

27 April 2015

ASX Release

Unity Mining Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: UML

Issued capital:
1140M ord. shares
9.6M unlisted Perf. Rights

Substantial Shareholders:
Moly Mines Ltd 196.5M (17.3%)
LionGold Corp 117.1M (10.3%)

Directors:
Non-Executive Chairman:
Clive Jones
Managing Director:
Andrew McIlwain
Non-Executive Directors:
Ronnie Beever
Gary Davison

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Landmark Farm-In Agreement at Henty

- Unity Farm-In Agreement with PYBAR to fast track exploration at Henty
- PYBAR and group companies to conduct up to \$5m of "in-mine" exploration to earn up to a 50% Joint Venture interest
- Represents approximately 40,000m of drilling, commencing early May

Unity Mining Limited (ASX:UML) is pleased to announce the execution of a landmark Farm-In Agreement (Agreement) that will see up to \$5million spent on Henty mine exploration over the next 18 months.

Under the Agreement, Diversified Minerals Pty Ltd (Diversified Minerals) - a 100% owned associate of the PYBAR Group (PYBAR) - will fund a comprehensive 3 stage drilling program focussed on resource delineation with a view to recommencing sustainable production. Anticipated to include approximately 40,000-50,000m of underground drilling, the Agreement allows Diversified Minerals to earn up to 50% Joint Venture (JV) ownership in the Henty Mine. The drilling program will be undertaken by a PYBAR Group company focussed on using locally based employees.

Unity's Managing Director Andrew McIlwain said "The Agreement signed with the PYBAR group today establishes the next phase of Henty's long and successful production history. Unity, with its strong cash reserves will focus on the development of its 100% owned NSW Dargues Gold Project and other corporate opportunities, whilst the PYBAR group will sole fund the exploration program at Henty over the next 18 months aimed at defining resources and reserves for a future restart of sustainable production.

"Henty's performance over the last 12 months has enabled Unity to bolster its cash holding. As was announced in mid-2014, the plan at Henty was to cease development and extract the available and developed reserves, moving the project to care and maintenance by the end of 2015. The intention was to then seek opportunities to realise further value from the Henty asset and to delineate a pathway towards restarting of production. Numerous options were assessed and the PYBAR deal was considered to deliver the best outcome for Unity, including maintaining upside exposure to future resource discoveries" said Mr McIlwain.

PYBAR CEO, Mr Paul Rouse said "PYBAR is delighted to be joining with Unity in the Henty Joint Venture and see the re-establishment of future production at Henty as a significant opportunity as well as working towards re-establishing a long-term sustainable presence in Tasmania. PYBAR, through its wholly owned drilling subsidiary HMR Drilling, has the objective of seeing the restart of sustainable production as quickly as possible. We have worked closely with the Unity technical team during our due diligence and strongly believe that there is a long term future for PYBAR at Henty both in the drilling and future production phases of the Project".

The Farm-In Agreement is focussed on the Mine Leases and infrastructure which supports the Henty operation. In addition to "in-mine" expenditure, the PYBAR group have the option to contribute to the continuing regional exploration programs committed to by Unity.

Over the coming weeks, Unity will be expanding on the exploration potential of the Henty Mine and details of the regional program.

Details of the Farm-In Agreement:

The Farm-In Agreement provides for the work to be completed over a three stage program enabling Diversified Minerals to progressively earn up to 50% ownership of the Henty Mine Leases, plant, infrastructure and mobile fleet through a Joint Venture Agreement.

Key aspects of the Farm-in include:

- **Stage 1:**
 - ⇒ \$1m of drilling to be completed by 30 September 2015
- **Stage 2:**
 - ⇒ A further \$1.5m of drilling, to be completed by 31 December 2015
 - ⇒ On completion of Stage 2, Diversified Minerals will earn a 30% Joint Venture interest in Henty
- **Stage 3:**
 - ⇒ Upon Completion of Stage 2, Diversified Minerals may elect to conduct a further \$2.5m of drilling to be completed by 30 September 2016
 - ⇒ On completion of Stage 3, Diversified Minerals will earn an additional 20% Joint Venture interest - for a total of 50%
- **Other details:**
 - ⇒ During both the Farm-In and subsequent Joint Venture, Unity will remain the Manager of the Henty Mine, with a committee established to manage the exploration program.
 - ⇒ No ownership transfer occurs until Unity have extracted and processed all reserves as per the current mine plan.
 - ⇒ As Unity transfers its interests in the Joint Venture to Diversified Minerals, the proportional cash backing the Environmental Bond will be released to Unity.
 - ⇒ Unity will be responsible for all current employee liabilities up to formation of the Joint Venture.
 - ⇒ Ongoing Henty Mine care and maintenance expenditure will be met by Unity and Diversified Minerals in proportion to their Joint Venture interests.
 - ⇒ If, from commencement of the Farm-In, Diversified Minerals elect to participate in the regional tenement exploration program, they will contribute 50% of the expenditure.
 - ⇒ If Diversified Minerals elect to participate in the regional tenement exploration program at a later date, they will contribute a multiple of the expenditure since commencement.

About PYBAR Mining Services:

PYBAR Mining Services Pty Ltd (PYBAR) is a nationwide provider with core competencies in metalliferous underground hard rock mining. Founded in 1993, PYBAR's success to date is based on safe, rapid underground infrastructure development and consistent reliable production, delivering on projects from large established mining operations to greenfield developments.

Headquartered in Orange, Central NSW, and privately owned, the PYBAR Group has established infrastructure and operations across Australia.

The PYBAR Group provides a comprehensive service offering to the mining industry through a number of businesses including PYBAR Mining Services as underground mining contractors, HMR Drilling Services (exploration drilling) and JTMEC (mining electrical).

PYBAR has achieved a position of third largest underground hard rock mining contractor in Australia by focusing on productivity and the needs of their clients. With over 800 employees, PYBAR has a strong solutions-based culture backed by long-standing operational teams, hands-on and experienced senior management and industry-leading systems in both safety and performance reporting.

More can be found at: <http://www.pybar.com.au> or email enquiries@divminerals.com.au

Diversified Minerals and PYBAR were advised by Ironstone Capital Advisory and Sparke Helmore Lawyers.

About Henty Gold Mine:

Since commissioning in 1996, the Henty Gold Mine has produced approximately 1.3 million ounces of gold, predominantly from high grade resources.

Unity Mining has owned and operated Henty since July 2009 and in mid-2014 announced the plan to extract the known and developed reserves and transition the mine to care and maintenance by the end of 2015.

Unity Mining also holds a significant portfolio of regional exploration tenements that straddle the highly prospective Henty Fault zone over approximately 40kms in a continuous area, contiguous to the Henty Mine Leases. Exploration on this significant near mine tenement package remains a focus.