

Unity Mining Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: UML

Issued capital:
702M ord. shares
4.1M 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

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Andrew McIlwain
Managing Director & CEO
29 July 2013

Key Points

- ◆ **HENTY:**
 - Quarterly production of 13,212 oz gold at cash cost of \$979/oz incl. royalties
 - Exploration drilling targeting southern extensions of Read has also extended Darwin South mineralisation; results include **8.35m at 19.4 g/t** and **6.2m at 14.8 g/t gold**
- ◆ **DARGUES:**
 - Earthworks for access road 70% complete, boxcut 80% complete
 - Assessment of options to realise value from Bendigo Assets impacting finalisation of project funding and concentrate processing options
 - Resolution of funding expected in August
- ◆ \$27.5M cash in bank, with an additional \$11.2M held in bonds

Summary

Andrew McIlwain, Managing Director & CEO comment "As announced earlier this month, Henty again had a successful quarter, with high grade ore lifting production to 13,212 oz. Importantly, Henty's full year production of 43,851 oz was within guidance. Notwithstanding this solid performance, and mindful of the recent gold price volatility, we have initiated a comprehensive review at Henty aimed at reducing operating costs and improving margins.

"At Dargues, pre-construction earthworks are nearing completion. Completion of the site access road is a prerequisite for plant construction, with underground mining and plant construction scheduled to begin in September, pending final Board approval. A key factor in the Board approval is securing appropriate project funding. While Unity has the support of major banking sources, the sale of our Bendigo assets has the potential to considerably reduce the quantum of additional funding required to bring the Dargues project into production, further enhancing financial returns.

"The decision on how best to realise value from our Bendigo Assets will allow us to finalise the capital costs for the Dargues Gold Mine development, and a comprehensive update of the project financials and timelines will now be provided in August" said Mr McIlwain.

Production

- Henty Gold Mine produced 13,212 oz at a cash cost of \$979/oz which includes royalties of \$50/oz, (12,061 oz gold at \$991/oz in March 2013 quarter).

Development

- Preliminary earthworks, including construction of site access roads, ROM pad and mine boxcut continued at Dargues Gold Mine.

Exploration

- Drilling during the quarter was focused on identifying extensions to the mineralisation at Read and Darwin South.
- GoldStone Resources (34% owned by Unity Mining) announced the signing of a JV with Randgold over its Sangola project in Senegal, and positive results from its inaugural drilling at the Ngoutou project in Gabon.

Corporate

- Gold sales were \$23.3 million during the quarter from the sale of 16,860 oz gold at an average price of \$1381/oz.
- Cash in bank was \$27.5 million at 30 June 2013 (\$24.5 million at 31 March 13)

BACKGROUND

Unity Mining Limited (ASX:UML) is an Australian gold explorer, developer and producer which owns and operates the Henty Gold Mine on the West Coast of Tasmania and is developing the Dargues Gold Mine in New South Wales. Unity is also involved in gold exploration in West Africa through its investment in GoldStone Resources Limited. Unity holds tenure over the Bendigo Goldfield in Victoria where it is engaged in realising the value of its Kangaroo Flat gold plant and Bendigo exploration tenements.

The Henty Gold Mine has produced about 1.3 million ounces of gold over a 17 year period. Unity Mining acquired Henty in July 2009. Recent exploration success has significantly extended the mine life, and continued exploration on the significant near mine tenement package remains a key focus.

The Dargues Gold Mine, acquired through the merger with Cortona Resources, is located 60km south-east of Canberra in Majors Creek near Braidwood. Majors Creek is the largest historic goldfield in NSW, producing more than 1.25 million ounces.

Cashflow, no debt, no hedging, a robust balance sheet and growing production profile provide Unity with a strong platform for future growth opportunities.

OPERATIONS

Safety

There was one lost time injury and two medically treated injuries during the quarter. All incidents were thoroughly investigated and corrective actions identified and implemented to prevent recurrence. Safety is a core value of the Company. Implementing strategies to identify and manage risks in our workplaces remains our highest priority.

As a result of the continued improvement in safety performance, the 12 Month Moving Lost Time Injury Frequency Rate (12MMLTIFR) and 12 Month Moving Medically Treated Injury Frequency Rate (12MMMTIFR) reduced to 10.3 and 31 respectively.

Henty Operations

	Jun 2013 Qtr	Mar 2013 Qtr	Year to Date 2012/13
Henty Gold Mine			
Ore mined (t)	69,772	65,092	276,626
Ore processed (t)	70,957	65,079	278,105
Grade (g/t gold)	6.2	6.2	5.3
Recovery (%)	93.8	93.3	93.1
Gold produced (oz)	13,212	12,061	43,851
Cash cost - pre royalty (A\$/oz)	928	922	1047
Cash cost - incl. royalty (A\$/oz)	979	991	1114
Cash cost - incl. royalty (A\$/t)	182	184	176

Note: Minor discrepancies may occur due to rounding

Mining

Development

Total underground mine development of 934 m was completed during the quarter (1105 m March 13 qtr), reflecting

Primarily focused on access development to the Read ore body (193 m) and accessing the lower reaches of the Newton ore body (373 m), the reduction in total development is in line with plan as the Newton access nears completion. Access to Newton lower levels was rescheduled to provide continuity of ore supply. Exploration and development drilling during the quarter focused on Read, Darwin South, Zone 15, Newton and Julia South zones.

Read Zone development has continued to be the main focus. The second access from the 1930 level was completed during the quarter. Development of the Read Incline and ventilation infrastructure is progressing to plan. Development of the 1950 Exploration drive will recommence early in the September quarter, becoming the furthest access south at the Henty operations.

Capital development in Newton advanced 201.4 m and 165.9 m in the Read Zone.

Production was primarily sourced from Newton sill development and stoping (39,251 tonnes), Read Zone (15,855 tonnes), Tyndall Zone (13,686 tonnes) and a minor contribution from Darwin South (1,954 tonnes).

Processing

The milled head grade for the quarter averaged 6.2 g/t, reflecting the continued contribution from the higher grade Read orebody. Gold recovery at 93.8% was marginally above budget of 93%.

Total ore processed for the quarter was 70,958 tonnes for a total gold metal recovery of 13,212 ounces and silver metal recovery of 4,885 ounces. Consistent ore production from the mine contributed to the higher milled tonnage and gold production.

Dargues Gold Mine development

Pre-construction earthworks are nearing completion, following some minor delays as a result of extreme rainfall events in June.

The site access road, which the project's Planning Approvals require to be completed prior to commencing plant construction, is now 70% complete. Subject to weather conditions, it is expected that this road will be substantially completed by mid-August.

To date, in the boxcut all the excavation had been "free dig" which has meant that the excavators being operated by our earthworks contractor, Divalls, were able to dig the oxidised material without blasting. On 13th of June, the inaugural blast at the Dargues Gold Mine was fired. The drilling and blasting for this and the subsequent firing was undertaken by Orica Blasting Services, and was a "presplit" designed to create a fracture around the perimeter of the main

blast and protect the walls of the box cut from damage when the second larger blast was fired.

Overpressure readings from the "presplit" blast were 94dbl and ground vibration levels were 0mm/s - well under the limits set by the NSW Government in the Dargues Gold Mine Project Approval Conditions (120dbl and 10.0 mm/s).

The second and much larger blast was fired on the 14th of June to break the rock inside the already blasted pre split. Once again, this blast was successful with over pressure readings of 100.3dbl and ground vibration levels of 0.32mm/s - again well below Approval Condition levels. This blast used some 8.5 tonnes of emulsion explosives and broke 33,000 tonnes of rock. Excavation of this blasted rock will continue over the coming weeks with underground decline mining scheduled to commence in September 2013, pending Board approval.



Figure 1. Pre-split blast



Figure 2. Main blast

Funding

The Company has been on a path to relocate elements of the idled Kangaroo Flat processing plant from Bendigo to Dargues Gold Mine. In parallel, Unity has been seeking expressions of interest for the sale of all its Bendigo assets, with the intention of only selling these assets if it realised benefits in excess of those achieved by relocating the equipment to Dargues. Applying the proceeds from a sale of the Bendigo assets to the Dargues development would provide a significantly more favourable outcome for shareholders than the debt alternatives more typical with project funding. Unity is currently assessing the options to realise maximum value for the Bendigo assets, which has delayed the Company from committing to a debt funding package for the Dargues Project. The Company anticipates announcing its preferred project funding model in August.

EXPLORATION

Henty Exploration

Three drill rigs were active during the quarter, two on surface and one underground. Underground drilling predominantly continued to extend and infill the Read Zone and Darwin South.

Read Zone

Drilling has continued into the southern extremities of the Read Zone mineralised envelope. These intercepts are more than 200m south of the existing orebody and exhibit significant quantities of alteration, similar to that found within other Henty orebodies, including the Read Zone.

Although limited high grade results were returned for the quarter, the geological information gathered through this program supports the continued exploration of the area and the commitment to the exploration drive from which further exploration will be conducted.

With the advancement of the 1950 southern exploration drive resuming during the September quarter, focus will turn to the opportunities to drill Read and Darwin South further to the south than has ever been accessible before.

Read Zone June Quarter extensional drilling results:

Hole Number	From (m)	To (M)	Downhole Width (m)	Gold Grade (g/t)
Z18671	238	239	1	6.3
Z18673	203.75	204.8	1.05	1.2
Z18673	210.3	211	0.7	2.2
Z18681	235	237	2	4.4
Z18685	221.8	225.5	3.7	0.01
Z18686	223	224	1	1
Z18687	255.05	256.9	1.85	0.03
Z18688	239.2	240.7	1.5	0.03
Z18689	228.35	231.2	2.85	0.02
Z18691	180.05	182	1.95	3
Z18692	219.35	221	1.65	0.3
Z18693	222	225	3	2.2
Z18694	161	163	2	1.2
Z18694	171	172	1	1.4
Z18695	159.6	163	3.4	0.1

Darwin South

Drill holes targeting the Read Zone have also passed through known areas adjacent to the Darwin South orebody, proximal to existing mine infrastructure. These encouraging results are currently being analysed and are expected to contribute to the future Mineral Resources and Ore Reserves updates. This further emphasises the importance of the 1950 exploration drive which will also be used as a drill platform to target the Darwin South orebody.

Darwin South June Quarter extensional drilling results:

Hole Number	From (m)	To (M)	Downhole Width (m)	Gold Grade (g/t)
Z18671	41	42.7	1.7	10.5
Z18673	24	25.45	1.45	10.1
Z18673	36.7	38	1.3	6.5
Z18681	29	30	1	4.7
Z18681	39	39.8	0.8	6.2
Z18685	23.6	26	2.4	10.5
Z18685	31.85	32.35	0.5	4.6
Z18686	20.25	20.7	0.45	24.8
Z18687	29.6	30.65	1.05	13.7
Z18688	24	26.3	2.3	9.4
Z18689	22.05	22.75	0.7	1.8
Z18690	24	31	7	8
Z18691	21	25	4	5.5
Z18692	26	32	6	3.8
Z18692	37	39	2	6.3
Z18693	28	29	1	7
Z18693	45	46	1	15.9
Z18693	50	58.35	8.35	19.4
Z18694	38.5	39.5	1	47.6
Z18695	32.2	36.2	4	8.3

Zone 15

A review of the historical dataset revealed large gaps in the drilling data, below the previously mined Zone 15 which is also immediately to the north of the recently depleted Tyndall Zone. A focused drill program was conducted during the quarter, testing targets up-dip of the Zone 15 orebody. Specifically, the target was a high grade but narrow ore shoot referred to as a "noodle," that occur sporadically throughout the mine. The results tabulated below indicate the high grade mineralisation is present in this region, and geological interpretation of the results is ongoing.

Further drilling during the September quarter will target the down-dip extension of Zone 15.

Zone 15 June Quarter extensional drilling results:

Hole Number	From (m)	To (M)	Downhole Width (m)	Gold Grade (g/t)
Z18675	23.3	24	0.7	1.7
Z18676	23.1	24.3	1.2	0.1
Z18677	90	92	2	2.8
Z18678	47.9	49	1.1	1.2
Z18679	51.25	52	0.75	4.2
Z18680	105	106	1	19.1
Z18682	80.35	80.7	0.35	14.1
Z18683	96	97	1	12.9
Z18684	81	82	1	6.1

Regional Tasmania Exploration

Regional exploration during the quarter focused on surface drilling at the Red Hills and Moxon Saddle targets.

At Red Hills, drilling returned a result of 0.7 m at 1.71 g/t gold. Field work has commenced to follow up on this result, and further work is contemplated pending further geological interpretation.

At the Moxon Saddle, the final hole in a 3-hole program was completed during the quarter. Whilst no gold mineralisation was encountered, elevated silver and base metals were detected. Furthermore, the program did confirm that the host rocks are analogous to those that host the mineralisation at Henty, providing encouragement for future exploration on this underexplored section of the tenement.

NSW Exploration

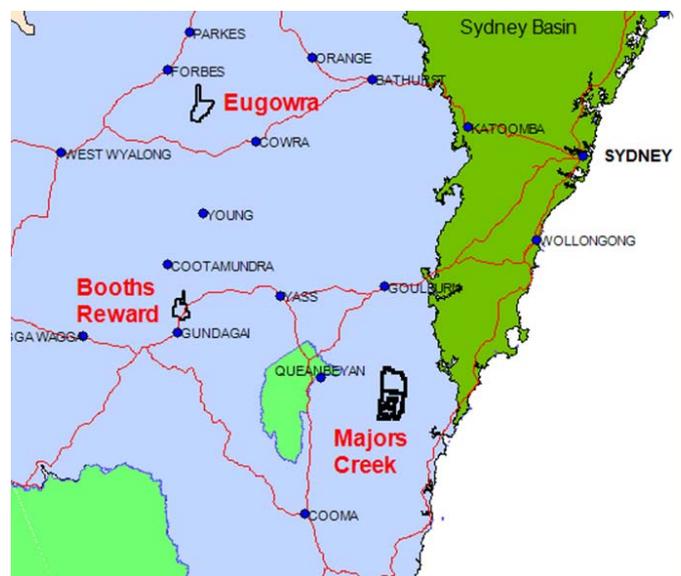
Dargues

Planning and approvals to commence exploration drilling of the Ruby lode, located approximately 120 m north of the main Dargues lode, is well advanced with drilling expected to commence this quarter.

Regional

In the next quarter, exploration on the Majors Creek Project will comprise soil sampling to test targets on EL6462 and the Euradox Prospect (includes Napoleon) north of Braidwood. A compilation and review of the existing geochemical data will commence to generate additional targets around Dargues and Majors Creek.

Exploration will also recommence on the Booths Reward project near Cootamundra. This will comprise a review of previous work, ground checking, mapping, rock chips and soil sampling. The aim is to generate drill targets for later this year.



GOLDSTONE RESOURCES

On 4 April 2013, Unity's 34%-owned AIM listed associate GoldStone Resources Ltd announced it had entered into a joint venture agreement with **Randgold Resources** over the Sangola project in **Senegal**.

Under the terms of the agreements, Randgold will fund all costs up to and including the completion of a pre-feasibility study indicating that the mining of at least 1Moz of gold is feasible. The joint venture is to be owned 51% by Randgold and 49% by GoldStone, with GoldStone having the option to elect to contribute towards the full feasibility study or dilute down to a 35% interest. Importantly, the committed work program includes the execution of at least 10,000 metres of reverse circulation (or equivalent) drilling per annum up to the completion of a PFS.

On 8 May 2013, GoldStone provided an update on exploration at the Ngoutou project in **Gabon**. GoldStone completed a three hole diamond drilling program in the central part of its 15 kilometre long Ngoutou gold in soil anomaly, where wide zones of hydrothermal alteration and sulphides were intersected. Subsequently, on 4 July, GoldStone released the assay results from these 3 drill holes, two of which contained elevated levels of gold. Best results included 16 m at 1.3 g/t gold (including 2 m at 5.6 g/t) and 32 m at 0.4 g/t gold. In order to extend the known strike length and to understand the full potential of this discovery, which has only test 140 m of strike length out of a total of 15 km, GoldStone now plans to undertake closely spaced drilling along strike of and between the two best drill holes. In addition, drill targets approximately 1.5 km to the northeast of the current drill site will be tested to determine the magnitude of gold mineralisation under other sections of the extensive soil anomaly.

Further details can be found on GoldStone's website at www.goldstoneresources.com.

CORPORATE

Gold sales were \$23.3 million during the quarter from the sale of 16,860 oz gold at an average price of \$1381/oz.

Cash in bank was \$27.5 million at 30 June 2013 (\$24.5 million at 31 March 2013). At the close of the March quarter, the Company had a further 5967 oz of gold bullion held, which was sold during June quarter. The Company also holds a further \$11.2 million in bonds to meet rehabilitation liabilities.

Major cash movements during the quarter related to positive mine operating cashflow of \$5.3M, capital and exploration expenditure (\$3.7M), project development costs at Dargues Gold Mine (\$5.1M), revenue from sale of bullion held for sale of \$7.9M and changes in working capital and other corporate expenses (\$1.4M).

Competent Persons' Statement

Any information in this public report that relates to Ore Reserves, Exploration Results and Mineral Resources is based on, and accurately reflects, information compiled by Matt Daly for the Henty Gold Mine in relation to Ore Reserves, Angela Lorrigan for regional Exploration Results and Raul Hollinger in relation to mine Exploration Results and Mineral Resources. Daly, Lorrigan and Hollinger are Members of the Australasian Institute of Mining and Metallurgy, and Lorrigan and Hollinger are Members of the Australian Institute of Geoscientists. Daly, Lorrigan and Hollinger are full time employees of the Company and have more than five years experience in the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Daly, Lorrigan and Hollinger have given prior written consent, where required, to the inclusion in this report of the matters based on their respective information, where applicable, in the form and context in which it appears.

The information in this report that relates to GoldStone Resources exploration results, is based on information compiled by Dr Hendrik Schloeman, who is a Member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation ('ROPO') included in a list promulgated by the ASX from time to time). Dr Schloeman is a full-time employee of GoldStone Resources Limited. Dr Schloeman has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Schloeman consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.