

7 July 2014

ASX Release

Unity Mining Limited  
ABN 61 005 674 073

**Corporate Details:**

ASX Code: UML

Cash at Bank: \$6.8M  
(as at 30 June 2014)

**Issued capital:**

1133M ord. shares  
14.6M unlisted Perf. Rights

**Substantial Shareholders:**

Moly Mines Ltd 196.5M (17.3%)  
LionGold Corp 117.1M (11.2%)

**Directors:**

Non-Executive Chairman:  
Clive Jones  
Managing Director:  
Andrew McIlwain  
Non-Executive Directors:  
Ronnie Beevor  
Gary Davison

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## Unity provides update on Henty Gold Mine

- Henty operational review completed
- Mine to move to care and maintenance by late 2015
- 50,000oz gold to be recovered
- Drilling of in-mine strategic target underway
- Continued exploration of highly prospective regional tenements

As a result of the Henty Gold Mine's (Henty) operational performance during the first quarter of 2014, Unity Mining Limited (ASX:UML) (Unity or the Company) has undertaken a detailed review of Henty's mineral inventory and life of mine production schedule. The purpose of the review was to ensure that there is a high degree of confidence in the Henty Ore Reserves and mining schedule and that the mine is capable of generating positive cash flows at current gold prices.

From the outcome of that review, the Company has determined that the best economic outcome for Unity shareholders is to focus on maximising cash generation through the recovery of the remaining higher confidence and higher margin reserves. Accordingly, at currently scheduled mining rates, Henty is expected to have substantially mined these reserves and will transition onto a care and maintenance basis in late 2015.

The Henty mine remains a strategic and highly prospective mineral asset with a significant existing mineral resource endowment. Unity also retains an extensive ground holding along-strike of the mine which historically has had limited drill testing. While the Company's current plan includes the eventual suspension of gold production from the Henty Mine, Unity's goal is to restart or continue operations should additional, sustainable reserves be delineated.

Since acquiring the operation in 2009, and particularly over the past 12 months, Unity has invested heavily in exploration to extend Henty's mine life. In the past, exploration drilling has generally been successful in replacing the mineral inventory depleted by mining. However, while Mineral Resources remain broadly unchanged at 282,000 oz, recent drilling has not been successful in converting resources to reserves in line with expectations based on historical results.

The latest mining schedule also takes into account recent mine performance in the remaining reserve areas, in particular the highly variable nature and distribution of ore grades, most particularly in the Read Zone. The revised mine plan anticipates the remaining reserves will be largely exhausted by the end of the 2015 financial year. A comprehensive Resources & Reserves announcement will follow this release.

As a result of the revised mining schedule, the Company is also performing a review of Henty's carrying value and expects to record a non-cash impairment charge in the fiscal year ended 30 June 2014. While the Company has not yet determined the amount of the charge, as at 31 December 2013 the value of the Henty assets that are currently under impairment review had an aggregate net book value of approximately \$22 million. The Company expects to report a significant loss for the financial year 2013/14.

Henty commenced operation in 1996, with an initial mine plan of around four years. When Unity acquired Henty it had been in operation for 13 years, had produced around 1.2M oz of gold and was on a path to closure within six months.

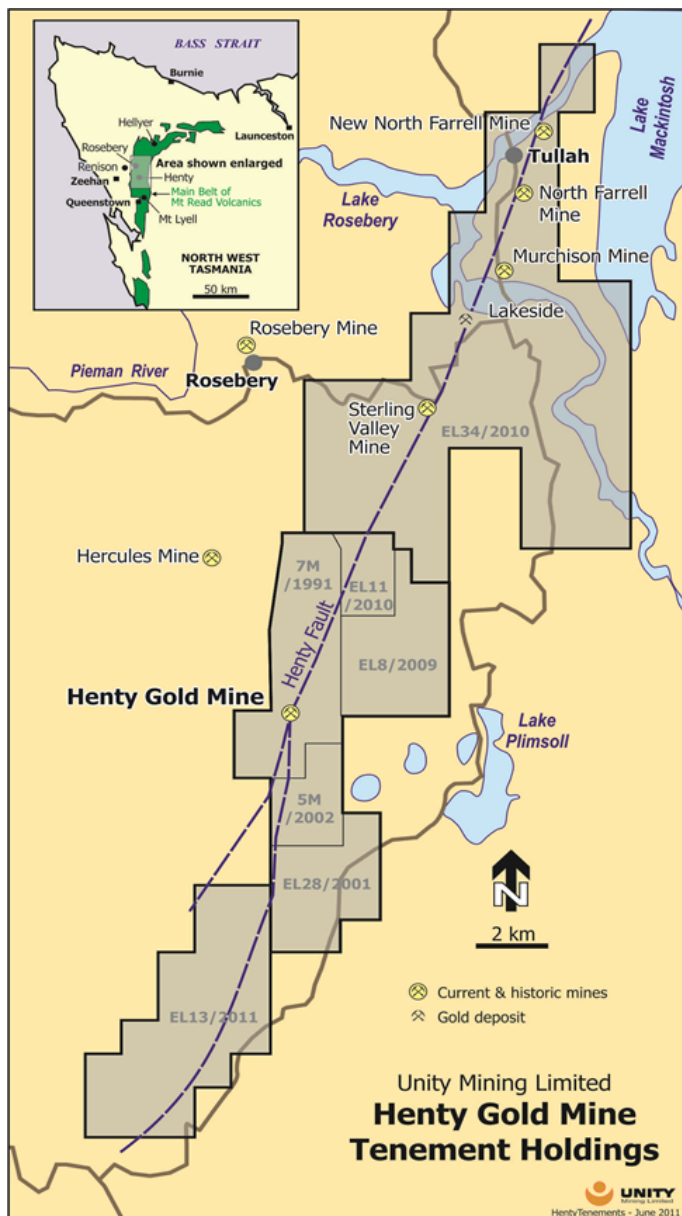
Under Unity's ownership, Henty has produced a further 250,000 oz gold and is expected to yield up to an additional 50,000 oz prior to the planned suspension of production in the second half of 2015.

Unity's Managing Director & CEO Andrew McIlwain said "Since the acquisition of Henty in 2009, Unity has enjoyed strong support from our workforce, local and regional communities as well as Minerals Resources Tasmania and during this period Henty has been a significant contributor to the Tasmanian economy. In the last 12 months alone, Unity has expended around \$60 million on employee wages, contractors and suppliers, the vast majority of which was spent in the local economy.

"Unfortunately, our significant commitment to exploration drilling within the Henty mine during the last twelve months has not been successful in adding significant additional gold ounces to the mine life, and as such, the mine will transition to care and maintenance in the second half of 2015. Coupled with the substantial improvements in the cost profile at Henty that have been achieved over the last six months, we are confident that the current mine plan will generate positive cash-flow over the remaining mine life.

"We will continue to aggressively pursue mine financial performance and evaluate other opportunities in-mine, particularly the exciting Darwin South Offset target that is currently being drill tested. Results from this strategic hole are anticipated to be available in August.

"Our current plans and budget also include continuing to explore our highly prospective regional tenement package adjacent to and along strike from Henty. Any significant discoveries within the region may lead to a re-evaluation of the Henty mine's future" said Mr McIlwain.



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**Competent Persons' Statement**

Any information in this public report that relates to Ore Reserves, Mineral Resources or Exploration Results is based on, and accurately reflects, information compiled by Rob McLean in relation to Ore Reserves at Henty and Dargues, Raul Hollinger in relation to Mineral Resources at Henty, John Collier in relation to Mineral Resources at Dargues and Angela Lorrigan in relation to Exploration Results. McLean, Hollinger and Lorrigan are Members of the Australasian Institute of Mining and Metallurgy, and Lorrigan, Collier and Hollinger are Members of the Australian Institute of Geoscientists. McLean, Collier, Hollinger and Lorrigan are or were at the time of preparing the reports 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. McLean, Hollinger, Collier 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.