Unity Mining Limited

HALF-YEAR FINANCIAL REPORT

Including Appendix 4D

31 DECEMBER 2014

ASX APPENDIX 4D

Results for Announcement to the Market for the Half-year Ended 31 December 2014

	Consolidated half-year ended 31 December 2014 $'000	Consolidated half-year ended 31 December 2013 $'000	Percentage increase / (decrease)
Revenue from ordinary activities	36,344	30,162	20%
Loss from ordinary activities after tax attributable to members	(9,487)	(18,933)	(50%)
Loss for the period attributable to members	(9,487)	(18,933)	(50%)
Net Tangible Assets per ordinary share	$0.03	$0.08	(62%)

Explanation of Results

Please refer to the commentary included in the Directors' Report for an explanation of results.

DIRECTORS' REPORT

The Directors of Unity Mining Limited ('Unity' or 'the Company') present the financial report of Unity and its subsidiaries ('the Group') for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors of the Company in office during or since the end of the half-year are:

- **Clive Jones**
- **Andrew McIlwain** - (Managing Director & CEO)
- **Ronnie Beevor**
- **Gary Davison**

Review of Operations

The Group generated a gross profit of $7.859 million, which after interest, exploration, corporate and other expenses resulted in a net loss of $9.487 million for the six months to 31 December 2014. The net loss recorded for the period included two significant one-off expenditure items being the recognition of employee redundancy provisions in relation to the closure of Henty Gold Mine of $6.692 million, and the write-down of Kangaroo Flat assets of $5.220 million. Prior to these items being recorded the Group recorded a net profit of $2.425 million for the six months to 31 December 2014.

The improved performance of the Group compared to prior period can be attributed to the significantly improved production results at Henty, as well as a reduction in operating costs resulting from cost cutting initiatives implemented both at Henty and across the Group.

The December 2014 half-year saw a $6.182 million increase in revenue relative to the prior half-year period, primarily due to higher gold sales of 26,079 oz (2013: 21,102). Gold production during the half-year was 24,202 oz (2013: 18,834). A continued focus on implementation of improved geotechnical control at Henty and mining activity in the high grade Read Zone saw average head grades improve to 6.0g/t (2013: 5.1g/t) during the period.

An increase in corporate costs in comparison to the prior period is attributable to the removal of internal charges of some corporate costs to the Henty Gold Mine. After considering the effect of this change, corporate costs were $0.380 million less than for the corresponding period. This is a direct result of cost cutting initiatives implemented across the Group and tighter cost control including a reduction of the corporate office head count.

As at 31 December 2014 the Group had A$12.286 million of available cash (30 June 2014: $6.783 million). The material increase in the Group's cash reserves during the period was attributable to positive operating cashflows of $5.207 million generated by the Group. This was largely driven by initiatives implemented to increase the operational performance of the Henty Gold Mine and reduce costs.

<u>Henty Gold Mine Operations:</u>

Gold production for the period was 24,202 ounces, up 29% on the 18,834 ounces produced at Henty in the prior corresponding period. Gold sales revenue of $36.3 million was generated from sales of 26,079 ounces (2013: 21,102) at an average gold price of A$1396/oz gold (2013: A$1422/oz). The key highlights at the Henty Gold Mine for the half-year ended 31 December 2014 were:

- Ore treated of 134,673 t at 6.0 g/t gold for 24,202 oz gold.
- Cash operating cost of $982/oz including royalties of $59/oz.

The above results were significantly better than those achieved for the comparative period ended 31 December 2013 as shown below;

- Ore treated of 122,133 t at 5.1 g/t gold for 18,834 oz gold.
- Cash operating cost of $1,231/oz including royalties of $41/oz.

DIRECTORS' REPORT

Review of Operations *continued*

Strategies and Prospects for future financial years

As announced to the ASX on 07 July 2014, the Company's main focus for the Henty Gold Mine is to deliver the highest cash generation from the extraction of the mine's remaining reserves by 2015 H2. It is planned that the Henty Gold Mine will then progress to a care and maintenance regime, but ultimately the Company will seek, subject to funding, to delineate additional reserves with the aim of bringing the Henty Gold Mine back into production.

From a risk management perspective, volatility of the gold price poses the primary risk to the future financial performance of the Mine. In order to minimise such risk the Group has purchased put options covering the first 2,500 oz of production out of the Henty Gold Mine each month through to June 2015 at a price of A$1445/oz.

<u>Dargues Gold Mine development</u>

On 29 November 2013 the Company announced a temporary halt to the development of the Dargues gold project in NSW pending the completion of technical and optimisation studies. This work was aimed at reducing the development and operating costs of the project, and the securing of project funding. During the period ended 31 December 2014 work continued in reviewing key elements of the Dargues project to identify project optimisation and de-risking opportunities. The results of the review identified a clear benefit being delivered if full metallurgical processing and gold recovery was to be conducted on site at Dargues.

The proposed introduction of conducting all metallurgical processing on site created the need to vary the existing project planning approvals and conditions to accommodate the addition of cyanide leaching. The preparation of the required Environmental Assessment has been completed, including substantial community engagement.

Subsequent to the period ended 31 December 2014, the application to vary the existing project plan of the Dargues Gold Mine to incorporate cyanide leaching was lodged with the NSW Department of Planning & Environment.

Strategies and Prospects for future financial years

The Company's main focus for the Dargues Gold Mine is to recommence development of the mine in late 2015. This is subject to approval being received for the variation to existing planning approvals as well as securing funding.

From a risk management perspective, volatility of the gold price poses the primary risk to the future financial performance of the Dargues Gold Mine.

<u>GoldStone Resources Investment (19.2% owned by the Company)</u>:

At 30 June 2014, the Group had a 30.87% interest in GoldStone Resources Limited and accounted for the investment as an associate. Unity's equity holding in GoldStone was diluted to 19.2% during the period following a £1.25 million share subscription by AIM-listed Stratex International Plc. The Group has accounted for their remaining 19.2% interest as an available for sale financial asset measured at fair value based on the spot price of the shares at 31 December 2014.

Further details in relation to GoldStone can be found on GoldStone's website at www.goldstoneresources.com.

Strategies and Prospects for future financial years

The Group's present strategy in relation to this this asset is to retain its investment position going forward.

DIRECTORS' REPORT

Auditor's Independence Declaration

The auditor has provided the Board of Directors with a signed Independence Declaration in accordance with s.307C of the Corporations Act 2001. This declaration is included on page 6 of this half-year report.

Rounding off of Amounts

The Company is a company of the kind referred to in Australian Securities and Investments Commission Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

Andrew McIlwain
Managing Director & CEO

26 February 2015
Melbourne

Deloitte Touche Tohmatsu
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The Board of Directors
Unity Mining Limited
Level 10, 350 Collins Street
Melbourne VIC 3000

26 February 2015

Dear Board Members

Unity Mining Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Unity Mining Limited.

As lead audit partner for the review of the financial statements of Unity Mining Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,

Deloitte Touche Tohmatsu.

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountant

UNITY MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Half-year ended 31 December 2014 $'000	Half-year ended 31 December 2013 $'000
Sales revenue		**36,344**	**30,162**
Cost of sales			
Costs of mining, processing and site administration		(26,107)	(25,686)
Depreciation and amortisation		(2,378)	(5,972)
Total Cost of Sales		**(28,485)**	**(31,658)**
Gross (Loss)/Profit		**7,859**	**(1,496)**
Interest and other income		311	477
Exploration expenses		(1,335)	(7,731)
Corporate expenses		(3,199)	(2,798)
Finance costs		(10)	(31)
Share of loss of associate	4	(118)	(273)
Employee redundancy costs		(6,692)	-
Impairment expense – mine property, plant & equipment	6	-	(6,960)
Impairment expense – Financial assets	6	(785)	-
Loss on sale of assets		(20)	-
Loss before tax		(3,989)	(18,812)
Income tax expense		-	-
Loss for the period from continuing operations		(3,989)	(18,812)
Discontinued Operations			
Loss for the period from discontinued operations	5	(5,498)	(121)
LOSS AFTER TAX		**(9,487)**	**(18,933)**
Other comprehensive income		-	-
Total comprehensive income for the period		**(9,487)**	**(18,933)**

Notes to the financial statements are included on pages 12 to 20.

UNITY MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Half-year ended 31 December 2014 $'000	Half-year ended 31 December 2013 $'000
Earnings Per Share			
From Continuing and Discontinued Operations:			
Basic and diluted earnings per share – (cents per share)		**(0.8)**	**(2.7)**
From Continuing Operations:			
Basic and diluted earnings per share – (cents per share)		**(0.4)**	**(2.7)**

Notes to the financial statements are included on pages 12 to 20.

UNITY MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	31 December 2014 $'000	30 June 2014 $'000
CURRENT ASSETS			
Cash		12,286	6,783
Receivables		2,814	2,708
Inventories		4,942	6,947
Prepayments		676	215
Other financial assets	7	6,276	5,653
		26,994	22,306
Assets classified as held for sale	5	-	5,317
TOTAL CURRENT ASSETS		26,994	27,623
NON CURRENT ASSETS			
Investment in associates	4	-	1,473
Other financial assets	7	4,473	5,851
Mine property, plant and equipment		28,315	29,587
Exploration and evaluation		595	1,231
TOTAL NON CURRENT ASSETS		33,383	38,142
TOTAL ASSETS		**60,377**	**65,765**
CURRENT LIABILITIES			
Payables		6,873	8,994
Interest bearing liabilities		194	309
Provisions	9	9,924	3,862
		16,991	13,165
Liabilities directly associated with assets classified as held for sale	5	5,710	5,710
TOTAL CURRENT LIABILITIES		22,701	18,875
NON CURRENT LIABILITIES			
Interest bearing liabilities		41	77
Provisions	9	3,436	3,412
TOTAL NON CURRENT LIABILITIES		3,477	3,489
TOTAL LIABILITIES		**26,178**	**22,364**
NET ASSETS		**34,199**	**43,401**
EQUITY			
Issued Capital		456,074	456,031
Reserves		2,170	1,928
Accumulated losses		(424,045)	(414,558)
TOTAL EQUITY		**34,199**	**43,401**

Notes to the financial statements are included on pages 12 to 20.

UNITY MINING LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half-year ended 31 December 2014 $'000	Half-year ended 31 December 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	39,431	29,588
Interest and other revenue received	295	557
Interest paid	(10)	(30)
Payments to suppliers and employees	(34,509)	(28,028)
Net cash provided by operating activities	**5,207**	**2,087**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for mine property, plant and equipment and exploration and evaluation	(1,568)	(19,420)
Payment for investment in associate	-	(200)
Proceeds from investments	1,941	-
Proceeds from disposal of mine property, plant and equipment	75	-
Net cash provided by/(used in) investing activities	**448**	**(19,620)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(152)	(470)
Net cash used in financing activities	**(152)**	**(470)**
Net increase/(decrease) in cash held	5,503	(18,003)
Cash at the beginning of the period	6,783	27,711
CASH AT THE END OF THE PERIOD	**12,286**	**9,708**

Notes to the financial statements are included on page 12 to 20.

UNITY MINING LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half-year ended 31 December 2014			
	Share Capital $'000	Reserves $'000	Accumulated Losses $'000	Total $'000
Balance at 01 July 2014	**456,031**	**1,928**	**(414,558)**	**43,401**
Loss for the period	-	-	(9,487)	(9,487)
Total comprehensive income for the period	-	-	(9,487)	(9,487)
Transfer from equity-settled employee benefit reserve	43	(43)	-	-
Recognition of share-based payments	-	285	-	285
Balance at 31 December 2014	**456,074**	**2,170**	**(424,045)**	**34,199**

	Half-year ended 31 December 2013			
	Share Capital $'000	Reserves $'000	Accumulated Losses $'000	Total $'000
Balance at 01 July 2013	**447,263**	**1,800**	**(362,461)**	**86,602**
Loss for the period	-	-	(18,933)	(18,933)
Total comprehensive income for the period	**-**	**-**	**(18,933)**	**(18,933)**
Recognition of share-based payments	-	63	-	63
Balance at 31 December 2013	**447,263**	**1,863**	**(381,394)**	**67,732**

Notes to the financial statements are included on page 12 to 20.

1. GENERAL INFORMATION

Unity Mining Limited ('Unity' or 'the Company') is a limited company incorporated in Australia. The principal activities of the Company, its subsidiaries Henty Gold Limited, Bendigo Mining Pty Ltd, Big Island Mining Pty Ltd, Dargues Gold Mine Pty Ltd and Wombola Gold Pty Ltd are described in the Directors' Report.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report, prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 "Interim Financial Reporting". The half-year financial report does not include notes of the type normally included in an annual report and should be read in conjunction with the 2014 Annual Report and any public announcements made by Unity during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

Basis of Preparation

The condensed consolidated financial statements have 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. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1988, and in accordance with that Class Order amounts in the Directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year report are consistent with those adopted and disclosed in the Company's 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include:

- AASB 1031 'Materiality' 2013;
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities';
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets';
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting';
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities';
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality';

SIGNIFICANT ACCOUNTING POLICIES (Continued)

- AASB 2014-1 'Amendments to Australian Accounting Standards'
  - Part A: ' Annual Improvements 2010-2012 and 2011-2013 Cycles'
  - Part B: 'Defined Benefits Plans: Employee Contributions (Amendments to AASB 119)'
  - Part C: 'Materiality'
- Interpretation 21 'Levies'

The adoption of new and revised standards does not have any material impact on the disclosures of the amounts recognized in the Company's condensed consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going Concern

The half-year financial report has been prepared on the going concern basis, which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the half-year ended 31 December 2014, the Consolidated Entity incurred a net loss of $9.487 million after recognising a provision for employee redundancy costs of $6.692 million, and generated net cash inflows from operations for the six months of $5.207 million. As at 31 December 2014 the consolidated entity had a surplus of current assets over current liabilities of $4.293 million, and had $12.286 million of available cash.

In July 2014, the Directors announced that the Henty Gold Mine would be placed on Care and Maintenance in the second half of the calendar year ending 31 December 2015, which is at the point that the current proven reserve is depleted. At the time this occurs, the Consolidated Entity will no longer have any income generating activities until the Dargues Gold Mine is commissioned and begins processing. This is expected to commence in the second half of calendar year 31 December 2016. For this to occur, additional government agency approvals are still required to approve the design of the plant, and funding for the completion of the plant and initial plant start-up operating costs will need to be secured, (which is estimated to be approximately $70.0 million), as the construction of the plant cannot be financed from the existing cash reserves of the Consolidated Entity.

While the Directors consider that additional funding is likely to be available as required, there can be no assurance that the Consolidated Entity will be able to obtain, or access additional funding when required, or that the terms associated with the funding will be acceptable to the Consolidated Entity. Similarly there are risks that the timeline developed for the completion of the plant, subsequent commissioning, economically sufficient production, and subsequent sales will not be achieved as planned.

Until the Consolidated Entity is able to obtain such additional funding and the plant is operating at sufficient capacity, the Consolidated Entity will not have any income producing assets.

Excluding the cashflows associated with the construction and funding of the Dargues Gold Mine, cashflow forecasts prepared by management demonstrate that the Consolidated Entity has sufficient funds to meet its commitments over the next twelve months. For that reason the financial statements have been prepared on the basis that the Consolidated Entity is a going concern.

In the event that the Consolidated Entity is unsuccessful in the matters set out above in relation to the Dargues Gold Mine, there is material uncertainty whether the Consolidated Entity will continue as

SIGNIFICANT ACCOUNTING POLICIES (Continued)

a going concern, and therefore whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

Derivative financial instruments

The Consolidated Entity may enter into a variety of derivative financial instruments to manage its exposure to Commodity prices.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group’s reportable segments under AASB 8 are:

- Henty Gold Mine, Tasmania;
- Dargues Gold Mine, NSW;
- Corporate/Other

The accounting policies of the reportable segments are the same as the Group’s accounting policies.

The following is an analysis of the Group’s revenue and results by reportable segment for the half-years under review:

	Revenue		Segment profit/(loss)	
	Half-year ended		Half-year ended	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	$'000	$'000	$'000	$'000
Continuing Operations				
Henty Gold Mine	36,344	30,162	(75)	(9,632)
Dargues Gold Mine	-	-	(505)	(6,605)
Corporate/Other	-	-	(3,551)	(2,732)
	36,344	30,162	(4,131)	(18,969)
Investment Revenue and Other income			270	461
Finance costs			(10)	(31)
Share of loss of associates			(118)	(273)
			(3,989)	(18,812)
Discontinued operations				
Corporate/Other	240	316	(5,498)	(121)
Profit/(loss) before tax	240	316	(9,487)	(18,933)
Income tax expense (continuing and discontinued opeartions)	-	-	-	-
Consolidated segment revenue and profit for the period	36,584	30,478	(9,487)	(18,933)

The revenue reported above represents revenue generated from external gold sales. There were no intersegment sales during the half year (2013: Nil).

Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of share of profit/(loss) of associates, investment and other revenue, finance costs and income tax expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by reportable operating segment.

	31 Dec 2014 $'000	30 June 2014 $'000
Continuing operations		
Henty Gold Mine	12,827	19,532
Dargues Gold Mine	24,221	26,827
Corporate/Other	23,329	19,406
	60,377	65,765
Unallocated assets	-	-
Total assets	60,377	65,765

4. INVESTMENTS IN ASSOCIATES

At 30 June 2014, the Group held a 30.87% interest in GoldStone Resources Limited and accounted for the investment as an associate. During the period ended 31 December 2014 the Group's interest was diluted to 19.2% as a result of a £1.25 million share subscription by AIM-listed Stratex International Plc. As a result, the Group has accounted for their remaining 19.2% interest as an available for sale financial asset. The fair value of the Group's investment at the date significant

4. INVESTMENTS IN ASSOCIATES (Continued)

influence was lost (31 October 2014), was A$763,000, which was determined based on GoldStone's share price at that date. At 31 December 2014, the Group's investment was revalued to market value, with a further loss of $193,000 recorded. This resulted in a total impairment write-down for the period of $786,000 (refer to note 6).

	$'000
Proceeds of disposal	-
Plus: fair value of investment retained (19.2%)	763
Less: carrying amount on investment at date significant influence lost	(1,356)
Loss recognised	(593)

Summarised financial information in respect of the Group's associate is set out below.

	31 December 2014 $'000	30 June 2014 $'000
Total assets of associate		373
Total liabilities of associate	-	(31)
Net assets of associate	-	342
Initial cost of investment in associate	11,046	11,046
Group's share of loss of associate	(4,719)	(4,601)
Impairment expense recognised	(5,564)	(4,972)
Market Value derecognised as an associate	(763)	-
Group's carrying amount of investment in associate	**-**	**1,473**

	Six month period ended 31 December 2014 $'000	Six month period ended 31 December 2013 $'000
Total revenue of associate	3	29
Total loss for the period of associate	(121)	(893)
Group's share of loss of associate	(118)	(273)

5. DISCONTINUED OPERATIONS

The Group's Kangaroo Flat mine site was placed in care and maintenance in FY12 and as a result it has been determined that the associated assets and liabilities will be realised through sale as opposed to continued operations.

The Group has been exploring several avenues of opportunity for the sale of the asset and has established a detailed plan for sale of the asset.

Accordingly, the result of the Kangaroo Flat mine site has been disclosed in discontinued operations for the half year ended 31 December 2014 and the comparative period, and the assets and liabilities associated with the site have been disclosed as held for sale.

The loss for the half year from the discontinued operation is analysed as follows:

	Half-year ended	
	31 Dec 2014 $'000	31 Dec 2013 $'000
Other revenue	240	316
Operating expenses	(518)	(437)
Impairment expense	(5,220)	-
Loss before income tax	(5,498)	(121)
Income tax expense/(credit)	-	-
Loss after income tax	(5,498)	(121)

The net deficiency of Kangaroo Flat at reporting date was as follows:

	31 Dec 2014 $'000	30 June 2014 $'000
Assets classified as held for sale	5,220	5,317
Impairment Write-Down	(5,220)	-
	-	5,317
Liabilities directly associated with assets classified as held for sale	5,710	6,009
Net Deficiency	(5,710)	(692)

6. IMPAIRMENT EXPENSE

	Six month period ended 31 December 2014 $'000	Six month period ended 31 December 2013 $'000
Impairment Expense – Available for Sale Financial Assets	785	-
Impairment Expense – Mine property, plant & equipment	-	6,960
	785	6,960

7. OTHER FINANCIAL ASSETS

	31 December 2014 $'000	30 June 2014 $'000
Financial assets		
Available-for-sale financial assets		
Listed Shares	570	-
Held-to-Maturity investments		
Gold Put Options (current)	616	-
Term Deposits (current)	5,660	5,653
Term Deposits (non-current)	3,903	5,851

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

<u>8.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis</u>

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

8. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Financial assets / Financial liabilities	Fair Value as at		Fair Value Heirachy	Valuation technique(s) and key input(s)
	31/12/2014	30/06/2014		
1) Gold Put Options	616,000	-	Level 2	Black Scholes model based on observable market inputs.
2) Available for sale Financial asset	570,152	1,473,598	Level 1	Quoted bid prices in an active market
3) Held to Maturity Financial asset	9,563,000	11,504,000	Level 1	Quoted bid prices in an active market

There were no transfers between Level 1 and Level 2 in the period.

8.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

9. PROVISIONS

	31 December 2014 $'000	30 June 2014 $'000
Current:		
Employee benefits – Annual leave	1,386	1,754
Employee benefits – Long service leave	1,846	2,108
Employee benefits - Redundancy	6,692	-
	9,924	3,862
Non-current:		
Employee benefits – long service leave	59	101
Rehabilitation provision	3,377	3,311
	3,436	3,412
	13,360	7,274

During the six months ended 31 December 2014 the Consolidated entity recorded a redundancy provision of $6.692 million associated with the planned transition of the Henty Gold Mine on to care and maintenance in December 2015. This amount represents the total cost to the Consolidated entity of planned employee redundancies.

10. DIVIDENDS

In respect of the half year ended 31 December 2014, no dividend has been paid or declared. (2013: Nil)

11. CONTINGENT LIABILITIES

Nil (2013: Nil)

12. SUBSEQUENT EVENTS

No other matters or circumstances have arisen subsequent to the reporting date which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

The Directors declare that:

1) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

2) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the group.

Signed in accordance with a resolution of Directors made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Directors

Andrew McIlwain
Managing Director & CEO

26 February 2015
Melbourne

Deloitte.

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Independent Auditor's Report to the members of Unity Mining Limited

We have reviewed the accompanying half-year financial report of Unity Mining Limited which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 21.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Unity Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Unity Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Unity Mining Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 'Going Concern' in the half-year financial report, which indicates that Unity Mining Limited incurred a net loss of $9,487,000 during the half-year ended 31 December 2014. This condition, along with other matters as set forth in Note 2 'Going Concern', indicate the existence of a material uncertainty that may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and therefore, the Consolidated Entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Deloitte Touche Tohmatsu.

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants
Melbourne, 26 February 2015