

19 March 2014

ASX Release

Unity Mining Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: UML

Issued capital:
702M ord. shares
13.8M unlisted Perf. Rights

Substantial Shareholders:
LionGold Corp 92.6M (13.2%)

Directors:
Non-Executive Chairman:
Clive Jones
Managing Director:
Andrew McIlwain
Non-Executive Directors:
Ronnie Beevor
David Ransom
Gary Davison

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Henty Market Update

- Henty March production likely to fall short of expectations following underperformance in gold grades
- Strong focus on cost performance continues to deliver results
- New General Manager appointed at Henty Gold Mine

Unity Mining Limited (ASX:UML) (**Unity** or the **Company**) provides an update on its Henty Gold Mine in Tasmania.

The Henty production schedule for March had forecast 3344 recovered ounces, of which only 949 (or 28%) were scheduled to be mined in the first 2 weeks. At the end of the first 2 weeks, unreconciled production had totalled 504 ounces (445 ounces down on forecast).

This shortfall was the result of underperformance in the Newton Zone with respect to grade in both development headings and stopes where developed metres and production tonnes have been achieved as per the schedule. Mining in the Newton Zone has been from the periphery of the orebody, at both the northern and southern extents where the grade variability is at its greatest. As mining advances more into the middle of Newton Zone away from the boundaries it is expected that the grade will become more predictable.

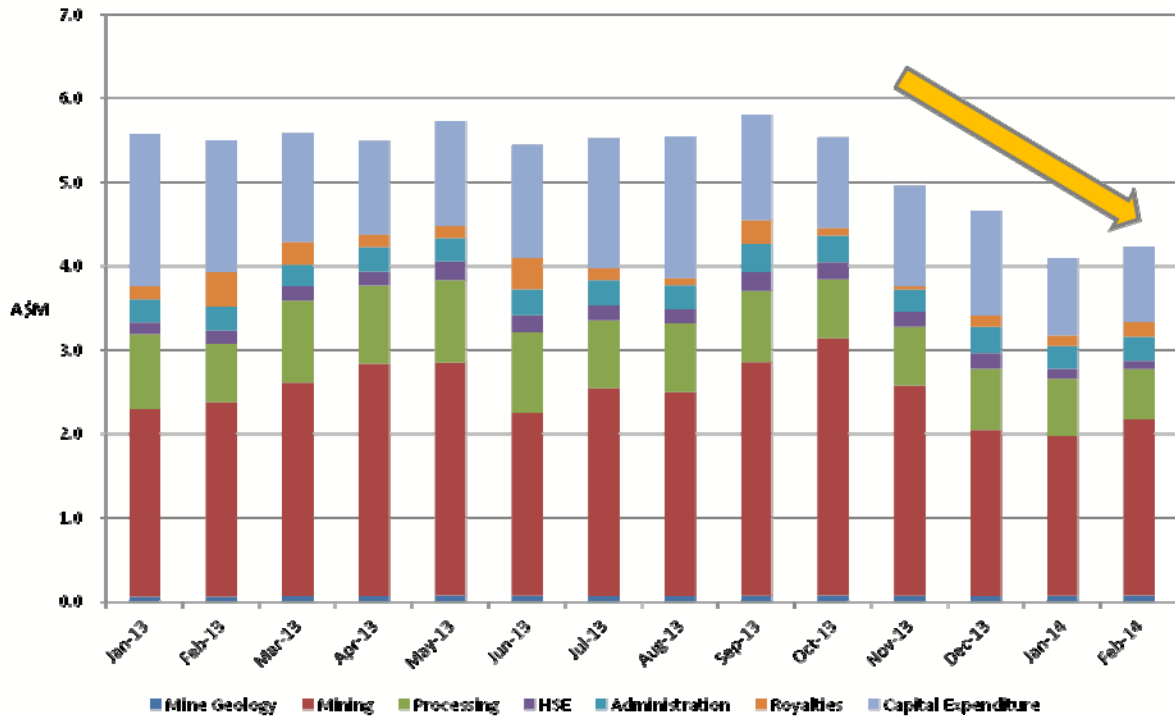
Simultaneously, the geological interpretation of the scheduled area within the Read Zone has changed as detailed mapping information has become available through the excavation of a development heading. Consequently, what was originally interpreted as a continuous zone of high grade ore (supported by diamond drilling) has now proven to be discrete areas of high grade. The contribution from the Read Zone for March was forecast to be 610 ounces. This latest development has now put these ounces at risk. It is worth noting however that 25% of the total ounces mined from the Read Zone year to date has been sourced from outside the known reserve, highlighting the variable nature of this particular orebody.

Work is continuing to evaluate the impacts on the mining schedule in the fourth quarter and beyond. The Company will provide a further update on its current 40-50,000oz guidance range for the full year production forecast following a forthcoming re-assessment.

The Company will continue to expedite its plans for additional drilling at Henty with the aim of both increasing the resource ounces at Henty and improving the confidence levels of the existing mining inventory through increased grade control drilling.

The focus on cost reduction at Henty has been maintained, with February results showing a continuation of the recent trend of monthly costs (including capital) being some \$1-1.5 million less than in previous quarters. A chart illustrating the strong cost performance is shown on the following page.

Henty Monthly Cost



The Company has also recently made a key personnel change, appointing Scott Jones as General Manager of the Henty Gold Mine, replacing Matt Daly who, after 11 years at Henty, leaves to pursue other interests. The board of Unity Mining thanks Matt for his contribution during his tenure. Scott was previously General Manager at Unity's Dargues Gold Mine development project and is an experienced mining professional who has predominantly worked in hard rock gold and base metal mines over the past 25 years. Scott's key focus will be to ensure delivery of production forecasts and expectations whilst continuing the strong emphasis on safety and cost control.