

Unity Mining
Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: UML

Issued capital:
506.1M ord. shares

Substantial Shareholders:
Orbis Funds 59.6M (11.7%)
STRS Ohio 37.0M (7.2%)

Directors:
Non-Executive Chairman:
Peter McCarthy
Managing Director:
Andrew McIlwain
Non-Executive Directors:
Ronnie Beevor
David Ransom

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Andrew McIlwain
Managing Director & CEO
18 July 2012

Key Points

- Quarterly production of 10,692 oz gold at \$1148/oz
- Full year production of 50,058 oz is up 40% on FY11 result and at top end of guidance range
- Continued exploration success at Read Zone
- \$44.3M cash at bank

Summary

Andrew McIlwain, Managing Director & CEO comment "Gold production of 10,692 ounces this quarter contributed to a full year production result of 50,058 ounces, at the very top end of our previous guidance. The quarter also saw Henty achieve a record in mine development metres completed, as work accelerated at Newton Zone. Stoping has now begun at Newton and will underpin our production objective of delivering 45-55,000 ounces in FY13.

Exploration at the Read Zone outlined further extensions to the high grade mineralisation, underlining the potential for Read to provide significant additions to our mining inventory. Importantly, the Read Zone remains open to continued testing both north and south of the currently interpreted boundary.

In West and Central Africa, results from GoldStone's exploration programs continued to flow, with drilling at the Homase/Akrokerry project in Ghana extending both the strike length and depth of the known high grade shoot. Drilling is also underway at the Sangola project in Senegal and imminent at the Oyem project in Gabon. " said Mr McIlwain.

Production

- Henty Gold Mine produced 10,692 oz at a cash cost of \$1148/oz which includes royalties of \$113/oz, (11,357 oz gold at \$1112/oz in March 2012 quarter).

Exploration

- Read Zone drilling results including 1.3 m at 40.7 g/t gold have extended the high grade mineralised zone to the north.
- Exploration drilling at Newton also extended the mineralisation at depth and to the south. The zone remains open and will be tested further in the coming months
- GoldStone Resources (34% owned by Unity Mining) announced further results from the drilling program Homase/Akrokerry, Ghana, confirming the extension of the high grade gold shoot under the Homase pit. Exploration has also advanced at projects in Senegal & Gabon.

Corporate

- Gold sales were \$14.8 million during the quarter from the sale of 9263 oz gold at an average price of \$1594/oz.
- Cash in bank was \$44.3 million at 30 June 2012 (\$47.8 million at 31 March 2012). In addition, \$8.0 million is held in bonds to meet rehabilitation liabilities.
- Patersons Securities & Foster Stockbroking both issued research on the Company, in addition that that published by Baillieu late in the March quarter.
- A total of 6.23 million shares were purchased and cancelled (at a total cost of \$938,729) during the quarter under the share buy-back program.

BACKGROUND

Unity Mining Limited (ASX: UML) is an Australian gold explorer and producer which owns and operates the Henty Gold Mine on the West Coast of Tasmania and is involved in gold exploration in West Africa through its investment in GoldStone Resources Limited. Unity also holds tenure over the Bendigo Goldfield in Victoria where it has embarked on a plan to realise the value of its Kangaroo Flat gold plant and Bendigo exploration tenements.

The Henty Gold Mine has produced about 1.2 million ounces of gold over a 15 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.

Positive cashflow, a robust balance sheet and significant cash position provide Unity with a strong platform for future growth opportunities.

PRODUCTION

Safety

There were two lost time injuries and seven medically treated injuries during the quarter. These incidents have been thoroughly investigated and in all cases corrective actions have been 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.

Performance

	Jun 2012 Qtr	Mar 2012 Qtr	Year to Date 2011/12
Henty Gold Mine			
Ore mined (t)	75,092	72,125	297,885
Ore processed (t)	76,645	72,762	297,014
Grade (g/t gold)	4.7	5.3	5.6
Recovery (%)	93.1	93.2	93.8
Gold produced (oz)	10,692	11,357	50,058
Cash cost - pre royalty (A\$/oz)	1035	923	820
Cash cost - incl. royalty (A\$/oz)	1148	1112	982
Cash cost - incl. royalty (A\$/t)	159	174	165

Note: Minor discrepancies may occur due to rounding

Henty Operations

Underground mine development of 1192 metres was completed during the quarter (1058 metres Mar 12 qtr), 66% of which was accessing the Newton orebody. Exploration and development drilling during the quarter focused on the Read and Newton Zones respectively. Grade control drilling in the upper part of Newton produced a best intercept of 3.0 m at 5.5 g/t and development drilling of lower Newton produced a best intercept of 2.3 m at 14.4 g/t. Exploration drilling in the Read Zone returned a high grade intersection of 1.3 m at 40.7 g/t further north of known high grade intercepts.

Capital development in the Newton Zone advanced 181 metres, with 25,599 tonnes of ore produced from 411 metres of Newton sill development. An additional 203 metres of capital development was completed for improved exploration access to the Read Zone.

- Mining

Ore was mined from four sources, with the Newton Zone contributing 63%, Tyndall Zone 23%, Darwin South 11% and Mount Julia 3% of the 75,092 total tonnes mined. Stopping contributed 59%, development 36% and flat-backing 5%.

- Processing

The head grade for the quarter averaged at 4.7 g/t and a 93.1% recovery. Process availability increased to 98.4%. Total ore processed was 76,645 tonnes for a total metal recovery of 10,692 ounces.

EXPLORATION

Henty Exploration

Two underground rigs and one surface drill rig continued to test targets in and around the Henty Gold Mine. In-mine exploration during the quarter was again focused on testing the Read and Newton Zones. Drilling results from the Read Zone have extended the high grade ore zone to the north.

Regionally, exploration drilling was undertaken at Moxon, and one additional hole was drilled at Lakeside. Approvals and preparatory works were also completed at Firetower in readiness for drilling in the September quarter.

- Read Zone

June quarter drilling at the Read Zone has confirmed the continuity of highgrade mineralisation within an expansive envelope of background mineralisation. The Read ore zone has been extended to the north as a result of incorporating the results from drill holes Z18448, Z18455 and Z18459 (see long section diagram on following page). Importantly, the Read Zone remains open to continued testing both north and south of the currently interpreted boundary. An initial 210 m of access development was completed during the quarter to optimise diamond drilling. As a consequence of the continuing exploration success at Read, further development has been approved which will provide a means to early production from Read while also providing enhanced locations for further exploration drilling.

As foreshadowed last quarter, Read Zone will be included in the mid-year Mineral Resources & Ore Reserves update, planned for release next month.

Read Zone June Quarter drilling results:

Hole Number	From (m)	To (m)	Downhole Width (m)	Gold Grade (g/t)
Z18436	92	93	1	0.01
Z18441	52.6	53	0.4	9.7
Z18442	71	72	1	0.02
Z18446	127.4	131.6	4.2	0.02
Z18447	166	168	2	0.3
Z18448	134	134.8	0.8	3.4
Z18453	126.1	127.3	1.2	0.3
Z18455	132	134	2	3.2
Z18457	154.9	156.1	1.2	0.01
Z18459	127.7	129	1.3	40.7
Z18461	131.85	134.6	2.75	0.3
Z18465	151	152.8	1.8	1.2
Z18467	141	142	1	3.4

• Newton Zone

Drilling continued at Newton Zone to test for extensions to the mineralisation.

Results for three exploration holes drilled at Newton Zone during the quarter have again extended the mineralisation down dip and to the south below the Mt Julia orebody. The zone remains open and further drilling is planned.

Newton Zone June Quarter exploration drilling results:

Hole Number	From (m)	To (m)	Downhole Width (m)	Gold Grade (g/t)
Z18438	220	221	1	0.8
Z18445	193.7	196	2.3	14.4
and	211	213	2	4.2
Z18478	216	217	1	0.7

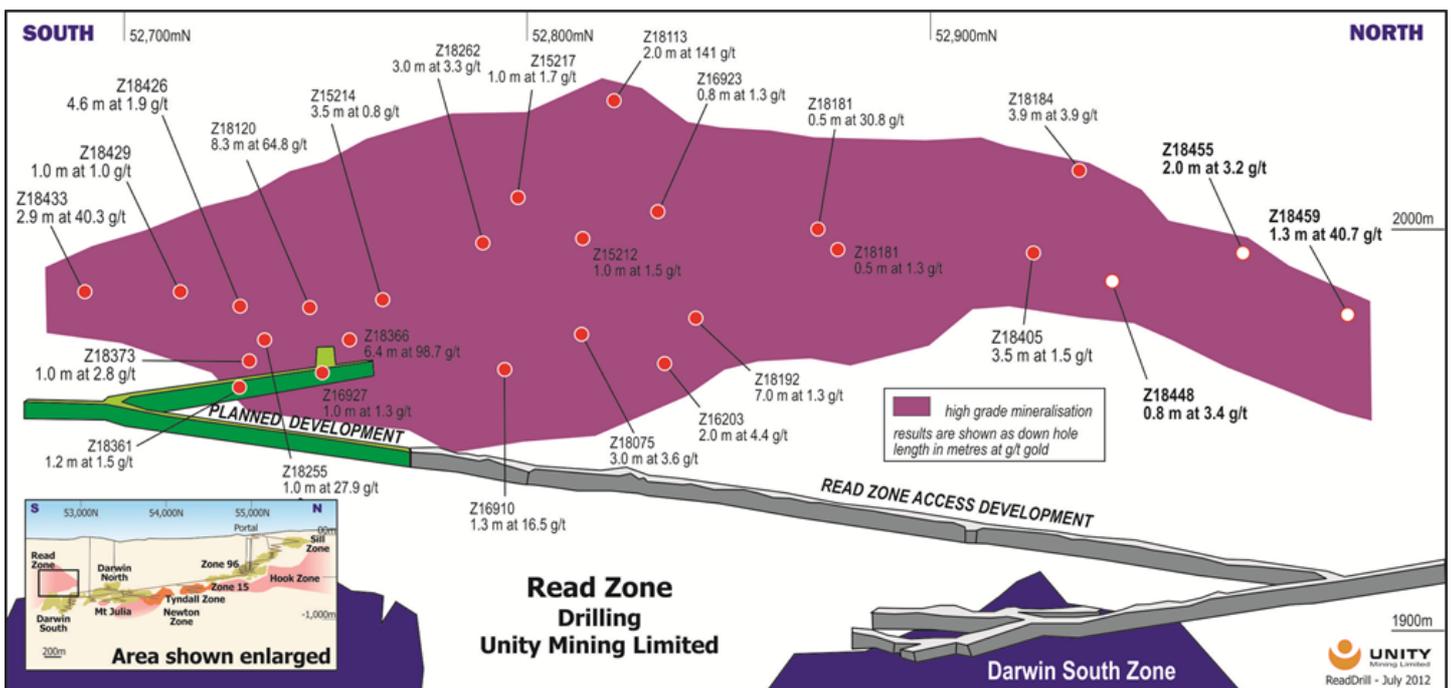
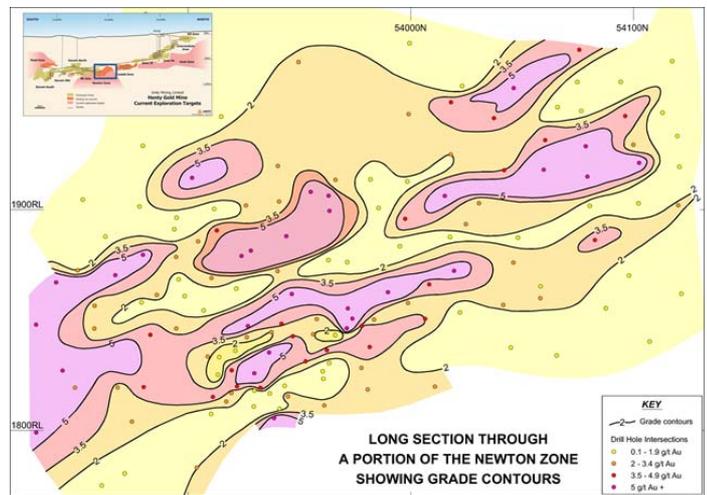
• Our "Near-Miss Project"

Over the past 12 months, considerable effort has been made to identify and understand the distribution and controls on grade within the Henty deposit. This work has started to yield encouraging results. The long section (located on the right) shows grade contours within a portion of the Newton Zone. The higher grade appears to be controlled by the intersection of structures and particular rock types. This explains why it is possible to drill very high grade holes within the resource envelope, which are quite close to lower grade holes that otherwise might discourage further investigation.

The "Near-Miss Project" aims to do two things:

1. Develop a set of chemical indicators which will help to determine whether a drill hole which returns low grade results is proximate to higher grade zones, or alternatively if it is well outside the mineralised area and does not warrant follow-up. A number of elements have been identified as useful indicators of gold mineralisation; and
2. Understand the structural controls on gold distribution within Henty system.

These tools will be applied to drilling at areas such as the Read Zone with the aim of more effectively targeting the higher grade mineralisation, as well as historically mined areas that are not known to be structurally controlled.



NOTE: numerous holes have intersected both encouraging structure and mineralisation outside the shaded high grade envelope shown above.

Regional

Regional exploration during the quarter focused on drilling at Moxon and preparation for drilling at Firetower.

- Moxon

Drill sites have now been established to test three targets at the Moxon Prospect. Results from the two holes drilled during the quarter at Target 1 failed to intersect gold mineralisation, but did confirm the presence of favourable rock types. Additional drilling is planned at Moxon later this year to test two further targets.

- Firetower

Having received the final work permits in June, drilling is now underway at the Firetower and Firetower West targets, testing for depth extensions to known high-grade zones. First results from this exploration program are expected by mid-August.

- Lakeside

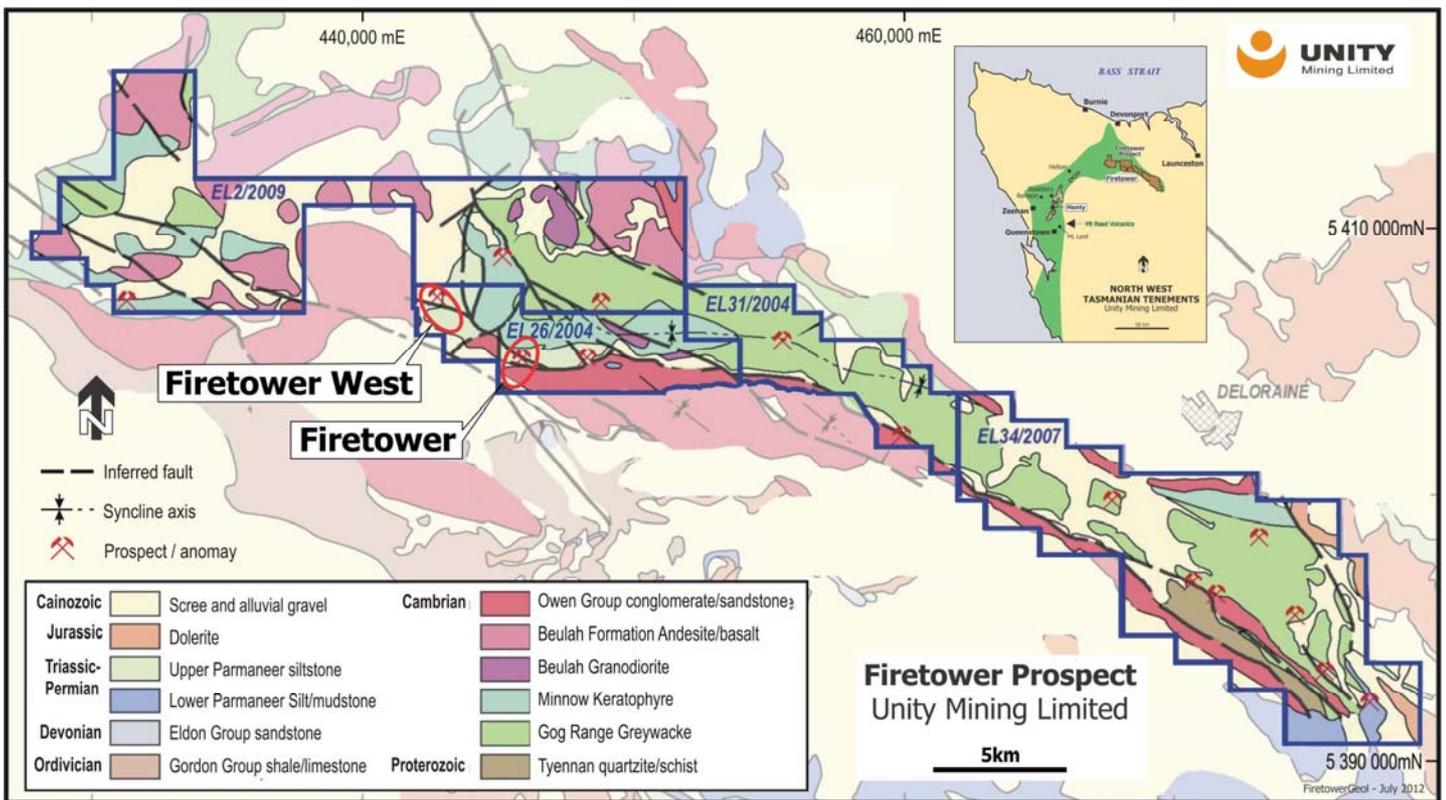
The final assay result from last quarter was received and confirms a system of strong continuity. Further work, aimed at establishing the overall size of the system and identifying high grade shoots within it, is planned. This work will commence with geophysical surveys in the September quarter, followed by drilling of identified targets.

GOLDSTONE RESOURCES

On 16 April 2012, Unity's 34%-owned associate GoldStone Resources Ltd announced further results from the drilling program at the Homase/Akrokerry project in **Ghana** which extended both the strike length and depth of the known high grade shoot. In the same announcement, GoldStone said it plans to continue to systematically test for continuation of mineralisation and the potential for additional high-grade shoots down dip of the current gold 405,000 oz gold resource along its 4 km strike length.

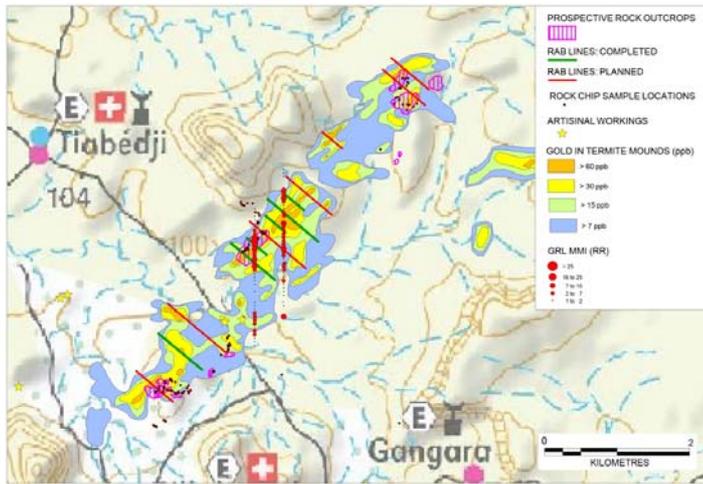
On 7 June, GoldStone provided an Operational Update on its projects in **Ghana, Senegal** and **Gabon**. At Homase/Akrokerry, the results of a further 5 drill holes confirmed a wide depth extension under the southern portion of the Homase pit. A helicopter supported VTEM (Versatile Time-Domain Electromagnetic) survey is now planned to map potential strike extensions of the mineralised Homase trend in order to identify further drill targets. GoldStone also announced a pending resource upgrade on the Homase/Akrokerry project incorporating the results from the first 23 drill holes completed in this campaign. This is anticipated in August.

In **Gabon**, a drill rig has arrived in country and will be mobilised to the Oyem project once customs clearances are finalised. The Oyem camp has been completed, and 10 drill pads have been prepared for the initial drilling program.



Firetower/Geol - July 2012

In **Senegal**, Rotary Air Blast drilling commenced at the Sangola project on 10 May, to test the Thaibedji gold anomaly in the centre of the permit area. Subject to weather GoldStone also plans to test two other gold anomalies identified on northern and eastern parts the permit area.



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

CORPORATE

Gold sales were \$14.8 million during the quarter from the sale of 9263 oz gold at an average price of \$1594/oz.

Cash in bank was \$44.3 million at 30 June 2012 (\$47.8 million at 31 March 2012). In addition, \$8.0 million is held in bonds to meet rehabilitation liabilities.

Major cash movements during the quarter related to positive mine operating cashflow of \$4.4M, less capital and exploration expenditure (\$4.4M), shares purchased under the buyback program (\$0.9M), and changes in working capital and other corporate expenses (\$2.6M).

Patersons Securities & Foster Stockbroking both issued research on the Company during the quarter, in addition to that published by Baillieu late March. On 8 February, the Company announced a share buyback as part of a capital management plan.

During the June quarter, the Company purchased and cancelled 6,231,273 shares at a cost of \$938,729. Since the program commenced, a total of 6,551,273 shares have been purchased and cancelled at a cost of \$987,554.

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, and Angela Lorrigan for Exploration Results and Mineral Resources. Daly and Lorrigan are Members of the Australasian Institute of Mining and Metallurgy, and Lorrigan is a Member of the Australian Institute of Geoscientists. Daly and Lorrigan 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 and Lorrigan 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.