

27 February 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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FY15 Interim Results Commentary

- **\$5.2 million** cash generated from operating activities
- Revenue increased by **\$6.2 million** due to higher gold sales
- Gold production of **24,202 oz** (2013: 18,834)
- Cash costs of **\$972/oz** and an AISC of \$1008/oz
- Cost reduction and efficiency initiatives having a positive impact
- Full year forecast gold production remains well ahead of budgeted 41,500oz target
- \$12.3 million available cash plus an additional \$9.6 million cash backed performance bonds
- Gold put options acquired for ~70% of forecast gold production in the second half of FY15 ensuring a minimum of \$1445/oz

Andrew McIlwain, Managing Director and CEO commented "Unity continues to deliver positive cash generation with continued strong production performance at Henty and an unrelenting focus on cost management.

"Three successive quarters of delivery into forecast at Henty has seen YTD cash costs of \$972/oz and an AISC of \$1008/oz. With the added benefit of an improving price environment, we have seen our cash at bank improve and this provides the financial sheet strength to continue to assess opportunities to grow the company.

"As Henty progresses successfully to finalise extraction of known reserves towards the end of 2015, we will pursue all available opportunities to realise the inherent value in the Henty asset. The Dargues review has determined that, logically, full on-site processing delivers a more viable project and will remove the significant trucking requirements previously considered. We keenly await the NSW regulator's determination on the proposed development modification."

Review of Half Year Results

For the six months ended 31 December 2014 the Company generated a gross profit of \$7.9 million, which after interest, exploration, corporate and other non-cash expenses resulted in a net loss of \$9.5 million.

The improved performance of the Company can be attributed to the significantly improved production results at Henty, as well as a reduction in operating costs resulting from cost cutting initiatives implemented both at Henty and across the Group.

The half-year saw a \$6.2 million increase in revenue relative to the prior half-year period, primarily due to higher gold sales of 26,079 oz (2013: 21,102). Gold production during the half-year was 24,202 oz (2013: 18,834). A continued focus on mining activity in the high grade Read Zone saw average head grades improve to 6.0g/t (2013: 5.1g/t) during the period. The average Gold price received was A\$1396/oz (2013: A\$1422/oz).

The main drivers of the net loss of \$9.5 million were the following significant one-off expenditure items:

- Non-cash redundancy expenses of \$6.7 million being the recognition of all employee costs associated with the closure of the Henty Gold Mine;
- Non-cash impairment write-downs of \$5.2 million relating to Kangaroo Flat assets;

Full Year Forecast

The improved performance of the Company is expected to continue in the second half of 2014/15, driven by improved gold production and the ongoing effectiveness of cost cutting strategies implemented. This is expected to have a continuing positive impact on the cashflow of the Company.

These and other initiatives are projected to deliver average cash costs in the second half substantially under \$1000/oz. Henty remains on track to deliver a full year production result well ahead of the budgeted 41,500oz target.

Dargues Update

The Dargues Gold Mine project remained on care and maintenance during the period.

Work was completed on the technical and optimisation studies with a focus on reducing development capital and operating costs associated with the project. The finalisation and results of these studies identified a clear benefit being delivered if full metallurgical processing and gold recovery through cyanide leaching was to be conducted on site at Dargues.

Subsequent to the period ended 31 December 2014, the application to vary the existing project plan of the Dargues Gold Mine to incorporate cyanide leaching was lodged with the NSW Department of Planning & Environment. The application will be subject to public scrutiny and it is expected that final determination will be made through the NSW Planning Assessment Commission. The timing of this determination is not defined and the Company will ensure all aspects are addressed as quickly as possible.