, the nearest drillholes testing this structure are a further 100 m along strike.

Recent drilling has identified dilatational jog structures and high grade gold mineralisation associated with a sheared calcareous volcanoclastic assemblage and carbonate-quartz-sulphide veining of varying intensity together with shearing and brecciation.

5.6.4 Exploration Mineral Resource Estimates

No JORC Compliant Mineral Resource Estimates were completed to the Christmas Gift Exploration Project. Historic tonnage / grade estimations were carried out on the Christmas Gift lode by Freeport in 1988. CRM has also carried out a tonnage and grade estimation. Work conducted by Paragon Gold Pty Ltd (Paragon) further defined the ore potential with a computer generated "Ore Reserve" including the remnant low grade tailings resource. The resource was deemed by Paragon too small to support a stand-alone mining operation at the time.

5.7 Cortona Resources - Exploration Valuation

In valuing Cortona's Exploration Assets, SRK has considered the Mineral Resources associated with the Dargues Reef Project, as well as the areal extent of the granted exploration tenure (Table 5-4).

Table 5-4: Valuation Basis of Cortona Exploration Assets

Project	Tenements	Development Stage	Valuation basis
Dargues Reef Resources	ML1675	Development	Declared Resources
Majors Creek Exploration Ground	EL6003, EL6462, EL6548	Advanced Exploration	Areal Extent
Booths Reward Exploration Ground	EL6012, EL6445	Advanced Exploration	Areal Extent
Christmas Gift Exploration Ground	EL6010	Advanced Exploration	Areal Extent
Eugowra Exploration Ground	EL6880	Exploration	Areal Extent

SRK has relied on the same market transactions, and the analysis thereof, as reported in the Unity Mining Exploration Valuation section of this report.

5.7.1 Dargues Reef Resources

SRK considers the Dargues Reef Project, situated on ML1675, to be a Development Property as defined by the VALMIN Code.

The Dargues Reef Project currently includes Measured, Indicated and Inferred Resources (Table 5-3), with a total of approximately 327,300 ounces of contained gold (1.6Mt @ 6.3 g/t Au, comprised of approximately 378,000t @ 7.2 g/t Au Measured Resources, 818,000t @ 6.8 g/t Au Indicated Resources and approximately 420,000t @ 4.5 g/t Au Inferred Resources).

In establishing a Valuation Range for the Dargues Reef Resources, SRK has considered 15 recent Australian transactions concerning Development, Pre-Development and Operating gold projects (Table 5-5). In analysing these 15 transactions, 3 transactions were considered to be outliers, hence 14 were considered for further analysis (Table 5-6 and Figure 5-10 to Figure 5-12).

In analysing these transactions, a discount of 10% was applied for share transactions as opposed to cash transactions, and future payments were discounted relative to payments at the time of announcement. All values and factors quoted are in Australian dollars.

In analysing all 15 transactions, the resource-weighted average \$/oz value for all transactions is \$133.11/oz, with the operating mines averaging \$57.10/oz, the Development projects averaging \$178.36/oz and the Pre-Development projects averaging \$34.99/oz (Table 5-6). Once the outliers have been removed, the operating mines have the highest resource-weighted \$/oz value at \$139.71/oz, followed by the Development projects at \$52.88/oz and the Pre-Development projects at \$34.99/oz. The overall resource-weighted average is \$51.07/oz, which is similar to that of the Development projects (Table 5-6).

Table 5-5: Recent Australian transactions involving Pre-Development, Developing and Operating Gold Mines

Project	State	Stage	Date	Buyer	Seller	Equity	100% Price	Ounces	Grade	RESCAT	% Ind + Meas	\$/oz
Ballarat*	VIC	Operating	Mar-10	Castlemaine Goldfields Limited	Lihir Gold Limited	100%	4,500,000	1,485,365	11.85	Indicated and Inferred	19	3.03
Henty	TAS	Operating	Jul-09	Unity Mining Limited	Barrick Gold Corporation	100%	20,289,964	101,000	7.1	Probable, Indicated, Inferred	84	200.89
McPhillamys	NSW	Pre-Development	Aug-12	Regis Resources Limited	Newmont Mining Corporation	100%	135,000,000	2,958,084	1	Indicated and Inferred	66	45.64
Pajingo	QLD	Operating	Sep-10	Conquest Mining Pty Limited	Heemskirk Consolidated Limited	40%	80,376,212	414,394	6.92	Proven and Probable	39	193.96
Tunkilla	SA	Development	Dec-11	Mungana Goldmines Limited	Minotaur Exploration Ltd	55%	10,564,663	803,415	1.61	Measured and Indicated	62	13.15
Andy Well	WA	Development	Aug-12	Doray Minerals Ltd	Murchison Resources Pty Ltd	20%	49,774,905	337,596	12.7	Probable + Inferred	89	147.44
Boddington*	WA	Development	Jan-09	Newmont Mining Corp	AngloGold Ashanti Ltd	33%	2,776,198,274	12,000,000	0.7	Proven and Probable + M, I, Inf	81	231.35
Gidgee	WA	Pre-Development	Jan-11	Panoramic Resources	Apex Minerals	100%	15,500,000	310,000	5.2	Measured, Indicated, Inferred	53	50.00
Groundrush	NT	Pre-Development	Jan-10	Tanami Gold NL	Newmont Asia Pacific	100%	22,000,000	516,000	2.7	Measured, Indicated, Inferred	97	42.64
Meekatharra*	WA	Development	Jan-11	Reed Resources Ltd	ECR Minerals plc	100%	22,473,666	2,888,000	1.74	Indicated and Inferred	69	7.78
Blue Funnel	WA	Pre-Development	Mar-11	Phoenix Gold Ltd	Golden Deepes Ltd	95%	936,202	38,000	3.9	Inferred	0	24.64

Project	State	Stage	Date	Buyer	Seller	Equity	100% Price	Ounces	Grade	RESCAT	% Ind + Meas	\$/oz
Glenburgh	WA	Pre-Development	Dec-09	Gascoyne Resources Limited	Helix Resources Limited	100%	2,700,000	202,710	2.6	Inferred	0	13.32
Mt Henry	WA	Pre-Development	Jun-12	Panoramic Resources	Matsa Resources Ltd	70%	15,923,979	1,464,000	1.72	Indicated and Inferred	67	10.88
Mt Martin	WA	Operating	Aug-11	Alacer Gold Corporation	Australian Mines Limited	100%	5,706,026	328,000	2.19	Indicated and Inferred	62	17.40
Paulsens	WA	Operating	May-10	Northern Star Resources Ltd	Intrepid Mines Limited	100%	29,476,102	128,980	12.75	Indicated and Inferred	70	228.53

*Outlier transactions highlighted.

Data sourced from Interra and MEG databases.

Table 5-6: Analysis of transactions

	All Transactions (\$/oz)			Outliers removed (\$/oz)		
	All	Operating	Development	Pre-Development	Operating	Development
Number of transactions	15	5	4	6	4	2
Minimum	3.03	3.03	7.78	10.88	17.40	13.15
Maximum	231.35	228.53	231.35	50.00	228.53	147.44
Median	42.64	193.96	80.29	33.64	197.43	80.29
Weighted Average	133.11	57.10	178.36	34.99	139.71	52.88

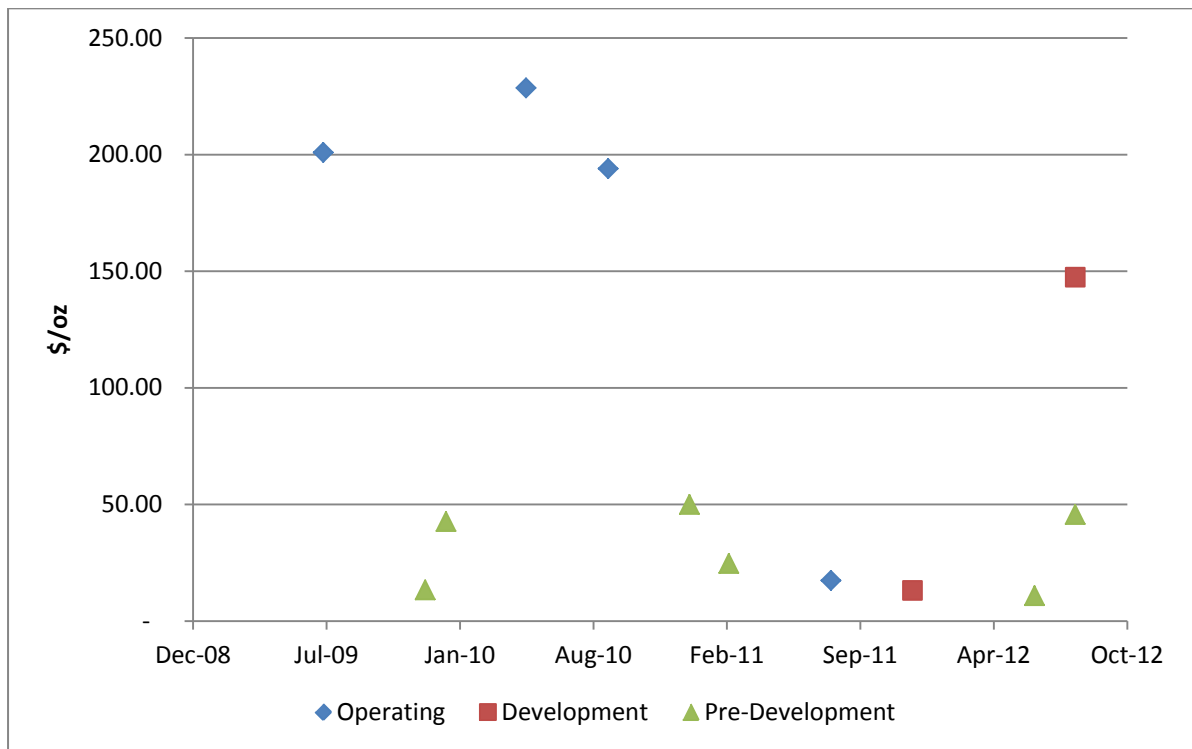


Figure 5-10: Date of transactions (Outlier transactions removed)

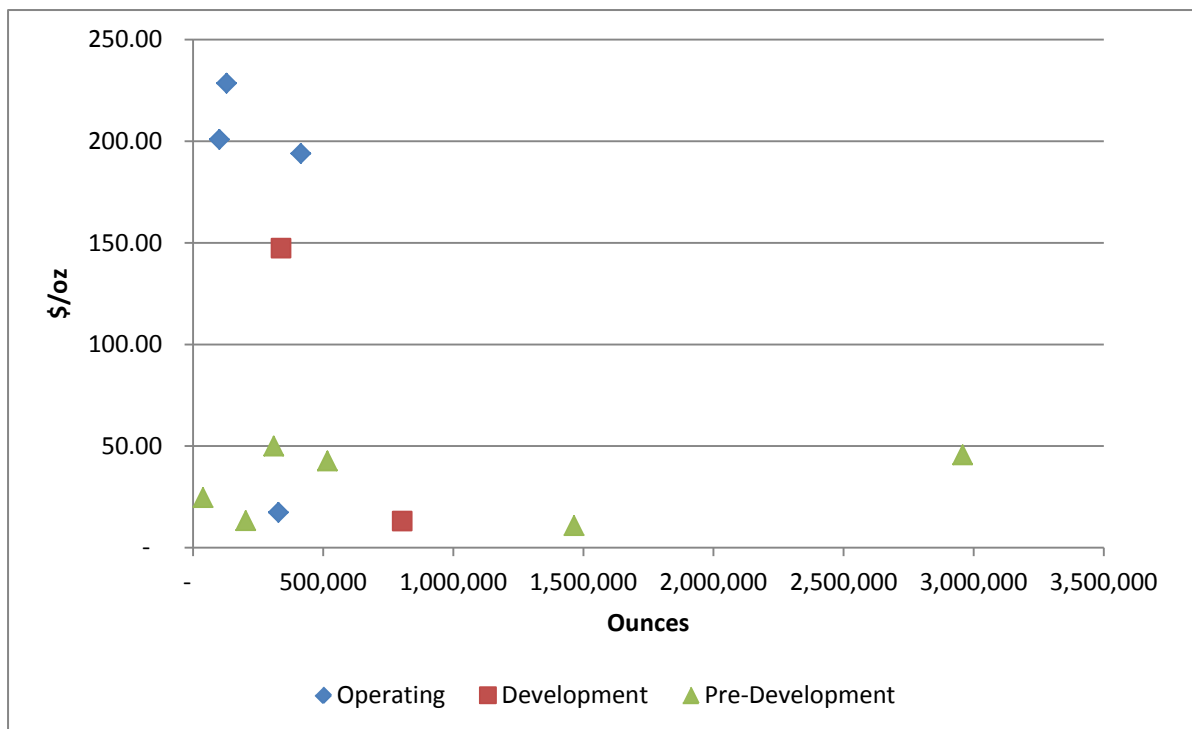


Figure 5-11: Resource ounces transacted (Outlier transactions removed)

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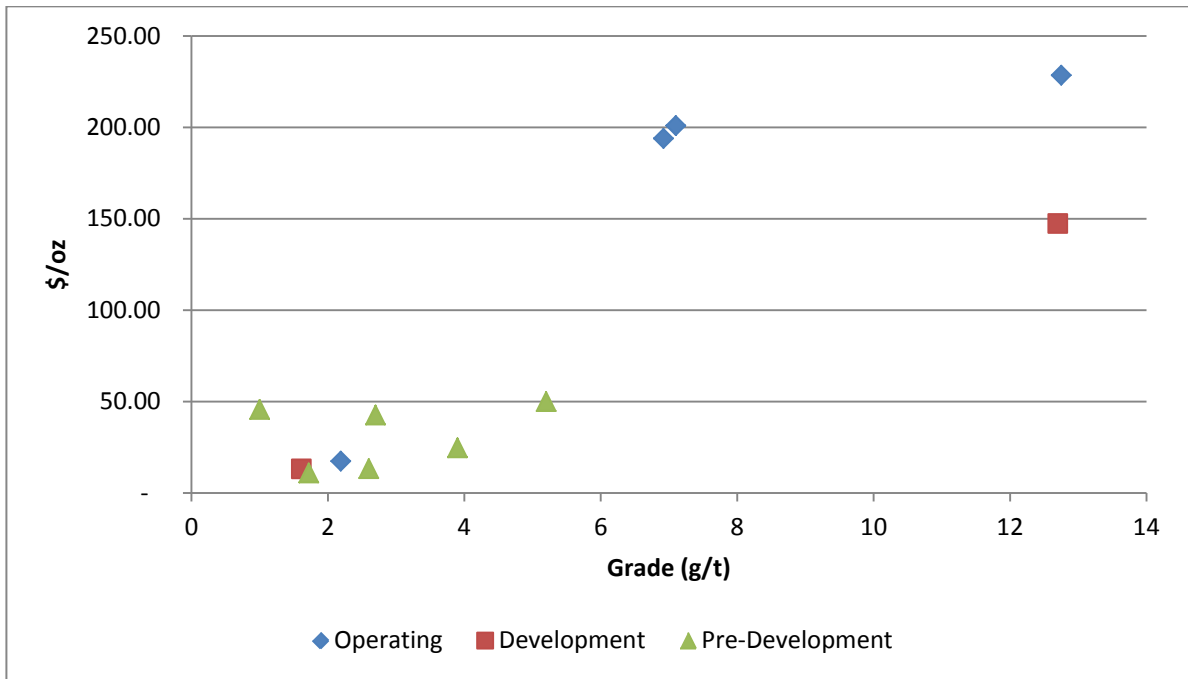


Figure 5-12: Grade of deposits (Outlier transactions removed)

SRK has considered comparable market transactions in valuing the Dargues Reef Measured, Indicated and Inferred Resources. Based on SRK’s analysis of comparable market transactions, a factor of \$52.88/oz has been derived for the lower range of the valuation of declared resource ounces, and a factor of \$147.44/oz has been derived for the upper range of the valuation of the declared resource ounces. These upper and lower values for the preferred valuation range were chosen as they are defined by the Development Project transactions. SRK acknowledges that these numbers are based on a small sample of two (2) transactions, but SRK believes that they are supported by the transactions database as a whole, in that these values derived for the Development Projects are intermediate between those derived for Operating Projects and those derived for Pre-Development Projects, as one would expect. SRK also notes that the weighted average value for the Development Projects is very similar to the weighted average for all projects, which is reasonable as the Development Projects are the intermediate stage projects in this database.

This range of \$52.88/oz to \$147.44/oz compares favourably with a yardstick approach to valuing Resource ounces, where the ounces are valued at a fraction of the spot gold price, typically in the 1% to 10% range, depending on the level of certainty associated with the resources.

Based on SRK’s analysis of comparable market transactions, SRK recommends that the Dargues Reef Resources, comprising 327,300 ounces be valued in the range \$17.3M to \$48.2M, with a Preferred Value of \$32.7M.

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5.7.2 Majors Creek Exploration Ground

SRK considers the Majors Creek Exploration Ground, consisting of EL6003, EL6462 and EL6548 and covering an area of 589 km², to be an Advanced Exploration Project as defined by the VALMIN Code.

The expenditure commitment for retaining the licences for a year is \$328,000 (Table 5-7). This can be considered a minimum value for the exploration ground.

Table 5-7: Majors Creek Project Expenditure Commitment

Licences	Area	Commitment	Expenditure	Planned
EL6003, EL6462, EL6548	589 km ²	\$303,000	\$2,817,000	\$2,153,000

SRK has also conducted a Geoscientific Rating (modified Kilburn) valuation of the property Table 4-8) based on the rating matrix in Table 4-8. SRK has used a Base Acquisition Cost of \$1,210/km² for NSW, and a Market Factor of 0.4. This has yielded a "preferred" value of \$9.31M for the property. SRK considers this a high boundary for the valuation.

The Base Acquisition Cost is the cost of acquiring and maintaining tenure of an average licence block in a given jurisdiction. The Market Factor is used to account for non-technical influences on Market Value, and is applied to the Technical Valuation to derive a Market Valuation.

The value of the Exploration Ground is considered as a factor of the areal extent of the tenure. SRK has derived a factor for the valuation of the exploration ground based on an analysis of comparable transactions.

Based on the analysis of transactions, SRK has used a factor of \$3,177.89/km² for the valuation of the exploration ground, which gives a valuation of \$1.87M.

SRK notes that the valuation derived from the modified Kilburn method is similar to the total expenditure (planned and currently incurred) on the property. SRK considers the average of these two values (\$7.14M) to define the high end of SRK's preferred valuation range.

In this case, the market derived value forms the low end of SRK's preferred valuation range.

Based on SRK's analysis, SRK recommends that the Majors Creek Exploration Ground comprising 589 km² be valued in the range \$1.87M to \$7.14M, with a Preferred Value of \$4.5M.

5.7.3 Booths Reward Exploration Ground

SRK considers the Booths Reward Exploration Ground, consisting of EL6012 and EL6445 and covering an area of 121 km², to be an Advanced Exploration Project as defined by the VALMIN Code.

The expenditure commitment for retaining the licences for a year is \$103,000 (Table 5-8), which is subject to licence renewal. This can be considered a minimum value for the exploration ground.

Table 5-8: Booths reward Project Exploration Commitment

Licences	Area	Commitment	Expenditure	Planned
EL6012, EL6445	121 km ²	\$103,000	\$74,000	\$121,000

SRK has also conducted a Geoscientific Rating (modified Kilburn) valuation of the property (Table 4-8) based on the rating matrix in Table 4-8. SRK has used a Base Acquisition Cost of \$1,210/km² for NSW, and a Market Factor of 0.4. This has yielded a “preferred” value of \$1.01M for the property. SRK considers this a suitable high boundary for the valuation.

The value of the Exploration Ground is considered as a factor of the areal extent of the tenure. SRK has derived a factor for the valuation of the exploration ground based on an analysis of comparable transactions.

Based on the analysis of transactions, SRK has used a factor of \$3,177.89/km² for the valuation of the exploration ground, which gives a valuation of \$385,000.

Based on SRK’s analysis of comparable market transactions, SRK recommends that the Booths Reward Exploration Ground comprising 121 km² be valued in the range \$0.10M to \$1.01M, with a Preferred Value of \$0.38M.

5.7.4 Christmas Gift Exploration Ground

SRK considers the Christmas Gift Exploration Ground, consisting of EL6010 and covering an area of 11.3 km², to be an Advanced Exploration Project as defined by the VALMIN Code.

The expenditure commitment for retaining the licences for a year is \$34,000 (Table 5-9). This can be considered a minimum value for the exploration ground.

Table 5-9: Christmas Gift Project Expenditure Commitment

Licences	Area	Commitment	Expenditure	Planned
EL6010	11.3 km ²	\$34,000	\$77,000	\$121,000

SRK has also conducted a Geoscientific Rating (modified Kilburn) valuation of the property (Table 4-8) based on the rating matrix in Table 4-8. SRK has used a Base Acquisition Cost of \$1,210/km² for NSW, and a Market Factor of 0.4. This has yielded a “preferred” value of \$145,000 for the property. SRK considers this a suitable high boundary for the valuation.

The value of the Exploration Ground is considered as a factor of the areal extent of the tenure. SRK has derived a factor for the valuation of the exploration ground based on an analysis of comparable transactions.

Based on the analysis of transactions, SRK has used a factor of \$3,177.89/km² for the valuation of the exploration ground, which gives a valuation of \$36,000.

SRK notes that the market-derived value is similar to the Expenditure Commitment for retaining the package. SRK considers the average of these two values (\$35,000) to define the low end of SRK’s preferred valuation range.

SRK notes that the valuation derived from the modified Kilburn method is similar to the planned expenditure for the property. SRK considers the average of these two values (\$133,000) to define the high end of SRK’s preferred valuation range.

Based on SRK’s analysis, SRK recommends that the Christmas Gift Exploration Ground comprising 11.3 km² be valued in the range \$0.04M to \$0.13M, with a Preferred Value of \$0.09M.

5.7.5 Eugowra Exploration Ground

SRK considers the Eugowra Exploration Ground, consisting of EL6880 and covering an area of 194 km² to be an Exploration Project as defined by the VALMIN Code.

The expenditure commitment for retaining the licences for a year is \$165,000 (Table 5-10), subject to renewal. This can be considered a minimum value for the exploration ground.

Table 5-10: Eugowra Exploration Ground Expenditure Commitment

Licences	Area	Commitment	Expenditure	Planned
EL6880	194 km ²	\$165,000	\$174,000	\$405,000

SRK has also conducted a Geoscientific Rating (modified Kilburn) valuation of the property (Table 4-8) based on the rating matrix in Table 4-8. SRK has used a Base Acquisition Cost of \$1,210/km² for NSW, and a Market Factor of 0.4. This has yielded a “preferred” value of \$1.90M for the property. SRK considers this a suitable high boundary for the valuation.

The value of the Exploration Ground is considered as a factor of the areal extent of the tenure. SRK has derived a factor for the valuation of the exploration ground based on an analysis of comparable transactions.

Based on the analysis of transactions, SRK has used a factor of \$3,177.89/km² for the valuation of the exploration ground, which gives a valuation of \$617,000.

SRK notes that the market-derived value is similar to the total expenditure (planned and incurred) on the property. SRK considers the average of these two values (\$598,000) to define SRK’s preferred value.

Based on SRK’s analysis of comparable market transactions, SRK recommends that the Eugowra Exploration Ground comprising 194 km² be valued in the range \$0.17M to \$1.90M, with a Preferred Value of \$0.6M.

5.7.6 Conclusion

SRK has recommended preferred values and value ranges for Cortona’s exploration properties on the basis of declared Mineral Resources and areal extent of tenure. SRK has recommended value ranges for both the Mineral Resources and the Exploration Ground on the basis of an analysis of recent comparable transactions involving gold properties in eastern Australia.

In the case of the exploration ground, SRK has also considered exploration commitments and expenditure, as well as a modified Kilburn rating system to arrive at a reasonable valuation range.

SRK’s recommended valuation ranges and Preferred Values for each project are detailed in the Table 5-11.

Table 5-11: Summary of SRK's Valuation of Cortona's Exploration Assets

Project	Development Stage	Low	Preferred	High
Dargues Reef Resources	Development	\$17.3M	\$32.7M	\$48.2M
Majors Creek Exploration Ground	Advanced Exploration	\$1.87M	\$4.5M	\$7.14M
Booths Reward Exploration Ground	Advanced Exploration	\$0.10M	\$0.38M	\$1.01M
Christmas Gift Exploration Ground	Advanced Exploration	\$0.04M	\$0.09M	\$0.13M
Eugowra Exploration Ground	Exploration	\$0.17M	\$0.6M	\$1.90M
Total		\$19.5M	\$38.3M	\$58.4M

Compiled by


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Principal Consultant

Peer Reviewed by:

Peter Williams, Associate Consultant (Geology and Project Evaluation)

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Peter Fairfield, Principal Consultant (Mining)

Daniel Guibal, Corporate Consultant (Resource Estimation)

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SRK Report Client Distribution Record

Project Number: COR003

Date Issued: 13 November 2012

Name/Title	Company
Peter van der Borgh	Cortona Resources Limited

Rev No.	Date	Revised By	Revision Details
G	18/10/2012	Peter Fairfield	First "DRAFT" PDF Report
0	26/10/2012	Peter Fairfield	Final Report
1	26/10/2012	Matthew Greentree	Final Report
2	26/10/2012	Matthew Greentree	Final Report
3	29/10/2012	Matthew Greentree	Final Report
4	29/10/2012	Matthew Greentree	Final Report
5	30/10/2012	Peter Fairfield	Final Report
6	09/11/2012	Matthew Greentree	Final Report
7	12/11/2012	Peter Fairfield	Final Report
8	12/11/2012	Peter Fairfield	Final Report
9	13/11/2012	Matthew Greentree	Final Report

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ANNEXURE B

SCHEME OF ARRANGEMENT

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Execution Version

Cortona Resources Limited

The holders of ordinary shares in Cortona
Resources Limited

Scheme of Arrangement

Pursuant to section 411 of the Corporations Act

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Contents

1	Interpretation	1
1.1	Definitions	1
1.2	Construction	3
1.3	Headings	4
2	Preliminary	4
2.1	Cortona	4
2.2	Unity	4
2.3	Summary of the Scheme	5
2.4	Scheme Implementation Agreement	5
2.5	Deed Poll	5
3	Conditions	5
3.1	Conditions of Scheme	5
3.2	Certificate	6
3.3	Termination of Scheme Implementation Agreement	6
3.4	Effective Date	6
3.5	End Date	6
4	Scheme	7
4.1	Lodgement of Court order	7
4.2	Transfer of Scheme Shares	7
4.3	Provision of Scheme Consideration	7
4.4	Enforcement of Deed Poll	7
4.5	Fractional entitlements	7
4.6	Shareholding splitting or division	7
5	Scheme Consideration	8
5.1	Entitlement to Scheme Consideration	8
5.2	Provision of Scheme Consideration	8
5.3	Ineligible Foreign Shareholders	9
5.4	Joint holders	10
6	Quotation of New Unity Shares	10
7	Scheme Participants	11
7.1	Appointment of Unity as sole proxy	11
7.2	Appointment of Cortona as sole attorney and agent	11
7.3	Scheme Participant's consent	11
7.4	Warranties by Scheme Participants	12
7.5	Title to Scheme Shares	12
8	Dealings in Cortona Shares	12
8.1	Determination of Scheme Participants	12
8.2	Maintenance of Cortona Register	13
8.3	Information to be made available to Unity	13

9	Quotation of Cortona Shares	13
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10	Notices	14
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10.1	General	14
10.2	Communications by post	14
10.3	Communications by fax	14
10.4	After hours communications	14
10.5	Accidental omission to give notice	14

11	General	15
-----------	----------------	-----------

11.1	Cortona and Scheme Participants bound	15
11.2	Further assurances	15
11.3	Alterations and conditions	15
11.4	Costs	15
11.5	Governing law and jurisdiction	15
11.6	No liability when acting in good faith	15

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Date

Parties

Cortona Resources Limited ACN 117 848 790 of Level 5, 72 Kings Park Road, West Perth, Western Australia (**Cortona**)

The holders of ordinary shares in Cortona as at the Record Date

Agreed terms

1 Interpretation

1.1 Definitions

In this document:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.

ASX Listing Rules means the official listing rules of ASX.

Business Day means a day that is each of the following:

- (a) a Business Day within meaning given in the ASX Listing Rules; and
- (b) a day that banks are open for business in Perth, Western Australia.

CHESS means the Clearing House Electronic Subregister System, which facilitates electronic security transfer in Australia, operated by ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.

Corporations Act means *Corporations Act 2001* (Cth).

Cortona Register means the register of members of Cortona maintained by or on behalf of Cortona in accordance with the Corporations Act and **Cortona Registry** has a corresponding meaning.

Cortona Share means a fully paid ordinary share in the capital of Cortona.

Cortona Shareholder means each person who is registered in the Cortona Register as the holder of Cortona Shares.

Court means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing by Cortona and Unity.

Deed Poll means the deed poll to be executed by Unity in favour of the Scheme Participants under which Unity covenants in favour of each Scheme Participant to perform its obligations under the Scheme and the Scheme Implementation Agreement as regards the implementation of this Scheme.

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Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Scheme Order, but not before an office copy of the Scheme Order is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

End Date means the date that is 6 months from the date of the Scheme Implementation Agreement, or such later date as Unity and Cortona agree in writing.

GST has the meaning given to that term in the *A New Tax System (Goods & Services Tax) Act 1999* (Cth).

Implementation Date means the fifth Business Day following the Record Date, or such other date as ordered by the Court or agreed between Cortona and Unity.

Ineligible Foreign Shareholder means a Scheme Participant whose Registered Address is in a jurisdiction other than Australia and its external territories or New Zealand or the United Kingdom, and other jurisdictions agreed in writing between the parties.

New Unity Shares means the Unity Shares to be issued as Scheme Consideration.

Record Date means 5.00pm on the fifth Business Day following the Effective Date or such other date and time as the parties agree.

Registered Address means, in relation to a Cortona Shareholder, the address shown in the Cortona Register as at the Record Date.

Sale Facility Agent means the appropriately licensed agent appointed by Unity to administer the facility under which New Unity Shares to which Ineligible Foreign Shareholders would otherwise have become entitled under the Scheme are sold in accordance with **clause 5.3**.

Scheme means this scheme of arrangement, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Cortona and Unity.

Scheme Consideration means in respect of each Scheme Share held by a Scheme Participant, 0.734 New Unity Shares (subject to the terms of the Scheme).

Scheme Implementation Agreement means the scheme implementation agreement dated 27 September 2012 between Cortona and Unity.

Scheme Meeting means the meeting ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme.

Scheme Order means the order of the Court made for the purposes of section 411(4)(b) of the Corporations Act in relation to the Scheme.

Scheme Participant means each holder of Scheme Shares as at the Record Date.

Scheme Shares means all the Cortona Shares on issue on the Record Date.

Scheme Transfer means, for each Scheme Participant, a proper instrument of transfer of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Second Court Date means the first day of the Second Court Hearing or, if the Second Court Hearing is adjourned for any reason, the first day on which the adjourned application is heard.

Second Court Hearing means the hearing of the application made to the Court for the Scheme Order.

Unity means Unity Mining Limited ACN 005 674 073.

Unity Register means the register of members of Unity maintained by or on behalf of Unity in accordance with the Corporations Act, and **Unity Registry** has a corresponding meaning.

Unity Share means a fully paid ordinary share in the capital of Unity.

1.2 Construction

Unless expressed to the contrary, in this document:

- (a) words in the singular include the plural and vice versa;
- (b) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (c) 'includes' means includes without limitation;
- (d) no rule of construction will apply to a clause to the disadvantage of a party merely because that party put forward the clause or would otherwise benefit from it;
- (e) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (f) a reference to:
 - (i) a holder includes a joint holder;
 - (ii) a person includes a partnership, joint venture, unincorporated association, corporation and a government or statutory body or authority;
 - (iii) a person includes the person's legal personal representatives, successors, assigns and persons substituted by novation;
 - (iv) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;
 - (v) an obligation includes a warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation;
 - (vi) a right includes a benefit, remedy, discretion or power;
 - (vii) time is to local time in Perth, Australia;

- (viii) '\$' or 'dollars' is a reference to Australian currency;
- (ix) this or any other document includes the document as novated, varied or replaced and despite any change in the identity of the parties;
- (x) writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes fax transmissions;
- (xi) this document includes all schedules and annexures to it; and
- (xii) a clause, party, schedule, exhibit or annexure is a reference to a clause, party, schedule, exhibit or annexure, as the case may be, of this document;
- (g) if the date on or by which any act must be done under this document is not a Business Day, the act must be done on or by the next Business Day; and
- (h) where time is to be calculated by reference to a day or event, that day or the day of that event is excluded.

1.3 Headings

Headings do not affect the interpretation of this document.

2 Preliminary

2.1 Cortona

- (a) Cortona is a public company incorporated in Australia and registered in Western Australia, having its registered office at Level 5, 72 Kings Park Road, West Perth, Western Australia.
- (b) Cortona is a public company limited by shares under section 112(1) of the Corporations Act.
- (c) Cortona is admitted to the official list of ASX and Cortona Shares are quoted on the official list of ASX.
- (d) As at the date of the Scheme Implementation Agreement:
- (i) 268,048,097 Cortona Shares were on issue; and
 - (ii) 9,250,000 options which may convert into Cortona Shares were on issue.

2.2 Unity

- (a) Unity is a public company incorporated in Australia and registered in Victoria, having its registered office at Level 10, 350 Collins Street, Melbourne, Victoria.
- (b) Unity is a public company limited by shares under section 112(1) of the Corporations Act.

- (c) Unity is admitted to the official list of ASX and Unity Shares are quoted on the official list of ASX.
- (d) As at the date of the Scheme Implementation Agreement:
- (i) 505,250,467 Unity Shares were on issue; and
 - (ii) 31,004 options which may convert into Unity Shares were on issue.

2.3 Summary of the Scheme

If the Scheme becomes Effective, then:

- (a) in consideration of the transfer of the Scheme Shares to Unity, Unity will provide to each Scheme Participant the Scheme Consideration in respect of each Cortona Scheme Share held by the Scheme Participant and seek quotation on the ASX of the New Unity Shares issued as the Scheme Consideration;
- (b) subject to Unity's compliance with its obligations in **clause 2.3(a)** and the Deed Poll, all of the Scheme Shares will be transferred to Unity; and
- (c) Cortona will enter the name and address of Unity in the Cortona Register as the holder of the Scheme Shares transferred to Unity in accordance with the terms of the Scheme.

2.4 Scheme Implementation Agreement

Unity and Cortona have agreed, by executing the Scheme Implementation Agreement, to implement the terms of the Scheme and to perform their respective obligations under the Scheme.

2.5 Deed Poll

Unity has executed the Deed Poll in favour of Scheme Participants pursuant to which it has covenanted to perform its obligations under the Scheme, including to provide to each Scheme Participant the Scheme Consideration to which such Scheme Participant is entitled under the Scheme and to carry out its other obligations under the Scheme Implementation Agreement and do all things necessary or expedient on its part to implement the Scheme.

3 Conditions

3.1 Conditions of Scheme

The Scheme is conditional upon, and will have no force or effect until, each of the following conditions precedent are satisfied:

- (a) all of the conditions precedent in **schedule 1** of the Scheme Implementation Agreement having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement (other than the conditions precedent in **item 10** of **schedule 1** of that agreement), as at 8.00am on the Second Court Date;

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- (b) as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms;
 - (c) the Scheme having been approved at the Scheme Meeting, with or without modification, by the requisite majority of Cortona Shareholders in accordance with section 411(4)(a) of the Corporations Act or, if the Scheme is not agreed to by the requisite majority of Cortona Shareholders, the Court orders otherwise in accordance with section 411(4)(a) of the Corporations Act;
 - (d) the Court having approved the Scheme pursuant to section 411(4)(b) of the Corporations Act, without modification or with modifications which are acceptable to both Cortona and Unity; and
 - (e) such other conditions made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Unity and Cortona being satisfied.

3.2 Certificate

- (a) Cortona must provide, and must procure Unity to provide, to the Court on the Second Court Date a certificate authorised by its respective board and signed by at least one of its respective directors (or such other evidence as the Court may request) stating (to the best of its knowledge) whether or not all the conditions precedent in **clauses 3.1(a), 3.1(b) and 3.1(c)** have been satisfied or waived (subject to the terms of the Scheme Implementation Agreement) as at 8.00am on the Second Court Date.
- (b) The giving of a certificate by each of Cortona and Unity in accordance with **clause 3.2(a)** will, in the absence of manifest error, be conclusive evidence of the matters referred to in the certificate.

3.3 Termination of Scheme Implementation Agreement

Without limiting rights under the Scheme Implementation Agreement, if the Scheme Implementation Agreement is terminated in accordance with its terms before 8.00am on the Second Court Date, Cortona and Unity are each released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme,

provided that Cortona and Unity retain the rights they have against each other in respect of any prior breach of the Scheme Implementation Agreement.

3.4 Effective Date

This Scheme takes effect on the Effective Date.

3.5 End Date

The Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date.

4 Scheme

4.1 Lodgement of Court order

Following the approval of the Scheme by the Court in accordance with section 411(4)(b) of the Corporations Act, Cortona will, as soon as possible and in any event no later than 5.00pm on the first Business Day after the day on which the Scheme Order is made, lodge with ASIC an office copy of the Scheme Order in accordance with section 411(10) of the Corporations Act.

4.2 Transfer of Scheme Shares

- (a) On the Implementation Date, in consideration of and subject to provision by Unity of the Scheme Consideration in accordance with **clause 5**, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at that date, will be transferred to Unity without the need for any further acts by any Scheme Participant (other than acts performed by Cortona as attorney and agent for Scheme Participants under **clause 7**) by:
- (i) Cortona delivering to Unity on the Implementation Date a duly completed Scheme Transfer executed by Cortona as attorney for the Scheme Participants for execution by Unity; and
 - (ii) Unity duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Cortona on the Implementation Date.
- (b) As soon as practicable after receipt by Cortona of the Scheme Transfer duly executed by Unity as transferee pursuant to **clause 4.2(a)(ii)**, but in any event on the Implementation Date, Cortona must register Unity in the Cortona Register as the holder of all of the Scheme Shares.

4.3 Provision of Scheme Consideration

Cortona must do all things reasonably practicable to procure that Unity provides the Scheme Consideration to each Scheme Participant on or before the Implementation Date subject to **clause 5.3** in accordance with, and subject to the terms of, this Scheme and the Deed Poll.

4.4 Enforcement of Deed Poll

Cortona undertakes in favour of each Scheme Participant to enforce the Deed Poll against Unity on behalf of and as agent for the Scheme Participants.

4.5 Fractional entitlements

If a fractional entitlement to a New Unity Share arises from the calculation of the Scheme Consideration payable to a Scheme Participant in respect of its Scheme Shares, then the fractional entitlement to a New Unity Share will be rounded up or down to the nearest whole number.

4.6 Shareholding splitting or division

If Cortona and Unity agree that a Cortona Shareholder has been a party to a shareholding splitting or division in an attempt to gain an advantage by

reference to the rounding provided for in the calculation of each Scheme Participant's entitlement to the Scheme Consideration, then Cortona and Unity reserve the right to round the entitlement of such holdings so as to provide only the number of New Unity Shares that would have been received but for the splitting or division.

5 Scheme Consideration

5.1 Entitlement to Scheme Consideration

- (a) On the Implementation Date, in consideration for the transfer to Unity of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration (subject to **clause 5.3**) in respect of each of their Scheme Shares in accordance with this Scheme subject to the terms of the Deed Poll.
- (b) The New Unity Shares to be issued under this Scheme will be validly issued, fully paid, free from any mortgage, charge, lien, encumbrance or other security interest and will, upon their issue, rank equally in all respects with all other Unity Shares then on issue.

5.2 Provision of Scheme Consideration

- (a) The obligation of Cortona under **clause 4.3** to provide the Scheme Consideration to a Scheme Participant will be satisfied by Cortona procuring that Unity:
 - (i) on the Implementation Date, passes a resolution of directors and does all other things necessary to validly issue the New Unity Shares comprising the Scheme Consideration due to that Scheme Participant (other than an Ineligible Foreign Shareholder) and enters the name and Registered Address of the Scheme Participant in the Unity Register as the holder of the New Unity Shares issued to that Scheme Participant;
 - (ii) on the Implementation Date, passes a resolution of directors and does all other things necessary to validly issue to the Sale Facility Agent all the New Unity Shares required to be issued to the Sale Facility Agent under the Scheme rather than to an Ineligible Foreign Shareholder, and enters the name and registered address of the Sale Facility Agent in the Unity Register as the holder of those New Unity Shares; and
 - (iii) on or before the date that is five Business Days after the Implementation Date, dispatches, or procures the dispatch of, an uncertificated holding statement representing the New Unity Shares issued to that Scheme Participant or to the Sale Facility Agent (as the case may be) by pre-paid post to the Registered Address of the Scheme Participant or the registered address of the Sale Facility Agent.

5.3 Ineligible Foreign Shareholders

- (a) The right to receive Scheme Consideration will not be available to an Ineligible Foreign Shareholder.
- (b) The New Unity Shares that, but for **clause 5.3(a)**, would have been issued to an Ineligible Foreign Shareholder will not be issued to the relevant Scheme Participant but will instead be issued to the Sale Facility Agent and the following provisions of this **clause 5.3** will apply.
- (c) In respect of Scheme Shares held by Ineligible Foreign Shareholders on the Record Date, Cortona will use its best endeavours to procure that Unity causes the Sale Facility Agent to:
- (i) as soon as reasonably practicable after the Implementation Date sell, pursuant to the Sale Facility, for the benefit of the Ineligible Foreign Shareholders all New Unity Shares issued to the Sale Facility Agent under **clause 5.3(b)**;
 - (ii) account to each Ineligible Foreign Shareholder for the net proceeds of sale of the New Unity Shares issued to the Sale Facility Agent in respect of that Ineligible Foreign Shareholder (but calculated on an averaged basis so that all Ineligible Foreign Shareholders receive the same price per New Unity Share after deduction of any applicable brokerage, taxes and charges), at the Ineligible Foreign Shareholder's risk and in full satisfaction of the Ineligible Foreign Shareholder's rights under the Scheme; and
 - (iii) remit to the Ineligible Foreign Shareholder the net proceeds of sale in respect of the Ineligible Foreign Shareholder's entitlement under this **clause 5.3**, such proceeds to be remitted by either (in the absolute discretion of the Sale Facility Agent):
 - (A) where an Ineligible Foreign Shareholder has, before the Record Date, made a valid election in accordance with the requirements of the Cortona Registry to receive dividend payments from Cortona by electronic funds transfer to a bank account nominated by the Ineligible Foreign Shareholder, paying the relevant amount in Australian currency by electronic means in accordance with that election; or
 - (B) otherwise, whether or not the Ineligible Foreign Shareholder has made an election referred to in **clause 5.3(c)(iii)(A)**, dispatching by mail to the Ineligible Foreign Shareholder's Registered Address a cheque for the relevant amount in Australian currency, such cheque being drawn in the name of the Ineligible Foreign Shareholder.
- (d) Any cash amount payable to an Ineligible Foreign Shareholder by the Sale Facility Agent will be rounded down to the nearest whole cent.

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- (e) Any interest earned on the proceeds of sale of any New Unity Shares following sale by the Sale Facility Agent will be paid to and retained by Unity.
 - (f) Any amount payable to a Scheme Participant will be reduced by the amount of any withholding or other tax which Cortona or Unity believes, based on professional advice, is required by any taxation or other law to be withheld in respect of such amount and payment of such amount to the relevant taxation or other authority within any required statutory period will fully and finally discharge Cortona's and Unity's obligations in respect of such amount (although Cortona must procure Unity on request, or if required by law, to provide a receipt or other evidence of such payment to each affected Scheme Participant).
 - (g) None of Unity, Cortona or the Sale Facility Agent gives any assurance as to the price that will be achieved for the sale of New Unity Shares described in **clause 5.3(c)(i)**.
 - (h) Each Ineligible Foreign Shareholder appoints Cortona as its agent to receive on its behalf any financial services guide or any other notice which may be given to that Ineligible Foreign Shareholder.

5.4 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any uncertificated holding statements for New Unity Shares to be issued to Scheme Participants will be issued in the names of the joint holders; and
- (b) any cheque required to be paid to Scheme Participants will be payable to the joint holders,

and will be forwarded to the holder whose name appears first in the Cortona Register as at the Record Date.

6 Quotation of New Unity Shares

Cortona must use its best endeavours to procure that Unity ensures that the New Unity Shares to be issued pursuant to the Scheme are quoted on ASX:

- (a) initially on a deferred settlement basis on and from the Business Day after the Effective Date (or, if the New Unity Shares are subject to a trading halt on that day, on the first Business Day after the trading halt has ended); and
- (b) on an ordinary settlement basis on and from the Business Day after the Implementation Date.

7 Scheme Participants

7.1 Appointment of Unity as sole proxy

From the Effective Date until Cortona registers Unity as the holder of all the Scheme Shares in the Cortona Register, each Scheme Participant:

- (a) is deemed to have irrevocably appointed Unity as its attorney and agent (and directed Unity in such capacity) to appoint such officer or agent nominated by Unity to be its sole proxy and, where applicable, corporate representative, to attend shareholders' meetings of Cortona, exercise the votes attaching to Scheme Shares registered in its name and sign any shareholders' resolution, whether in person, by proxy or by corporate representative, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this **clause 7.1(a)**); and
- (b) must take all other actions in the capacity of the registered holder of Scheme Shares as Unity directs.

7.2 Appointment of Cortona as sole attorney and agent

Each Scheme Participant, without the need for any further act, irrevocably appoints Cortona and each of the directors and officers of Cortona, jointly and severally, as the Scheme Participant's attorney and agent for the purpose of executing any document necessary or expedient to give effect to the Scheme (including executing a Scheme Transfer and any instrument appointing Unity as sole proxy for or, where applicable, corporate representative of each Scheme Participant as contemplated by **clause 7.1**) or doing any other act necessary or desirable to give full effect to the Scheme and the transactions contemplated by it.

7.3 Scheme Participant's consent

Each Scheme Participant:

- (a) consents to Cortona doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of the Scheme and Cortona, as agent of each Scheme Participant, may sub-delegate its functions under this **clause 7.3** to any of its directors and officers, severally;
- (b) agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares to Unity, in accordance with the Scheme;
- (c) agrees to become a holder of any New Unity Shares to which they become entitled under the Scheme and a member of Unity for the purposes of section 231 of the Corporations Act, and to be bound by the constitution of Unity (as amended from time to time), and that its holdings of the New Unity Shares will be registered with the same name and Registered Address as its holding of the Scheme Shares; and

- (d) except where prohibited by law, any binding instruction or notification between a Scheme Participant and Cortona relating to the Scheme Shares at the Record Date (including any instructions relating to payment of dividends or to communications from Cortona) will from the Record Date be deemed to be a similarly binding instruction or notification to, and accepted by, Unity in respect of the New Unity Shares issued to the Scheme Participant until that instruction or notification is revoked or amended in writing addressed to Unity at the Unity Registry. Any such instructions or notifications accepted by Unity will apply to and in respect of New Unity Shares issued as part of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of the Scheme.

7.4 Warranties by Scheme Participants

- (a) Each Scheme Participant is deemed to have warranted to Cortona, in its own right and for the benefit of Unity, that:
- (i) all of the Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to Unity under the Scheme will be transferred to Unity free from all mortgages, pledges, charges, liens, encumbrances and security interests and other interests of third parties of any kind, whether legal or otherwise (but acknowledging that a security interest holder may potentially have an interest in the Scheme Consideration in accordance with the terms of such security interest); and
 - (ii) they have full power and capacity to sell and transfer their Scheme Shares to Unity (including any rights and entitlements attaching to those shares).
- (b) Cortona undertakes that it will provide the warranties described in **clause 7.4(a)** to Unity as agent and attorney of each Scheme Participant.

7.5 Title to Scheme Shares

From the time of issue of the Scheme Consideration to the Scheme Participants in accordance with **clause 5.1** and pending registration by Cortona of Unity in the Cortona Register as the holder of all of the Scheme Shares, Unity will be beneficially entitled to all of the Scheme Shares transferred to it under the Scheme.

8 Dealings in Cortona Shares

8.1 Determination of Scheme Participants

- (a) For the purpose of establishing the persons who are the Scheme Participants, dealings in Scheme Shares will only be recognised if:
- (i) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Cortona Register as the holder of the relevant Scheme Shares at the Record Date; and

- (ii) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received at or before the Record Date at the place where the Cortona Register is kept.
- (b) Cortona must register registrable transmission applications or transfers of the kind referred to in **clause 8.1(a)(ii)** by the Record Date.
- (c) Cortona will not accept for registration or recognise for any purpose any transmission applications or transfers in respect of Scheme Shares received after the Record Date, other than a transfer to Unity in accordance with the Scheme and any subsequent transfer by Unity, or its successors in title.
- (d) If the Scheme becomes Effective, a holder of Cortona Shares (and any person claiming through that holder) must not dispose of or purport to agree to dispose of any Cortona Shares or any interest in them after the Effective Date and any such disposal will be void and of no legal effect whatsoever.

8.2 Maintenance of Cortona Register

- (a) For the purpose of determining entitlements to the Scheme Consideration, Cortona will, until the Scheme Consideration has been provided, maintain the Cortona Register in accordance with the provisions of this **clause 7.4(b)** and the Cortona Register in this form will solely determine entitlements to the Scheme Consideration.
- (b) All certificates and holding statements for Scheme Shares (other than holding statements in favour of Unity and its successors in title after the Implementation Date) will cease to have any effect from the Record Date as documents of title in respect of those Scheme Shares. Subject to provision of the Scheme Consideration by Unity and registration of the transfer to Unity of the Scheme Shares contemplated by **clause 4.2**, after the Record Date, each entry current at that date on the Cortona Register relating to Scheme Shares will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

8.3 Information to be made available to Unity

Cortona will procure that, as soon as reasonably practicable after the Record Date, and in any event, within three Business Days after the Record Date, details of the names, Registered Addresses and holdings of Scheme Shares of every Scheme Participant as shown in the Cortona Register as at the Record Date are made available to Unity in such form as Unity or the Unity Registry reasonably requires.

9 Quotation of Cortona Shares

Cortona will apply to ASX for:

- (a) suspension of trading in Cortona Shares on ASX with effect from the close of trading on the Effective Date; and
- (b) termination of the official quotation of Cortona Shares on ASX and the removal of Cortona from the official list of ASX with effect from the Business Day after the date on which all transfers of the Scheme Shares to Unity have been duly registered by Cortona in accordance with the Scheme.

10 Notices

10.1 General

Any notice, transfer, transmission, application, direction, demand, consent or other communication (**Notice**) given or made under this document must be in writing in English and signed by the sender or a person duly authorised by the sender.

10.2 Communications by post

Subject to **clause 10.4**, where a Notice referred to in this document is sent by post to Cortona, it will not be deemed to have been received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Cortona's registered office or at the Cortona Registry.

10.3 Communications by fax

Subject to **clause 10.4**, a Notice is given if sent by fax, when the sender's fax machine produces a report that the fax was sent in full to the addressee. That report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

10.4 After hours communications

If a Notice is given:

- (a) after 5.00pm in the place of receipt; or
- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.

10.5 Accidental omission to give notice

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Cortona Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

11 General

11.1 Cortona and Scheme Participants bound

The Scheme binds Cortona and all Scheme Participants (including Scheme Participants who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme) and will, for all purposes, to the extent of any inconsistencies and permitted by law, have effect notwithstanding any provision in the constitution of Cortona.

11.2 Further assurances

Subject to **clause 11.3**, Cortona will execute all documents and do all acts and things (on its own behalf and on behalf of each Cortona Shareholder) necessary or expedient for the implementation of, and performance of its obligations under, the Scheme.

11.3 Alterations and conditions

Cortona may, with the consent of Unity, by its counsel consent on behalf of all Scheme Participants to any modifications or conditions which the Court thinks fit to impose, provided that in no circumstances will Cortona be obliged to do so.

11.4 Costs

Any costs, and any stamp duty and any related fines, interest or penalties, which are payable on or in respect of this document or on any document referred to in this document will be paid as provided for in the Scheme Implementation Agreement. For the avoidance of doubt, the Scheme Participants do not have to pay any stamp duty, related fines, interest or penalties which are payable on or in respect of this document or any document referred to in this document.

11.5 Governing law and jurisdiction

- (a) This document is governed by and is to be construed in accordance with the laws applicable in Western Australia.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

11.6 No liability when acting in good faith

Neither Cortona nor Unity nor any director, officer or secretary of any of those companies will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

ANNEXURE C DEED POLL

For personal use only



Woodside Plaza
240 St Georges Terrace Perth WA 6000
GPO BOX 9925 WA 6001
Tel (08) 9460 1666
Fax (08) 9460 1667
www.corrs.com.au

**CORRS
CHAMBERS
WESTGARTH**
lawyers

Sydney
Melbourne
Brisbane
Perth

Execution Version

Unity Mining Limited

Deed Poll

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Contents

1	Interpretation	1
	1.1 Definitions	1
	1.2 Construction	1
	1.3 Headings	1
	1.4 Nature of this deed poll	2
2	Conditions	2
	2.1 Conditions to obligations	2
	2.2 Termination	2
	2.3 Consequences of termination	2
3	Certificate in relation to Scheme conditions	2
4	Scheme Consideration	3
	4.1 Performance of obligations generally	3
	4.2 Provision of Scheme Consideration	3
	4.3 Joint holders	4
5	Quotation of New Unity Shares	4
6	Representations and warranties	4
7	Continuing obligations	5
8	Notices	5
	8.1 General	5
	8.2 How to give a Notice	5
	8.3 Particulars for delivery of notices	5
	8.4 Communications by post	5
	8.5 Communications by fax	5
	8.6 Communications by email	6
	8.7 After hours communications	6
	8.8 Process service	6
9	General	6
	9.1 Stamp duty	6
	9.2 Waiver	6
	9.3 Cumulative rights	7
	9.4 Amendment	7
	9.5 Assignment	7
	9.6 Severability	7
	9.7 Further assurances	7
	9.8 Governing law and jurisdiction	7
	Execution	8

Date 12 November 2012

By

Unity Mining Limited ACN 005 674 073 of Level 10, 350 Collins Street,
Melbourne, Victoria (Unity)

in favour of each Scheme Participant.

Background

- A Unity and Cortona have entered into the Scheme Implementation Agreement.
 - B Under the Scheme Implementation Agreement, Unity agreed, subject to the satisfaction or waiver of certain conditions, to do all things necessary or desirable on its part to implement the Scheme, including providing the Scheme Consideration.
 - C Unity is entering into this document for the purpose of covenanting in favour of Scheme Participants to perform its obligations under the Scheme.
-

Declarations

1 Interpretation

1.1 Definitions

In this document:

- (a) **Scheme** means the scheme of arrangement under section 411 of the Corporations Act between Cortona and the Scheme Participants, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and approved in writing by Cortona and Unity; and
- (b) words and phrases defined in the Scheme have the same meaning in this document unless the context requires otherwise.

1.2 Construction

The rules specified in **clause 1.2** of the Scheme apply in interpreting or construing this document, unless the context requires otherwise.

1.3 Headings

Headings do not affect the interpretation of this document.

1.4 Nature of this deed poll

Unity acknowledges that:

- (a) this document may be relied on and enforced by any Scheme Participant in accordance with its terms, even though the Scheme Participants are not party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints Cortona and any of Cortona's directors as its agent and attorney, inter alia, to enforce this document against Unity.

2 Conditions

2.1 Conditions to obligations

The obligations of Unity in respect of the Scheme pursuant to this document are subject to the Scheme becoming Effective.

2.2 Termination

If:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms; or
- (b) the Scheme does not become Effective on or before the End Date,

Unity's obligations under this document will automatically terminate, unless Unity and Cortona otherwise agree in writing in accordance with the Scheme Implementation Agreement.

2.3 Consequences of termination

If this document is terminated under **clause 2.2** then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) Unity is released from its obligations to further perform this document, except those obligations **which by their nature survive termination**; and
- (b) each Scheme Participant retains any rights, power or remedies it has against Unity in respect of any breach of this document by Unity which occurred before termination of this document.

3 Certificate in relation to Scheme conditions

Unity must provide to the Court on the Second Court Date a certificate which is authorised by the board of Unity and signed by at least one director of Unity (or such other evidence as the Court may request) stating, to the best of its knowledge, whether or not the conditions precedent set out in **clause 3.1(a)**, **3.1(b)** and **3.1(c)** of the Scheme have been satisfied or waived, subject to the terms of the Scheme Implementation Agreement as at 8.00 am on the Second Court Date.

4 Scheme Consideration

4.1 Performance of obligations generally

Subject to **clause 2**, Unity must comply with its obligations under the Scheme Implementation Agreement to provide the Scheme Consideration to each Scheme Participant and must do all things necessary or desirable on its part to implement the Scheme.

4.2 Provision of Scheme Consideration

- (a) Subject to **clause 2**, in consideration of the transfer of each Scheme Share to Unity, on, or as soon as practicable after, the Implementation Date, Unity must provide the Scheme Consideration to each Scheme Participant.
- (b) The obligation of Unity to provide the Scheme Consideration to a Scheme Participant will be satisfied by Unity:
 - (i) on the Implementation Date, passing a resolution of directors and doing all other things necessary to validly issue the New Unity Shares comprising the Scheme Consideration due to that Scheme Participant (other than an Ineligible Foreign Shareholder) and entering the name and registered address of the Scheme Participant in the Unity Register as the holder of the New Unity Shares issued to that Scheme Participant;
 - (ii) on the Implementation Date, passing a resolution of directors and doing all other things necessary to validly issue to the Sale Facility Agent all the New Unity Shares required to be issued to the Sale Facility Agent under the Scheme rather than to an Ineligible Foreign Shareholder, and entering the name and registered address of the Sale Facility Agent in the Unity Register as the holder of those New Unity Shares; and
 - (iii) on or as soon as practicable after the Implementation Date, dispatching, or procuring the dispatch of, an uncertificated holding statement representing the New Unity Shares issued to that Scheme Participant or to the Sale Facility Agent (as the case may be) by pre-paid post to the Registered Address of the Scheme Participant or the registered address of the Sale Facility Agent.
- (c) On the Implementation Date, Unity must execute the Scheme Transfer as contemplated by **clause 4.2** of the Scheme effecting the transfer of the Scheme Shares from the Scheme Participants to Unity and must deliver the executed Scheme Transfer to Cortona for registration.
- (d) Unity must procure the Sale Facility Agent to sell any New Unity Shares issued to it and remit the proceeds to the relevant Scheme Participants, in accordance with the Scheme.

4.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any uncertificated holding statements for New Unity Shares to be issued to Scheme Participants will be issued in the names of the joint holders; and
- (b) any cheque required to be paid to Scheme Participants will be payable to the joint holders,

and will be forwarded to the holder whose name appears first in the Cortona Register as at the Record Date.

5 Quotation of New Unity Shares

Unity must use its best endeavours to procure that the New Unity Shares to be issued pursuant to the Scheme will be quoted on ASX:

- (a) initially on a deferred settlement basis on and from the Business Day after the Effective Date (or, if New Unity Shares are subject to a trading halt on that day, on the first Business Day after the trading halt has ended); and
- (b) on an ordinary settlement basis on and from the Business Day after the Implementation Date.

6 Representations and warranties

Unity represents and warrants that:

- (a) it is a company validly existing under the laws of Victoria, Australia;
- (b) it has the corporate power to enter into and perform its obligations under this document and to carry out the transactions contemplated by this document;
- (c) it has taken all necessary corporate action to authorise the entry into this document and has taken or will take all necessary corporate action to authorise the performance of this document and to carry out the transactions contemplated by this document;
- (d) this document is its valid and binding obligation enforceable in accordance with its terms subject to any necessary stamping;
- (e) this document does not conflict with, or result in the breach of or default under, any provision of the constitution of Unity, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound; and
- (f) the New Unity Shares to be issued pursuant to the Scheme will be validly issued, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest and will rank equally in all respects with all other Unity Shares then on issue.

7 Continuing obligations

This document is irrevocable and, subject to **clause 2**, remains in full force and effect until:

- (a) Unity has completely performed its obligations under this document; or
- (b) this document is terminated in accordance with **clause 2**, whichever comes first.

8 Notices

8.1 General

Any notice, transfer, transmission, application, direction, demand, consent or other communication (**Notice**) given or made to Unity under this document must be in writing in English and signed by the sender or a person duly authorised by the sender.

8.2 How to give a Notice

A Notice must be given to Unity by being:

- (a) personally delivered;
- (b) left at Unity's current delivery address for notices;
- (c) sent to Unity's current postal address for notices by pre-paid ordinary mail or, if the address is outside Australia, by pre-paid airmail; or
- (d) sent by fax to Unity's current fax number for notices.

8.3 Particulars for delivery of notices

The particulars for delivery of Notices to Unity are:

Address: Level 10, 350 Collins Street, Melbourne VIC 3000
Fax: +61 3 8622 2399
Attention: Andrew McIlwain
copy to Richard Lustig, Baker & McKenzie, Level 19, 181 William Street, Melbourne, VIC 3000

8.4 Communications by post

Subject to **clause 8.6**, a Notice is given if posted:

- (a) within Australia to an Australian postal address, three Business Days after posting; or
- (b) outside of Australia to an Australian postal address or within Australia to an address outside of Australia, ten Business Days after posting.

8.5 Communications by fax

Subject to **clause 8.6**, a Notice is given if sent by fax, when the sender's fax machine produces a report that the fax was sent in full to the addressee. That

report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

8.6 Communications by email

Subject to **clause 8.6**, a Notice is given if sent by email to the email address nominated in **clause 8.3**, when the email (including any attachment) comes to the attention of the addressee or a person acting on its behalf.

8.7 After hours communications

If a Notice is given:

- (a) after 5.00 pm in the place of receipt; or
- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.

8.8 Process service

Any process or other document relating to litigation, administrative or arbitral proceedings relating to this document may be served by any method contemplated by this **clause 8** or in accordance with any applicable law.

9 General

9.1 Stamp duty

Unity will:

- (a) pay all stamp duties and any related fines, interest and penalties in respect of or in connection with this document, the performance of this document and each transaction effected by or made or any instrument executed under this document or the Scheme, including the transfer of Scheme Shares under the Scheme; and
- (b) indemnify each Scheme Participant on demand against any liability arising from its failure to comply with **clause 9.1(a)**.

9.2 Waiver

Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this document by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other rights, power or remedy provided by law or under this document. A waiver is not valid or binding on the person granting that waiver unless made in writing.

9.3 Cumulative rights

The rights, powers and remedies of Unity and of each Scheme Participant under this document are cumulative and do not exclude any other rights, powers or remedies provided by law or equity independently of this document.

9.4 Amendment

A provision of this document may not be varied unless:

- (a) before the Second Court Date, the variation is agreed to in writing by Cortona; or
- (b) on or after the Second Court Date, the variation is agreed to in writing by Cortona and is approved by the Court,

in which event Unity must enter into a further deed poll in favour of the Scheme Participants giving effect to that amendment.

9.5 Assignment

The rights and obligations of Unity and of each Scheme Participant under this document are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt, or purport, to do so without the prior written consent of Unity and Cortona.

9.6 Severability

If the whole or any part of a provision of this document is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this document has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This **clause 9.6** has no effect if the severance alters the basic nature of this document or is contrary to public policy.

9.7 Further assurances

Unity will execute and deliver all documents and do all acts and things (on its own behalf and on behalf of each Scheme Participant) necessary or desirable to give full effect to this document and the transactions contemplated by it.

9.8 Governing law and jurisdiction

- (a) This document is governed by and is to be construed in accordance with the laws applicable in Western Australia.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any courts which have jurisdiction to hear appeals from any of those courts, and waives any right to object to any proceedings being brought in those courts.

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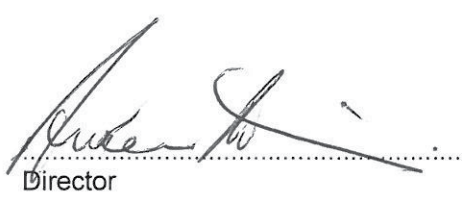
Execution

Executed as a deed poll in Victoria.

Executed by Unity Mining Limited)


.....
Company Secretary/Director

Peter L. McCarthy
.....
Name of Company Secretary/Director
(print)


.....
Director

Andrew McEwan
.....
Name of Director (print)

ANNEXURE D

NOTICE OF SCHEME MEETING

Cortona Resources Limited ACN 117 848 790

Notice of meeting

Notice is hereby given that, by an order of the Federal Court of Australia pursuant to section 411(1) of the *Corporations Act 2001* (Cth), a meeting of ordinary shareholders of Cortona Resources Limited will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 21 December 2012 at 10.00 am (Perth time).

Business of meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a Scheme of Arrangement (with or without modification) to be made between Cortona and Cortona's Shareholders.

Resolution

The Scheme Meeting will be asked to consider, and, if thought fit, to pass the following resolution:

"That pursuant to and in accordance with section 411 of the Corporations Act, the Scheme of Arrangement (the terms of which are described in the Scheme Booklet of which the notice convening this meeting forms part) is agreed to (with or without modification as approved by the Federal Court of Australia)."

By order of the board of Cortona Resources Limited



Amanda Wilton-Heald
Company Secretary

Dated 14 November 2012

EXPLANATORY NOTES

Material accompanying this notice

This notice of meeting and the Scheme Resolution should be read in conjunction with the booklet of which this notice forms part (**Scheme Booklet**). Terms used in this notice, unless otherwise defined, have the same meaning as set out in the glossary in Section 11 of this Scheme Booklet.

A copy of the Scheme of Arrangement is contained in Annexure B to this Scheme Booklet.

A Proxy Form also accompanies this notice.

Voting

Your vote is important. For the Scheme to proceed, it is necessary that the requisite majority of Cortona Shareholders vote in favour of the Scheme.

The Cortona Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal. They each intend to vote all Cortona Shares held or controlled by them in favour of the Scheme Resolution, in the absence of a Superior Proposal.

Majorities required

In accordance with section 411(4)(a) of the Corporations Act, for the Scheme of Arrangement to be Effective, the Scheme Resolution must be passed by:

- unless the court orders otherwise, a majority in number of holders of ordinary shares present and voting (either in person or by proxy); and
- at least 75% of the votes cast on the resolution.

Quorum

A quorum for a meeting of Cortona Shareholders is 2 or more members present at the meeting who are entitled to vote on a resolution at the meeting as at 10.00 am (Perth time) on Friday, 21 December 2012 (in person, by proxy or representative).

Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme of Arrangement must be approved by the order of the Court. If the Scheme Resolution set out in this notice is agreed to by the required majorities set out above and the Conditions Precedent set out in the Scheme of Arrangement are satisfied or waived, Cortona will apply to the Court for the necessary orders to give effect to the Scheme of Arrangement.

Determination of entitlement to attend and vote

The Court has ordered that, for the purposes of the Scheme Meeting, Cortona Shares will be taken to be held by the persons who are registered as members at 5.00 pm (Perth time) on Wednesday, 19 December 2012. Accordingly, registrable transmission applications to transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

How to vote

If you are a Cortona Shareholder entitled to attend and vote at the Scheme Meeting, you may vote by:

- attending the Scheme Meeting in person;
- appointing an attorney to vote on your behalf;
- appointing a proxy to attend on your behalf; or
- in the case of a corporation which is a Cortona Shareholder, by appointing an authorised corporate representative to attend on its behalf.

Voting at the Scheme Meeting will occur by poll

All persons attending the Scheme Meeting are asked to arrive at least 30 minutes prior to the time the Scheme Meeting is to commence, so that either their shareholding may be checked against the Register, their power of attorney or appointment as corporate representative can be verified (as the case may be), and their attendance noted.

Jointly held securities

If the Cortona Shares are jointly held, each of the joint shareholders is entitled to vote. However, if more than one shareholder votes in respect of jointly held Cortona Shares, only the vote of the shareholder whose name appears first on the Register will be counted.

Voting in person

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 21 December 2012. The Scheme Meeting will commence at 10.00 am (Perth time).

A Cortona Shareholder who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card on disclosure at the point of entry to the meeting of their name and address.

Voting by proxy

A Cortona Shareholder entitled to attend and vote at the meeting is also entitled to appoint a proxy to vote on their behalf. The Proxy Form is enclosed with this Scheme Booklet. You may appoint not more than 2 proxies to attend and act for you at the Scheme Meeting. A proxy need not be a Cortona Shareholder. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half of your votes.

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the Scheme Meeting.

A proxy will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting written evidence of their name and address.

The sending of a Proxy Form will not preclude a Cortona Shareholder from attending in person and voting at the Scheme Meeting if the Cortona Shareholder is entitled to attend and vote.

Please refer to the enclosed Proxy Form for instructions on completion and lodgement. A reply paid envelope is enclosed for shareholders who wish to post back their Proxy Form. Please note that Proxy Forms must be received by the Cortona Registry by no later than 10.00 am (Perth time) on Wednesday, 19 December 2012.

Voting by attorney

Powers of attorney must be received by the Cortona Registry, at the registered office of the Cortona Registry, by no later than 10.00 am (Perth time) on Wednesday, 19 December 2012 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the Scheme Meeting).

An attorney will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry of the Scheme Meeting written evidence of their appointment, their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a Cortona Shareholder from attending in person and voting at the Scheme Meeting if the Cortona Shareholder is entitled to attend and vote.

Voting by corporate representative

To vote at the Scheme Meeting (other than by proxy or attorney), a corporation that is a Cortona Shareholder must appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act.

An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer.

Lodgement of proxies and queries

Proxy Forms powers of attorney and authorities should be sent to:

- the Cortona Registry using the enclosed reply paid envelope, or if you are outside of Australia or do not use the reply paid envelope to Security Transfer Registrars Pty Ltd, Alexandra House, Suite 1, 770 Canning Highway, Applecross, Western Australia 6153; or
- successfully transmitted by facsimile to Security Transfer Registrars Pty Ltd on (08) 9315 2233.

CORPORATE DIRECTORY

Directors

Clive Bruce Jones (Non-Executive Chairman)
Peter van der Borgh (Managing Director)
George Lazarou (Non-Executive Director)
Derek Fisher (Non-Executive Director)
Mark Milazzo (Non-Executive Director)

Company Secretary

Amanda Wilton-Heald

Registered Address

Level 5, 72 Kings Park Road
West Perth WA 6005

Postal Address

GPO Box 2517
Perth WA 6904

Legal Adviser

Corrs Chambers Westgarth
Woodside Plaza, Level 15
240 St Georges Terrace
Perth WA 6000

Corporate Adviser

Hartleys Limited
Level 6, 141 St Georges Terrace
Perth WA 6000

Auditors

PKF Mack & Co
Level 2, 35 Havelock Street
West Perth WA 6005

Share Registry

Security Transfer Registrars Pty Ltd
Alexandrea House, Suite 1
770 Canning Hwy
Applecross WA 6153

Phone: (08) 9315 2333

Fax: (08) 9315 2233

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