Unity Mining Limited
ABN 61 005 674 073
Level 10 350 Collins Street
Melbourne VIC 3000
T: +61 (0)3 8622 2300
F: +61 (0)3 8622 2399
E: info@unitymining.com.au
W: unitymining.com.au

Manager, Company Announcements
Australian Securities Exchange Limited

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

We enclose herewith the Appendix 4E, Directors' Report and Financial Statements for the year ended 30 June 2012.

The key results for the year include:

- Unity Mining Limited delivered a net profit for the year of $12.9 million, which includes a loss of $0.6 million from discontinued operations relating to the Kangaroo Flat mine.
- The gross operating profit for the FY12 year was $21.5 million. Revenue of $80.8 million was delivered against mine operating costs of $49.3 million and a D&A expense of $10.0 million.
- FY12 production was 50,058 oz gold at a cash operating cost of $982/oz
- Gold sales were 48,299 oz at an average price of A$1625/oz.
- Statutory reported operating cash flows of $21.1 million is after $1.7 million outflow related to an increase in rehabilitation bonds.
    - Other outflows in the year included payment of $2.6 million for further investment in associate GoldStone Resources Limited, $1.5 million in relation to payments for redundancies and $1.0 million in payments for shares purchased back by the Company.
- During the year the Company invested $9.7 million on exploration and $9.5 million on mine development and plant and equipment.
- The Company's closing cash position was $44.3 million at 30 June 2012.

Bill Geier
Chief Financial Officer & Company Secretary
Unity Mining Limited

ASX Appendix 4E, Directors' Report and 2012 Financial Report

CORPORATE INFORMATION

ABN 61 005 674 073

Directors:

P McCarthy (Non-Executive Chairman)
A McIlwain (Managing Director & CEO)
R Beevor
D Ransom

Registered Office & Principal Place of Business:

Level 10
350 Collins Street
Melbourne Vic 3000
Telephone: +61(0)3 8622 2300
Email: info@unitymining.com.au

Company Secretary:

B Geier

Senior Management:

A Lorrigan
B Hill

Auditors:

Deloitte Touche Tohmatsu
Chartered Accountants
550 Bourke Street
Melbourne Vic 3000

Share Registry:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067
Telephone +61 (0)3 9415 4000

Shareholders' Enquiries:

Share Registry 1300 850 505
(melbourne.services@computershare.com.au)
or
Company Secretary +61 (0)3 8622 2300

Stock Exchange:

ASX Limited (Code: UML)

Web Page:

http://www.unitymining.com.au

CONTENTS

All references to $ are Australian dollars unless otherwise indicated.

ASX APPENDIX 4E

Results for Announcement to the Market

	Consolidated Year ended 30 June 2012 $'000	Consolidated Year ended 30 June 2011 $'000
Revenue from ordinary activities	80,805	50,778
Profit/(loss) from ordinary activities after tax attributable to members	12,875	(5,314)
Net profit/(loss) for the period attributable to members	12,875	(5,314)
Net Tangible Assets per share	$0.17	$0.15
Basic Earnings per share	2.5 cents	(1.0) cent

	30 June 2012	30 June 2011

No dividend has been declared or paid.

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 present their report together with the financial report for the year ended 30 June 2012.

Directors

The names and relevant details of Directors of the Company in office during or since the end of the financial year are as follows:

Directors

- **Peter McCarthy**
  BSc (Eng), MGeosc, FAusIMM (CP), MAICD
  Non-Executive Chairman
  Mr McCarthy has 43 years experience in the mining industry. He is the chairman of AMC Consultants, a prominent mining consultancy group in Australia, and a Non-Executive Director of Castlemaine Goldfields Limited and the Sovereign Hill Museums Association. He was President of the AusIMM in 2007 and 2008. His principal expertise is in underground mining and project evaluation. He joined the Board in September 2004 and was appointed Chairman in January 2006.

- **Andrew McIlwain**
  BEng (Mining), MAusIMM
  Managing Director and CEO
  Mr. McIlwain has over 25 years experience in the mining industry. He is a qualified mining engineer and has held operational, technical, senior management and executive roles within Mount Isa Mines Limited, Central Norseman Gold Corporation, WMC Resources and Lafayette Mining Limited. More recently, as an independent consultant, he worked with Oxiana, Heemskirk and Tusker Gold focusing on corporate transactions. He is also Non-Executive Director and Independent Chairman of ASX-listed Emmerson Resources Limited. He joined the Board as Managing Director and CEO in December 2011. He is a Non-Executive Director of associate GoldStone Resources Limited.

- **Ronnie Beevor**
  BA (Hons)
  Non–Executive Director
  Mr Beevor is an investment banker and was Head of Investment Banking at N M Rothschild & Sons (Australia) Limited between 1997 and 2002. He has had extensive involvement with the natural resources industry, both in Australia and internationally. He is Chairman of EMED Mining Public Limited, and a Director of Ampella Mining Limited, Bannerman Resources Limited, Bullabulling Gold Limited, Rey Resources Limited and Talison Lithium Limited. He is a Senior Advisor to Gryphon Partners / Standard Chartered Bank. He joined the Board in November 2002.

- **David Ransom**
  BSc (Hons), PhD
  Non-Executive Director
  Mr Ransom is a resource analyst and principal of Acorn Capital Limited, a Melbourne-based microcap investment manager. He is a geologist with a BSc from Sydney University and a PhD from the Australian National University, and has over 35 years experience in the minerals industry. He has held various long term directorships in the resources sector, including Triako Resources Limited and TSX Venture Exchange listed Solomon Resources Limited. He joined the Board in November 2007.

Directors who Resigned During the Year

- **Richard Guy**
  Mr Guy is an experienced company director with extensive knowledge in industrial commerce and banking. He has chaired the Northern Victorian Irrigation Renewal Project (NVIRP) since December 2007 and has been a member of the Council of La Trobe University since January 2009. He was Chairman of Bendigo Bank Limited during a 20 year period of rapid growth and transition before retiring in 2006. Mr Guy plays a prominent role in various community and charitable organisations in Bendigo. He resigned as a director of Unity Mining on 15 November 2011.

- **Rod Hanson**
  Mr Hanson is a mining engineer with more than 35 years experience in gold and base metals. Roles have included General Manager Operations with Plutonic Resources and General Manager with Sino Gold. He joined the Company in January 2005 and was appointed to the position of Managing Director and Chief Executive Officer in January 2007. He resigned as a director of Unity Mining on 02 December 2011.

DIRECTORS' REPORT *continued*

Chief Financial Officer & Company Secretary

- **Bill Geier**
  BBus (Acc), MBA, CPA
  Mr Geier is a senior finance professional with 18 years experience in accounting and finance spanning mining, oil & gas, manufacturing, FMCG and transportation industries. He joined Unity from his position as Interim CFO Support at Range River Gold. Prior to that he was CFO for Guest Group, and before that held a range of senior finance positions with the Australian division of Henkel KGaA Germany (Fortune 500 Company), Scania Australia, Epic Energy and Alcoa of Australia. He joined the Company in December 2011 as the Chief Financial Officer and was appointed as the Company Secretary in March 2012. He is a Non-Executive Director of associate GoldStone Resources Limited.

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by Directors (while they were a Director or committee member).

Directors	Board of Directors		Remuneration & Nomination Committee		Audit & Risk Management Committee		HSE & Security Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
P McCarthy	14	14	3	3	1	0	3	3
R Beevor	14	14	3	3	3	3	3	3
R Guy	8	8	2	2	2	2	1	1
R Hanson	7	7	-	-	-	-	-	-
D Ransom	14	13	1	1	3	3	3	2
A McIlwain	6	6	-	-	-	-	-	-

Principal Activities

The principal activities of the Company and Consolidated Entity during the financial year were:

- Gold production and exploration at the Henty Gold Mine on the West Coast of Tasmania;
- Care and maintenance of the Kangaroo Flat Mine in Bendigo, Victoria; and
- Indirect exposure to gold exploration in West Africa through the investment in GoldStone Resources Limited.

Review of Operations

The key activity in the FY12 financial year was gold production and exploration at the Company's Henty Gold Mine. The Company also maintained its interest in GoldStone Resources Limited, an AIM-listed West African gold exploration at 34% during the financial year.

<u>Henty Gold Mine</u>

Gold production increased by 40% to 50,058 ounces from the Henty Gold Mine compared to the FY11 financial year. The increased gold production was the result of higher head grades and higher tonnes processed. The head grade was 5.6 g/t compared to 4.7 g/t gold in the previous year and the tonnes processed were 297,014 compared to 254,106. As a result of the higher production, cash operating costs decreased from A$1,105/oz to A$982/oz.

In FY12, key mine activities at the Henty Gold Mine included underground development of 4,289 metres, ore mining of 297,885 tonnes and exploration drilling of 43,833 metres. Exploration expenditure in FY12 was $7.7 million. At Henty, exploration successfully discovered the Read Zone, which remains open to the north and south, and extended the Newton zone at depth and to the south. Underground drilling is ongoing at these locations and elsewhere in the mine. Surface drilling at Henty continued throughout FY12, to test extensions of the mineralisation along the Henty Fault in the Henty South area and up-dip of the mine workings and also at the Moxon, Firetower and Lakeside prospects. At year end, three drill rigs were actively engaged in the Henty exploration program with a planned budget of $10.9 million for FY13.

Kangaroo Flat Mine

There was no gold production from the Kangaroo Flat Mine in the FY12 financial year as the mine was on care and maintenance throughout the period.

In January 2012 Catalyst Metals Limited entered into a twelve month option agreement to acquire the Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area from Unity. The option agreement required Catalyst to pay Unity $50,000 on signing, issue 1,000,000 shares and to pay four $100,000 quarterly payments to Unity during the option period.

On settlement if Catalyst exercises the option, Unity will receive additional equity in Catalyst such that it will own between 15% and 25% of the Catalyst (dependent upon Catalyst's share price at the time) and a royalty of up to $6,000,000 based on tonnes processed through the Kangaroo Flat plant. The equity will be represented by 2,000,000 shares in Catalyst and shares valued at a minimum of $4,000,000 and a maximum of $10,000,000. The royalty on future production comprises an initial payment of $2,000,000 after processing 50,000 tonnes, plus a production royalty of $5 per tonne of ore processed up to a maximum of $4,000,000.

A farm-in agreement with Drummond Gold was initiated during the FY11 year to test the exploration potential of the Bendigo exploration licences surrounding Unity's Bendigo Goldfield mining licence and infrastructure. Drilling returned anomalous gold mineralisation and elevated pathfinder results from initial broad-spaced testing of targets. Further assessment of geophysical and geological data is being undertaken to define further drill targets associated with black shale lithology areas under cover. Drummond has spent over $750,000 during the past year, meeting the initial earn in requirement. Drummond now has the right to earn 51% interest in the Bendigo Region by spending a further $5 million within three years. Drummond can then earn an additional 19% interest, taking its interest to 70%, by spending a further $3 million in the following two years.

GoldStone Resources Investment

During the year, Unity maintained its ownership of 34% of GoldStone Resources Limited via a further investment of A$2.6 million as part of the placement of ordinary shares by GoldStone Resources to raise approximately £4.7 million in late November 2011. In October and December 2011 GoldStone Resources announced results from the inaugural drilling program during the year at Homase, Ghana. The drilling extended the known part of the high-grade shoot under the northern part of the Homase pit in length and depth. Exploration also advanced at projects in Senegal and Gabon.

State of Affairs

During the FY12, cashflow from operating activities was $21.1 million. Other material cash inflows included $2.2 million for the sale of surplus mine equipment and mine property. During the year Unity invested $9.7 million in exploration and $7.2 million in mine development. Other cash outflows in the year included a $2.6 million investment in GoldStone Resources Limited, $1.0 million buyback of ordinary shares, and $1.2 million repayment of lease liabilities. The Company's closing cash position at 30 June 2012 was $44.3 million.

The Company generated a gross profit of $21.5 million, which after interest, exploration, corporate and other expenses resulted in a net profit of $12.9 million for the FY12 financial year. This result is an $18.2 million increase in net profit compared to the prior period, primarily due to higher gold production at the Henty Gold Mine.

The $30.0 million increase in revenue relative to the prior period was a result of processing higher grade gold ore, processing increased tonnes and receiving higher gold price. The decreased exploration expense of some $2.0 million relative to the prior period related primarily to the reduced rate of exploration expenditure being written off as unsuccessful at the Henty Gold Mine.

The additional $2.6 million share of loss of GoldStone Resources occurred is due to the accelerated exploration activities during the financial year that were undertaken in Homase, Akrokerri and Ghana by the company.

The state of the Company's affairs is disclosed in detail in the Financial Statements and the notes thereto.

Other than noted above and in the future developments section below, no significant changes in the state of affairs of the Company occurred during or since the end of the financial year.

Future Developments

Unity is planning to continue production during FY13 from the Henty Gold Mine on the West Coast of Tasmania at the rate of 45,000 – 55,000 ounces. Unity will continue to invest in exploration at the Henty Gold Mine and in regional Tasmania areas, with the aim of increasing resources and reserves. Exploration on the Bendigo exploration licences will continue under the farm-in arrangement with Drummond Gold. Catalyst has until the end of January 2013 to exercise its option to purchase the Kangaroo Flat processing plant and associated assets. Unity's associate, GoldStone Resources, will continue the drill program at its core Homase project in Ghana and advance exploration projects in Senegal and Gabon. The Company is looking forward to positive results in FY13.

DIRECTORS' REPORT *continued*

Unity will continue looking for new business opportunities that have potential to grow the Company and increase shareholder wealth. Unity is seeking select opportunities where it can leverage its 10 years of underground mining and exploration experience, its strong balance sheet and management skills.

Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the Company's operations, the result of those operations or the state of affairs in subsequent financial years.

Directors' Shareholdings

Particulars of Ordinary Shares and Performance Rights to purchase or receive Ordinary Shares in the Company, in which Directors have a relevant interest at the date of this report, are as follows:

Director	Ordinary Shares	Performance Rights
R Beevor	286,936	-
P McCarthy	65,728	-
A McIlwain	200,000	1,228,297
D Ransom	-	-

(1) Refer to the remuneration report contained within the Directors' Report for full details of the Performance Rights.

Directorships of Other Listed Companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year were for R Beevor, EMED Mining Public Limited (AIM/TSX) from November 2004 to date, Bannerman Resources Limited (ASX/TSX) from July 2009 to date, Rey Resources Limited from August 2010 to date, Talison Lithium Limited (TSX) from August 2010 to date and Ampella Mining Limited from July 2011 to date; for A McIlwain, Emmerson Resources Ltd from February 2007 to date, Verus Investments Ltd from May 2008 to November 2011, Kidman Resources Ltd October 2011 to date and Goldstone Resources Limited December 2011 to date; and for P McCarthy, Castlemaine Goldfields Limited from July 2006 to date.

Performance Rights

Under the Company's 2010 long term incentive plan, A McIlwain will be granted a maximum of 4,000,000 conditional Performance Rights and B Geier will be granted a maximum of 2,436,974 conditional Performance Rights. The Performance Rights will be issued in three tranches from 2011 to 2014, subject to shareholder approval. The Performance Rights provide the opportunity to receive fully paid ordinary shares for nil cost, contingent on achieving a performance hurdle over a three year performance period.

Refer to the remuneration report contained within the Directors' Report and to Note 22 to the financial statements for full details of the Performance Rights.

Indemnification

The Company has entered into a Deed of Access, Insurance and Indemnity with each of the Directors and Officers to indemnify each Director and Officer to the extent permitted by law against certain liabilities and legal costs incurred whilst acting in his or her capacity as a Director or Officer.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 14.

Non-audit Services

No non-audit services were provided by the external auditors during the financial year.

DIRECTORS' REPORT *continued*

Environmental Performance

The Company conducts its operations in strict accordance with regulatory requirements, standards and codes of practice particularly those relating to noise, air quality, blast vibration, odour and water treatment, and in line with current community expectations for responsible and sustainable practice.

During the financial year, limits prescribed as part of the environmental monitoring program were exceeded on five occasions. These limits related to air quality, water quality and noise emissions. In all cases, investigations were carried out and corrective actions taken to prevent recurrence.

Dividend

In respect of the financial year ended 30 June 2012, no dividend has been paid or declared and no recommendation is made as to dividends.

Remuneration Report – Audited

It is the Board's policy that remuneration packages reflect market conditions and the duties and responsibilities of the positions. The remuneration packages also recognise and reward performance, and provide an incentive to pursue the long term growth objectives of the Company within an appropriate control framework.

Non-Executive Directors

Non-executive Directors' fees reflect the responsibilities and demands made of the Directors. Guidance is obtained from independent industry surveys to ensure that Directors' fees are appropriate and in line with the market. The Chairman's fees reflect the additional responsibilities of the role and are based on comparative positions in the industry.

In the 2012 financial year the Board fee for Non-executive Directors was $55,000 and $137,500 for the Chairman. In the 2012 financial year committee fees were paid to Non-executive Directors, with the Chairman of each committee receiving $8000 and each member receiving $4000. Statutory superannuation contributions are also paid on Board and Committee fees. The maximum total Directors' fee approved by shareholders which may be paid by the Company to all the non-executive Directors is $500,000 per year.

Company Executives

Executive Officers of the Company are the Managing Director & CEO and the Chief Financial Officer. Other Key Management Personnel of the Company are the General Manager Henty Gold Mine and General Manager – Discovery and Growth.

The remuneration structure for Executive Officers and Other Key Management Personnel comprises fixed and variable remuneration. Fixed remuneration includes base salary, superannuation and any applicable fringe benefits. Variable remuneration includes short term and long term incentive payments which are typically share-based and contingent on achieving share price and or performance hurdles. To retain and attract executives and managers of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Remuneration & Nomination Committee seeks external advice in connection with the structure of remuneration packages. The Committee has reviewed the results of an industry remuneration survey for comparable positions and has given recognition to the challenges inherent in developing the Company assets optimally when setting the executive and manager remuneration levels.

Long Term Incentive Plans

<u>2010 Plan</u>
A long term incentive plan was introduced during the 2010 financial year ('LTIP10') for the Executive Officers. Under the LTIP10 the Company will make annual grants to Executive Officers of conditional Performance Rights to receive Ordinary Fully Paid Shares in the Company by way of issue for nil cost commencing in December 2011 for a three year period, subject to shareholder approval at the Annual General Meeting in November 2012. The vesting of Performance Rights is contingent on the Company achieving performance hurdles over a three year performance period.

The at risk value of the annual grant of Performance Rights, over the three year plan will represent 30% of the Executive Officers' total fixed remuneration. The actual number of Performance Rights granted each year will be calculated by dividing 30% of the Executive Officer's total fixed remuneration by the Volume Weighted Average Price (VWAP) of the Company Shares in the one-month preceding the grant date up to a maximum of 4,000,000 for the Managing Director & CEO and up to a maximum of 2,436,974 for the Chief Financial Officer. The allocation to the Managing Director & CEO is subject to shareholder approval being obtained at the General Meeting to be held in November 2012. The Chief Financial Officer's Performance Rights will be allocated in November 2012 in accordance with the ASX listing rules. To ensure the benefits of the LTIP are maintained up to the date when the Performance Rights can be allocated, the Board has entered into agreements with the executives that provide for the value of any benefits that may accrue under the LTIP to be paid in cash rather than shares. The cash equivalent will no longer apply once the Performance Rights are allocated.

Remuneration Report – Audited *continued*

Subject to shareholder approval the number of Performance Rights to be issued to the Managing Director & CEO for the 2 December 2011 grant is 1,228,297. The number of Performance Rights to be issued to the Chief Financial Officer for the 14 December 2011 grant is 748,685.

The Performance Rights will not vest until the Performance Date and Performance Hurdle have been achieved. The Performance Date is set at three years from the date of each grant.

In addition to the performance period of three years, the vesting of Performance Rights is subject to performance hurdles which if not satisfied at the Performance Date, will cause the entitlements to lapse unless the Remuneration & Nomination Committee decide exceptional circumstances justify the reduction or waiver in whole or in part of the performance hurdles. There is no ability to re-test whether or not the performance hurdle or hurdles have been satisfied after the performance period has ended.

The number of Performance Rights which vest is determined by assessing the performance of the Company, as measured by Total Shareholder Return (TSR) at the Performance Date relative to a comparator group of Companies (the "Performance Hurdle"). The VWAP of the Company Shares in the one month preceding the Performance Date compared to VWAP of the Company in the one month preceding the grant date, will be used in calculating TSR over the three year period. The TSR incorporates capital returns as well as dividends notionally reinvested and is considered the most appropriate means of measuring Company performance.

The broad comparator group chosen on which to compare Company performance is the S&P/ASX All Ords Gold sub-industry index. The average index level in the one-month preceding the Performance Date compared to the average index level in the one-month preceding the grant date will be used in calculating the comparator group performance over the three-year period.

Performance Rights will only convert to Shares subject to the Performance Period being met and subject to the Company's TSR being at least equal to the median of the comparator group performance. The entire annual allocation will convert if Company TSR is at the 75th percentile or higher than the comparator group performance. The detailed breakdown of the relationship between Company performance and the conversion of Performance Rights is:

- Zero percent converting if the Company TSR performance is below the median performance of the comparator group.
- 50 percent converting if the Company TSR performance is at the median performance of the comparator group.
- 100 per cent converting if the Company TSR performance is at the 75th percentile performance of the comparator group.
- Straight line pro-rata conversion between the median and 75th percentile performance.

In addition to the performance period and performance hurdle, the vesting of Performance Rights is subject to the continuing employment of the Executive Officers. Performance Rights will generally lapse on an Executive Officer's resignation or dismissal.

The total value at grant date of the Shares that the Executive Officers may receive under the three year plan if the performance hurdles are met depends on the Executive Officer's total fixed remuneration at each grant date. For example, in the case of the Managing Director & CEO, assuming the total fixed remuneration increased by 3% per annum and all Performance Rights are converted to Shares, the value would be $454,826. Using the same example increase in total fixed remuneration for the Chief Financial Officer, the value would be $264,272.

Short Term Incentive Plan

A short term incentive plan was introduced during the 2012 financial year ('STIP12') for Executive Officers excluding Non-Executive Directors. The STIP12 is based upon a mixture of business development, operational and investor relation performance indicators for the FY12 financial period. Under the STIP12 the Company will provide a cash bonus for the Managing Director & CEO of up to a maximum of 35% of his base salary and up to a maximum of 15% of the Chief Financial Officer's base salary if 100% of the performance indicators are achieved in the FY12 period. Refer to the remuneration table below for the actual short term bonus that was earned by the Executive Officers in the FY12 period.

A short term incentive plan was introduced during the 2011 financial year ('STIP11') for Other Key Management Personnel excluding Executive Officers. Under the STIP11 the Company will provide a cash bonus of varying percentages depending upon the seniority of the employees. The STIP11 is based upon a mixture of operational and individual key performance indicators for the FY12 financial period. The General Manager Henty Gold Mine and the General Manager – Discovery & Growth can receive a maximum of 15% of their base salary if 100% of operational and individual key performance indicators are achieved in the FY12 period. Refer to the remuneration table below for the actual short term bonus that was earned by the Other Key Management Personnel in the FY12 period.

DIRECTORS' REPORT *continued*

Remuneration Report – Audited *continued*

Prohibited Actions

Executive Officers and Other Key Management Personnel who receive part of their remuneration in securities of the Company are prohibited from trading in any form of derivative that limits their exposure to losses that would result from share price decreases.

Recent Performance

The Total Shareholder Return (TSR) of Unity Mining Shares is the movement in share price from the start to the end of each financial year as well as dividends notionally reinvested. (A dividend of 0.5 cent per share was declared in each of the FY09 and FY10 periods). As the Company is in a development phase, the TSR does not correlate with revenues and losses reported in any of the financial years. The TSR is more dependent on the future expectation of Company performance rather than Company earnings. The TSR has been volatile over the past four years reflecting the various stages of the Company's evolving strategy. The TSR in FY08 was negative 17% and was reflective of the weak and volatile equity markets and the uncertainty inherent in the Company's exploration and trial mining phase. Despite volatile equity markets in FY09 the TSR was positive 6% due to the recommencement of mining activities and strong performance from the Kangaroo Flat Mine. The TSR for FY10 was negative 29% despite successful growth in production with the Henty acquisition and continued production from Kangaroo Flat. The TSR for FY11 was negative 45% during a period of reduced production at the Kangaroo Flat Mine and continued production at the Henty Gold Mine along with an increased exposure to West Africa via GoldStone Resource. Despite volatile equity markets in FY12 the TSR was positive 19% due to a strong production result from the Henty Gold Mine.

Director and Executive Details

The Directors, Executive Officers and Other Key Management Personnel of Unity Mining Limited during the financial year were:

Directors (Current)

- Peter McCarthy (Non-executive Chairman)
- Ronnie Beevor (Non-executive)
- Andrew McIlwain (Appointed Managing Director & CEO on 2 December 2011)
- David Ransom (Non-executive)

Directors (Former)

- Rod Hanson (Resigned on 2 December 2011 – Managing Director & CEO)
- Richard Guy (Resigned on 15 November 2011 – Non-executive)

Other Executive Officers (Current)

- Bill Geier (Appointed Chief Financial Officer on 12 December 2011 & Company Secretary on 9 March 2012)

Other Executive Officers (Former)

- Tim Churcher (Resigned on 14 October 2011 - Chief Financial Officer)

Other Key Management Personnel

- Matt Daly (General Manager Henty Gold Mine)
- Angela Lorrigan (General Manager – Discovery & Growth)
- Rod Lester (Resigned on 30 March 2012 - Commercial Finance Manager & Company Secretary)

Remuneration Report – Audited *continued*

Director and Executive Remuneration

The following tables disclose the compensation of the Directors, Executive Officers and Other Key Management Personnel of the Company.

	Year	Short-term Employee Benefits			Post Employment	Termination Benefits	Share-based Payment
		Salary & fees	Non-monetary[1]	Other Short term Incentives	Superannuation		Amortised value of equity securities
		$	$	$	$	$	$
Current Directors							
R Beevor	2012	73,166	-	-	6,585	-	-
	2011	71,000	-	-	6,390	-	-
A McIlwain[2]	2012	310,795[3]	2,116	48,868	23,472	-	15,621[4]
P McCarthy	2012	151,500	-	-	13,651	-	-
	2011	149,500	-	-	13,455	-	-
D Ransom	2012	65,000	-	-	5,866	-	-
	2011	63,000	-	-	5,670	-	-
Other Executive Officer & Key Management Personnel (Current)							
B Geier[5]	2012	145,590	1,005	11,289	13,103	-	8,164[4]
M Daly	2012	303,740	40,096	20,361	22,361	-	-
	2011	290,123	39,015	-	26,111	-	-
A Lorrigan	2012	229,358	1,582	20,785	20,642	-	-
Former Directors							
R Guy[6]	2012	26,625	-	-	2,396	-	-
	2011	71,000	-	-	6,390	-	-
R Hanson[7]	2012	286,833	22,243	-	22,296	829,906[8]	179,558[4]
	2011	475,796	35,373	-	42,822	-	81,332[4]
Other Executive Officer & Key Management Personnel (Former)							
T Churcher[9]	2012	114,645	13,694	-	7,242	-	19,922[4]
	2011	360,606	25,171	-	25,000	-	62,270[4]
R Lester[10]	2012	232,400	1,471	-	17,659	140,000[11]	-
	2011	196,360	1,243	-	17,672	-	-

(1) Non-monetary benefits include the provision of motor cars, salary continuance insurance, health insurance and fringe benefit taxation where applicable.

(2) A McIlwain (Managing Director & CEO) commenced employment on 2 December 2011.

(3) Salary & fees included a $50,000 sign on payment.

(4) Performance Rights (refer to Long Term Incentive Plans section above for further details).

(5) B Geier (Chief Financial Officer & Company Secretary) commenced employment on 12 December 2011.

(6) R Guy (Former Non-Executive Director) resigned on 15 November 2011.

(7) R Hanson (Former Managing Director & CEO) resigned on 2 December 2011.

(8) R Hanson (Former Managing Director & CEO) termination benefits represent twelve months remuneration $558,052 and 2,746,005 ordinary shares ($271,854) which were issued in accordance with the requirements of an accelerated event under the 2007 and 2010 Executive Long Term Incentive Plans.

(9) T Churcher (Former Chief Financial Officer & Company Secretary) resigned on 14 October 2011.

(10) R Lester (Former General Manager Finance & Company Secretary) resigned on 30 March 2012.

(11) Termination benefits represent the contractual entitlements paid to the Key Management Person in accordance with the provisions contained in the employment contract.

The expected increase in the cost of accumulating annual and long service leave during the reporting period as a result of the change in the unused entitlements is $16,639 for A McIlwain, $8,177 for B Geier, $16,052 for M Daly and ($6,180) for A Lorrigan.

Company Executive and Other Key Management Personnel Contracts

A termination payment equal to 12 months remuneration for the Managing Director & CEO if termination occurs within 12 months of commencement date, otherwise 6 months thereafter will be payable. A termination payment equal to 6 months remuneration for the Chief Financial Officer if termination occurs within 12 months of commencement date, otherwise 3 months thereafter will be payable. Termination payments equal to 6 months remuneration for the Other Key Management Personnel are required upon termination by the Company. Three months notification is required by the Executive Officers and Other Key Management Personnel to terminate their contracts.

Value of Performance Rights and Options Issued to Directors, Executive Officers and Other Key Management Personnel

The following table discloses the value of Share Rights, Performance Rights and Options granted, exercised and lapsed during the year.

	Performance Rights and Options Granted	Performance Rights and Options Exercised	Performance Rights and Options Lapsed	Amortised value of equity securities in remuneration for the year	Percentage of total remuneration for the year that consists of Performance Rights and Options
	Value at grant date	Value at exercise date	Value at time of lapse		
	$	$	$	$	%
Directors					
R Beevor	-	-	-	-	-
R Guy	-	-	-	-	-
A McIlwain	135,113[1]	-	-	15,621	3.9
P McCarthy	-	-	-	-	-
D Ransom	-	-	-	-	-
R Hanson	168,486	271,855	-	179,558	13.4
Other Executive Officer & Key Management Personnel					
T Churcher	125,161	-	287,318	19,992	12.8
B Geier	74,869[1]	-	-	8,164	4.6
M Daly	-	-	-	-	-
R Lester	-	-	9,450	-	-
A Lorrigan	-	-	-	-	-

The total value of the Performance Rights and Options granted, exercised and lapsed are calculated based on the following:

- Fair value of the Performance Rights and Options at grant date multiplied by the number of Performance Rights and Options granted during the year; plus
- Fair value of the Performance Rights and Options at the time they were exercised multiplied by the number of Performance Rights and Options exercised during the year; and
- Fair value of the Performance Rights and Options at the time of lapse multiplied by the number of Performance Rights and Options lapsed during the year.

DIRECTORS' REPORT *continued*

Remuneration Report – Audited *continued*

The value of the Performance Rights and Options included in remuneration for the year is based on the fair value determined at grant date and is recognised in remuneration on a proportionate basis over the vesting period.

(1) The grant of Performance Rights to the Managing Director & CEO is subject to shareholder approval being obtained at the General Meeting to be held in November 2012. The Chief Financial Officer's Performance Rights will be allocated in November 2012 in accordance with the ASX listing rules.

Signed in accordance with a resolution of Directors made pursuant to Section 298(2) of the Corporations Act 2001.

Peter McCarthy
Chairman

Andrew McIlwain
Managing Director & CEO

28 August 2012

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

28 August 2012

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 audit of the financial statements of Unity Mining Limited for the financial year ended 30 June 2012, 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 audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Craig B
Craig Bryan
Partner
Chartered Accountants

UNITY MINING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
SALES REVENUE	23	**80,805**	**50,778**
COST OF SALES			
Costs of mining, processing and site administration		(49,280)	(39,510)
Depreciation and amortisation		(9,985)	(6,085)
TOTAL COST OF SALES		**(59,265)**	**(45,595)**
GROSS PROFIT		**21,540**	**5,183**
Interest and other revenue	23	3,074	3,135
Exploration expenses		(2,170)	(4,159)
Corporate expenses		(5,532)	(5,632)
Finance costs	25	(244)	(339)
Share of loss of associates	12	(2,577)	(545)
Net loss arising on financial assets designated as at fair value through profit and loss	12	(691)	-
Net value loss on available-for-sale financial assets	26a	-	(4,057)
Net value gain on financial asset held for trading	26	100	-
		13,500	(6,414)
Income tax expense	29	-	-
Profit/(loss) for the year from continuing operations		13,500	(6,414)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	24	(625)	1,100
PROFIT/(LOSS) BEFORE TAX		**12,875**	**(5,314)**
Other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,875**	**(5,314)**
EARNINGS PER SHARE:			
Basic and Diluted Earnings/(Loss) Per Share in cents	30	2.5	(1.0)

Notes to the financial statements are included on pages 19 to 43.

UNITY MINING LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
CURRENT ASSETS			
Cash	4	44,376	41,842
Receivables	5	3,704	2,299
Inventories	6	3,940	3,362
Prepayments	7	592	218
Other financial assets	8	5,996	-
		58,608	47,721
Assets classified as held for sale	9	5,528	-
TOTAL CURRENT ASSETS		64,136	47,721
NON CURRENT ASSETS			
Investment in associates	12	7,669	7,679
Other financial assets	13	2,676	7,086
Mine property, plant & equipment	14	33,338	34,317
Exploration and evaluation	14	5,298	4,817
TOTAL NON CURRENT ASSETS		48,981	53,899
TOTAL ASSETS		**113,117**	**101,620**
CURRENT LIABILITIES			
Payables	15	10,671	10,604
Interest bearing liabilities	16	1,181	1,397
Provisions	17	3,384	3,455
		15,236	15,456
Liabilities directly associated with assets classified as held for sale	9	5,847	-
TOTAL CURRENT LIABILITIES		21,083	15,456
NON CURRENT LIABILITIES			
Interest bearing liabilities	16	1,001	2,009
Provisions	17	2,559	7,798
TOTAL NON CURRENT LIABILITIES		3,560	9,807
TOTAL LIABILITIES		**24,643**	**25,263**
NET ASSETS		**88,474**	**76,357**
EQUITY			
Issued capital	20	422,766	423,352
Reserves	21	1,772	1,944
Accumulated losses		(336,064)	(348,939)
TOTAL EQUITY		**88,474**	**76,357**

Notes to the financial statements are included on pages 19 to 43.

UNITY MINING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		79,029	84,173
Interest and other revenue received		2,688	3,206
Payments to suppliers and employees		(60,401)	(77,185)
Interest paid		(244)	(339)
Net cash provided by operating activities	28	21,072	9,855
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for mine property, plant & equipment and exploration & evaluation		(15,987)	(16,205)
Proceeds from sale of mine property, plant & equipment and exploration & evaluation		2,221	2,668
Payment for investment in available-for-sale financial asset		-	(5,175)
Proceeds on sale of investment in available-for-sale financial asset		-	1,118
Payment for investment in associate		(2,566)	(3,981)
Net cash used in investing activities		(16,332)	(21,575)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(2,548)
Buyback of ordinary shares		(982)	-
Loan advanced to third party		-	(5,000)
Loan repayment from third party		-	5,000
Repayment of lease liabilities		(1,224)	(1,104)
Net cash used in financing activities		(2,206)	(3,652)
Net increase / (decrease) in cash held		2,534	(15,372)
Cash at the beginning of the Financial Year		41,842	57,214
CASH AT END OF THE FINANCIAL YEAR	4	**44,376**	**41,842**

Notes to the financial statements are included on pages 19 to 43.

UNITY MINING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated			
		Share Capital $'000	Reserves $'000	Accumulated Losses $'000	Total $'000
Balance at 30 June 2011		**423,352**	**1,944**	**(348,939)**	**76,357**
Changes in Equity					
Profit for the period		-	-	12,875	12,875
Total comprehensive income for the period		-	-	12,875	12,875
Transfer from equity-settled employee benefit reserve	21	396	(396)	-	-
Buyback of ordinary shares	20	(982)	-	-	(982)
Issue of share capital	20	-	-	-	-
Recognition of share based payments	21	-	224	-	224
Balance at 30 June 2012		**422,766**	**1,772**	**(336,064)**	**88,474**

	Note	Consolidated			
		Share Capital $'000	Reserves $'000	Accumulated Losses $'000	Total $'000
Balance at 30 June 2010 Brought Forward		**422,857**	**2,268**	**(341,077)**	**84,048**
Changes in Equity					
Loss for the period		-	-	(5,314)	(5,314)
Total comprehensive income for the period		-	-	(5,314)	(5,314)
Payment of dividends		-	-	(2,548)	(2,548)
Transfer from equity-settled employee benefit reserve	21	495	(495)	-	-
Issue of share capital	20	-	-	-	-
Recognition of share based payments	21	-	171	-	171
Balance at 30 June 2011		**423,352**	**1,944**	**(348,939)**	**76,357**

Notes to the financial statements are included on pages 19 to 43.

1 GENERAL INFORMATION

Unity Mining Limited (the Company) is a limited company incorporated in Australia. The principal activities of the Company and its subsidiary Henty Gold Limited is underground gold mining in the West Coast of Tasmania. The Company is also involved in gold exploration in West Africa as a result of its investment in GoldStone Resources Limited. The Consolidated Entity is represented by the Company, its subsidiary and its investment in GoldStone Resources.

2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Company has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period.

Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective:

- AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010);
- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 12 Disclosure of Interests in Other Entities;
- AASB 13 'Fair Value Measurement' and related AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13;
- AASB 119 Employee Benefits (2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AAASB 119 (2011);
- AASB 127 Separate Financial Statements (2011);
- AASB 128 Investments in Associates and Joint Ventures;
- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets;
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements;
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Join Arrangements standards;
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income;
- Interpretation 20 - Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32);
- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7); and
- Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7).

The potential effect of the revised Standards/Interpretations on the Consolidated Entities financial statements has not yet been determined.

3 SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial report is a general purpose financial report of the Consolidated Entity which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report comprises the consolidated financial statements of the Consolidated Entity. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 28 August 2012.

Basis of Preparation

The financial report has 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.

The Company is a Company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated. All amounts are presented in Australian dollars, unless otherwise noted.

3 SIGNIFICANT ACCOUNTING POLICIES *continued*

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Significant Accounting Policies

(a) **Cash -** Cash includes cash on hand and in banks, and investments in money market instruments. Instruments comprise highly liquid short term bank bills with a credit rating of BBB or higher invested in Australian banks.

(b) **Other Financial Assets -** The Company has financial investments in the form of short term bank deposits that are usually short dated and held to maturity in the normal course of business. The investments are recorded at amortised cost. The Company holds warrants in its associate GoldStone Resources Limited. The value is recorded at fair value through the profit and loss component of the statement of comprehensive income. (refer to Note 13) The Company owns shares in Catalyst Metals Limited and the value of the shares are recorded at market value through the profit and loss component of the statement of comprehensive income. (refer to Note 8)

(c) **Exploration and Evaluation -** Costs arising from exploration and evaluation related to an area of interest are expensed as incurred, except when an area reaches the stage of evaluation that such expenditure is considered to be capable of being recouped through successful development, or at the reporting date the exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources. Costs that are not expensed as incurred are capitalised as Exploration and Evaluation Assets. Once the commercial viability of the extraction of mineral reserves in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are reclassified to mine property within mine property, plant and equipment.

(d) **Mine Property, Plant and Equipment –** Mine property assets includes costs transferred from exploration and evaluation assets once commercial viability of an area of interest are demonstrable, and also includes subsequent costs to develop the mine to the production phase. The costs of mine development are capitalised to the extent that these costs are expected to be recouped through commercially viable extraction of resources. Costs arising from mine development are depreciated according to the depreciation accounting policy. Mine property, plant and equipment are stated at cost less accumulated depreciation and impairment.

In a business combination, the difference between the fair value of purchase price and the fair value of the acquired net assets at the date of acquisition is allocated as an intangible mine property asset. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

(e) **Depreciation -** Depreciation is provided on all mine property, plant and equipment, with the exception of freehold land, so as to write off the value of the assets to residual value over their estimated useful lives. Mine development costs are written off on a units of production basis for the units recovered from an area of interest or from the expected units from the entire mine life. Property, plant and equipment costs are written off on a unit of production basis from the expected units from the entire mine life or between 2 and 25 years on a straight line basis.

(f) **Impairment of Assets -** At the end of each reporting period the Company reviews assets with the objective of ensuring that the assets are carried at no more than their recoverable amount. The recoverable amount of

3 SIGNIFICANT ACCOUNTING POLICIES *continued*

an asset or cash generating unit ('CGU') is defined as the higher of its fair value less costs to sell and its value in use. If the recoverable amount of the CGU is estimated to be less than its carrying value, the carrying value of the CGU will be reduced to its recoverable amount. An impairment loss will be recognised in the income statement. Reversal of previously recognised asset impairment will be considered when the recoverable amount can be shown to be greater than the carrying value.

(g) **Rehabilitation Provision -** The net present value of the expected future cost of restoration works is provided for at the time the Company performs activities that necessitate rehabilitation works. If the rehabilitation is associated with exploration and evaluation activities, the expected costs are expensed and, if the works are associated with mine development activities, the expected costs are added to the asset value and depreciated.

The rehabilitation provision will be reviewed at each reporting period to take account of changes in the time value of money (recognised as an expense in the income statement and an increase in provision), and additional disturbances or changes in rehabilitation costs for mine development (recognised as additions or changes to the corresponding asset and rehabilitation liability). Long dated Government fixed coupon rates are used to discount the projected expenditure back to a net present value.

(h) **Payables -** Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(i) **Inventory -**

i) Gold and ore stocks - gold in ore stockpiles, in the process of being recovered, or in unshipped doré bars are valued at the lower of cost and net realisable value, provided that the amount of gold can be physically measured or reliably estimated. Cost represents the weighted average cost and includes direct costs and an appropriate proportion of fixed and variable direct costs and an appropriate proportion of fixed and variable direct overhead expenditure, including depreciation and amortisation.

ii) Consumables and spare parts - costs for consumables and spare parts are valued at the lower of cost and net realisable value on a first in first out basis.

(j) **Income Tax -**

i) Current Tax – is calculated by reference to the amount of income tax payable or recoverable at the applicable tax rates in respect of the taxable profit or tax loss for the period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

ii) Deferred Tax – is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities, which effect either the taxable income or accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for the Period – is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

(k) **Share Based Payments -** Equity-settled share-based payments granted after November 2002 that vested after 1 January 2005, are measured at fair value at the date of grant by use of the Black-Scholes option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of Shares that will ultimately vest. Further details on how the fair value has been determined can be found in Note 22.

(l) **Goods and Services Tax -** Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority, it is then recognised as part of the cost of acquisition of an asset or as part of an item of expense, or for

3 SIGNIFICANT ACCOUNTING POLICIES *continued*

receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from the taxation authority is included in receivables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(m) **Employee Benefits -** Provision is made for benefits accruing to employees in respect of annual and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to reporting date.

(n) **Transaction Costs on the Issue of Equity Instruments -** Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(o) **Receivables -** Receivables are recorded at amortised cost less impairment.

(p) **Revenue Recognition –**

i) Interest revenue – interest from investments is recognised on an accrual basis.

ii) Gold sales – revenue from the sale of gold is recognised when the significant risks and rewards of ownership have transferred to the buyer and no further processing is required by the consolidated entity, the quantity of the gold has been determined with reasonable accuracy, the price is determinable, and collection has occurred.

iii) Other revenue – Revenue from the sale of miscellaneous items is recognised when title has passed from the Company in accordance with the sale contract.

(q) **Leased Assets –** Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an interest bearing liability. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are charged directly against income. Finance leased assets are amortised on a units of production basis over the estimated useful life of the asset.

(r) **Business combinations -** Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Consolidated Entity in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 119 Employee Benefits respectively.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Consolidated Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Consolidated Entity obtains complete information about facts and circumstances that existed as of the acquisition date, subject to a maximum of one year.

3 SIGNIFICANT ACCOUNTING POLICIES *continued*

(s) **Investments in associates -** An associate is an entity over which the Consolidated Entity has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are incorporated in these financial statements, using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Consolidated Entities share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the

Consolidated Entities interest in that associate (which includes any long-term interest that, in substance, form part of the Consolidated Entities net investment in the associate) are recognised only to the extent that the Consolidated Entity has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company transacts with an associate of the Consolidate Entity, profits and losses are eliminated to the extent of the Consolidated Entities interest in the relevant associate.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in an associate. In applying the requirements of AASB 139 the Company assesses the carrying value of the investment against its market value based on the volume weighted average share price for the preceding 6 months. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

(t) **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Assets associated with the Kangaroo Flat mine are classified as assets held for sale as Unity entered into an option agreement during the financial year to dispose of the assets to Catalyst Metals Limited. Rehabilitation provisions associated with the Kangaroo Flat mine assets are classified as liabilities directly associated with assets classified as held for sale.

(u) **Segment reporting**

The Company operates within the gold mining industry in Australia. The Henty Gold mine is the only operating site and the Kangaroo Flat mine is in a care and maintenance phase and is classified as an asset for sale. It has been determined that the Investment in Goldstone Resources Limited does not represent a separately identifiable reporting segment to the Company.

The Company sells 100% of its Gold and Silver to the one customer.

4 CASH

	Consolidated	
	2012 $'000	2011 $'000
Cash at bank	2,153	2,249
Bank instruments (term deposits, bills and negotiable instruments)	42,223	39,593
	44,376	**41,842**

Bank instruments have been purchased to yield interest at rates ranging from 3.45% to 5.02% with a weighted average interest rate of 4.72% (2011: 5.12%). Due to the nature of the investments and the maturity profile of less than 90 days, the Company's exposure to interest rate risk is considered to be low. Investments are only made with Australian banks with a Standard & Poors long term rating of BBB or higher. A change of 50 basis points in the weighted average interest rate throughout the reporting period would have increased (decreased) the loss for the period by $238,000 (2011 profit by: $224,000) and cash holdings would increase or decrease by $238,000 (2011: $224,000). Included in the cash holdings used to calculate the variances associated with movements in interest rates is the $8,063,000 bank term deposit that is classified as Other Financial Assets (see Notes 8 & 13).

The investment profile provides access to funds to meet cash drawdown requirements and it is anticipated that all of the instruments will be held to maturity at which time their face value will be realised. The net fair value approximates the carrying value of these instruments.

	Consolidated	
	2012 $'000	2011 $'000

5 RECEIVABLES

Trade receivables	3,386	2,016
Interest receivable	318	283
	3,704	**2,299**

The credit period on accounts receivable is less than 60 days, and consequently no interest charges are applied. The Company has a history of 100% collection of accounts receivable amounts, and therefore no provision for doubtful debts is provided. Interest receivable is always received on the maturity of the investment security.

6 INVENTORIES

Stores of consumables and spare parts at cost	2,749	2,957
Gold and ore stocks	1,191	405
	3,940	**3,362**

7 PREPAYMENTS

Prepayments – insurance	592	218
	592	**218**

8 OTHER FINANCIAL ASSETS (current)

Bank term deposits [(1)]	5,446	-
Financial asset – Held for Trading [(2)]	550	-
	5,996	**-**

[(1)] Bank Term Deposits totalling $5,446,000 have been used as security for environmental rehabilitation commitments associated with the Kangaroo Flat Mine. The current asset has increased during FY12 due to the reclassification of $5,446,000 from non-current, as these term deposits are associated with the Kangaroo Flat Mine which is classified as assets held for sale (see Note 9).

[(2)] As part of the option agreement granted to Catalyst Metals Limited (Catalyst) to acquire the Kangaroo Flat Gold Plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area, Unity Mining received 1,000,000 Catalyst ordinary shares. The shares were issued on 6 February 2012 and were subject to a six month voluntary escrow period. The shares were valued at $0.55c at 30 June 2012 based on Catalyst's closing share price at that date.

9 ASSETS CLASSIFIED AS HELD FOR SALE

Inventories	309	-
Mine property	480	-
Plant & equipment [(1)]	4,739	-
	5,528	**-**
Liabilities associated with assets held for sale [(2)]	**5,847**	**-**

[(1)] The 600,000 tonne per annum Kangaroo Flat gold plant represents the majority of the plant & equipment carrying value.

[(2)] The liabilities are represented by the rehabilitation provisions associated with the Kangaroo Flat mine. Bank guarantees totalling $5,446,000 (2011: $5,446,000) have been lodged for rehabilitation obligations with the Minister for Natural Resources and Energy. The Company has provided term deposits of $5,446,000 (2011: $5,446,000) as security for these bank guarantees. (See Note 8)

9 ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

In January 2012 Catalyst entered into a twelve month option agreement to acquire the Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area from Unity. The option agreement required Catalyst to pay Unity $50,000 on signing, to issue 1,000,000 shares, and to pay a further three $100,000 quarterly payments to Unity during the option period.

On settlement (if Catalyst exercises the option), Unity will receive additional equity in Catalyst such that it will own between 15% and 25% of Catalyst (dependent upon Catalyst's share price at the time) and a royalty of up to $6,000,000 based on tonnes processed through the Kangaroo Flat plant. The additional equity will be represented by 2,000,000 shares in Catalyst together with shares valued at a minimum of $4,000,000 and a maximum of $10,000,000. The deferred royalty on future production comprises an initial payment of $2,000,000 after processing 50,000 tonnes, plus a production royalty of $5 per tonne of ore processed up to a maximum of $4,000,000.

10 PARENT ENTITY

Unity Mining Limited is the Parent Entity of the Consolidated Entity. Unity Mining Limited and Henty Gold Limited are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others (see Note 11). Details of contingent liabilities of the Parent Entity are contained in Note 33. The Parent Entity has contractual commitments at 30 June 2012 to the value of $2,076,000 (2011: $1,434,000) as per Note 31.

Summarised financial information in respect of the Parent Entity is set out below.

	Parent Entity	
	2012 $'000	2011 $'000
Assets & Liabilities		
Current assets	64,097	47,691
Non-current assets	55,338	60,225
Total assets	119,435	107,916
Current liabilities	17,478	12,394
Non-current liabilities	12,743	18,928
Total liabilities	30,221	31,322
Net assets	**89,214**	**76,594**
Shareholders' equity		
Issued capital	422,766	423,352
Reserves	1,772	1,944
Accumulated losses	(335,324)	(348,702)
Total equity	**89,214**	**76,594**

	Year ended 30 June 2012 $'000	Year ended 30 June 2011 $'000
Profit/(loss) for the year	13,377	(5,148)
Total comprehensive income for the year	**13,377**	**(5,148)**

11 SUBSIDIARIES

Details of the Company's subsidiaries at 30 June 2012 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			2012	2010
Henty Gold Limited	Provision of employee and property services	Australia	100%	100%

Henty Gold Limited provides employee and property services to the Henty Gold Mine. Unity Mining Limited and Henty Gold Limited are parties to a Deed of Cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned subsidiary Henty Gold Limited has been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

Henty Gold Limited (formerly Barrick Henty Limited) was effectively acquired on 1 July 2009.

The consolidated statement of comprehensive income and statement of financial position on pages 15 and 16 of these financial statements are the statements of the entities party to the deed of cross guarantee.

12 INVESTMENT IN ASSOCIATES

Details of the Consolidated Entity associates are as follows:

Name of Associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			2012	2011
GoldStone Resources Limited	West African gold exploration	Jersey and South Africa	34%	33%

Unity Mining Limited ('Unity') entered into a Strategic Alliance Agreement ('Alliance') with GoldStone Resources Limited ('GoldStone') on 7 May 2010. Under the Alliance, Unity acquired a 20% shareholding in GoldStone with attaching warrants.

On 7 May 2010, GoldStone placed 32,704,166 shares to Unity at an issue price of 6.5 pence a share for an investment of £2.13 million (A$3.59 million). Unity also received two tranches of warrants which accompany the initial share subscription being each issued on a 1 for 3 basis.

On 16 June 2010, Unity acquired a further 11,785,000 shares in GoldStone at an issue price of 3.5 pence a share for an investment of £0.41 million (A$0.71 million) as part of a share placement program. During the 2010/11 financial year, Unity acquired a further 29,925,000 shares in GoldStone at an average issue price of 8.3 pence a share for an investment of £2.49 million (A$4.0 million).

Unity invested approximately £1.66 million (A$2.6 million) in a placement at an issue price of 5 pence a share to maintain a 34% interest in GRL in December 2011.

The fair value of the warrants at 30 June 2012 was reduced to $59,000 primarily as a result of a reduction in the GoldStone share price over the twelve month period and a reduction in the time in which the warrants can be exercised. A loss arising on financial assets designated as at fair value through profit and loss of $691,000 was recorded in the reporting period ending 30 June 2012 due to the reduction in fair value of the warrants.

The fair value of the warrants at 30 June 2012 is estimated at $59,000 (2011: $750,000) utilising a Black-Scholes valuation model. The inputs into the valuation model were share price volatility of 81%, risk-free interest rate of 4.75% and 6.50%, life of warrants being 4 and 10 months from 30 June 2012, exercise price of 8.5 and 11.5 pence and the share price of 4.3 pence at 30 June 2012.

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

12 INVESTMENT IN ASSOCIATES (Continued)

	2012 $'000	2011 $'000
Total assets of associate	4,786	4,367
Total liabilities of associate	(1,358)	(281)
Net assets of associate	3,428	4,086
Initial cost of investment in associate	10,845	8,279
Consolidated Entities share of loss of associate	(3,176)	(600)
Consolidated Entities carrying amount of investment in associate	**7,669**	**7,679**

	2012 $'000	2011 $'000
Total revenue of associate	153	15
Total loss for the period of associate	(7,593)	(2,123)
Consolidated Entities share of loss of associate	(2,577)	(545)

13 OTHER FINANCIAL ASSETS (non-current)

	Consolidated	
	2012 $'000	2011 $'000
Bank term deposits – non current asset [1]	2,617	6,336
GoldStone Resources – fair value of warrants [2]	59	750
	2,676	**7,086**

[1] Bank Term Deposits to the value of $2,617,000 (2011: $6,336,000) have been provided as security for environmental rehabilitation commitments of $2,585,000 with the Minister for Natural Resources and Energy and corporate office lease commitments of $32,000 (see Note 16). The non-current bank term deposit asset has reduced during FY12 due to the reclassification of $5,446,000 to current other financial assets, as these term deposits are associated with the Kangaroo Flat Mine which is classified as assets held for sale (see Note 9).

[2] Refer to Note 12 for details on the fair value calculations of the GoldStone Resources warrants.

14 MINE PROPERTY, PLANT & EQUIPMENT and EXPLORATION & EVALUATION (AT COST)

	Consolidated			
2012	Mine Property $'000	Plant & equipment $'000	Exploration & Evaluation $'000	Total $'000
Gross Carrying Amount				
Balance at 30 June 2011	122,562	103,283	4,817	230,662
Transfers to assets held for sale(1) & (3)	(90,638)	(81,491)	-	(172,129)
Transfers	(1,643)	-	(9,214)	(10,394)
Additions (2)	16,719	754	9,695	26,695
Disposals	-	(1,843)	-	(1,843)
Balance at 30 June 2012	47,000	20,703	5,298	72,991
Accumulated Depreciation/Amortisation and Impairment				
Balance at 30 June 2011	(100,830)	(90,698)	-	(191,528)
Disposals	-	546	-	546
Transfers to assets held for sale(1)	90,158	76,752	-	166,910
Depreciation expense	(8,292)	(1,887)	-	(10,169)
Impairment expense	-	(114)	-	(114)
Balance at 30 June 2012	(18,964)	(15,401)	-	(34,355)
Net Book Value				
As at 30 June 2011	21,372	12,585	4,817	39,134
As at 30 June 2012	**28,036**	**5,302**	**5,298**	**38,636**

(1)Assets associated with the Kangaroo Flat mine were transferred to assets classified as held for sale. (see Note 9)

(2) Included in the Consolidated Entity plant and equipment at 30 June 2012 are assets under finance leases with a net book value of $3,689,000 (2011: $4,559,000)

(3) Due to the cessation of mining activities at the Kangaroo Flat Mine, an impairment amount of $114,000 was made to plant & equipment assets at 30 June 2012, to reflect their fair value less cost to sell based on recent market transactions. This plant & equipment asset was part of the assets transferred to assets held for sale.

14 MINE PROPERTY, PLANT & EQUIPMENT and EXPLORATION & EVALUATION (AT COST) *continued*

2011	Consolidated Mine Property $'000	Plant & equipment $'000	Exploration & Evaluation $'000	Total $'000
Gross Carrying Amount				
Balance at 30 June 2010	110,686	106,916	2,586	220,188
Transfers	4,779	(968)	(3,811)	-
Additions [1]	7,516	3,554	6,042	17,112
Disposals	(419)	(6,219)	-	(6,638)
Balance at 30 June 2011	122,562	103,283	4,817	230,662
Accumulated Depreciation/Amortisation and Impairment				
Balance at 30 June 2010	(95,323)	(91,893)	-	(187,216)
Disposals	-	4,515	-	4,515
Impairment [2]	(246)	(891)	-	(1,137)
Depreciation expense	(5,261)	(2,429)	-	(7,690)
Balance at 30 June 2011	(100,830)	(90,698)	-	(191,528)
Net Book Value				
As at 30 June 2010	15,363	15,023	2,586	32,972
As at 30 June 2011	**21,732**	**12,585**	**4,817**	**39,134**

[1] For additions by the Consolidated Entity during the period, an amount of $2,396,000 (2009: $1,782,000) was in relation to assets under finance lease. Included in the Consolidated Entities plant and equipment at 30 June 2011 are assets under finance leases with a net book value of $4,559,000 (2010: $3,841,000)

[2] Due to the cessation of mining activities at the Kangaroo Flat Mine, an impairment amount of $1,137,000 was made to plant & equipment assets at 30 June 2011 to reflect their fair value less cost to sell based on recent market transactions.

	Consolidated 2012 $'000	2011 $'000
15 PAYABLES		
Unsecured trade creditors	**10,671**	**10,604**

The Company's payment policy and system ensures that all creditors are paid within payment terms, and consequently no discounts or penalty payments arise.

16 INTEREST BEARING LIABILITIES

	2012 $'000	2011 $'000
Finance lease liabilities[1] (Note 32) - Current	1,181	1,397
Finance lease liabilities[1] (Note 32) – Non-Current	1,001	2,009
	2,182	**3,406**
Disclosed in the financial statements as:		
Current interest bearing liabilities	1,181	1,397
Non-current interest bearing liabilities	1,001	2,009
	2,182	**3,406**

[1] Secured by the assets leased. The leases are fixed interest rate debt with repayment periods not exceeding 5 years. The current annual weighted average effective interest rate on the finance lease liabilities is 8.63% (2011: 8.72%).

17 PROVISIONS

	Consolidated 2012 $'000	2011 $'000
Current:		
- Employee benefits - annual leave	1,467	1,600
- long service leave	1,917	1,855
	3,384	3,455
Non-current:		
- Employee benefits - long service leave	162	229
- Rehabilitation provision [1]	2,397	7,569
	2,559	7,798
	5,943	**11,253**

[1] Bank guarantees totalling $2,585,000 (2011: $890,000) have been lodged for rehabilitation obligations. The Company has used term deposits of $2,585,000 (2011: $890,000) as security for these bank guarantees.

18 PROVISIONS

	Consolidated		
	Employee benefits $'000	Rehabilitation $'000	Total $'000
Balance at 30 June 2011	3,684	7,569	11,253
Additional provisions recognised	2,481	417	2,898
Unwinding of discount and effect of changes in the discount rate	-	258	258
Payments made	(2,619)	-	(2,619)
Transfers to liabilities directly associated with assets classified as held for sale (see note 9)	-	(5,847)	(5,847)
Balance at 30 June 2012	**3,546**	**2,397**	**5,943**
Current (see Note 17)	3,384	-	3,384
Non-current (see Note 17)	162	2,397	2,559
Balance at 30 June 2012	**3,546**	**2,397**	**5,943**

19 FINANCIAL INSTRUMENTS

Overview – The Company has exposure to various risks from the use of financial instruments. The Company's principal financial instruments comprise receivables, payables, cash, other financial assets and financial liabilities. This note presents information about the Company's exposure to risk from the use of financial instruments. Further quantitative disclosures are included throughout this financial report.

(a) **Financial Risk Management –** Financial risks including credit risk, liquidity risk, and market risk (interest rate risk, commodity risk and foreign currency risk) are managed such to maintain an optimal capital structure. The Company does not enter into derivative transactions to manage financial risks. In the current period, the Company's financial risk arises principally from cash financial assets. The Company invests its cash to obtain market interest rates. The Company has appointed Bendigo and Adelaide Bank Limited as a treasury service provider to manage the investment of cash in accordance with the Company's investment policy. The objective of the investment policy is to provide appropriate security of capital, market competitive returns, and access to funds, by investing in a restricted range of prime quality, short and medium term securities. Investments are only made with selected Australian counterparties with a Standard & Poors long term rating of BBB or higher. The investment policy also provides for strict counterparty exposure according to the level of funds under management. Adherence to the investment policy is monitored on a monthly basis.

19 FINANCIAL INSTRUMENTS *CONTINUED*

(b) **Credit Risk –** Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's investment of its cash balances. Credit risk exposure on Company receivables is not considered significant as the Company invests in Australian counterparties with a Standard & Poors long term rating of BBB or higher.

(c) **Liquidity risk –** Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining adequate cash reserves and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Consolidated					
	Weighted average effective interest rate %	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000
2012						
Payables	-	10,671	-	-	-	-
Interest bearing liabilities	8.63	122	203	915	1,151	-
		10,793	203	915	1,151	-
2011						
Payables	-	10,604	-	-	-	-
Interest bearing liabilities	8.72	122	367	1,101	2,372	-
		10,726	367	1,101	2,372	-

(d) **Market risk –** Market risk is the risk that changes in market prices, such as commodity prices and interest rates will affect the Company's income. The Company has a policy of maintaining full exposure to changes in key market variables being gold price, interest rates and the US dollar exchange rate. The Company does not undertake gold forward selling and hence is exposed to commodity price risk. The Company is exposed to interest rate risk arising from its cash and other financial assets held in the form of bank term deposits and bank bills. The Company regularly reassesses market conditions and market risks so as to optimise return on capital. There has been no material change to the company's exposure to market risks or the manner in which it manages and measures the risk from the previous financial reporting period.

(e) **Capital Risk Management –** The Company has equity financed the majority of all historical expenditure. The capital structure consists of cash, other financial assets, financial liabilities and equity attributable to equity holders as disclosed in Notes 4, 8, 13, 16, 20 and 22 respectively. The Company is not subject to externally imposed capital requirements.

(f) **Fair value of financial instruments –** The fair values of cash with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. Cash includes bank instruments as per Note 4. Trade receivables, payables and financial liabilities have been excluded from the table below as the fair values of these financial assets and liabilities are the same as the recorded carrying value.

The fair value of non-cash related financial assets held by the Company are determined with reference to a 3 level hierarchy based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19 FINANCIAL INSTRUMENTS *CONTINUED*

(f) Fair value of financial instruments *continued*

The fair values of cash and other financial assets together with the carrying amounts shown in the balance sheet are as follows:

	Consolidated			
	Carrying Amount 2012 $'000	Fair Value 2012 $'000	Carrying Amount 2011 $'000	Fair Value 2011 $'000
Cash	44,376	44,397	41,838	41,844
Other financial assets - FVTPL [1]	59	59	750	750
Other financial assets – Held for Trading [2]	550	550	-	-
	44,985	45,006	42,588	42,594

[1] The consolidated financial statements include GoldStone Resources warrants which are measured at fair value based on level 2 elements of the fair value hierarchy (see Note 12 & 13). Fair value is estimated using a Black-Scholes valuation model, which includes some assumptions that are not supportable by observable market prices or rates.

In determining the fair value, a share price volatility of 81% and a risk-free interest rate of 4.75% and 6.50% were used for each of the warrant tranches. If these inputs to the valuation model were 10% higher / lower while all other variables were held constant, the carrying amount of the warrants would increase / decrease by $24,000.

[2] Other financial assets held for trading include the Company's shares in Catalyst Metals Limited. The fair value of these shares at balance date is determined based on level 1 elements of the fair value hierarchy (see Note 8), being the closing quoted share price at 30 June 2012.

If the closing share price was 10% higher / lower while all other variables remained constant, the carrying amount of the shares would increase / decrease by $55,000.

20 ISSUED CAPITAL

	Consolidated	
	2012 Shares	2011 Shares
Issued Shares – fully paid Ordinary Shares	506,120,467	509,925,735
Movement for the year:		
Balance at beginning of year	509,925,735	508,092,735
Ordinary share issues - ESP [1]	-	1,833,000
Ordinary share issues – LTIP [2]	2,746,005	-
Buyback of ordinary shares[3]	(6,551,273)	-
Balance at End of Year	**506,120,467**	**509,925,735**

[1] Shares were issued in accordance with the 2008 Employee Share Plan.

(2) Shares were issued in accordance with the 2007 and 2010 Executive Long Term Incentive Plan. Refer to the remuneration report contained within the Directors' Report for further details of the share issues.

[3] Ordinary shares purchased by Unity Mining during March to May 2012 as part of the on-market share buy-back program. On 8 February 2012 Unity announced a share buyback as part of a capital management plan to purchase up to 50.9 million ordinary shares over a twelve month period. There is no guarantee Unity will repurchase the full 50,971,273 shares and the Company reserves the right to suspend or terminate the share buyback program at any time and to buyback less than 50,971,273 shares.

Fully paid Ordinary Shares carry one vote per share and carry the right to dividends.

21 RESERVES

	Consolidated	
	2012 $'000	2011 $'000
Equity Compensation Reserve		
Balance at beginning of financial year	1,944	2,268
Share-based payment expense	224	171
Transfer to share capital	(396)	(495)
Balance at End of the Financial Year	**1,772**	**1,944**

The Share Rights and Performance Rights expense incurred during the 2012 and 2011 financial years relates to the fair value of Share Rights and Performance Rights as determined at grant date and expensed over the vesting period (see Note 22). Amounts are transferred out of the reserve and into issued capital when the options are exercised or when shares are issued for the Performance Rights or Share Rights.

22 EMPLOYEE SHARE OPTIONS AND PERFORMANCE RIGHTS PLANS

Share Options

No Options were issued during the 2012 financial year. Options that were issued in previous periods had been issued pursuant to Unity Mining Share Option Plans and other specific issues as approved by shareholders. The Options were provided to certain employees (including the Managing Director & CEO) to assist in the reward, motivation and retention of those employees. Other than tenure, there are no performance conditions or hurdles that are required to be met for the Options to vest.

The following share-based payment arrangements were in existence during the period:

Option Series	Number	Grant date	Expiry date	Exercise price	Average fair value at grant date
9	1,155,340	10/10/05	25/7/11	$1.26	$0.32
11	216,683	28/5/06	27/4/12	$2.81	$0.47

Option Series 9: These Options vested in three equal portions on 26 July 2006, 26 July 2007 and 26 July 2008 and may be exercised during the three-year period following each vesting date at the price of $1.26 per share. The exercise price of the Options was set at the VWAP during the first ten trading days in July 2005, plus 30%, being $1.39. At the grant date, 10 October 2005, the share price was $1.14 and the average value of the Options at that date has been estimated at $0.32. The exercise price of the Options was reduced by $0.13 to $1.26 and the value of the Options was increased by $0.04 to an average of $0.36 as a result of the 3:5 Rights Issue in November 2005, (26 July 2006 vesting Options being $0.31, 26 July 2007 vesting Options being $0.36 and 26 July 2008 vesting Options being $0.42). The third tranche of options lapsed on 25 July 2011 in accordance with the plan rules.

Option Series 11: These Options vested in three equal portions on 28 April 2007, 28 April 2008 and 28 April 2009 and may be exercised during the three-year period following each vesting date at the price of $2.81 per share. The exercise price of these Options was set at the VWAP of the last ten trading days in March 2006, plus 30%. At the grant date, 28 May 2006, the share price was $2.16 and the average value of the Options at that date has been estimated at $0.47. (28 April 2007 vesting Options being $0.38, 28 April 2008 vesting Options being $0.47 and 28 April 2009 Options being $0.56) The second and third tranches of options lapsed on 28 April 2011 and 28 April 2012 in accordance with the plan rules.

Reconciliation of Outstanding Share Options
The following reconciles the outstanding Share Options granted under the Unity Mining Share Option Plans at the beginning and end of the financial year:

Employee Share Options	2012 Number of Options	2012 Weighted average exercise Price	2011 Number of Options	2011 Weighted average exercise price
Balance at beginning of the financial year	667,686	$1.48	1,372,023	$1.50
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	667,686	$1.48	(704,337)	$1.53
Balance at the End of the Financial Year	**-**		**667,686**	$1.48
Exercisable at the End of the Financial Year	**-**		**667,686**	$1.48

22 EMPLOYEE SHARE OPTIONS AND PERFORMANCE RIGHTS PLANS *continued*

Share Options carry no rights to dividends or voting.

Performance Rights

The 2010 Executive Long Term Incentive Plan ('2010 LTIP') was introduced during the 2011 financial year for the Managing Director & CEO and the Chief Financial Officer.

Under the 2007 Executive Long Term Incentive Plan ('2007 LTIP') and the 2010 LTIP the Company made and will make annual grants to Executive Officers of conditional Performance Rights to receive Ordinary Fully Paid Shares in the Company by way of issue for nil cost. The vesting of Performance Rights is contingent on the Company achieving a performance hurdle over a three year performance period. Refer to the remuneration report section of the directors' report for further details on the 2007 LTIP and 2010 LTIP.

The following Performance Rights were in existence during the period:

Performance Right series	Number	Grant date	Expiry date	Exercise price	Grant date share price	Fair value at grant date
2009 Grant (2007 LTIP)	630,473	2/4/09	1/4/12	Nil	$0.25	$0.25
2010 Grant (2010 LTIP)	1,371,167	1/7/10	Expired	Nil	$0.18	$0.11
2011 Grant (2010 LTIP)	2,796,639	1/7/11	Expired	Nil	$0.10	$0.06
2012 Grant (2010 LTIP)	1,228,297	2/12/11	2/12/14	Nil	$0.11	$0.07
2012 Grant (2010 LTIP)	748,685	14/12/11	14/12/14	Nil	$0.10	$0.06
Total	6,775,261					

2007 LTIP: 354,641 of the Performance Rights for the 2009 grant vested in full on 31 December 2011 and were issued as shares to the former Managing Director & CEO, Mr R Hanson. These shares were issued in accordance with the requirements of an accelerated event under the 2007 Executive Long Term Incentive Plan. The remaining 275,832 Performance Rights lapsed on 14 October 2011 in accordance with the 2007 Executive Long Term Incentive Plan rules due to the resignation of the former Chief Financial Officer & Company Secretary, Mr T Churcher. At the grant date 2 April 2009, the share price was, $0.25 and the value of Performance Rights at those dates was estimated at $0.25.

2010 LTIP: 2,391,364 of the Performance Rights for the 2010 and 2011 grants vested in full on 31 December 2011 and were issued as shares to the former Managing Director & CEO, Mr R Hanson. These shares were issued in accordance with the requirements of an accelerated event under the 2010 Executive Long Term Incentive Plan. The remaining 1,776,442 Performance Rights lapsed on 14 October 2011 in accordance with the 2010 Executive Long Term Incentive Plan rules due to the resignation of the former Chief Financial Officer & Company Secretary, Mr T Churcher. At the grant date, 1 July 2010 and 1 July 2011, the share price was $0.18 and $0.10 cents, and the value of the Performance Rights was estimated at $0.11 and $0.06 cents respectively, after applying a 40% discount for the market based performance hurdles.

On the 2/12/2011 1,228,297 performance rights were granted to Mr A McIlwain, the Company Managing Director & CEO at a share price of $0.11 and estimated fair value of $0.07 cents based on 40% discount for the market based performance hurdles. On 14/12/11 748,685 performance rights were granted to Mr B Geier, the Company Chief Financial Officer at a share price of $0.10 and estimated fair value of $0.06 based on a 40% discount for the market based performance hurdles.

All unexpired performance rights granted in the 2012 financial year remain subject to shareholder approval at the 2012 Annual General Meeting.

Fair Value Calculations
The fair value of Performance Rights, comprising the rights over unissued Shares, has been determined at the grant date with regard to estimated volatility, risk-free interest rate, life of the Performance Rights, exercise price, and the performance hurdles.

Reconciliation of Outstanding Performance Rights

The following reconciles the outstanding Performance Rights granted under the Unity Mining 2007 and 2010 Executive Long Term Incentive Plans at the beginning and end of the financial year:

22 EMPLOYEE SHARE OPTIONS AND PERFORMANCE RIGHTS PLANS *continued*

Employee Performance Rights	2012 Number of Performance Rights	2012 Weighted average exercise Price	2011 Number of Performance Rights	2011 Weighted average exercise price
Balance at beginning of the financial year	2,001,640	Nil	1,260,946	Nil
Granted during the financial year	4,773,621	Nil	1,371,167	Nil
Exercised during the financial year	(2,746,005)	$0.10	-	-
Lapsed during the financial year	(2,052,274)	$0.14	(630,473)	-
Balance at the End of the Financial Year	**1,976,982**		**2,001,640**	Nil
Exercisable at the End of the Financial Year	**-**		**-**	-

Performance Rights carry no rights to dividends or voting.

Recognition of Share Based Payments Expense

The total value of Performance Rights included in remuneration for the year is calculated in accordance with Accounting Standard AASB 2 'Share-based Payment'. The Standard requires the value of the Performance Rights to be determined at grant date and to be recognised as an expense in the profit & loss component of the statement of comprehensive income over the vesting period. Consequently a Performance Rights expense of $224,000 was incurred during the 2012 financial year (2011: $171,000).

23 PROFIT FROM ORDINARY ACTIVITIES

	Consolidated	
	2012 $'000	2011 $'000
Profit/(Loss) from ordinary activities before income tax expense includes the following items of revenue and expense:		
(a) **Operating Revenue**		
Gold sales	80,067	50,197
Silver sales	738	581
	80,805	50,778
(b) **Interest and Other Revenue**		
Interest received	2,291	2,385
Net gain arising on financial assets designated as at FVTPL(1)	-	750
Net gain on recognition of financial asset held for trading(2)	450	-
Other revenue	333	-
	3,074	3,135
(c) **Expenses**		
i) Depreciation expense (included in cost of sales and exploration expense)	9,996	6,161
ii) Employee benefits:		
Superannuation contributions	930	869
Equity-settled share-based payments	223	171
Transfer to provision for employee entitlements:		
Annual leave	1,097	923
Long service leave	301	238
Salary and wages and other employee benefits	13,220	12,354
Total employee benefits	15,771	14,555

23 PROFIT FROM ORDINARY ACTIVITIES (Continued)

(1) The net gain in FY11 arose due to the initial recognition of the value of the GoldStone Resources warrants. Refer to Note 12 for further details on the warrants and the fair valuation calculation inputs.

(2) The net gain on recognition of financial asset held for trading arose during FY12 due to the issue of 1,000,000 Catalyst Metals Limited shares to Unity Mining as part consideration of the option agreement to acquire the Kangaroo Flat gold plant and associated infrastructure, (see Note 9).

24 DISCONTINUED OPERATIONS

The Kangaroo Flat Mine was placed on a care and maintenance status at the commencement of the FY12 period. In January 2012 Unity Mining entered into a twelve month option agreement with Catalyst Metals Limited to acquire the Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area from Unity. The option agreement required Catalyst to pay Unity $50,000 on signing, plus issue 1,000,000 shares, with a further three $100,000 quarterly payments to Unity during the option period.

On settlement following the exercise of the option, Unity will receive equity in Catalyst such that it will own between 15% and 25% of the company (dependent upon Catalyst's share price at the time) and a deferred royalty of $6,000,000 based on tonnes processed through the Kangaroo Flat plant. The share issue will be represented by 2,000,000 shares in Catalyst and shares valued at a minimum of $4,000,000 and a maximum of $10,000,000. The deferred royalty on future production comprises an initial payment of $2,000,000 after processing 50,000 tonnes, plus a production royalty of $5 per tonne of ore processed up to a maximum of $4,000,000.

Analysis of profit/(loss) for the year from discontinued operations.

The combined results of the discontinued operations included in the consolidated statement of comprehensive income are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	2012 $'000	2011 $'000
Profit for the year from discontinued operations		
Sales Revenue	-	29,697
Cost of sales		
Mining, processing and site administration	-	(24,351)
Depreciation and amortisation	-	(1,529)
Total cost of sales	**-**	**(25,880)**
Gross profit	**-**	**3,817**
Other revenue	1,459	1,604
Exploration expenses	(1,970)	(3,184)
Impairment of assets(1)	(114)	(1,137)
Profit/(loss) before tax	(625)	1,100
Income tax expense	-	-
Profit/(loss) for the year from discontinued operations	(625)	1,100
Cash flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	(2,248)	531
Net cash inflows/ from investing activities	2,762	2,668
Net cash inflows/(outflows) from financing activities	-	-
Net cash inflows/(outflows)	514	3,199

The Kangaroo Flat Mine has been classified and accounted for at 30 June 2012 as assets held for sale (see note 9).

(1) Due to the cessation of mining activities at the Kangaroo Flat Mine, an impairment amount of $114,000 was made to plant & equipment assets at 30 June 2012 (2011: $1,137,000) to reflect their fair value less cost to sell based on recent market transactions.

25 FINANCE COSTS

	Consolidated	
	2012 $'000	2011 $'000
Finance lease interest	244	339
	244	**339**

The current weighted average effective interest rate on the finance lease liabilities is 8.72% (2010: 8.77%).

26 NET VALUE GAIN/(LOSS) ON FINANCIAL ASSET HELD FOR TRADING

Gain/(loss) on financial asset held for trading	100	-
	100	**-**

2012 Gain

Unity received 1,000,000 Catalyst Metals Limited shares on 6 February 2012 as part of the consideration for the option agreement to acquire the Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area. The shares were valued at $0.45c when issued and were valued at $0.55c at the end of the financial year. The $0.1 million gain represents the increase in share value from the date of issue to the end of the financial year.

26(a) NET VALUE GAIN/(LOSS) ON AVAILABLE FOR SALE FINANCIAL ASSETS

Gain/(loss) on available-for-sale financial asset	-	(4,057)
	-	**(4,057)**

2011 Loss

Unity Mining Limited ('Unity') and BCD Resources NL ('BCD') entered into a Scheme Implementation Agreement ('SIA') for a merger of the companies on 22 July 2010.

On 22 July 2010, Unity acquired 45,000,000 shares in BCD at an issue price of 11.5 cents a share for investment of $5.2 million, which represented 10.67% of BCD shares on issue at that time.

As announced to ASX on 14 October 2010 the proposed merger between Unity and BCD was terminated.

Unity provided BCD with a secured loan prior to completion of the proposed merger of up to $8 million for working capital and to support the accelerated development of BCD's Tasmania Mine. A total of $5 million of the loan was drawn down in two tranches in August and September 2010. The $5 million loan and interest was repaid by BCD to Unity in October after the termination of the proposed merger.

On 23 November 2010, Unity sold the entire 10.67% shareholding in BCD for a consideration of $1.1 million. The sale generated a loss of $4.1 million and is included in the condensed consolidated income statement as net value loss on available-for-sale financial assets.

27 REMUNERATION OF AUDITORS

Audit or review of the financial reports	85	99
Other audit services	1	-
	86	**99**

The auditor of Unity Mining Limited is Deloitte Touche Tohmatsu.

28 NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated 2012 $'000	2011 $'000
(a) Reconciliation of Profit After Income Tax to Net Cash Provided for Operating Activities		
Profit/(Loss) after income tax	12,875	(5,314)
Depreciation and impairment	10,282	8,827
Performance and share right expense	224	171
Share of loss of associate	2,577	545
Inventory write down	-	672
(Gain) / Loss on financial assets	(100)	4,057
Recognition of gain on financial asset	(450)	-
Net gain/(loss) arising on financial assets designated as at FVTPL	691	(750)
Profit on sale of non current assets	(923)	(543)
Movements in working capital:		
Receivables	(1,404)	4,117
Other Financial Assets	(1,727)	(3,040)
Inventories	(887)	2,597
Other assets	(374)	98
Payables	(249)	(1,135)
Provisions	537	(447)
Net cash from Operating Activities	**21,072**	**9,855**

(b) **Non–Cash Financing and Investing Activities**

During the 2012 financial year no equipment under finance lease were acquired (2011: $1,216,000). The prior year acquisition will be reflected in the cash flow statement over the term of the finance lease via lease repayments.

29 INCOME TAX

The prima facie income tax expense on pre-tax accounting profits is reconciled to the income tax expense in the financial statements as follows:

	2012 $'000	2011 $'000
Income Tax Recognised in Profit		
Profit/(loss) from ordinary activities	12,373	(5,314)
Income tax expense calculated at 30% of profit from ordinary activities	3,712	(1,594)
Add tax effect of permanent differences:		
Non-deductible items	77	69
Loss on financial assets and capital raising expenses	740	895
Income tax expense attributable to operating profit	4,529	(630)
Under provision in previous year	87	487
Effect of deductible items not expensed in determining taxable profit	(16,169)	(3,146)
Current year tax losses not brought to account as a DTA	11,553	3,289
Income Tax Expense/(Benefit) Recognised in Profit/(Loss)	**-**	**-**
Future income tax benefits attributable to tax losses and timing differences not brought to account as a deferred tax asset. (1)	**90,848**	**79,295**

(1) The deferred tax asset is not recognised due to the uncertainty of timing in relation to when taxable profits will be derived.

29 INCOME TAX (Continued)

There are no taxable and deductible temporary differences that have been recognised during the 2012 or 2011 financial years. The Company and its wholly-owned Australian resident entity Henty Gold Limited have not formed a tax-consolidated group.

30 EARNINGS PER SHARE

	Consolidated	
	2012	2011
Basic and diluted profit/(loss) per share	2.5 cents	(1.0) cents

The earnings and weighted average number of Ordinary Shares used in the calculation of basic and diluted profit/(loss) per share are as follows:

	2012 $'000	2011 $'000
Net profit/(loss)	12,875	(5,314)

	2012 No.	2011 No.
Weighted average number of Ordinary Shares	510,523,531	509,724,990

The following potential Ordinary Shares are not dilutive as the option exercise prices were in excess of the average share price during the financial year and are therefore excluded from the weighted average number of Ordinary Shares and potential Ordinary Shares used in the calculation of diluted profit per share:

Options	667,868	1,372,023

No Options were exercised after the end of the financial year.

31 COMMITMENTS FOR EXPENDITURE

	Consolidated	
	2012 $'000	2011 $'000
(a) **Operating Expenditure**		
Not later than 1 year	2,076	1,434
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	2,076	**1,434**
(b) **Capital Expenditure**		
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	-	**-**

(c) **Lease Commitments**

Finance lease liability commitments are disclosed in Note 32 to the financial statements.

32 LEASES

Finance Leases

Finance leases relate to mining equipment with lease terms of 4 and 5 years. The Company will receive title to the equipment after the final lease payments are made. The Company's obligation under finance leases are secured by the lessor's title to the leased assets.

			Consolidated	
	Future lease payments		Present value of future lease payments	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
No later than 1 year	1,240	1,468	1,181	1,397
Later than 1 year and not later than 5 years	1,151	2,372	1,001	2,009
Later than five years	-	-	-	-
Future lease payments [1]	2,391	3,840	2,182	3,406
Less future finance costs	(208)	(434)	-	-
Present value of lease payments	2,183	3,406	2,182	3,406
Included in the financial statements as (Note 16)				
Current interest bearing liabilities			1,181	1,397
Non-current interest bearing liabilities			1,001	2,009
			2,182	3,406

[1] Future lease payments include the aggregate of all lease payments.

33 CONTINGENT LIABILITIES

Nil (2011: Nil)

34 RELATED PARTY DISCLOSURES

(a) **Key Management Personnel Compensation**

The aggregate compensation of the key management personnel of the Company is set out below:

	2012 $	2011 $
Short-term employee benefits	2,123,162	2,002,106
Post-employment benefits	155,273	163,475
Other long-term benefits	-	-
Termination benefits	969,906	118,004
Share-based payments	223,265	143,602
Total	**3,471,606**	**2,427,187**

(b) **Ordinary Shares In Unity Mining Held by Key Management Personnel**

The following tables provide details of the shareholdings of key management personnel.

2012	Balance 1/7/11 No.	Granted as compensation No.	Net other change No.	Balance 30/6/12 No.
Directors				
R Beevor	286,936	-	-	286,936
P McCarthy	65,728	-	-	65,728
A McIlwain	-	-	200,000	200,000
D Ransom	-	-	-	-
Other Executive Officer & Key Management Personnel				
B Geier	-	-	-	-
M Daly	-	-	76,923	76,923
A Lorrigan	-	-	100,000	100,000
Total	**352,664**	**-**	**376,923**	**729,587**

2011	Balance 1/7/10 No.	Granted as compensation No.	Net other change No.	Balance 30/6/11 No.
Directors				
R Beevor	286,936	-	-	286,936
R Guy	106,250	-	-	106,250
R Hanson	204,250	-	250,000	454,250
P McCarthy	65,728	-	-	65,728
D Ransom	-	-	-	-
Other Executive Officer & Key Management Personnel				
T Churcher	73,250	-	-	73,250
M Daly	-	-	-	-
L Faulkner	50,000	75,000	-	125,000
R Lester	50,000	75,000	-	125,000
Total	**836,414**	**150,000**	**250,000**	**1,236,414**

(c) **Share Options Issued by Unity Mining**

There were no options held by key management personnel who held office at 30 June 2012. The following tables provide details of the option holdings of key management personnel in the 2011 financial year.

34 RELATED PARTY DISCLOSURES *continued*

(c) Share Options Issued by Unity Mining (continued)

2011	Balance 1/7/10 No.	Granted as compensation No.	Exercised No.	Lapsed No.	Balance 30/6/11 No.	Balance vested 30/6/11 No.	Vested but not exercisable No.	Vested and exercisable No.
Directors								
R Beevor	-	-	-	-	-	-	-	-
R Guy	-	-	-	-	-	-	-	-
R Hanson	346,666	-	-	173,333	173,333	173,333	-	173,333
P McCarthy	-	-	-	-	-	-	-	-
D Ransom	-	-	-	-	-	-	-	-
Other Executive Officer & Key Management Personnel								
T Churcher	346,666	-	-	173,333	173,333	173,333	-	173,333
M Daly	-	-	-	-	-	-	-	-
L Faulkner	33,333	-	-	16,666	16,667	16,667	-	16,667
R Lester	140,000	-	-	70,000	70,000	70,000	-	70,000
Total	**866,665**	**-**	**-**	**433,332**	**433,333**	**433,333**	**-**	**433,333**

(d) Performance Rights Issued by Unity Mining

The following table provides details of Performance Rights issued to Key Management Personnel.

2012	Balance 1/7/11 No.	Granted as compensation No.	Exercised No.	Lapsed No.	Balance 30/6/12 No.	Balance vested 30/6/12 No.	Vested but not exercisable No.	Vested and exercisable No.
Directors								
R Beevor	-	-	-	-	-	-	-	-
R Guy	-	-	-	-	-	-	-	-
R Hanson	1,141,376	1,604,629	2,746,005	-	-	-	-	-
A McIlwain	-	1,228,297	-	-	1,228,297			
P McCarthy	-	-	-	-	-	-	-	-
D M Ransom	-	-	-	-	-	-	-	-
Other Executive Officer & Key Management Personnel								
T Churcher	860,264	1,192,010	-	2,052,274	-	-	-	-
B Geier	-	748,685	-	-	748,685			
M Daly	-	-	-	-	-	-	-	-
L Faulkner	-	-	-	-	-	-	-	-
R Lester	-	-	-	-	-	-	-	-
Total	**2,001,640**	**4,773,621**	**2,746,005**	**2,052,274**	**1,976,982**	**-**	**-**	**-**

34 RELATED PARTY DISCLOSURES *continued*

(d) **Performance Rights Issued by Unity Mining (Continued)**

2011	Balance 1/7/10 No.	Granted as compensation No.	Exercised No.	Lapsed No.	Balance 30/6/11 No.	Balance vested 30/6/11 No.	Vested but not exercisable No.	Vested and exercisable No.
Directors								
R Beevor	-	-	-	-	-	-	-	-
R Guy	-	-	-	-	-	-	-	-
R Hanson	709,282	786,735	-	354,641	1,141,376	-	-	-
P McCarthy	-	-	-	-	-	-	-	-
D M Ransom	-	-	-	-	-	-	-	-
Other Executive Officer & Key Management Personnel								
T Churcher	551,664	584,432	-	275,832	860,264	-	-	-
M Daly	-	-	-	-	-	-	-	-
L Faulkner	-	-	-	-	-	-	-	-
R Lester	-	-	-	-	-	-	-	-
Total	**1,260,946**	**1,371,167**	**-**	**630,473**	**2,001,640**	**-**	**-**	**-**

(e) **Other Transactions with Related Parties**

Non-Executive Director, R Beevor, is a senior advisor to Gryphon Partners / Standard Chartered Bank. During the financial year $23,172 was incurred (2011: $257,000) with Gryphon Partners / Standard Chartered Bank for corporate advisory work. Consultancy fees are paid based on a commercial rate commensurate with the services provided.

The provision of services by Gryphon Partners / Standard Chartered Bank to Unity ceased during the current financial year. The Board had requested and received written confirmation from Gryphon Partners / Standard Chartered Bank that R Beevor did not participate in the provision of corporate advice by them to Unity Mining, nor did R Beevor share in any fees paid or payable by Unity Mining to Gryphon Partners / Standard Chartered Bank. The Board considered that there was no fiduciary or affiliated relationship between R Beevor's position on the Unity Mining Board and his position with Gryphon Partners / Standard Chartered Bank. R Beevor is an independent Non-Executive Director of the Company.

35 EVENTS AFTER THE REPORTING PERIOD

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the Company's operations, the result of those operations or the state of affairs in subsequent financial years.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2012

The Directors declare that:

1) a) The financial report of the Consolidated Entity, and the additional disclosures included in the Directors' report designated as audited are in accordance with the Corporations Act 2001, including:

   i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2012 and of the Consolidated Entity's performance for the year ended on that date;

   ii) complying with Accounting Standards and Corporations Regulations 2001;

   b) 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

   c) in the directors' opinion, the financial statement and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 3 to the financial statements.

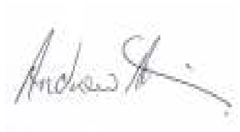
2) This declaration has been made after receiving the declarations required to be made to Directors in accordance with section 295A of the Corporations Act 2001 for the financial year-ended 30 June 2012.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 10 to the financial statements will, as a group, be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of Directors made pursuant to Section 295(5) of the Corporations Act 2001.

Peter McCarthy
Chairman



Andrew McIlwain
Managing Director & CEO

28 August 2012

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of Unity Mining Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 15 to 44.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Unity Mining Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 13 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Unity Mining Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan

Craig Bryan
Partner
Chartered Accountants
Melbourne, 28 August 2012

SHAREHOLDER INFORMATION

Shareholdings

At 28 August 2012 the issued share capital of the Company was held as follows:

a) Size of Shareholding

Size of Shareholding	Number of Ordinary Shareholders
1 – 1,000	559
1,001 – 5,000	2,131
5,001 – 10,000	1,755
10,001 – 100,000	2,568
100,001 and over	418
Total number of shareholders	7,431

b) Number of shareholders with holdings of less than a marketable parcel - $500. (4,762 Shares) 2,225

c) As at 28 August 2012 the register of substantial shareholders disclosed the following information:

Holders giving notice	Date of notice	Ordinary Shares as at date of notice	% Holding as at date of notice
Orbis Investment Management	18.1.11	59,559,851	11.69
State Teachers Retirement System of Ohio	29.8.07	32,114,188	6.48

d) Of the issued ordinary capital, 53.55% was held by or on behalf of the 20 largest shareholders.

e) All Shares carry voting rights of one vote per share.

List of Mining Tenements

Name	Location	Interest
MIN 5344	Bendigo	100%
MIN 4878	Bendigo	100%
EL 3327	Outer Bendigo	100%
EL 5035	Outer Bendigo	100%
MIN 5364	Bendigo	100%
MIN 4622	Bendigo	100%
MIN 4872	Bendigo	100%

Name	Location	Interest
ML 7M/1991	West Coast Tasmania	100%
ML 7M/2006	West Coast Tasmania	100%
ML 5M/2002	West Coast Tasmania	100%
EL 28/2001	West Coast Tasmania	100%
EL 8/2009	West Coast Tasmania	100%
EL 1/2010	West Coast Tasmania	100%
EL 11/2010	West Coast Tasmania	100%
EL 34/2010	West Coast Tasmania	100%
EL 13/2011	West Coast Tasmania	100%

Shareholder Information

Top 20 Holders as at 28 August 2012:	**Ordinary Shares**	**%**
HSBC Custody Nominees (Australia) Limited	61,167,051	12.11
JP Morgan Nominees (Australia) Limited Cash Income A/C	35,276,871	6.98
Citicorp Nominees Pty Ltd	33,031,792	6.54
JP Morgan Nominees Australia Limited	29,420,875	5.82
National Nominees Limited	27,209,582	5.39
AU Mining Limited	22,000,000	4.35
HSBC Custody Nominees (Australia) Limited – GSCO ECA	14,243,965	2.82
GK Morgan – G & M Morgan Investments A/c	9,000,000	1.78
Berne No 132 Nominees Pty Ltd – 508558 A/C	8,294,463	1.64
Lujeta Pty Ltd (The Margaret Account)	4,600,000	0.91
Century Three X Seven Resource Fund Inc	3,380,960	0.67
Hanson Super Fund A/C	3,146,005	0.62
Ceramic Oxide Fabricators Pty Ltd	2,976,623	0.59
HSBC Custody Nominees (Australia) Limited – A/C 2	2,663,980	0.53
Brispot Nominees Pty Ltd – House Head Nominee No 1 A/C	2,550,687	0.50
ADE Super Fund A/C	2,500,000	0.49
Nefco Nominees Pty Ltd	2,407,497	0.48
BT Portfolio Services Limited – L&M Goldberg S/Fund A/C	2,343,509	0.46
Napla Pty Ltd – Provident Fund A/C	2,259,500	0.45
SGH Super Fund A/C	2,099,000	0.42
Total	**270,572,360**	**53.55**
Total issued ordinary share capital	**505,250,467**	