



22 December 2015

ASX Release

Unity Mining Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: UML

Issued capital:

1,143M Ordinary Shares
2.34M Unlisted Perf. Rights
43.2M Unlisted Options

Substantial Shareholders:

Diversified Minerals Pty Ltd
159.1M (13.69%)

Directors:

Non-Executive Chairman:
Clive Jones

Acting Managing Director:
Frank Terranova

Non-Executive Director:
Gary Davison

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Corporate Update

- **Sale of Bendigo Assets extension**
- **Asset impairment forecast for half-year ending 31 December 2015**
- **Progress on Scheme of Arrangement with Diversified Minerals**

Unity Mining Limited ("Unity" or "the Company") is pleased to provide the following update to the market in relation to various corporate and operational matters.

Extension of Time for Completion of Sale of Bendigo Assets

On 17 September 2015, Unity announced the signing of an Asset Sale Agreement with ASX-listed GBM Gold Limited for the sale of Unity's Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area, to GBM.

Under the terms of the Asset Sale agreement signed by the parties, the following key terms have been agreed:

- \$100,000 in cash (non-refundable except in certain limited circumstances) signing fee which has already been paid to Unity;
- On Completion – GBM to pay Unity \$1,000,000 in cash and Unity to assign to GBM the funds currently held to meet rehabilitation obligations at Bendigo (\$5.63 million);
- On the first anniversary of completion – GBM to pay Unity \$1,000,000 in cash;
- On the second anniversary of completion – GBM to pay Unity \$1,800,000 in cash; and
- On the third anniversary of completion – GBM to pay Unity \$1,830,000 in cash.

In addition, the parties have agreed that, should GBM sell or otherwise realise value from certain assets, Unity is entitled to a share of the payments received, with any such payments being used to accelerate, but not to increase, the deferred payments.

Unity and GBM have recently agreed to a further extension to the previously agreed and extended Completion Date of 31 December 2015, to allow for all required government approval processes (for Unity and GBM) to complete.

Unity and GBM have agreed to an extension of time until 29 February 2016.

As announced to the ASX on 1 December 2015, GBM has advised that it has secured the required funding for the transaction and the time extension relates primarily to administrative and regulatory processes.

Impairment of Dargues Gold Mine Project

As part of Unity's six monthly audit review process, Unity has recently completed a review of the carrying value of each of its projects and significant assets.

This review has been undertaken having regard to :

- The recent cessation of mining and processing operations and the commencement of "care and maintenance" operations at the Henty Gold Mine;
- The previously advised decision to not proceed with cyanide processing operations on site at the Dargues Gold Mine Project;
- The delays to finalisation of receipt of final approvals for the Dargues Gold Mine Project (which are now expected to be received during March 2016); and
- The implied value of Unity's projects and assets having regard to the previously announced proposal of Diversified Minerals Pty Ltd (an associate of the PYBAR Group of Companies) to acquire 100% of the issued shares of Unity.

After detailed consideration of each of these factors and having regard to prevailing commodity prices and other economic factors, the Board of Unity advise that an impairment charge in relation to the Dargues Gold Mine Project is likely to be recorded in the financial statements and results of Unity for the half year ending 31 December 2015, in the range of \$10 million to \$12 million.

Further updates on the exact amount of the impairment charge will be provided at the time of release of Unity's half year financial results which are expected to be released to ASX by approximately 15 February 2016.

In addition to this impairment charge, a provision against the remaining carrying value of stores and consumables inventories at the Henty Gold Mine in the amount of approximately \$600,000 will also be recorded in the half year financial statements for the 6 months ending 31 December 2015.

Scheme of Arrangement

On 7 December 2015, Unity announced the signing of a Scheme Implementation Agreement with Diversified Minerals Pty Ltd ("Diversified Minerals") to effect the acquisition of 100% of the issued shares of Unity by Diversified Minerals under a Scheme of Arrangement in conjunction with a contemporaneous capital return to Unity shareholders (the "Transaction").

Unity advises that the expected timetable for the Transaction as outlined in the 7 December 2015 announcement remains current, and is outlined again as follows :

- Lodge the explanatory memorandum for the Scheme of Arrangement with ASIC – Late January 2016;
- First court hearing for the Scheme of Arrangement – Mid February 2016;
- Despatch explanatory memorandum - Late February 2016;
- Shareholder meetings – Late March 2016;
- Second court hearing for the Scheme of Arrangement – By early April 2016; and
- Implementation Date – By mid April 2016

Any changes to this timetable will be advised in due course via announcement to ASX.

The Explanatory Memorandum will contain reports by both an Independent Expert (“IER”) and an Independent Technical Expert (“ITE”).

Unity has appointed Sumner Hall Associates Pty Ltd as the IER and AMC Consultants as the ITE.

For further information contact

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