

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:

Allan Gray 60.1M (8.6%)

STRS Ohio 37.0M (5.3%)

Directors:

Non-Executive Chairman:

Clive Jones

Managing Director:

Andrew McIlwain

Executive Director:

Peter van der Borgh

Non-Executive Directors:

Ronnie Beevor

David Ransom

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Andrew McIlwain
Managing Director & CEO
31 January 2013

Key Points

- Cortona Resources scheme merger approved and implemented
- Quarterly production of 11,478 oz gold at \$1101/oz incl. royalties
- High grade drill results continue at Read Zone, with resource update pending
- Exploration drive commenced to test and access potential southerly extensions of the Read and Darwin South lodes
- \$36.4M cash in bank, plus \$3M of gold in transit

Summary

Andrew McIlwain, Managing Director & CEO comment "Unity's transition to a mid-tier gold producer has commenced, with the merger with Cortona implemented following the overwhelming vote in favour by Cortona shareholders in late December. Technical studies targeting the maximum reuse of the Kangaroo Flat gold plant at Dargues Gold Mine are in the final stages, and an updated project plan including details on the identified capital savings and revised construction timelines will be released this quarter. With development of the Dargues Gold Mine imminent, Unity is now firmly on the path to being a diversified 100,000 oz/year gold producer.

"As forecast, increased tonnage from the high grade Read Zone has enabled us to lift production rates during the quarter, at a recovered grade above the current reserve and resource grades. Exploration results at Read continue to demonstrate the high grade tenor of this ore body and significant increases in Read Zone resources are anticipated in our forthcoming Resources & Reserve update.

"While continuing to explore and develop the Henty mine, we remain focused on delivering a full-year production result within our guidance range of 45-55,000 ounces" said Mr McIlwain.

Production

- Henty Gold Mine produced 11,478 oz at a cash cost of \$1101/oz which includes royalties of \$54/oz, (7100 oz gold at \$1597/oz in September 2012 quarter).

Exploration

- Drilling during the quarter was focused on both resource extension and identifying zones of high grade within the mineralised envelope at Read. Best results include 3.15 m at 268.7 g/t gold, including 0.65 m at 906 g/t and 0.3 m at 816 g/t
- GoldStone Resources (34% owned by Unity Mining) announced a further resource update for the Homase/Akrokerrri project in Ghana. Exploration drilling also commenced at the Oyem project in Gabon with encouraging early results.

Corporate

- Cortona Shareholders voted overwhelmingly in favour of the merger, which was implemented on 23 January 2013. The combined group is expected to produce around 100,000 ounces of gold per annum once the Dargues Reef Project reaches full production.
- Gold sales were \$17.5 million during the quarter from the sale of 10,596 oz gold at an average price of \$1650/oz.
- Cash in bank was \$36.4 million at 31 December 2012 (\$39.4 million at 30 September 2012). At the close of the quarter, the Company had a further 1933.5 oz of gold in transit, valued at \$3M. In addition, \$8.0 million remains held in bonds to meet rehabilitation liabilities.

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 16 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 is located 60km south-east of Canberra in Majors Creek near Braidwood. Majors Creek was the largest historic goldfield in NSW, producing more than 1.25 million ounces.

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

PRODUCTION

Safety

There were three lost time injuries and five medically treated injuries during the quarter. Whilst it is unacceptable that these incidents continue to occur, it is encouraging to note that the severity of injuries has reduced significantly. Safety is a core value of the Company and incidents are thoroughly investigated in a continuing effort to implementing strategies to manage risks in our workplaces.

Performance

	Dec 2012 Qtr	Sep 2012 Qtr	Year to Date 2012/13
Henty Gold Mine			
Ore mined (t)	71,940	69,822	141,762
Ore processed (t)	71,691	70,378	142,069
Grade (g/t gold)	5.3	3.5	4.4
Recovery (%)	94.2	89.8	92.5
Gold produced (oz)	11,478	7100	18,578
Cash cost - pre royalty (A\$/oz)	1047	1480	1212
Cash cost - incl. royalty (A\$/oz)	1101	1597	1290
Cash cost - incl. royalty (A\$/t)	176	161	168

Note: Minor discrepancies may occur due to rounding

Henty Operations

Underground mine development of 1105 m was completed during the quarter (1078 m Sept 12 qtr), primarily focused on continuing the development of the Newton ore body (515.5 m) and accessing the Read ore body (365 m). Exploration and development drilling during the quarter focused on the Read, Zone 15, Zone 96, Tyndall and Mount Julia.

Read Zone development has continued to be the main focus with the first sill drive and second lift nearing

completion by the end of the quarter. Development of ventilation and ore pass infrastructure is progressing to plan.

Drilling in the Read Zone returned high grade intersections of 3.15 m at 268.7 g/t, 2.0 m at 308 g/t, 1.0 m at 92.8 g/t gold, 2.0 m at 31.2 g/t gold, 4.5 m at 13.3 g/t gold, 6.0 m at 10.1 g/t gold and 3.0 m at 6.6 g/t gold. Elsewhere, drill results returned for Zone 96 included 1.1 m at 25.5 g/t and 1.1 m at 11.3 g/t gold. Results returned for Zone 15 included 5.05 m at 8.4 g/t gold.

Capital development in the Newton Zone advanced 165.4 m, with 15,533 tonnes of ore produced from 317 m of Newton sill development and a further 33.1 m of stockpiles. An additional 157.8 m of capital development was completed to access and improve the exploration horizon for future diamond drilling at Darwin South and Read Zone.

• Mining

Ore was mined from five sources, with the Newton Zone contributing 77%, Darwin South 10%, Read 9%, Tyndall 2% and Mount Julia 2% of the 71,940 total tonnes mined. Stopping contributed 62%, development 24% and flat-backing 14%.

• Processing

The milled head grade for the quarter averaged 5.3 g/t with 94.2% recovery. Process plant utilisation increased to 97.7%. Total ore processed for the quarter was 71,691 tonnes for a total gold metal recovery of 11,478 ounces and silver metal recovery of 5494 ounces.

EXPLORATION

Two underground rigs continued to test targets in and around the Henty Gold Mine, with one additional rig testing targets from surface. In-mine exploration was primarily focused on continued testing of the Read Zone to identify zones of high grade within the mineralised envelope and to support the development of a robust mine plan. Drilling results from the Read Zone have continued to confirm the high grade tenor of the mineralisation. Regionally, surface drilling at the Firetower Project also continued, with the final two holes in a five-hole program completed during the quarter.

Henty Exploration

• Read Zone

Persistent drilling at the Read Zone in December quarter has again illustrated the continuity of high grade mineralisation, whilst also expanding the boundary of known mineralisation at depth. The results from this drilling program have provided important information which has enhanced geological understanding.

It is anticipated that the forthcoming Resources & Reserves update will see a significant increase in both the confidence and quantum of mineral resources at Read.

Read Zone December Quarter drilling results and longitudinal section diagram are shown below.

Hole Number	From (m)	To (M)	Downhole Width (m)	Gold Grade (g/t)
Z18538	113.4	119.4	6.0	0.3
Z18541	141.0	142.1	1.1	1.3
Z18542	97.2	98.8	1.6	2.1
Z18543	113.1	118.5	5.4	0.04
Z18543A	114.7	120.0	5.3	0.09
Z18544	102.4	103.4	1.0	6.6
Z18544	122.9	123.7	0.8	1.7
Z18545	83.5	86.9	3.4	0.3
Z18546	74.0	77.0	3.0	6.6
Z18546	78.0	82.0	4.0	2.9
Z18547	77.0	83.0	6.0	10.1
Z18548	70.0	72.6	2.6	2.5
Z18549	75.5	77.0	1.5	2.7
Z18552	96.8	97.4	0.6	9.8
Z18553	105.7	108.8	3.2	268.7
Z18555	88.0	93.0	5.0	3.2
Z18557	112.0	114.4	2.4	0.2
Z18558	104.0	105.0	1.0	1.2
Z18559	72.0	76.5	4.5	13.3
Z18561A	80.0	82.5	2.5	10.5
Z18562	89.0	91.0	2.0	31.2
Z18565	99.0	103.0	4.0	0.1
Z18568	134.0	135.0	1.0	2.1
Z18574	90.7	93.0	2.3	0.3
Z18577B	100.0	101.0	1.0	92.8
Z18578	95.0	97.0	2.0	2.3
Z18581	107.0	109.0	2.0	308
Z18582	110.0	112.0	2.0	1.1
Z18584A	102.0	104.0	2.0	2.7
Z18586	129.9	130.2	0.3	1.1

Regional Exploration

Regional exploration during the quarter focused on drilling at the Firetower Project and on down-hole electro-magnetic (EM) testing of targets at Moxon, Platter Zone, Murchison and Lakeside. Drill sites were also prepared at Moxon, South Stitt, Newton Dam and Red Hills, with drilling to commence at Moxon in February.

- Firetower Project

Assay results were received for the final two holes in the initial 5 hole program at the Firetower Project. Holes FTD 41 and 42 were drilled to test the eastern and depth extensions of the known Firetower mineralisation. Gold mineralisation was intersected and modelling of the mineralisation and metal zoning is in progress. It appears that the mineralised gold zone plunges to the west and has a base metal "envelope" which will be useful for understanding the geometry of the mineralised system and therefore in planning future drilling.

An aeromagnetic survey is being planned which will cover areas where past coverage is incomplete, with the intention of identifying both the Firetower and Firetower West mineralisation signatures. At Firetower, the search is targeting areas of magnetic depletion, while at Firetower West the survey will target magnetic highs with mineralisation located on the margins of the high at the interface between haematite and magnetite alteration.

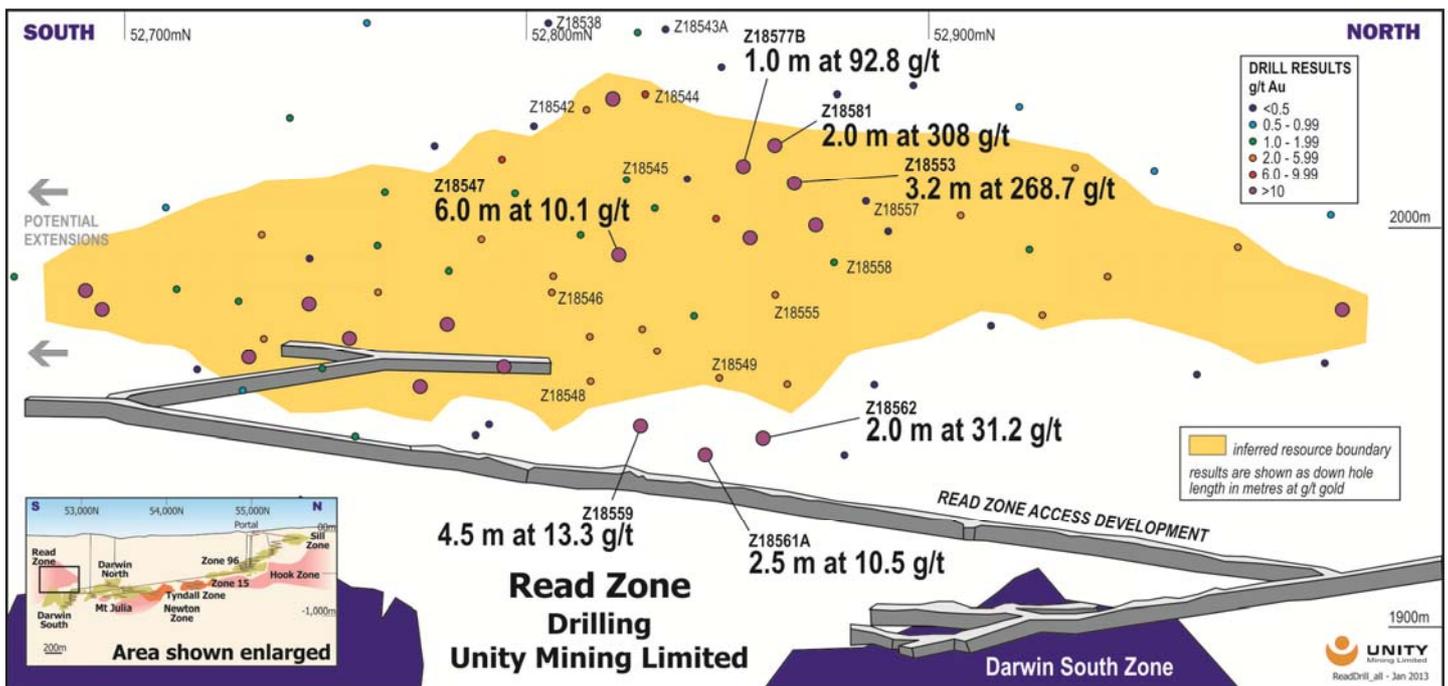


Figure 1: Recent drilling at the Read Zone showing both high grade infill results and extensions of the mineralised boundary at depth.

- Down-hole EM Program

An Outer Rim Down Hole Electro-magnetic (DHEM) survey crew began to survey holes at Lakeside, Murchison, Red Hills, and the Platter Zone. At Lakeside, this testing method identified a strong off-hole conductor that has not been previously drilled. Plans are now being developed to drill this target in the second half of 2013.

Other regional exploration activities planned for the March quarter include the drill testing of positions along the Henty Fault, north of Henty mine, where the prospective structure and stratigraphy converge in a manner that is analogous to the Henty geological setting. Drilling is also planned to test for southern extensions of the Henty deposit at the Newton Dam Prospect located 2 km south of Henty Mine in the Tyndall Creek exploration licence area.

GOLDSTONE RESOURCES

On 25 October 2012, Unity's 34%-owned AIM listed associate GoldStone Resources Ltd announced it had received the final assay results for drill holes in the Homase/Akrokerrri project area in **Ghana**, which confirm further extensions of the Homase/Akrokerrri gold resource along 700 metres of strike. Subsequently, on 22 November, GoldStone announced an updated resource for the Homase/Akrokerrri Project. Mineral Resources now stand at 602,000 oz (10.6 million tonnes at an average grade of 1.77 g/t gold).

CATEGORY	TONNAGE	GRADE	CONTAINED GOLD
	Tonnes (million)	(Au g/t)	Ounces
Measured	1.61	2.24	116,000
Indicated	4.41	1.73	245,000
Measured & Indicated	6.01	1.87	361,000
Inferred	4.56	1.64	241,000
Total	10.6	1.77	602,000

A detailed interpretation of recently acquired VTEM survey data in conjunction with various other data sets has been completed by Xcalibur Airborne Geophysics. This work resulted in the identification of more than 30 exploration targets in the Homase/Akrokerrri project area. Notably, the study indicated that the conductor that hosts GoldStone's gold resource extends beyond the limits of the present resource to the south-west and to the north-east. Targets along the south-western extension of this conductor, as well as targets on the parallel Adubrim structure and on the Obuasi extension conductor in the south-eastern corner of the Akrokerrri permit, have been prioritised for soil sampling, pitting and trenching. To date, 234 soil, trench and pit samples have been collected from these areas.

In **Senegal**, GoldStone announced on 13 November that it had received all outstanding assay results

(1,468 samples) for its rotary air blast ("RAB") drilling program over the six kilometre long Thiabedji prospect. The results are for 125 holes drilled along 5 lines and a total of 3,876 metres in addition to the results for 293 drill holes (7,482 metres) previously reported.

Best gold intercepts are given in the table below.

Hole Number	From (m)	To (M)	Downhole Width (m)	Gold Grade (g/t)
SGRB0310	6.0	9.0	3.0	0.6
SGRB0361	9.0	12.0	3.0	0.5
SGRB0362	0.0	3.0	3.0	0.5
SGRB0374	24.0	30.0	6.0	0.6
SGRB0376	15.0	18.0	3.0	0.8
SGRB0394	9.0	15.0	6.0	0.9
SGRB0401	0.0	3.0	3.0	2.4
SGRB0409	15.0	18.0	3.0	0.6

On 18 December, GoldStone announced positive initial drill results from Oyem Project in **Gabon**. Best results from the first 2 holes of a 9 hole program include 2 m at 5.3 g/t (including 1 m at 9.5 g/t) and 2.3 m at 1.3 g/t gold. In addition to the Oyem licence, GoldStone also owns and is exploring the Ngoutou licence, some 500 km to the south-east of Oyem, in Gabon. Drilling is planned to commence at Ngoutou shortly, with follow-up drilling at Oyem also scheduled.

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

CORPORATE

Cortona merger

On 28 September, the Company announced a proposal to merge with ASX-listed Cortona Resources, owners of the construction-ready Dargues Reef gold project in New South Wales.

On 21 December, Cortona shareholders voted overwhelmingly in favour of the proposed merger, creating a new gold company with a producing gold mine in Tasmania, a developing gold mine in New South Wales, and exposure to highly prospective exploration assets in Australia and West Africa.

On 9 January, Cortona advised that the Federal Court of Australia had approved the scheme of arrangement, thus giving effect to the merger. On 10 January, the Company announced that, as foreshadowed in the merger announcement of 28 September 2012, Peter McCarthy had resigned as Non-executive Chairman of Unity Mining. Clive Jones joined the Board as Non-Executive Chairman and Peter van der Borgh joined as Executive Director.

The final stage in the merger process was the issue of New Unity Shares to Cortona shareholders which occurred on 23 January 2013. Following the allocation of the New Unity Shares, the total issued capital of Unity Mining now stands at 701,997,809.

Full details of the merger are included in the ASX releases made on 28 September 2012, and on the Company's website – www.unitymining.com.au

The Unity Mining web site is in the process of being updated and contains a link on the home page to Cortona's web site that contains all of the historic information prior to 1 January 2013.

General

Gold sales were \$17.5 million during the quarter from the sale of 10,596 oz gold at an average price of \$1650/oz.

Cash in bank was \$36.4 million at 31 December 2012 (\$39.4 million at 30 September 2012). At the close of the quarter, the Company had a further 1933.5 oz of gold in transit, valued at \$3M. 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 \$6.1M, capital exploration expenditure (\$5.6M) and changes in working capital and other corporate expenses (\$0.5M).

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.