

16 December 2015

Dear fellow shareholders

I am writing to ensure you are informed of the proposal for Diversified Minerals Pty Ltd ("Diversified Minerals"), an associate of the PYBAR Group, to acquire the approximate 86% of shares in Unity Mining that it does not already own through a scheme of arrangement.

The scheme of arrangement will be undertaken contemporaneously with a capital return of 1.0 cent per share, to deliver a total cash payment to Unity shareholders of 2.9 cents per share. This represents a material premium to recent share prices including a premium of 128% to the 1-year volume weighted average price¹.

Your board unanimously supports the proposal in the absence of a superior proposal and subject to an Independent Expert concluding it is in the best interests of Unity shareholders.

Further information is contained in the ASX Announcement dated 7 December 2015, which is available at www.unitymining.com.au.

This proposal concludes the recent strategic review process undertaken by Unity, whereby a wide range of options for maximising shareholder value were explored. The Board determined that the proposed transaction was superior to all current alternatives including Unity continuing as an independent company.

As a Board we have had regard to the following aspects:

- Unity last traded above 2.9 cents in February 2014;
- For most of 2015, Unity has traded around or below its cash backing with the market ascribing no material value to our underlying assets;
- Despite amending our development approach on the Dargues Gold Project, both the capacity to fund its development and the absolute time frames to conclude all regulatory processes remain uncertain;
- With revenue no longer being generated at Henty the company's cash position will decrease moving forward;
- Future potential capital requirements for exploration and development at both Henty and Dargues exceed our current cash balance; and
- Capital markets remain challenging for the junior resource sector particularly those without cash flow and the terms of procuring further development capital would be likely to result in substantial shareholder dilution.

¹ Adjusted for the September 2015 capital return of 0.5 cents per share and assessed at 7 December 2015.

The Diversified Minerals proposal has little conditionality aside from Unity shareholder approvals, is an all cash outcome, and provides shareholders with certainty at a substantial premium to recent market prices.

The Diversified Minerals proposal has been assessed by the Board on an independent basis. Upon the successful conclusion of the transaction, the current Board of Unity are expected to cease their involvement with Unity and are expected to have no role within the PYBAR Group.

I recognise that there are many shareholders, myself included, who have acquired shares in Unity at prices significantly in excess of the 2.9 cent proposal. However as a Board we are pleased to have secured this opportunity to put before shareholders for your consideration, which recognises a material value for Unity's assets over and above its underlying and diminishing cash position.

We look forward to providing you further information in the shareholder meeting materials for the scheme of arrangement and the capital return in February 2016. These materials will comprise a Scheme Booklet containing comprehensive information setting out the formal recommendation of your Board for you as shareholders, the reasons for and against voting in favour of the transaction, an Independent Expert's Report opining whether or not the transaction is in the best interests of shareholders, and various other information in order to enable you to assess the merits of the transaction.

It is anticipated that the shareholder meetings will be held in late March 2016 where you will be given the opportunity to vote in relation to the transaction.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Clive Jones', with a stylized, sweeping flourish at the end.

Clive Jones
Chairman