

Unity Mining Limited  
ABN 61 005 674 073

**Corporate Details:**

ASX Code: UML

*Issued capital:*  
1133M ord. shares  
19.1M unlisted Perf. Rights

*Substantial Shareholders:*  
Moly Mines Ltd 196.5M (17.3%)  
LionGold Corp 117.1M (10.3%)

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


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Andrew McIlwain  
Managing Director & CEO  
13 December 2014

## Key Points

### HENTY:

- Sustained strong operational performance from Henty with quarterly production of 11,370oz gold at a cash operating cost of \$968/oz and AISC of \$986/oz – continuing to deliver significantly ahead of plan

### DARGUES:

- Preparation for submission of planning modification nearing completion

### CORPORATE:

- Continued cash build with \$12.3M cash at bank – above current market capitalisation
- An additional \$9.5M held in cash-backed performance bonds
- Sustained cost reductions across the group
- Gold put options acquired to hedge approximately 70% of forecast gold production January to June 2015 at A\$1445/oz

## Summary

*Andrew McIlwain, Managing Director & CEO comment* "A continued focus on operational performance at Henty has seen this quarter build on the previous quarter's production performance, delivering strong gold production and cost outcomes – again well ahead of our plan.

Importantly, this is the third quarter running where Henty has exceeded its budgeted production and financial performance. We have seen continued contribution from the high grade Read Zone continue beyond its planned depletion in 2014 and are encouraged by the tonnages and grades Darwin South stopes that have been brought into the schedule."

### Production

- Henty Gold Mine produced 11,370 oz at a cash cost \$968/oz including royalties (\$921/oz excluding royalties), with all-in sustaining cost (AISC) of \$986/oz, (12,832 oz gold at a cash cost of \$976/oz and AISC of \$1028/oz in previous quarter).

### Development

- Dargues technical studies have resulted in preparation of a planning modification to complete all processing operations on site. Submission will be made early in 2015.

### Exploration

- Drilling conducted at Booth's Reward.
- Best results included 3.0 m (down hole) at 6.6 g/t gold and 1m at 12.5g/t gold.

### Corporate

- Gold sales were \$16.2 million during the quarter from the sale of 11,493 oz gold at an average price of \$1413/oz.
- Cash at bank was \$12.3 million at 31 December 2014 (\$11.9 million at 30 September 2014) after payment of a number of extraordinary items including annual insurance premiums, put option premiums and employee redundancies totalling approximately \$1.3 million.

## BACKGROUND

Unity Mining Limited (ASX:UML) is an Australian gold producer, developer and explorer which owns and operates the Henty Gold Mine on the West Coast of Tasmania and is working to develop the Dargues Gold Mine in New South Wales. Unity is also involved in gold exploration in West Africa through its investment in GoldStone Resources Limited. Unity holds tenure over the Bendigo Goldfield in Victoria where it is pursuing the sale 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 17 year period. Unity Mining has owned and operated Henty since July 2009, recently announcing a revised mine plan that will see Henty recover its remaining ore reserves then transition to care and maintenance in the second half of 2015.

The Dargues Gold Mine is located 60 km south-east of Canberra in Majors Creek near Braidwood. Majors Creek is the largest alluvial goldfield in NSW, historically producing more than 1.25 million ounces.

## OPERATIONS

### Safety & Environment

The Lost Time Injury Frequency Rate (LTIFR) rose to 11.8 following 2 reported lost time injuries. Similarly, the Total Reported Injury Frequency Rate rose to 32.4 as a result of 2 medically treated injuries (MTI). No restricted work injuries (RWI) were recorded.

There were no environmental incidents for the quarter.

### Henty Operations

	Dec 2014 Qtr	Sep 2104 Qtr	YTD 2014/15
<b>Henty Gold Mine</b>			
Ore mined (t)	71,416	65,898	137,314
Ore processed (t)	68,136	66,537	134,673
Ore grade (g/t gold)	5.6	6.4	6.0
Gold recovery (%)	93.3	94.3	93.3
Gold produced (oz)	11,370	12,832	24,202
Cash cost (A\$/oz)	968	976	972
All-in sustaining cost (A\$/oz)	986	1,028	1,008
Cash cost (A\$/t)	162	188	175

*Note: Minor discrepancies may occur due to rounding*

### Mining

#### Development

A total of 866 m of underground mine development was completed during the September quarter (991 m September 2014 qtr). Development of the known reserves is substantially complete and will be finished during the forthcoming quarter.

A total of 71,416 tonnes of ore were trucked to the ROM during the quarter (65,898 tonnes September 2014 qtr).

Mining and production in the Newton Zone ore body has seen an improvement in the reliability and predictability of grade. Ground control issues, whilst considerable, have been controlled with heightened geotechnical input.

#### Darwin South

Development of the Darwin South zone, an opportunity that was identified following data review, continued in preparation of commencement of production stopping in early 2015. Development grades have been significantly above plan.

#### Processing

Total ore processed for the quarter was 68,136 tonnes, with an average milled head grade of 5.56 g/t at 93.3% recovery producing a total of 11,370 ounces (66,537 tonnes, 94.3% and 12,832 ounces in prior quarter).

Recovered gold for the 6 months to end of December 2014 totalled 24,202 ounces.

Henty 2015 financial year production is currently forecast to be well ahead of the budgeted 41,500oz target.

### Dargues Gold Mine development

Work to identify project optimisation and de-risking opportunities concluded with a clear benefit being delivered if full metallurgical processing and gold recovery was to be conducted on site at Dargues.

With the need to vary the existing project planning approvals and conditions to accommodate the addition of cyanide leaching, preparation of the required Environmental Assessment has commenced. This has included substantial community engagement and it is anticipated the application will be submitted within the quarter ending March 2015.

### Bendigo Region

The Company entered into an agreement with the Victorian State Government to undertake pumping of the regional groundwater on commercial terms.

The agreement runs until 30 June 2015 by which time it is anticipated that a longer term solution will be implemented by the Victorian Department of Environment and Primary Industries.

This pumping activity is intended to manage the rising watertable under Bendigo and prevent uncontrolled discharge to watercourses and Rosalind Park.

## EXPLORATION

### Tasmanian Exploration

With the planned extraction of current known reserves at Henty, no exploration drilling activity was undertaken.

### NSW Exploration

A drill program was undertaken at Unity's Booth's Reward property in central NSW. As was reported to the ASX on 16 December 2014, results from the six-hole 567 m RC drilling program confirmed structural continuity of the previously identified structures. The best intersection in BRRC 16 returned 20 m at 2 g/t Au, from 73-93 m, including 3 m at 6.6 g/t Au, from 73-76 m and 1 m at 12.5 g/t Au, from 92-93 m.

## GOLDSTONE RESOURCES

The previously announced proposed subscription for shares by AIM-listed Stratex International Plc ('Stratex') to raise gross proceeds of £1.250 million was completed following shareholder approval in October. Stratex, with a shareholding of approximately 33.4% of GoldStone's issued capital, has critically reviewed the exploration portfolio and is currently planning and prioritising the 2015 field season's activities with an emphasis on resource addition at the Homase Project.

Unity currently holds approximately 19.3% of Goldstone and has representation on the GoldStone board with one director.

Further details are available on GoldStone's website: [www.goldstoneresources.com](http://www.goldstoneresources.com)

## CORPORATE

Gold sales were \$16.2 million during the quarter from the sale of 11,493 oz gold at an average price of \$1413/oz.

Cash at bank was \$12.3 million at 31 December 2014 (\$11.9 million at 30 September 2014).

A number of extraordinary payments were incurred during the quarter including annual insurance premiums, put option premiums, Dargues study costs, environmental bond increases and employee redundancies.

The Company also has a further \$9.5 million held as cash-backed performance bonds to provide or rehabilitation liabilities.

Unity took advantage of the volatility in the A\$ gold price during December 2014 to enter into gold hedging contracts on favourable terms. 15,000 oz of gold put options were acquired to hedge approximately 70% of Henty's forecast gold production during January to June 2015. The puts provide the company with the right, but not the obligation, to sell 2500 oz of gold per month over that period at a price of A\$1445/oz, while still retaining full exposure to any increase in the gold price above that level.

With a critical and persistent focus on reducing cost across the business, a number of operational and corporate positions have been removed. At the corporate level, the roles of Chief Operating Officer and General Manager – Business Strategy and Development were made redundant. Consequently Tony Davis and Ben Hill left the organisation at the end of the year. The Board of Directors thanks both Tony and Ben for their considerable input during their time at Unity.

Further, Unity's CFO, Ben Stockdale, tendered his resignation, effective January 23<sup>rd</sup>, to accept a CFO role at another listed company. The Board of Directors thanks Ben for his substantial contribution to Unity during a testing period.

Melanie Leydin, Unity's Company Secretary, will cover the Chief Financial Officer's duties until a permanent replacement is secured.

Major cash movements during the quarter related to positive cashflow from Henty of \$3.0M (including premium paid for gold put options), project development costs at Dargues Gold Mine (\$0.4M), Kangaroo Flat and Corporate expenses (\$2.0M inclusive of group annual insurance premiums) and an increase in cash backed rehabilitation bonds (\$0.2M).