

28 August 2014

ASX Release

Unity Mining Limited  
 ABN 61 005 674 073

**Corporate Details:**

ASX Code: UML

*Issued capital:*

1133M ord. shares

18.2M 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 Beevor

Gary Davison

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## FY14 Results Commentary

### Overview

- \$1.7 million cash generated from operating activities
- Gold production of 38,067 oz
- Cost reduction and efficiency initiatives continue to have a positive impact
- \$6.8 million available cash plus an additional \$11.5 million cash backed performance bonds

### Review of 2014 Results

For the year ended 30 June 2014 the Company generated a gross loss of \$7.2 million, which after interest, exploration, corporate and other non-cash expenses resulted in a net loss of \$52.1 million.

Sales revenue for the year was \$54.9 million (2013: \$64.7). Revenue was down as a result of both a fall in the AUD gold price and a reduction in gold production from the Henty Gold Mine. The average gold price received during the year was A\$1419/oz (2013: A\$1520/oz). Gold production was 38,067 ounces (2013: 43,851 ounces), a direct result of a fall in ore production to 247,230 tonnes (2013: 276,626). Mined ore grade was steady at 5.3g/t Au.

The main drivers of the \$52.1 million net loss included:

- Exploration expense of \$13.6 million. Of this, \$8.1 million relates to exploration expenditure which was incurred during the period and the \$5.5 million balance relates to prior period expenditure which was written off in the December 2013 half-year.
- Non-cash impairment write down of the Dargues mineral right totalling \$18.9 million which resulted primarily from the suspension and deferral of the project's development.
- Non-cash impairment write down of the Henty asset of \$7.2 million which was triggered by a review of the inventory and life of mine production schedule.
- Corporate costs reduced during the 2014 financial year in comparison to the prior period as a result of higher one off costs incurred in 2013 as a result of the merger with Cortona Resources Limited and the impact of a broad range of cost cutting initiatives.

### 2015 Full Year Forecast

As a result of the Henty Gold Mine's operational performance during the first quarter of 2014, the Company undertook a detailed review of Henty's mineral inventory and life of mine production schedule. The purpose of the review was to ensure that there is a high degree of confidence in the Henty Ore Reserves and mining schedule and that the mine is capable of generating positive cash flows at current gold prices. From the outcome of that review, the Company determined that the best economic outcome for Unity shareholders is to focus on maximising cash generation through the recovery of the remaining higher confidence and higher margin reserves. Accordingly, at currently scheduled mining rates, Henty is expected to

have substantially mined these reserves and will transition onto a care and maintenance basis in late 2015.

Henty's production performance has seen significant improvement so far in 2014/15 Q1. For the 2015 year Henty is targeting gold production in a range of 38,000 to 42,000 ounces at a cash cost of approximately \$1050/oz. With the decision to transition the mine onto a care and maintenance basis in late 2015, and much of the underground capital development already in place to achieve scheduled production, it is anticipated that 2014/15 capital costs will be very low. Sustainable cost reduction measures have also been undertaken across the Unity group and the results of those initiatives are having a positive impact on cashflow.

Unity's Managing Director & CEO Andrew McIlwain stated "coupled with the substantial improvements in the cost profile at Henty that have been achieved over the last six months, we are confident that the current mine plan will generate positive cash-flow over the remaining mine life.

"We will continue to aggressively pursue mine financial performance and evaluate other opportunities in-mine, particularly the exciting Darwin South Offset target that is currently being drill tested.

"Our current plans and budget also include continuing to explore our highly prospective regional tenement package adjacent to and along strike from Henty. Any significant discoveries within the region may lead to a re-evaluation of the Henty mine's future" said Mr McIlwain.

### **Dargues Update**

In November 2013 a temporary halt to development of the Dargues Gold Mine was announced pending completion of technical optimisation studies and funding discussions.

The site access road, ROM pad and box cut excavation (including installation of cable bolts and shotcrete ground support) are all completed and the project is well positioned to be brought back into development upon completion of the technical studies and a funding package.