

7 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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Dargues Project Update

- Changes to planned mining method to yield significant cost savings
- Work continuing to evaluate on-site and off-site process plant solutions, with substantial additional savings forecast
- Project on track to achieve estimated cash operating cost of \$700/oz* over initial 5-year mine life

Unity Mining Limited (ASX:UML) (**Unity** or the **Company**) is pleased to provide an update on technical studies underway in relation to its Dargues Gold Mine development project in New South Wales.

Over the past two months, Unity in conjunction with technical specialists from AMC Consultants, Mining One, IMO and others, has undertaken a detailed review of the mining methods originally proposed in the Dargues project feasibility study completed in 2010. This mine optimisation study has concluded that a change in mining method from a "top-down" to a "bottom-up" strategy would deliver an improved outcome. Specifically, the bottom-up mining method will deliver:

- greater schedule flexibility by providing multiple independent mining areas;
- an improved geotechnical regime using sequenced stoping;
- a reduction in backfill operating costs and infrastructure requirements; and
- improved potential to extract the mine's crown pillar.

The two mining methods are shown diagrammatically on the following page.

Preliminary assessment of the cost impacts indicate savings of \$4-5 million over the initial 5-year mine life from a combination of upfront capital savings and ongoing operating costs reductions, and represent around 15% of the targeted savings from the *Project 30* initiative - which is targeting cost savings of \$30 million over the initial 5-year life of the project compared with the current project financial model.

Work is also underway to optimise the design, procurement and project management strategies for both on-site and off-site process plant solutions. These areas are expected to yield the bulk of the *Project 30* savings yet to be realised. Key to this is the relocation of equipment from Bendigo, or sourcing from alternate suppliers given changed market conditions. More particularly, whilst processing of the Dargues' concentrate at Unity's Bendigo gold processing plant remains the baseline assumption, a number of alternatives are currently under review, ranging from processing at existing facilities located closer to the Dargues Mine, through to the potential sale of a gold concentrate in lieu of further processing.

The Company will provide further updates on the *Project 30* initiative in the March 2014 Quarterly Report.

* Net of state royalties and silver credits

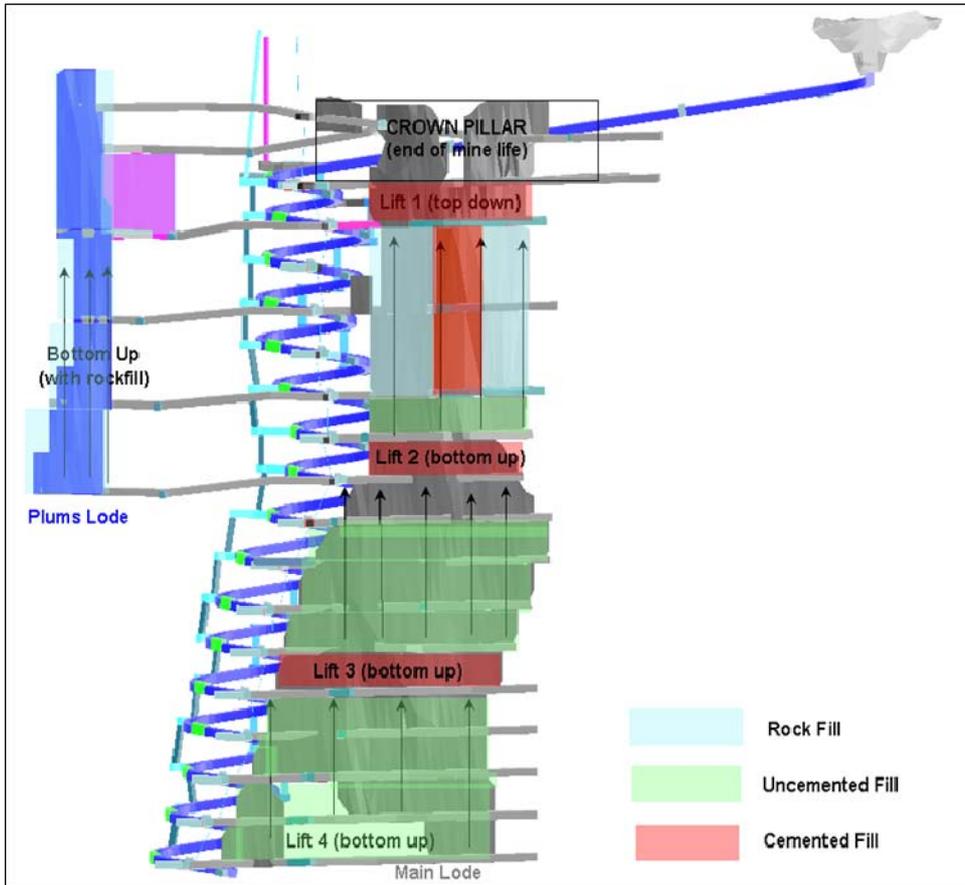


Figure 1. Bottom-up mining method

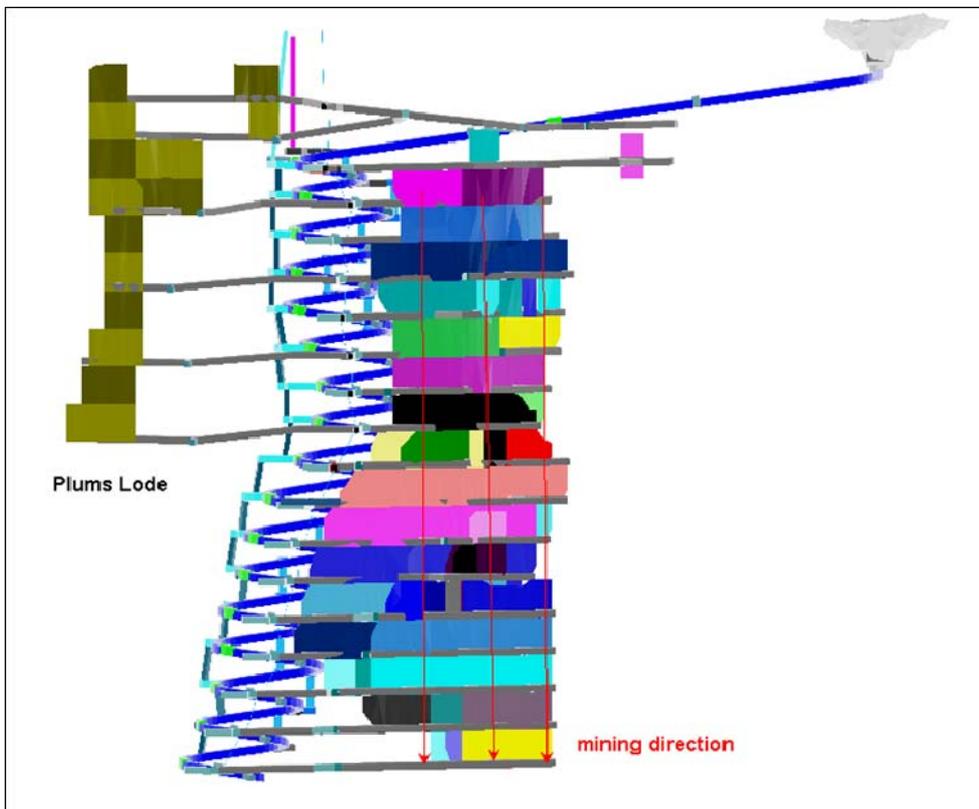


Figure 2. Top-down mining method