

Unity Mining  
Limited

ABN 61 005 674 073

**Corporate Details:**

ASX Code: UML

Issued capital:  
512.4M 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

**Contact Details:**

Unity Mining Limited  
Level 10  
350 Collins St  
Melbourne  
Victoria 3000  
Australia

Tel: +61 (0)3 8622 2300  
Fax: +61 (0)3 8622 2399

Email:  
info@unitymining.com.au

Website:  
www.unitymining.com.au

## Key Points

- Quarterly production of 11,357 oz gold at \$1112/oz
- Updated Resources & Reserves extend mine life to 5 years
- Option Agreement signed with Catalyst Metals to acquire Bendigo assets
- Announced on-market buyback of up to 50.9M shares
- \$47.8M cash at bank

## Summary

*Andrew McIlwain, Managing Director & CEO comment* "I am pleased to report that over the past few months, Unity has delivered on a number of key milestones that will provide the foundations for a strong future. Henty has delivered solid operational performance and with year to date production of nearly 40,000 oz, is on track to achieve towards the top end of our 40-50,000 oz /year production range. We have signed an option agreement with Catalyst Metals which establishes a mechanism to realise value from the Bendigo project in the near term, and retain exposure to further exploration success. We have also relocated corporate headquarters to Melbourne, commenced a share buyback program and reported a half year net profit of \$9.1 million.

Most pleasingly, continued exploration success has increased Henty mine life to 5 years – a first for Henty. Further, recent in-mine exploration has expanded the high grade Read Zone, which will be included for the first time in our mid-year resource inventory. Drilling has also extended the Newton and Darwin South ore bodies, making our aim of a rolling five year mine life all the more achievable.

In West and Central Africa, GoldStone's exploration program continued at the Homase/Akrokerrri project in Ghana, with a second drill rig added to accelerate the program. Drill contracts have also been signed to explore GoldStone's projects in Senegal and Gabon.

Significantly, we have increased our cash at bank to \$47.8m (up from \$44.1m) further strengthening our potential to grow the company through merger or acquisition" said Mr McIlwain.

### Production

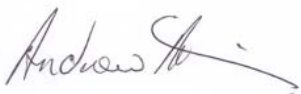
- Henty Gold Mine produced 11,357 oz at a cash cost of \$1112/oz which includes royalties of \$189/oz, (17,569 oz gold at \$757/oz in December 2011 quarter).

### Exploration

- Read Zone drilling results, including 2.9 m at 40.3 g/t gold, have demonstrated the continuity of high grade mineralisation within an expansive envelope of background mineralisation.
- GoldStone Resources (34% owned by Unity Mining) announced further results from the drilling program Homase/Akrokerrri, Ghana, confirming the extension of the high grade gold shoot under the Homase pit. Drilling contracts signed for exploration in Senegal & Gabon.

### Corporate

- Gold sales were \$23.4 million during the quarter from the sale of 14,657 oz gold at an average price of \$1599/oz.
- Cash in bank was \$47.8 million at 31 March 2012 (\$44.1 million at 31 December 2011). In addition, \$8.0 million is held in bonds to meet rehabilitation liabilities.
- Option agreement signed with ASX-listed Catalyst Metals Limited for Catalyst to acquire the Kangaroo Flat gold plant and Bendigo assets.



Andrew McIlwain  
Managing Director & CEO  
16 April 2012

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## 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 was one lost time injury and three 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 and amongst these has been the involvement of all personnel at Henty in a process of personal engagement and commitment to working safely.

### Performance

	Mar 2012 Qtr	Dec 2011 Qtr	Year to Date 2011/12
<b>Henty Gold Mine</b>			
Ore mined (t)	72,125	78,712	222,793
Ore processed (t)	72,762	75,153	220,369
Grade (g/t gold)	5.3	7.7	5.9
Recovery (%)	93.2	94.9	93.9
Gold produced (oz)	11,357	17,569	39,366
Cash cost - pre royalty (A\$/oz)	923	580	762
Cash cost - post royalty (A\$/oz)	1112	757	937
Cash cost - post royalty (A\$/t)	170	177	166

Note: Minor discrepancies may occur due to rounding

### Henty Operations

Underground mine lateral development of 1058 metres was completed during the quarter (1073 metres Dec 11 qtr), 83% of which was accessing the Newton orebody. Exploration drilling during the quarter focused on the Newton and Read Zones. Further infill grade control drilling in the Newton produced a best intercept of 11.6 m at 18.7 g/t, whilst exploration drilling in the Read Zone returned further high grade intersections confirming the continuation of the highly mineralised zone to the South.

Capital development in the Newton Zone advanced 106 metres, with 26,158 tonnes of ore produced from 613 metres of Newton sill development. An additional 108 metres of capital development was completed in the exploration drive for diamond drilling the Read Zone.

- Mining

Ore was mined from three main sources, with the Tyndall Zone contributing 42%, Newton Zone 37% and Darwin South 17% of the 72,124 tonnes mined. Development contributed 44% of the total ore mined, almost all from the Newton Zone.

- Processing

The head grade for the quarter averaged 5.3 g/t with a 93.2% recovery. Total ore processed was 72,762 tonnes for a total metal recovery of 11,357 oz.

## EXPLORATION

### Henty Exploration

Two underground rigs and two surface drill rigs continued to test targets in and around the Henty Gold Mine.

In-mine exploration during the quarter was focused on testing the Read and Newton Zones. High grade drilling results from the Read Zone confirm the potential for multiple high grade shoots within a large envelope of background mineralisation.

Regionally, exploration drilling continued at Lakeside with a five hole step-out drilling program designed to test the extent of mineralisation. Preparatory works were also completed at Moxon in readiness for drilling this target in mid-April.

- Read Zone

March quarter drilling at the Read Zone has demonstrated the continuity of high grade mineralisation within an expansive envelope of background mineralisation. As a consequence, the high grade zone has been extended to the south and importantly remains open to continued testing (see diagram on following page). Access development has advanced 90 m with approximately 120 m remaining at 31 March. It is anticipated that sufficient confidence will be developed to allow Read Zone mineralisation to be included in the mid-year Mineral Resources & Ore Reserves update.

Read Zone March Quarter drilling results:

Hole Number	From (m)	To (m)	Downhole Width (m)	Gold Grade (g/t)
Z18373	164.0	165.0	1.0	2.8
Z18405	143.2	146.7	3.5	1.5
Z18426	166.4	171.0	4.6	1.9
Z18429	177.0	178.0	1.0	1.0
Z18433	186.8	189.7	2.9	40.3

• Newton Zone

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

Results for seven holes drilled at Newton Zone during the quarter have again extended the mineralisation at depth and to the south, below the Mt Julia orebody. Significantly, **all** Newton Zone drilling during the quarter encountering gold mineralisation. The zone remains open and will be tested further in the coming months.

Newton Zone March Quarter drilling results:

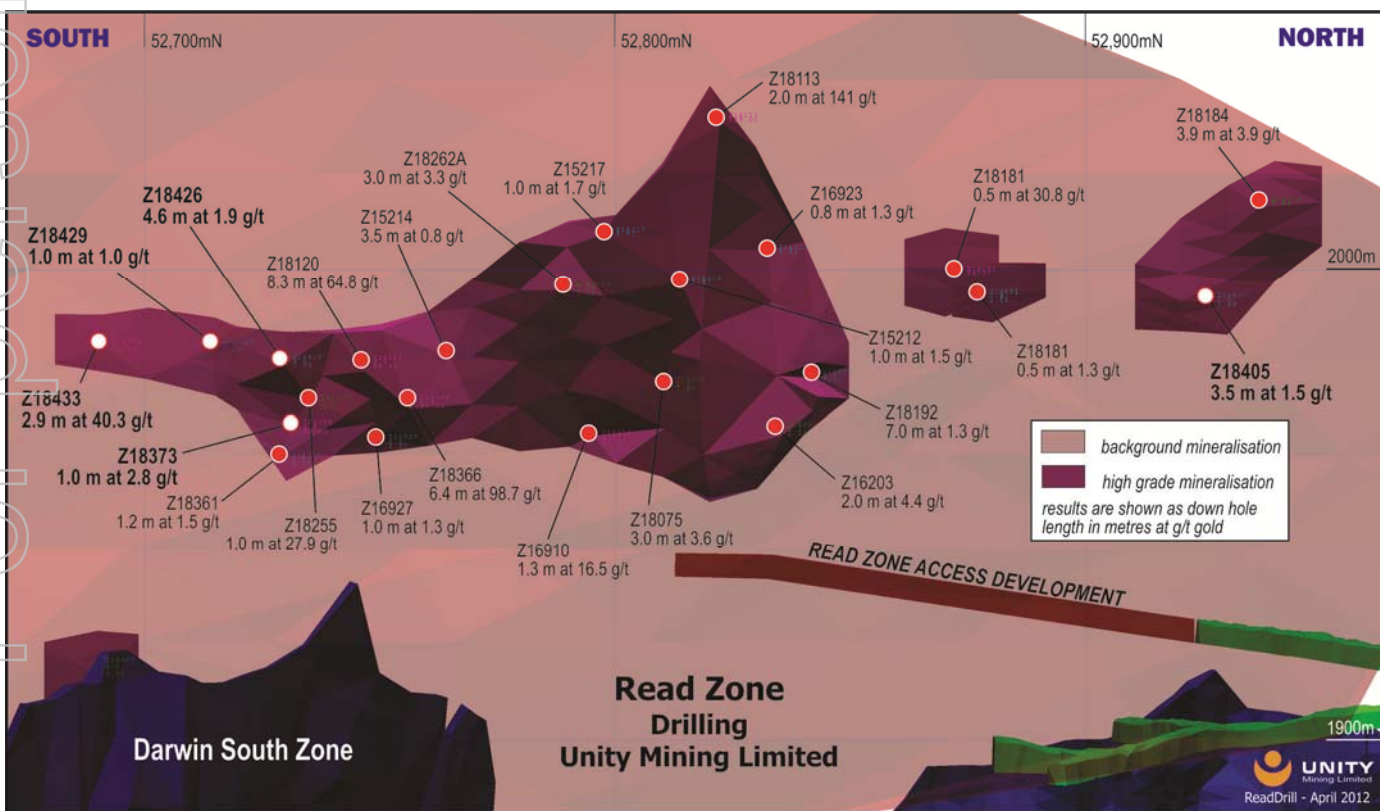
Hole Number	From (m)	To (m)	Downhole Width (m)	Gold Grade (g/t)
Z18404	195.0	196.0	1.0	28.1
Z18408	189.5	198.0	8.5	4.9
and	206.0	210.0	4.0	3.4
Z18411	194.0	195.0	1.0	25.5
and	199.0	201.0	2.0	2.8
and	205.0	207.0	2.0	4.1
Z18415	187.0	191.0	4.0	2.4
and	194.0	198.0	4.0	6.8
and	201.0	206.0	5.0	5.0
Z18423	200.0	209.0	9.0	5.2
and	218.0	219.0	1.0	6.9
Z18427	188.0	197.4	9.4	7.1
and	213.6	214.6	1.0	10.5
Z18434	183.3	183.8	0.6	14.3
and	205.0	216.6	11.6	18.7
and	235.0	236.0	1.0	3.9

• Darwin South

Exploration drilling targeting the nearby Read Zone has again intersected mineralisation which has provided incremental extensions to the Darwin South orebody. Drilling at the northern end of Darwin South has also extended the mineralised zone.

Darwin South March Quarter drilling results:

Hole Number	From (m)	To (m)	Downhole Width (m)	Gold Grade (g/t)
Z18390	36.0	38.2	2.3	13.9
and	42.0	42.8	0.8	1.2
Z18426	40.0	43.0	3.0	6.4
Z18381	43.0	43.9	0.9	32.1
Z18428	37.0	41.0	4.0	1.1
Z18429	43.0	45.0	2.0	5.2
and	47.7	49.0	1.4	9.4
Z18433	46.0	47.1	1.1	16.7
Z18431	37.0	38.0	1.0	2.3
and	42.0	43.2	1.2	38.1
Z18435	44.0	45.0	1.0	1.1
Z18437	31.5	34.5	3.0	2.3
Z18396	93.0	94.0	1.0	1.1
and	97.0	98.0	1.0	3.0
and	101.0	103.0	2.0	1.6
and	109.0	111.0	2.0	1.4
Z18400	117.0	118.1	1.1	6.6
and	130.0	133.6	3.6	2.4



**Regional**

Regional exploration during the quarter focused on drilling at Lakeside and preparations for drilling at Moxon and Firetower before mid year.

- Lakeside

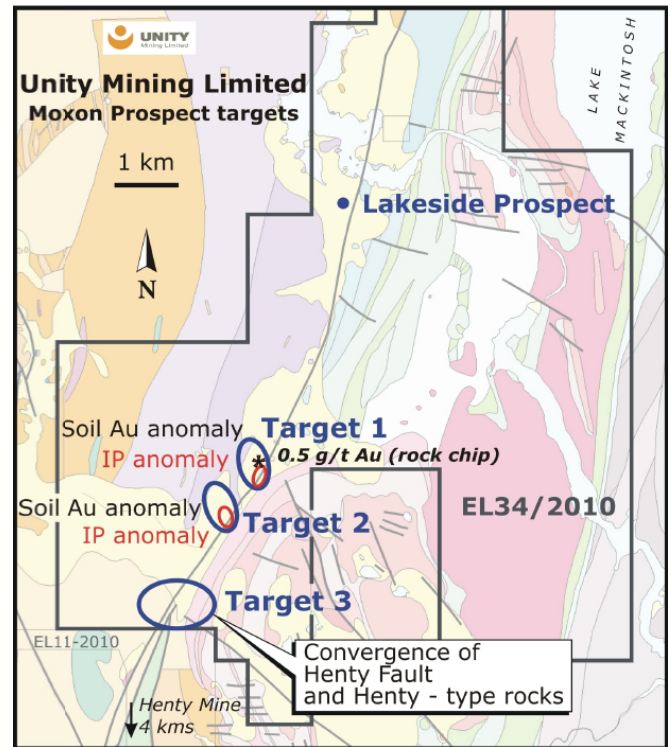
A five hole step-out drill program, aimed at significantly extending the mineralised envelope outside the known resource, has been now been completed at Lakeside. Results have been received for four of the holes, and confirm that the mineralisation extends along strike and below the current 66,000 oz Inferred Resource boundary. Work is now underway to develop drill targets for a second phase exploration program that will follow up on higher grade intersections and test the limits of the mineralised system.

- Moxon

Drill sites have now been established to test three targets at the Moxon Prospect. Drilling is expected to commence in mid-April, with results expected late in the June quarter.

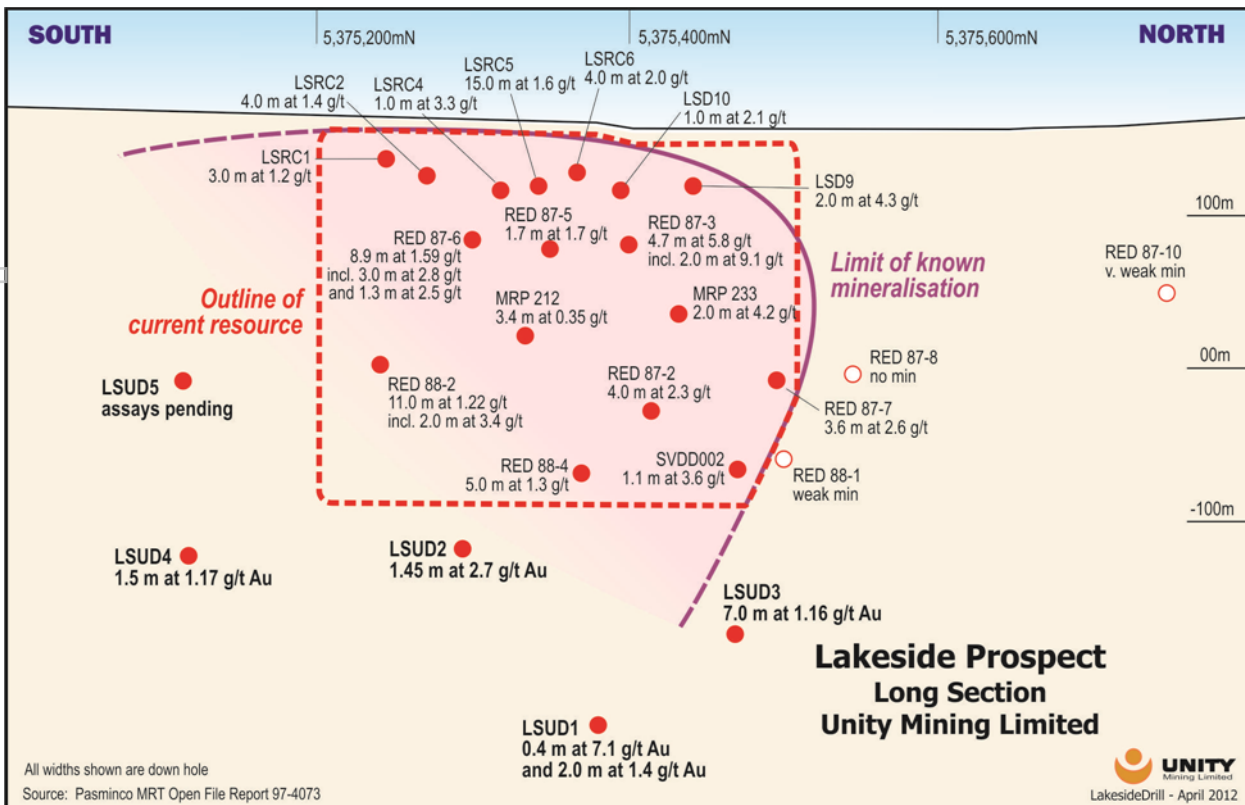
- Firetower

Field work at the Firetower project commenced in January, focused on developing access to two drill sites from which to test known high grade zones for depth extensions. Drilling is planned to commence by June, pending final approval of the work plans.



**Bendigo Exploration**

Exploration on the Bendigo Exploration Licences continued under the Farm-in arrangement with Drummond Gold. Further assessment of geophysical and geological data is being undertaken to define further drill targets associated with black shale lithologies in areas under cover.



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All widths shown are down hole  
Source: Pasmenco MRT Open File Report 97-4073

## GOLDSTONE RESOURCES

On 2 February 2012, Unity's 34%-owned associate GoldStone Resources Ltd announced further results from the inaugural drilling program at Homase, Ghana which extended the strike length of the known high grade shoot. The mineralisation remains open at depth and on February 24, GoldStone announced that it had added a second drill rig to the Homase/Akrokerrri project to accelerate exploration. In the same announcement, GoldStone also detailed its exploration plans for the Manso Amenfi project in Ghana which include conducting high resolution airborne magnetic and radiometric surveys to detect structures which may coincide with previously identified soil anomalies.

On 1 March, GoldStone provided an update on its Senegal and Gabon operations. A drilling contract has been signed to commence testing the first of three gold anomalies previously identified at Sangola, Senegal. A high resolution airborne magnetic and radiometric survey is also planned to detect structures associated with these same gold anomalies. In Gabon, drill contacts have been signed to further explore GoldStone's Oyem and Ngoutou license areas.

Further details can be found on GoldStone's website at [www.goldstoneresources.com](http://www.goldstoneresources.com)

## CORPORATE

Gold sales were \$23.4 million during the quarter from the sale of 14,657 oz gold at an average price of \$1599/oz.

Cash in bank was at \$47.8 million at 31 March 2012 (\$44.1 million at 31 December 2011). 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 \$5.9M, less capital and exploration expenditure (\$2.8M), and changes in working capital and other corporate expenses of \$0.6M.

On 1 February, the Company announced the signing of an option agreement signed with Catalyst Metals Limited for Catalyst to be provided with a twelve month option to acquire the Kangaroo Flat Gold Plant, equipment and facilities, including mining and exploration tenements buildings and freehold land in the Bendigo Area.

### 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.*

For Unity, this agreement provides the opportunity to realise value from the Bendigo assets whilst still retaining significant upside exposure to the field as well as participating in a potential new gold mine utilising its currently idle infrastructure. On settlement of the Option Agreement, Unity will receive equity in Catalyst such that it will own between 15% and 25% of the Company – dependent upon Catalyst's share price – and a deferred royalty based on any tonnes processed through the Kangaroo Flat plant.

On 8 February, the Company announced a share buyback as part of a capital management plan. Over a 12 month period, the Company intends to conduct an on-market buyback of up to 50.9 million shares. The buyback will provide an opportunity to repurchase shares at attractive valuations and consolidate the Company's capital base for the benefit of shareholders.

The relocation of the corporate office to Melbourne was completed as planned, with the change of registered office taking effect on 9 March 2012.