

Unity Mining Limited

ABN 61 005 674 073

Corporate Details:

ASX Code: UML

Issued capital:

1140M ord. shares
9.58M unlisted Perf. Rights

Substantial Shareholders:

Moly Mines Ltd 196.5M (17.3%)
LionGold Corp 78.1M (6.9%)

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
15 April 2015

Key Points

HENTY:

- Continued strong operational performance from Henty with quarterly production of **15,829 oz** gold at a cash operating cost of **\$650/oz** and AISC of **\$656/oz** – continuing to deliver well ahead of plan
- Head grade increased to **8.3 g/t** (5.6 g/t gold in December Qtr)

DARGUES:

- Planning modification submitted- public exhibition period to commence shortly

CORPORATE:

- Cash build of \$10.5M during the quarter
- \$26.8M** combined cash at bank and gold in transit
- An additional \$9.5M held in cash-backed performance bonds

Summary

Andrew McIlwain, Managing Director & CEO comment "With Henty delivering its fourth consecutive quarter of strong operating results, coupled with tight cost control and improved prices, Unity has substantially grown its cash position.

"Stopes mined from Read Zone and Darwin South yielded higher than forecast grades, with an average milled head grade of 8.3 g/t gold. Importantly, the quarterly production of 15,829 ounces has come at a time of buoyant A\$ gold prices and resulted in a substantial increase in cash at bank, which now stands at \$26.8M including the proceeds of gold sold that was transit at the end of the quarter.

"While ore grades and production rates are anticipated to moderate over the remainder of the mine plan, the Henty team will continue to focus on the safe and profitable recovery of the known mining inventory.

"In NSW, we have submitted the Environmental Assessment to modify the approved processing route at Dargues and are working with the regulatory authorities to progress this as quickly as possible. A positive outcome will substantially enhance the Project's economics" said Mr McIlwain.

Production

- Henty Gold Mine produced 15,829 oz at a cash cost of \$650/oz including royalties, with all-in sustaining cost (AISC) of \$656/oz, (11,370 oz gold at a cash cost of \$968/oz and AISC of \$986/oz in December quarter).

Development

- Planning modification for the Dargues project was submitted during the quarter. Public exhibition period to commence shortly.

Exploration

- List of prioritised in-mine exploration drill targets developed at Henty.
- Renewal of Red Hills exploration lease in Tasmania.

Corporate

- Gold sales were \$24.4 million during the quarter from the sale of 15,708 oz gold at an average price of \$1553/oz.
- Cash at bank increased by \$10.5M during the quarter, with a total of \$22.8M million held at 31 March 2015 (\$12.3 million at 31 December 2014).
- An additional ~\$4M of gold was in transit at the end of the quarter.

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, and 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. Whilst fully approved to operate, Unity Mining is proposing to modify the processing facilities on site to enable cyanide extraction of gold from concentrate. The NSW Department of Planning and Environment are responsible for uploading the submitted Environmental Assessment for Public Exhibition and evaluation.

HENTY OPERATIONS

Overview

As was announced to the ASX in July 2014, Henty is progressing on plan to extract the developed reserves and cease production by the end of 2015. It is forecast that the cash generated from the remaining production this year will adequately cover accrued employee liabilities. Options for future exploration and realisation of value at Henty are currently being explored.

Safety & Environment

There were 2 Restricted Work Injuries (RWI) recorded during the quarter. The causes of both have been investigated and appropriate corrective actions implemented.

At Henty, a welded join in the mine dewatering pipeline failed. The pipeline was repaired and the pipeline monitoring procedure revised. No action has been taken by the EPA in relation to this incident.

A non-compliance event was recorded following routine sampling at the TSF discharge. The minor elevation in levels followed a period of low rainfall and lower water levels in the TSF. All discharge pumping from the TSF was immediately suspended until normal levels were achieved. No action has been taken by the EPA in relation to this non compliance.

Henty—KPI's

	Mar 2015 Qtr	Dec 2014 Qtr	YTD 2014/15
Henty Gold Mine			
Ore mined (t)	62,277	71,416	199,591
Ore processed (t)	63,311	68,136	197,984
Ore grade (g/t gold)	8.3	5.6	6.7
Gold recovery (%)	93.9	93.3	93.9
Gold produced (oz)	15,829	11,370	40,031
Cash cost (A\$/oz)	650	968	845
All-in sustaining cost (A\$/oz)	656	986	869
Cash cost (A\$/t)	163	162	171

Note: Minor discrepancies may occur due to rounding

Mining

Development

A total of 206 m of underground mine development was completed during the March quarter (866 m December 2014 qtr). Development of the known reserves as per plan is now substantially complete.

A total of 62,277 tonnes of ore were trucked to the ROM during the quarter (71,416 tonnes December 2014 qtr). Mining and production in the Newton Zone ore body continues in challenging ground conditions although a consistent level of production is being maintained. The Newton Zone produced 55% of the tonnes and 38% of the ounces for the quarter.

Additional ore has been recovered from both the Read and Darwin South areas, providing enhanced grades compared to forecast. Whilst producing lower tonnes, these areas have provided additional ounces from higher than expected grades. Darwin South produced 42% of the tonnes and 55% of the ounces and the Read Zone provided 3% of the tonnes and 7% of the ounces.

Henty's performance is a credit to the operating team's focus in what at times are testing conditions, delivering improved predictability and reliability.

Processing

Total ore processed for the quarter was 63,311 tonnes, with an average milled head grade of 8.3 g/t at 93.9% recovery producing a total of 15,829 ounces (68,136 tonnes at 5.6g/t with 93.3% recovery and 11,370 ounces in prior quarter).

Recovered gold for the 9 months to end of March 2015 totalled 40,031 ounces, well on track to achieve revised full year production guidance of 45,000 to 50,000 ounces.

Dargues Gold Mine development

As foreshadowed in January, the application to modify the existing project planning approvals — in the form of a comprehensive Environmental Assessment — has submitted to the NSW Department of Planning & Environment.

This modification seeks to amend the current project approvals, which currently allow the mining and processing of ore and production of concentrate on site, to complete final gold extraction using cyanide at Dargues.

The significant reduction in truck transport through the district and enhanced employment prospects are clear benefits of the proposed modification.

Unity Mining recognises the need to explain the proposed changes within the local community and a comprehensive community engagement and consultation process is underway. The company understands that the Department intends to open the application to Public Exhibition shortly.

EXPLORATION**Tasmanian Exploration**

A review of the inventory of underground targets was completed during the quarter. A complete set of underground targets has been accurately identified and prioritised. Various drilling strategies have also been evaluated to determine which is the most effective for the Henty mineralisation. In addition, the Red Hills exploration lease EL 8/2009 was renewed.

The company will be releasing a forward plan for Henty Exploration in due course.

NSW Exploration

An application for an additional tenement surrounding the Booth's tenement in NSW was approved.

CORPORATE

Gold sales were \$24.4 million during the quarter from the sale of 15,708 oz gold at an average price of \$1553/oz.

Cash at bank was \$22.8 million at 31 March 2015 (\$12.3 million at 31 December 2014). In addition, a further c\$4M of gold was in transit at the end of the quarter, for which the sale proceeds have now been received. The Company also has a further \$9.5 million cash-backed performance bonds for rehabilitation liabilities.

Major cash movements during the quarter related to positive cashflow from Henty of \$13.2M, project development costs at Dargues Gold Mine (\$0.4M), Kangaroo Flat and Corporate expenses (\$0.7M) and movements in working capital (\$1.6M).