



# Questions & Answers with Andrew McIlwain

## 7 May 2015

**Andrew McIlwain – Managing Director & CEO**  
**Unity Mining Limited**

# Questions & Answers

- **Question: Unity recently announced a Farm-In Agreement at the Henty gold mine in Tasmania. What is the current status of production for Henty?**
- **Andrew McIlwain, Managing Director of Unity:**

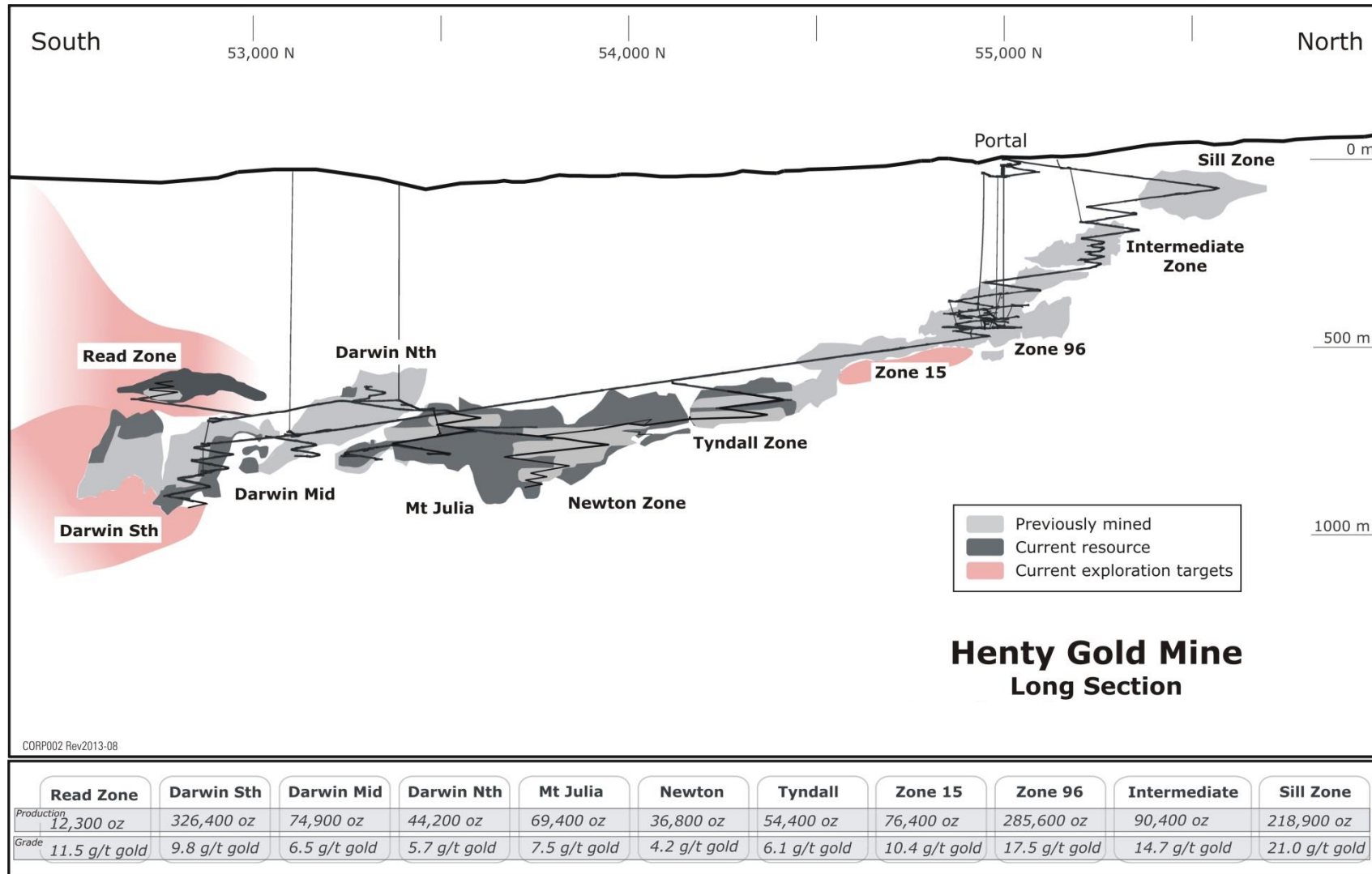
Henty is currently operating at full capacity, and it generally holds around 11,000 tonnes of ore on the surface available for processing on any given day. The last 2 quarters have generated significant free cash, building on great mine performance for the last 4 quarters. In the most recent quarter, the mine produced 15,829 ounces at an all in sustaining cost (AISC) of \$656 per ounce. The averaged milled head grade was a standout 8.3 grams per tonne. At the end of the quarter, Unity held \$22M in cash as well as having \$4M of gold in transit. Year to date production has been 40,031 ounces with an all in sustaining cost of \$869 per ounce.
- **Question: What is the plan for Henty over the remainder of the year?**
- **Andrew McIlwain, Managing Director of Unity:**

First of all, gold production will continue over the next 2 quarters and we have now completed all the mine development needed to support this. The previously announced transition to a care and maintenance operation will be in effect by the end of the year.

However, we do not believe that this mine will cease production forever. We have outstanding geologists with a strong understanding of the geology and our team is highly motivated to explore and develop sufficient resources to allow for a 2 year mine life. This is our immediate and first goal; to define reserves for 2 years of production and restart the mine. Henty remains an outstanding asset.

Looking at the following Long Section of the mine, it shows the development over the last 18 years from what was originally commenced as a 4 year mine by Goldfields in 1996. These high-grade underground mines tend to keep on going. The Read Zone, Darwin South and Zone 15 are all highly prospective for further exploration.

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- **Question: What are the key parameters of the farm-in and what is the drilling program?**
- **Andrew McIlwain, Managing Director of Unity:**  
The Farm-In is a staged expenditure of up to \$5M – completing between 40,000 – 50,000 m of underground drilling. The PYBAR Group will progressively earn up to 50% ownership of the Henty Gold Mine and mill through a Joint Venture Agreement. Unity will remain the manager of the Henty Mine and retain all the exploration leases around the project.
- **Question: Tell us about PYBAR**
- **Andrew McIlwain, Managing Director of Unity:**  
The PYBAR Group is the third largest underground hard rock mining contractor in Australia, founded in 1993, is privately owned and headquartered in Orange, NSW. They also own HMR Drilling Services which will be doing the work at Henty. PYBAR are keen to be involved as partners in the restart of production at Henty. We see the farm-in as an opportunity where PYBAR can add value to the Henty project.
- **Question: When does the drilling start and how long before results will be released?**  
PYBAR are mobilising their gear now and will be in Tasmania and drilling before the end of the month. We will start to see results within 1 month after that. With 2 rigs running there will be a continuous stream of news flow.
- **Question: With all the cash that Unity has, why didn't you elect to sole drill Henty?**  
Good question. While we have a good cash balance currently and this will increase over the next quarter or two, there are numerous operational and strategic reasons for the farm-in deal. The strong cash position allows the company scope to develop the Dargues project in NSW. Whilst we have confidence in the opportunities at Henty, we also wanted to diversify our risk. It is fair to say that Unity has had its share of challenges in the last few years. We believe we are moving upwards and forwards again. We intend to create wealth for our shareholders and we plan to become a multi-operation gold producer. We are putting together the plans, the people and the money to rebuild the value proposition of Unity.



# Thank you

## Unity Mining Limited

### Corporate Office

Telephone : +61 (0)3 8622 2300

Facsimile : +61 (0)3 8622 2399

Email : [info@unitymining.com.au](mailto:info@unitymining.com.au)

### Address

Level 10, 350 Collins Street

Melbourne Vic 3000

Australia