UNITY
Mining Limited

Annual Report 2012

CORPORATE INFORMATION

Unity Mining Limited

ABN 61 005 674 073

Directors:

Peter McCarthy (Chairman)
Andrew McIlwain (Managing Director & CEO)
Ronnie Beevor
David Ransom

Company Secretary:

Bill Geier

Senior Management Team

Bill Geier – Chief Financial Officer
Matt Daly – General Manager – Henty Gold Mine
Angela Lorrigan – General Manager – Exploration & Growth
Ben Hill – General Manager – Markets & Strategy

Auditors:

Deloitte Touche Tohmatsu
Chartered Accountants
550 Bourke Street
Melbourne Vic 3000

Registered Office & Principal Place of Business:

Level 10
350 Collins Street
Melbourne Vic 3000

Telephone: +61 (0)3 8622 2300
Email: info@unitymining.com.au

Share Registry:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067

Telephone +61 (0)3 9415 4000

Shareholders' Enquiries:

Share Registry 1300 850 505
(melbourne.services@computershare.com.au)
or Company Secretary +61 (0)3 8622 2300

Stock Exchange:

ASX Limited (Code: UML)

Company Web Page:

http://www.unitymining.com.au

All references to $ are Australian dollars unless otherwise indicated.

CONTENTS

CORPORATE PROFILE

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 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.

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

Strategy

The Company's goal is to be a successful mid-tier gold mining company, operating multiple mines in a responsible manner and achieving strong financial returns. Our strategy is to discover, operate and acquire quality gold assets in Australasia and West Africa to transform the Company into a mid-tier gold producer. We will do this by:

- Motivating and developing our people to maximise the performance of our existing activities.
- Exploring directly and in partnership with others.
- Developing, acquiring and investing in projects where we can add value.
- Demonstrating integrity and commitment in everything we do.

Key Company Assets

- 100% ownership of the Henty Gold Mine
  - Production of 50,058 oz(1) in FY12.
  - 1.3 million ounces of underground gold production from 1996 to date.
  - Historic production has averaged 85,000 oz/y at 12 g/t gold.
  - The discovery of the Read and Newton Zones has underpinned a significant increase in mine life to more than 5 years. Both ore zones remain open for further resource additions and will be the focus of future near-mine exploration.
- 34% shareholding in GoldStone Resources
  - GoldStone is an AIM-listed West African gold exploration company with a highly prospective package of properties in Ghana, Senegal and Gabon.
  - 502,000 oz resource at the Homase/Akrokerri project in Ghana
  - Untested 15 km long gold-in-soil anomalies in Gabon
- 100% ownership of the Bendigo Goldfield
  - Option agreement with Catalyst Metals Limited for Catalyst to acquire the Kangaroo Flat Gold Plant, equipment and facilities, including mining and exploration tenements buildings and freehold land in the Bendigo Area.
  - Provides the opportunity for Unity 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.
- $44.3 million in cash at 30 June 2012.
- No debt, no gold hedging.

[1] Gold production rate in FY12. Future rates of production depend on ongoing exploration success and conversion of resources to reserves.

Recent History

- Production from the Henty Gold Mine in FY12 was 50,058 ounces of gold at an average cash operating cost of $982/oz.
- Drilling has expanded the known mineralisation of the Newton Zone at Henty, which remains open at depth. Exploration has also outlined a new mineralised zone at Read, and development is well advanced to provide access to this high grade ore body.
- Increased the mineral resources at Henty to 343,000 ounces, extending the mine life to over 5 years.
- Company revenue in FY12 was $80.8 million, generating a net profit of $12.9 million.

LETTER FROM THE CHAIRMAN & CEO


Dear Fellow Shareholders,

The 2012 financial year has been a year of renewal at Unity Mining.

The Company has made a number of significant changes to strengthen its capabilities and, in doing so, has repositioned itself on a strong growth trajectory. A revitalised leadership team, with the appointment of a new Managing Director and Chief Financial Officer in 2011 has created a platform of strength and stability from which Unity can realise its key strategic objectives of growth and value adding in the medium and long terms.

The senior management team has also been bolstered by the promotion of Angela Lorrigan to the role of General Manager – Exploration and Growth, and Ben Hill to General Manager – Markets and Strategy, and both will have key roles in delivering important elements of our growth strategy.

As always, our focus has remained on creating shareholder value and on growing total shareholder returns. Despite operating under challenging economic circumstances, the benefit of owning and operating gold assets in times of global volatility and the prospect of rising inflation expectations has served the business well.

MAXIMISING RETURNS FROM EXISTING BUSINESS

A focus on optimising performance has resulted in Henty achieving a strong gold production result for 2011/12 of 50,058 ounces, up some 40% on the prior year.

The Company delivered a markedly improved operating result with total revenue of $80.8 million for the year, an increase of 59% on revenue generated at Henty in the previous year. Unity delivered net profit after tax of $12.9 million, representing a significant turnaround from last year's loss of $5.3 million and placing Unity on a strong footing for the year to come.

The Company has embarked on a range of business improvement initiatives to ensure we are "In Control and Capable" with the objectives of increasing production rates and reducing operating costs at Henty and we anticipate that these programs will translate into improved shareholder returns over the medium term.

LEVERAGING OPERATING CAPABILITIES INTO NEW OPPORTUNITIES

Our robust balance sheet and strong cash position place us in a unique position to acquire assets in the junior gold sector at a time when weak equity markets are not fully valuing growth projects. The ability for Unity to contribute both equity and operating expertise to late stage development projects that otherwise may struggle to attract funding places Unity in a strong position to capture value for our shareholders.

Exploration on our highly prospective Tasmanian tenements has continued to yield strong results and the Company will continue to invest in a significant exploration program with the aim of further building the resource base and extending the mine life. Testament to this is the reporting of the first resources associated with the newly discovered high grade Read Zone at Henty.

Finally, our pathfinder investment and strategic alliance in West Africa provides a platform for future growth and gold production in this highly prospective region.

FOCUS ON SAFETY

Unity continues to focus on safety as a priority. We recognise that safety is a management responsibility and, throughout the 2012 financial year, there has been a business wide focus on increasing our safety leadership capability, engaging our employees in safety improvements, improving our safety management systems and addressing key risks and major hazards.

Introduction of the "Safety Circle" program at Henty has provided a mechanism to improve safety and has the added advantage of facilitating discussion on a range of business related issues.

OUTLOOK

As the economic malaise continues in Europe and the US, a further round of stimulus seems increasingly likely. Coupled with the stimulus already in the system, inflationary pressures are a likely to support a rising gold price over the medium term.

Against this background, Unity is planning to lift production in FY13 to 45-55,000 ounces. Our increased mine life now makes a number of incremental efficiency projects economically attractive. Initiatives currently being assessed include increasing the processing rate at Henty by 20+% through the introduction of an additional ball mall, and the use of new, higher tonnage underground trucks to increase haulage efficiency.

For some time now, it has been our intention to grow and diversify our gold production profile. The Company has been assessing a range of acquisition opportunities that the current market has presented.

Our focus remains on ensuring that through the quality and capability of our workforce, through leveraging our unique assets, and through strong financial discipline, we deliver long term sustainable growth and growing returns for our shareholders.

Lastly, we would like to recognise the contribution from all Unity Mining employees during the period and thank them for their role in delivering these outcomes.

Peter McCarthy
Chairman

Andrew McIlwain
Managing Director & CEO

HENTY GOLD MINE OPERATIONS

Summary

In parallel with a continuous drive to improve safety performance, this year's operational focus was providing ore for processing from the developed Tyndall and Darwin South orebodies, together with a significant development program to prepare the new Newton and Read orebodies for production in coming years.

Substantial development advance was achieved with more than 4200 metres completed for the year.

A significant exploration effort both from surface and underground locations continued. Development and grade control diamond drilling activities resulted in an increase in mineral resources during the year.

A total of 297,014 tonnes of ore was processed at a grade of 5.6 g/t gold to produce 50,058 ounces of gold at an operating cost of $982/oz, including royalties of $162/oz.

Development

Underground development of 4289 metres was completed and comprised of 2190 metres of ore development and 2099 metres of waste development. Of the total development, 1550 metres represented capital development.

Lateral development focused on completing the Tyndall Zone and accessing the Newton Zone, with 11% and 69% of the total development completed in these areas respectively. Other significant development was completed in Darwin South (13%) and Read Zone (7%).

Production

Total ore mined was 297,885 tonnes consisting 177,916 tonnes from bench stoping, and 119,969 tonnes from development.

Stope ore tonnes were sourced from three main areas:-

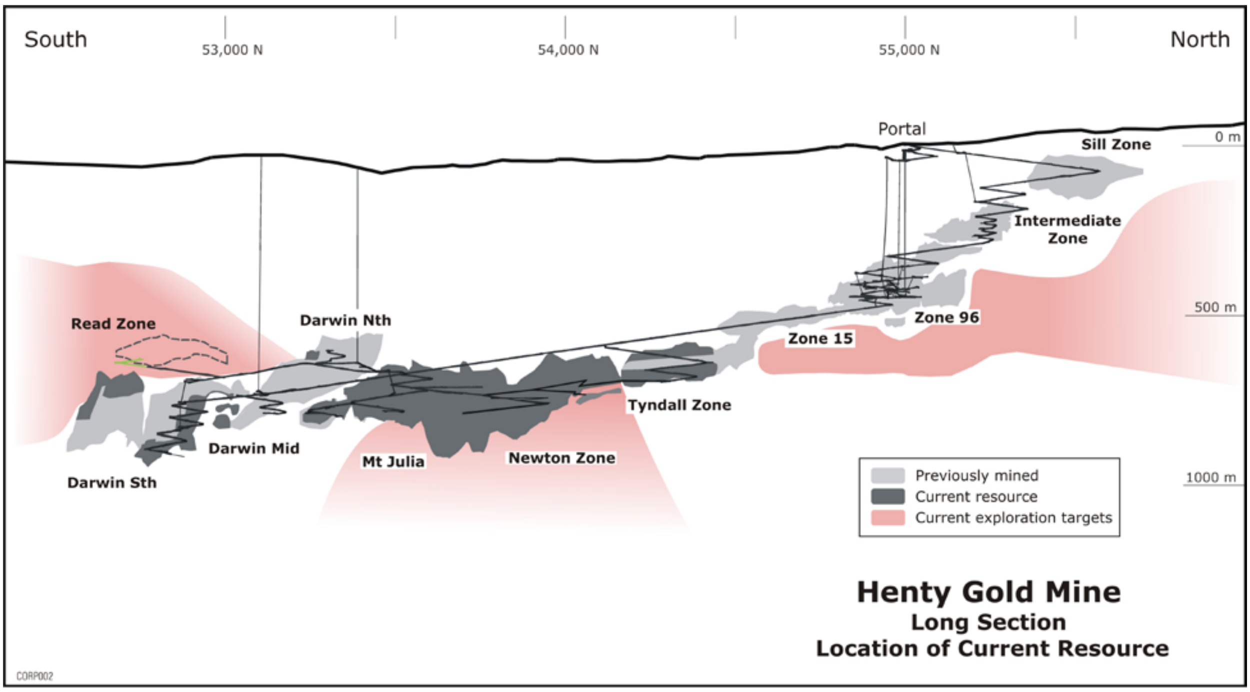
Tyndall (46%), Darwin South (39%) and Newton (13%) with the remaining stope tonnes sourced from Darwin Mid and Mt Julia.

Development of the Newton sill drives delivered the majority of the development ore for the year. Newton produced 68% of the development ore tonnes with the remaining 32% coming from Tyndall, Darwin South, Darwin Mid and Mt Julia.

Stoping continued to be largely on the fringes of the defined ore zones. Mining conditions varied considerably from zone to zone, with impacts at times from waste-filled stopes, historical mining voids and ground conditions.

The composition of the mining fleet allowed for flexibility in mining techniques to suit the conditions encountered in each zone. Open stoping, benching and cut and fill were all utilised to maximise ore recovery and reduce dilution and operating risk.

The processing plant operated on a 24 hour, 7 day week basis with shutdowns for scheduled maintenance. Total gold production was 50,058 ounces as detailed in the following table.



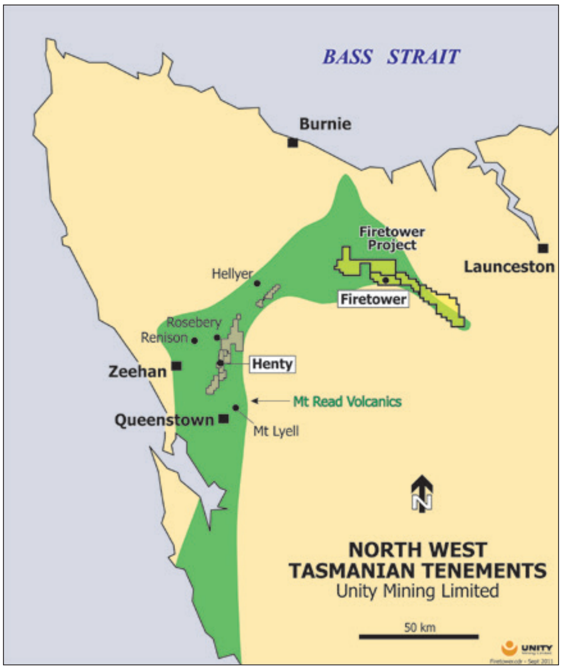
	Darwin Sth	Darwin Mid	Darwin Nth	Mt Julia	Newton	Tyndall	Zone 15	Zone 96	Intermediate	Sill Zone
Production	*319,100 oz*	*74,900 oz*	*44,000 oz*	*69,100 oz*		*50,500 oz*	*76,400 oz*	*285,600 oz*	*90,400 oz*	*218,900 oz*
Grade	*10.0 g/t gold*	*6.5 g/t gold*	*5.7 g/t gold*	*7.5 g/t gold*		*6.2 g/t gold*	*10.4 g/t gold*	*17.5 g/t gold*	*14.7 g/t gold*	*21.0 g/t gold*

HENTY GOLD MINE OPERATIONS (continued)

	Period ending 30 June 2012	Period ending 30 June 2011
Henty Gold Mine		
Tonnes mined	297,885	253,646
Tones processed	297,014	254,106
Grade (g/t gold)	5.6	4.7
Recovery (%)	93.8	93.0
Gold produced (oz)	50,058	35,728
Cash operating cost (A\$/oz) - excl. royalties	820	995
Cash operating costs (A\$/oz) - incl. royalties	982	1105
Cash operating cost (A\$/t)	165	155

Exploration

The strong commitment to exploration in Tasmania continued, with the expenditure of $10 million utilising 3 to 4 drill rigs throughout the year targeting extensions to known mineralised systems and testing for new ore zones.



Near Mine Targets

Newton Zone

Continued exploration of the Newton Zone has resulted in a current resource of 171,000 oz and a reserve of 95,000 oz. In addition, 9,300 oz have been extracted from this zone during the year.

The Newton Zone remains open at its southern end.

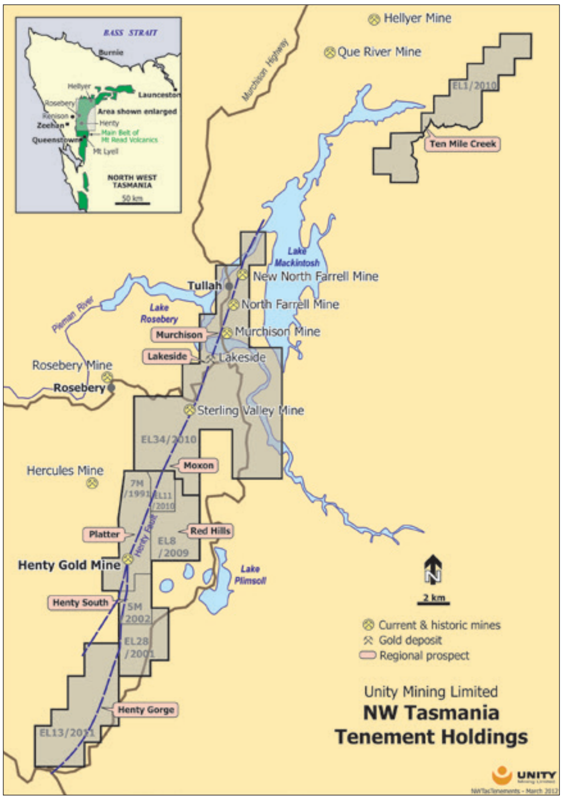
Read Zone

For the first time, a resource of 28,000 oz (69 kt at 12.5 g/t gold) has been reported for the Read Zone. This area is still open at depth and to the south and will be the subject of intense infill and exploration drilling in the coming year. The grade of the resource (12.5 g/t) is most encouraging.

Regional Targets

Unity holds a 135 sq km, contiguous package of tenements in the vicinity of Henty Mine. This includes the Henty Mine Leases. These tenements are centred on the Henty Fault, which is thought to be a major control on gold mineralisation. Other controls are the Great Lyell Fault and subsidiary structures and an altered package of Cambrian Volcanics, these, or their correlates also occur within the tenements.

Approximately 20 km north of Henty Mine, Unity holds 100% of a 22 sq km tenement at Ten Mile Creek, where extensively altered porphyry hosts gold and copper anomalies in soil and rock chips.



In addition to ground around Henty, Unity has entered into an agreement with Greatland Pty Ltd over 264 sq km of tenements located 35 km south of Devonport. These tenements cover an area which bears a strong geological resemblance to the Henty region. Shallow gold mineralisation has previously been drilled in the area.

South of Henty

The Henty deposit consists of two mineralised trends. There is the Main Henty Trend, which consists of the Sill, Zone 96, Intermediate, Zone 15, Tyndall, Newton and Mt Julia lenses and there is the Darwin Trend, which hosts the North, Mid and Darwin South lenses. The former extends along the Henty Fault, the latter strikes in a south-easterly direction, away from the fault.

Henty South

This prospect is the southerly extension of the Main Henty Trend, along and adjacent to the Henty Fault, it extends through the southern Mine Lease, into EL 28/2001, and then into ELA 13/2011. This target has received little attention in the past, as drilling was concentrated on southern extensions of the Darwin Zone. However, in August 2010 the Company announced that recent drilling had intersected high grade mineralisation in two drill holes, establishing the existence of the Read Zone mineralisation and confirming the continuation of the Main Henty Trend mineralisation south along the fault. Surface geochemistry is being used to target drilling from surface in the southern part of this zone and underground drilling continues to extend the Read Zone close to the mine.

North of Henty

Henty Strike Extensions

Drilling to the north of Henty mine has been very limited because of limited access and unprospective rock types at surface. However there is reason to believe that the latter do not persist at depth, so work is in progress to construct drill sites to test this area in the near future.

Red Hills

The Red Hills Prospect lies four kilometres to the north-east of Henty. Unity has identified a gold zone in this area, hosted in pyrite veining. Geophysics is being employed to determine the extent of the pyrite veining and associated mineralisation. Targets will be drill-tested in the coming summer to follow up on gold zone intersections including 2.8 m at 6.5 g/t gold.

Moxon

The Moxon prospect lies four kilometres NNE of the Henty mine. The area is structurally analogous to Henty, where north-westt-rending structures intersect the Henty Fault. These structures possibly assist in dilating the prospective package of rocks to allow the gold-bearing fluids to be introduced.

One hole was drilled into this prospect during the year, intersecting the Henty rock types, though no significant alteration or mineralisation. Future drilling will continue to test this area.

Lakeside-Sterling Valley

Lakeside-Sterling Valley is a five kilometre long zone of known gold mineralisation, which includes the Lakeside resource (750,000 t at 2.8 g/t for 66,000 ounces gold). The host rocks are of similar age but a different type to Henty, however, like Henty, mineralisation is clearly linked to the Henty Fault. The resource remains unchanged, though drilling during the year showed the mineralised zone to have an extensive low grade footprint. Future drilling will be aimed at extending the footprint and identifying high grade zones within that.

Firetower

In October 2011 Unity entered into an agreement with an AIM-listed company, Greatland Pty Ltd. The agreement refers to 4 tenements in Northern Tasmania, collectively known as “The Firetower Project”.

Gold mineralisation at the Firetower deposit is associated with widespread alteration of volcaniclastic rocks. Alteration is dominated by silica, sericite, carbonate, and pyrite. To date, gold mineralisation has been defined over a strike length of 400m and has a width of up to 80 m. Gold grades intersected in drilling are up to 30g/t over one metre. Drilling to date has only tested to a maximum depth of 100m. Drilling was completed by Noranda Pty Ltd (now Falconbridge) during 1990, Plutonic Operations Ltd in 1992, AurionGold Ltd (now Barrick Gold) in 2002 and Greatland 2006-present.

Other areas of gold mineralisation, and structural targets, have been identified over 50 kilometers of strike east and west of the deposit. Of particular interest is the Firetower West target.

The terms of the agreement allow Unity to earn up to 75% in the tenements, for the expenditure of $7 million, in two stages, over five and a half years. The first stage requires expenditure of $2 million over two and a half years, following a minimum expenditure of $200,000.

At year end, Unity had commenced the first drill hole into a co-incident copper/gold/magnetic anomaly at the Firetower West prospect.

Further drilling will entail at least 3 holes to test for depth extensions of the highest grade gold mineralisation at Firetower.

BENDIGO PROJECT

Option agreement with Catalyst Metals

On 1 February 2012, the Company announced the signing of an option agreement with ASX-listed 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.

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.

Farm-in agreement with Drummond Gold

In February 2011, the Company entered into a farm-in agreement with ASX-listed Drummond Gold. The agreement allows Drummond Gold to explore on the Bendigo exploration lease areas held by Unity Mining which surround the Bendigo Goldfield. Unity Mining retains exclusive rights to the mining licence which covers the Bendigo Goldfield, including the Kangaroo Flat Mine and its associated infrastructure.

Drummond is targeting large tonnage sediment-hosted gold utilizing leading edge research by the Centre of Excellence in Ore Deposits (CODES), University of Tasmania.

Recent work has focused on the interpretation of a large aeromagnetic low to the north of Break O'Day prospect, west of the Sebastian Fault. East to West sections from aeromagnetic data covering the Bendigo tenements are being used to assist interpretation of the geology and define new drilling targets.

Drummond has spent over $750,000 and met the initial earn in requirement. Drummond now has the right to earn 51% interest in the Bendigo Region by spending a further $4.75 million within two years. Drummond can earn an additional 19% interest, taking its interest to 70%, by spending a further $3 million in the following two years.

GOLDSTONE RESOURCES (34% OWNED BY UNITY)

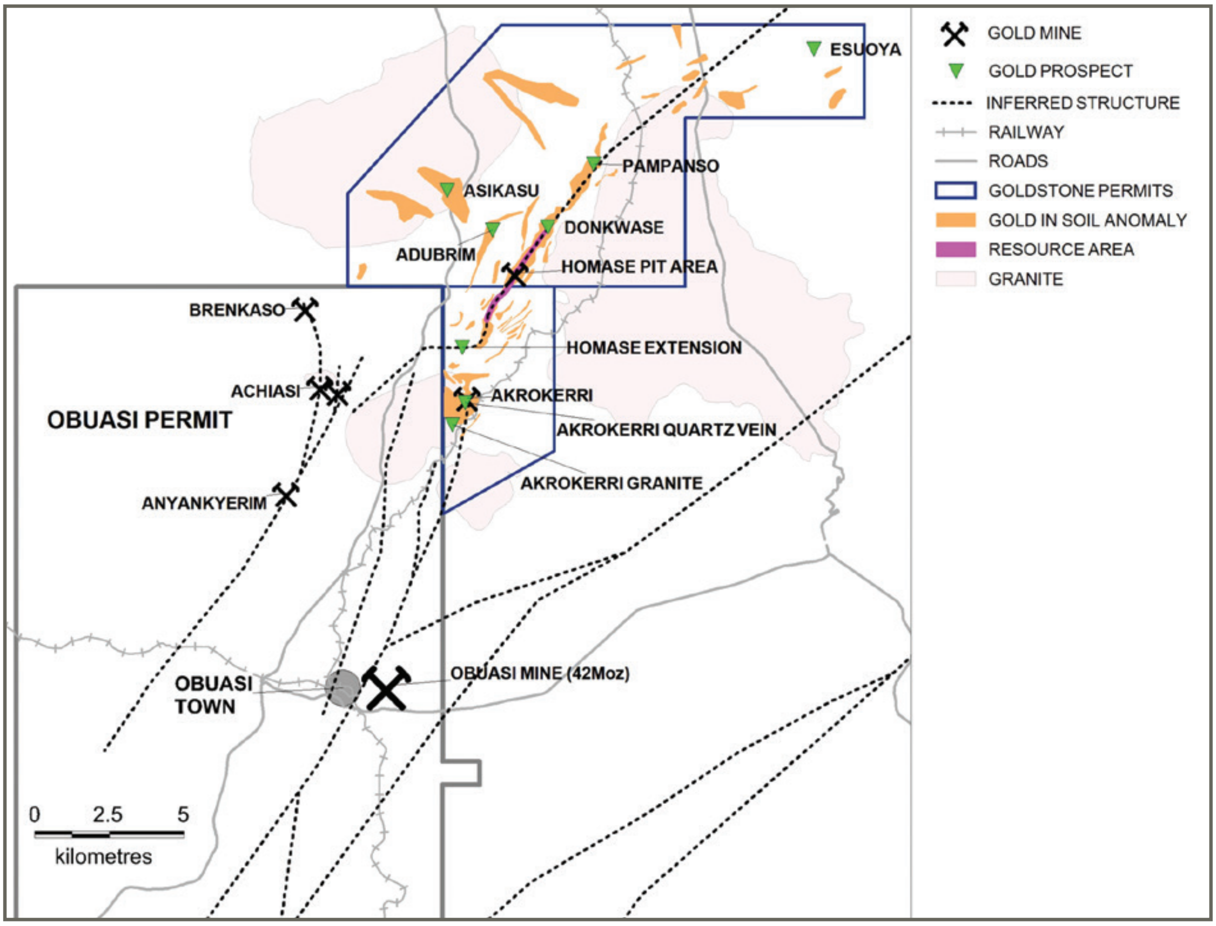
Summary

West Africa is a key global centre for growth in gold resources and production and the Company believes it to be strategically important to have a meaningful position in this attractive region.

GoldStone Resources Limited is an AIM-listed exploration company based in South Africa with exploration skills focused on gold in West and Central Africa. GoldStone's projects are located in Ghana, Senegal and Gabon, and range from grassroots to advanced exploration. In May 2010, Unity Mining announced a 20% interest in GoldStone to provide exploration exposure and potential future production opportunities in one of the most attractive locations for new gold discoveries globally. The Company now holds a 34% equity interest in GoldStone, and has two board seats.

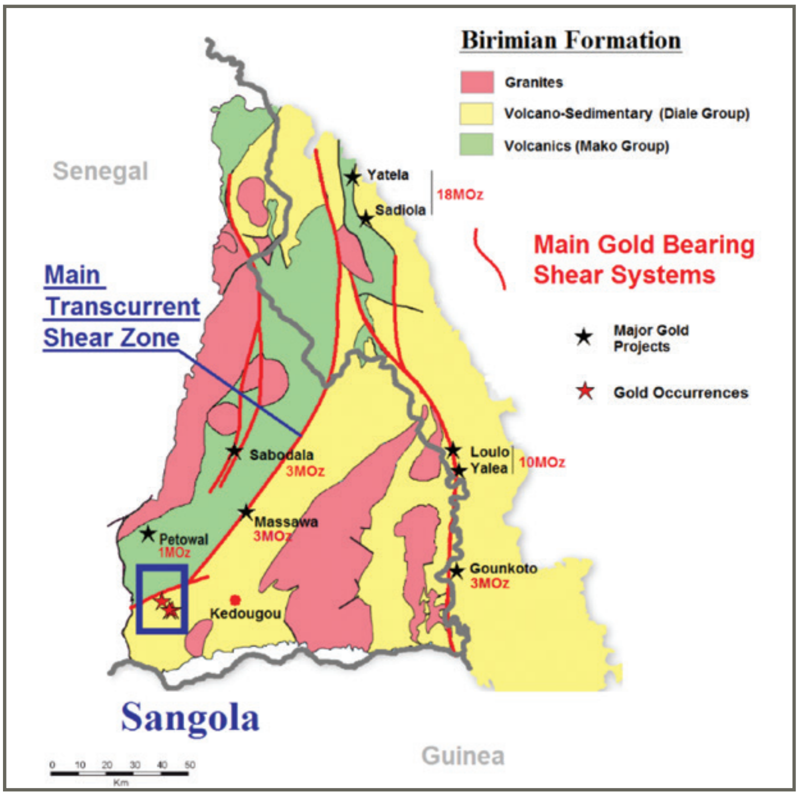
GoldStone's Homase/Akrokerri project is located near the AngloGold Ashanti Obuasi mine within the well mineralised Ashanti Gold Belt in Ghana where more than seventy million ounces of gold have been discovered. Historic drilling on the licence areas by previous explorers resulted in the discovery of gold mineralisation along five kilometres of strike length.

In June 2011, GoldStone commenced its inaugural drilling program on the Homase/Akrokerri project to test for extensions of the resource along strike and at depth. The results of 23 holes drilled up to March 2012 formed the basis of the August 2012 resource update, which upgraded the mineral resource to 502,000 ounces gold at an improved overall grade of 1.74 g/t. A further 20 holes have been completed, testing for further depth and strike extensions. If favourable results are returned, these will be included in a further resource upgrade.

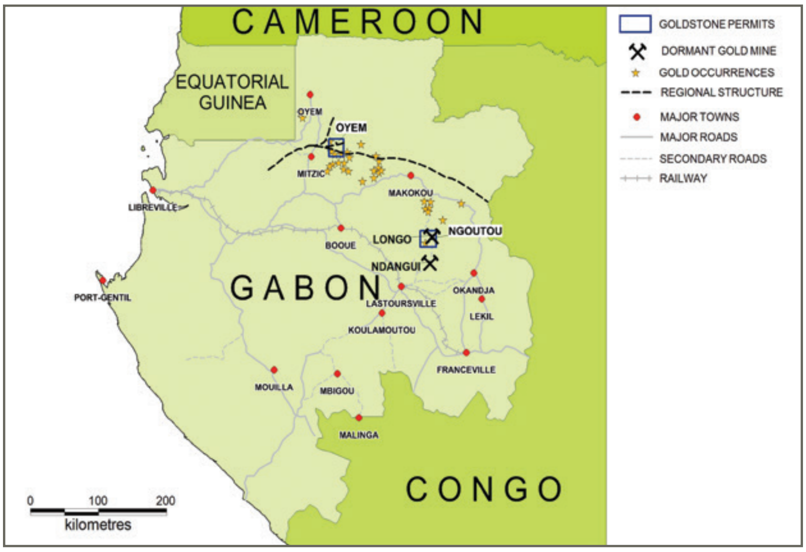


GOLDSTONE RESOURCES (34% OWNED BY UNITY) (continued)

At the Sangola permit in Senegal, GoldStone commenced Rotary Air Blast (RAB) drilling at the first of three anomalies outlined by the termite mount sampling program completed the previous year. An airborne geophysics survey has also been completed over the permit area, and it is expected that interpretation of this data assist in delineating further drill targets.



The Oyem and Ngoutou permits in Gabon (Central Africa) were granted during April 2011. Both permits contain high grade gold in soil anomalies in excess of 15 kilometres in length. These anomalies were outlined recently during an EU-sponsored country wide prospectivity survey.



During the year, GoldStone constructed a field camp at Oyem and drilling targeting the central zone of the 15 kilometre long gold in soil anomaly began in July 2012.

RESOURCES AND RESERVES STATEMENT

The following statement of Mineral Resources and Ore Reserves conforms to the Australasian Code for Reporting Exploration, Mineral Resources and Ore Reserves (JORC code) 2004 Edition. Minor discrepancies may occur due to rounding to appropriate significant figures.

Mineral Resources

Mineral Resources Estimate at 30 June 2012

	Measured			Indicated			Inferrred			Total		
	kt	g/t gold	koz	kt	g/t gold	koz	kt	g/t gold	koz	kt	g/t gold	koz
Henty	1311	4.9	205	673	4.7	101	126	9.1	37	2110	5.1	343
Lakeside							750	2.8	66	750	2.8	66

Competent Persons' Statement – Mineral Resources

The information in this public report that relates to Mineral Resources is based on, and accurately reflects, information compiled by Mr Raul Hollinger for the Henty Gold Mine and Mrs Angela Lorrigan for the Lakeside deposit. Mr Hollinger and Mrs Lorrigan are Members of both the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Hollinger and Mrs 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. Mr Hollinger and Mrs Lorrigan have given prior written consent to the inclusion in this report of the matters based on their respective information in the form and context in which it appears.

Ore Reserves

The Ore Reserves are a subset of Mineral Resources. All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

Ore Reserves Estimate at 30 June 2012

	Proved			Probable			Total		
	kt	g/t gold	koz	kt	g/t gold	koz	kt	g/t gold	koz
Henty	720	4.6	107	74	4.6	11	794	4.6	118
Lakeside									

Competent Persons' Statement – Ore Reserves

The information in this public report that relates to Ore Reserves is based on, and accurately reflects, information compiled by Mr Matt Daly for the Henty Gold Mine. Mr Daly is a Member of the Australasian Institute of Mining and Metallurgy. Mr Daly is a full time employee of the Company and has more than five years experience in 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. Mr Daly has given prior written consent to the inclusion in this report of the matters based on his information in the form and context in which it appears.

RESOURCES AND RESERVES STATEMENT (continued)

NOTES

Henty Gold Mine

An Ore Reserve cut-off of 3.8 g/t gold and a Mineral Resource cut-off of 2.0 g/t gold have been estimated using a gold price of A$1450. Based on historical mine performance the dilution of development and stopes have been modified since December 2010. Development has been attributed 10% dilution, avoca stoping has been attributed 15% dilution, blind uphole stoping has also been attributed 15% dilution and waste filled modified avoca stoping has been attributed 25% dilution.

The Mineral Resource estimation has used diamond drill core samples. All samples were composited to 1 metre, flagged within the geological wireframes and top cuts applied to all datasets. Ordinary kriging was performed on all models based on the quantity and spacing of available data and the style of mineralisation. An in-situ bulk density of 2.8 based on 102 samples collected from ROM pad and underground development was used in the estimation. The Mineral Resource classifications were based on the estimation search pass. As a guide, the first search pass has been considered a Measured Resource, the second pass has been considered an Indicated Resource and the third search pass has been considered an Inferred Resource.

Lakeside Deposit

The Lakeside deposit is located approximately 13 km northeast of the Henty Gold Mine on a wholly-owned exploration lease. Estimation of Mineral Resources at the Lakeside deposit utilised diamond drill core samples and RC chip samples. All samples were composited to 1m and flagged within the geological wireframes. Top cuts were not applied to the data. Ordinary kriging was performed on the models based on the quantity and spacing of available data and style of mineralisation. An in-situ bulk density of 2.75 was used in the estimation. The value is considered to be suitable for the style of deposit. Due to the quality of the data, the entire deposit has been classified as an Inferred Resource.

LICENCE TO OPERATE

Unity Mining is a signatory to Enduring Value – the Australian Minerals Industry Framework for Sustainable Development. The Company produces an annual Sustainability Report, detailing environmental performance and key health, safety, environment and community activities and initiatives. The latest report is available at the Company's web site: www.unitymining.com.au under "Safety and Environment".

Health and Safety

Unity Mining is committed to operating in a safe and responsible manner, respecting the health and safety of our employees, the environment and the communities in which we operate.

The 2011/12 period saw a continuation of the "I Own Safety" campaign at the Henty Gold Mine, with the introduction of the SafetyCircle concept. At its root, the SafetyCircle program serves as a reminder to all personnel of who is ultimately responsible for their own wellbeing while at work, and indeed at all times – themselves. While Unity can provide safe systems of work, appropriate tools and equipment and effective levels of training, it is up to each individual to make appropriate choices in every aspect of their work to ensure that they remain "inside the SafetyCircle" and free from any type of harm.

Emergency Response capability continues to be a major focus at Henty, and during the year there were a number of significant developments at site. The emergency egress winch which was in use at the Kangaroo Flat mine was relocated to Henty and refurbished for the slightly increased shaft length, and has been commissioned to provide a second means of egress from the lower mine should the upper mine exit become impassable. A significant amount of other Emergency Response equipment also was relocated from Kangaroo Flat to Henty, to replace and enhance the existing infrastructure.

The Emergency Response team at site has also benefitted from a recruitment drive which has seen membership swell to 14 personnel, which is the highest it has been for over 4 years. The team has developed significantly over the past 12 months, and participated in both the Victorian and Tasmanian Mines Rescue Competitions.

The site's lost time injury frequency rate (LTIFR) for FY12 was 9.5 (injuries per million man hours worked), and the medically referred injury frequency rate (MRIFR) was 57.1. While the LTIFR has improved significantly over the previous 12 months, the MRIFR continues to be a source of disappointment. Continued focus on the "I Own Safety" and SafetyCircle programs will be the key tools in reversing this trend.

Environment

The Company's activities are designed and operated to minimise impacts on the environment and surrounding communities.

Comprehensive environmental monitoring programs are in place at both mine sites which focus on collecting and assessing data associated with operations such as water quality, noise, air quality, blast vibration, odour, soil, groundwater and rehabilitation.

The Henty Gold Mine is located adjacent to the cool temperate rainforest of the South-West Conservation Area on the West Coast of Tasmania.

The Kangaroo Flat Mine is located within regrowth box-ironbark forest, agricultural farmland and the urban environment of the city of Bendigo in central Victoria.

Community

The Company engages openly and honestly with people affected by its operations, and takes their views and concerns into account in decision making.

The Henty Gold Mine is located 30 km north of Queenstown on the West Coast of Tasmania. The mine has 165 employees and full-time contractors, and is an important employer and economic contributor to communities on Tasmania's West Coast. The Company has a proactive approach towards informing stakeholders and contributing to local community initiatives.

The Kangaroo Flat Mine surface infrastructure is located on the outskirts of Bendigo, a thriving rural city of approximately 100,000 people, some two hours by road from Melbourne, the capital of Victoria. The mine site, which is currently on care and maintenance, is located close to a highly urbanised area and considerable efforts are made to secure community support for ongoing activities. The Company will continue to engage with stakeholders in relation to the Company's ongoing activities.

CORPORATE GOVERNANCE STATEMENT

Under ASX Listing Rules, companies are required to provide a statement in their annual report disclosing the extent to which they have followed the Recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments 2nd Edition, in the reporting period. A summary and discussion of the Company's Corporate Governance practices is set out below. The governance charters and policies are provided on the Company's website under the "Corporate – Corporate Governance" section at www.unitymining.com.au.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – Establish functions reserved for the Board and for Senior Management.

The Board has adopted a Charter which defines the framework of rules, systems and processes by which authority is exercised and controlled within the Company (the Charter is publicly available on the website). The expectations of Directors are outlined in a formal Letter of Appointment which details the term of appointment, fees, power and duties and other information pertinent to their roles. In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company.

Responsibility for the day-to-day management of the Company and its operations is delegated to senior executive management as defined in the Board Charter.

Recommendation 1.2 – Disclose the process for evaluation of senior executives.

The appraisal of senior executives assesses the achievement of the individual's stated objectives and the behaviour and attitude displayed in achieving those goals. Overall performance is ranked numerically by the senior executive's supervisor and is reviewed by the supervisor's direct report.

Recommendation 1.3 – Include all required information indicated in the Guide.

(i) There are no departures from Recommendations 1.1, 1.2 or 1.3.

(ii) Performance evaluations for senior management have taken place in the reporting period, as detailed in Recommendation 1.2.

Principle 2: Structure the Board to add value

Recommendation 2.1 – Majority of the Board should be independent directors.

The majority of the Board are independent Directors who provide an appropriate mix of business and specialist skills and qualifications.

In considering materiality, the Board considers quantitative and qualitative factors that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment. With regards to quantitative factors, the Board is guided by AASB 1031 which presumes a transaction to be immaterial if it is equal to or less than 5% of the relevant base amount. Whereas it is presumed to be material (unless evidenced to the contrary) if it is equal to or greater than 10% of the base amount. The base amount may be any relevant number, such as market capitalisation, annual revenue or expenditure.

In determining qualitative factors, the Board will primarily consider whether or not the nature of the director's interest would have the capacity to influence the vote of that director upon the decision being made, bearing in mind that the conflict of interest must be of a real or substantial kind. Such considerations can focus on financial relationships or supply relationships.

R Beevor's relationship with Gryphon Partners/ Standard Chartered Bank and his independence is commented on in section 4.2.

In accordance with this definition, the Board has three (P McCarthy, R Beevor, and D Ransom) out of a total of four Directors who are deemed to be independent Directors.

Recommendation 2.2 – The Chairman should be an independent director.

The Chair, P McCarthy, is considered by the Board to be an independent non-executive Director.

Recommendation 2.3 – The Chairman and the CEO should not be the same person.

The duties of Chairman and CEO are separated and each position is held by a different incumbent.

Recommendation 2.4 – Board should establish a nomination committee.

The Board has established a Remuneration & Nomination Committee. The Committee consists of three independent non-executive Directors: R Beevor (Chairman), P McCarthy and D Ransom. The roles and responsibilities of the Remuneration & Nomination

Committee are detailed in the Remuneration and Nomination Committee Charter and are publicly available on the website. The qualifications of the Directors and the number of meetings held are detailed in the Directors' Report.

Recommendation 2.5- Disclose the process for evaluation of the Board.

The Board conducts periodic evaluations of its own performance, as a whole, the performance of its committees and of individual Directors. Performance is reviewed against a range of appropriate measures such as the Board's role in strategy and planning, corporate governance, effectiveness of meetings, effectiveness of management information, compliance, performance against stated objectives and behaviour and code of conduct. The objective of this evaluation is to provide best practice corporate governance to the Company.

Recommendation 2.6 - Include all required information indicated in the Guide.

(i) Details of the skills, experience and expertise of each Director are detailed in the Directors' Report.

(ii) The names of independent Directors and discussion of the materiality threshold is contained in Recommendation 2.1.

(iii) The Board has considered the various relationships between Directors and the Company which may affect independence. There are no relationships which affect the independent judgement of non-executive Directors.

(iv) Circumstances may arise where Directors need professional advice in the furtherance of their duties. There are procedures in place, agreed by the Chairman, for Directors to seek independent professional advice at the Company's expense.

(v) The term in office held by each Director at the date of this report is as follows: P McCarthy seven years eleven months, R Beevor nine years nine months, D Ransom four years nine months and A McIlwain nine months.

(vi) The names of members of the Remuneration & Nomination Committee are included in Recommendation 2.4.

(vii) The Board performance evaluation is discussed in Recommendation 2.5.

(viii) There are no departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1 – Establish and disclose a code of conduct.

Management has established a Values and Code of Conduct Policy which has been endorsed by the Board. All new employees and Directors are required to formally adopt the Company's Values and Code of Conduct as a pre-condition of employment or appointment.

Recommendation 3.2 – Establish and disclose a policy on diversity.

Unity Mining recognises the value of a diverse workforce and believes that diversity supports all employees reaching their full potential, improves business decisions and business results, increases stakeholder satisfaction and promotes realisation of the company vision. Diversity also encompasses a large range of factors and is not restricted to issues of gender or race. The Company is increasingly employing a cross-section of people in various categories at its operations.

Unity is committed to ensuring that emphasis is maintained on developing the skills of our local workforce. All employees, whether part time, full time or temporary, will be treated fairly and with equal consideration of their merits. We will actively manage diversity, finding ways of utilising the differences that exist, in order to improve our business. This requires that we actively and flexibly seek to accommodate the unique needs of many different employees.

Selection for employment, promotion, training or any other benefit is on the basis of aptitude and ability. All employees will be helped and encouraged to develop their full potential and the talents and resources of the workforce will be fully utilised to maximise the efficiency of the organisation.

Above all, we are committed to ensuring that all employees are treated with respect, dignity and equal opportunity in respect to employment and employment conditions.

The Group is committed to supporting employees and managers in the achievement of a diverse workplace. Due to the broad nature of diversity, the Company does not believe that prescribed diversity targets are appropriate for a company at this stage of its development.

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 3.3 - Disclose the measurable objectives for achieving gender diversity

As discussed in Recommendation 3.2 the Company has not established diversity targets.

Recommendation 3.4 - disclose the proportion of women employees in the organisation

Percentage of women on the Board: 0%

Percentage of women in Senior Management: 25%

Percentage of women in entire organisation: 13%

Recommendation 3.5 - Include all required information indicated in the Guide.

(i) There are no departures from Recommendations 3.1, 3.4 and 3.5.

(ii) Explanations have been provided for the departures from Recommendations 3.2 and 3.3.

(iii) The Values and Code of Conduct Policy is publicly available on the Company's website.

(iv) The Share Trading Policy is publicly available on the Company's website.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1 – The Board should establish an audit committee.

The Board has established and operates an Audit & Risk Management Committee.

The committee comprises three independent non-executive Directors: R Beevor (Chairman), P McCarthy and D Ransom. The Committee's key responsibilities are to supervise the audit function; oversee the preparation of financial statements; and ensure management has designed and implemented an appropriate risk management and internal control system to manage the Company's material financial and commercial risks.

Recommendation 4.2 – Structure the Audit Committee to consist of independent directors.

The Audit & Risk Management Committee consists only of independent non-executive Directors (see Recommendation 4.1 for details of membership). The Chairman is an independent Director and is not the Chairman of the Board. The Committee has three members with a quorum of two.

R Beevor is a senior advisor to Gryphon Partners/ Standard Chartered Bank ("Standard Chartered"). Standard Chartered was retained by Unity Mining to provide general corporate advice. The Board requested and has received written confirmation from Standard Chartered that R Beevor does not participate in the provision of corporate advice by Standard Chartered to Unity Mining, nor does R Beevor share in any fees paid or payable by Unity Mining to Standard Chartered. The Board considers that, as there is no fiduciary or affiliated relationship between R Beevor's position on the Unity Mining Board and his position with Standard Chartered, R Beevor is an independent non-executive director of the Company.

Recommendation 4.3 – Audit committee should have a formal charter.

The Audit & Risk Management Committee has a formal Charter which defines the objectives of the Committee, membership, responsibilities and functions and relationship with the external auditor.

Recommendation 4.4 - Include all required information indicated in the Guide.

(i) The members of the Audit & Risk Management Committee are listed in Recommendation 4.1. The details of the skills and experience of each member and their attendance at meetings is contained in the Directors' Report.

(ii) The number of Audit & Risk Management Committee meetings held is contained in the Directors' Report.

(iii) There are no departures from Recommendations 4.1, 4.2, 4.3 or 4.4.

(iv) The Audit & Risk Management Committee Charter is publicly available on the Company's website.

(v) Procedures on selection and appointment of external auditor and rotation of the external audit engagement partners are publicly disclosed in the External Auditor Policy on the Company's website.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 – Establish a policy on ASX Listing Rule disclosure requirements.

Unity Mining is committed to providing relevant up to date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under ASX Listing Rules and the Corporations Act. The Company has established a Continuous Disclosure Policy that ensures information considered material is immediately lodged with ASX.

Recommendation 5.2 – Include all required information indicated in the Guide.

(i) There are no departures from Recommendations 5.1 or 5.2.

(ii) The Continuous Disclosure Policy is publicly available on the Company's website.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 - Design a communication policy for promoting effective communication.

The Company has established an Investor Communication Policy which outlines the activities undertaken to ensure shareholders are provided with relevant and timely information. Information is communicated to investors through the Company's quarterly and annual reports, half-year and full year results, announcements, formal ASX disclosures, and the Annual General Meeting. The Company maintains a detailed website which contains significant current and historical information. An email-based mailing list subscription service is offered on the website to interested parties who would like to receive notification of ASX releases. Shareholders are also encouraged to attend the Annual General Meeting and use the opportunity to ask questions of Directors and Management. The external auditor attends the meeting and is available to answer relevant questions.

Recommendation 6.2 - Include all required information indicated in the Guide.

(i) There are no departures from Recommendations 6.1 or 6.2.

(ii) The Communication Policy is publicly available on the Company's website.

Principle 7: Recognise and manage risk

Recommendation 7.1 – Establish policies for risk oversight and management.

The Company has developed a Risk Management Policy which details the Company's attitude to risk and risk management. The oversight of financial and commercial risk is predominantly the domain of the Audit & Risk Management Committee. The oversight of health, safety and environment risk is the domain of the Health, Safety & Environment Committee. This Committee consists of P McCarthy (Chairman), R Beevor, and D Ransom. The Committee reviews the Company's performance against a range of safety and environment targets. Particular attention is applied to assessing key risks, including water inrush, geotechnical conditions, fire, site security and licence to operate. Audits of the Company's compliance with key Health, Safety and Environment legislation are conducted.

The link between the two committees is maintained by ensuring that the Chairman of the Audit and Risk Management Committee is also a member of the Health, Safety, Environment & Security Committee.

Recommendation 7.2 – Management is required to design and implement risk management.

The Board has responsibility for assessing the effectiveness of the Company's risk management system for mitigation of material business risk. The Board requests an annual sign-off from the Managing Director & CEO and the Chief Financial Officer & Company Secretary to confirm that they have established and maintained an adequate risk management and internal control system to manage the Company's material business risks; and that material risks are being managed appropriately. This sign-off prompts a thorough annual review of the risk management and internal control system.

Recommendation 7.3 – Management to assure integrity of financial reports to the Board.

Written declarations are provided each year by the Managing Director & CEO and the Chief Financial Officer & Company Secretary to the Board, stating that the Company's financial reports are based on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risk.

Recommendation 7.4 - Include all required information indicated in the Guide.

(i) There are no departures from Recommendations 7.1, 7.2, 7.3 or 7.4.

(ii) The Board has received written declarations under Recommendation 7.2.

(iii) The Board has received written declarations under Recommendation 7.3.

(iv) The Risk Management Policy is publicly available on the Company website.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – Board should establish a remuneration committee.

The Board has established a Remuneration & Nomination Committee. The Committee consists of three independent non-executive Directors: R Beevor (Chairman), P McCarthy and D Ransom. In relation to its remuneration responsibilities, the Committee reviews and makes recommendations to the Board on remuneration and performance frameworks involving employees and Directors which support the achievement of short and long term business goals. The Committee establishes criteria for remuneration arrangements for senior executives including the Managing Director and reviews and approves the general remuneration framework for all other employees. Further details are contained in the Directors' Report.

Recommendation 8.2 – The structure of non-executive directors' remuneration should be clearly distinguished from executive directors and management.

Non-executive Directors are remunerated differently to executive Directors and management. In particular, non-executive Directors do not participate in any equity-based remuneration schemes in which executive Directors or management may be entitled to participate.

The total annual remuneration paid to Non-executive Directors may not exceed the limit set by the shareholders at an annual general meeting (currently $500,000). The remuneration of Non-executive Directors comprises fixed Board and Committee fees, plus statutory superannuation payments.

The remuneration of executive Directors, executive officers and key management personnel of the Company consists of fixed and variable remuneration. Further details on remuneration are set out in the Directors' Report.

Recommendation 8.3 – Include all required information indicated in the Guide.

(i) The members of the Remuneration & Nomination Committee are included in Recommendation 8.1, and their attendance at meetings is contained in the Directors' Report.

(ii) There are no schemes for retirement benefits of Non-executive Directors, other than statutory superannuation.

(iii) There are no departures from Recommendations 8.1, 8.2 or 8.3.

(iv) The Remuneration & Nomination Committee Charter is publicly available on the Company website.

(v) Employees who receive performance rights, share rights or options as part of their remuneration must not dispose of, grant any security interest over, or otherwise deal with them so as to limit any exposure to losses that would result from share price decreases.

DIRECTORS' REPORT

The Directors of Unity Mining Limited present their report together with the financial report for the year ended 30 June 2012.

Directors

The names and relevant details of Directors of the Company in office during or since the end of the financial year are as follows:

Directors

- **Peter McCarthy**
  BSc (Eng), MGeosc, FAusIMM (CP), MAICD
  Non-Executive Chairman
  Mr McCarthy has 43 years experience in the mining industry. He is the chairman of AMC Consultants, a prominent mining consultancy group in Australia, and a Non-Executive Director of Castlemaine Goldfields Limited and the Sovereign Hill Museums Association. He was President of the AusIMM in 2007 and 2008. His principal expertise is in underground mining and project evaluation. He joined the Board in September 2004 and was appointed Chairman in January 2006.

- **Andrew McIlwain**
  BEng (Mining), MAusIMM
  Managing Director and CEO
  Mr. McIlwain has over 25 years experience in the mining industry. He is a qualified mining engineer and has held operational, technical, senior management and executive roles within Mount Isa Mines Limited, Central Norseman Gold Corporation, WMC Resources and Lafayette Mining Limited. More recently, as an independent consultant, he worked with Oxiana, Heemskirk and Tusker Gold focusing on corporate transactions. He is also Non-Executive Director and Independent Chairman of ASX-listed Emmerson Resources Limited. He joined the Board as Managing Director and CEO in December 2011. He is a Non-Executive Director of associate GoldStone Resources Limited.

- **Ronnie Beevor**
  BA (Hons)
  Non–Executive Director
  Mr Beevor is an investment banker and was Head of Investment Banking at N M Rothschild & Sons (Australia) Limited between 1997 and 2002. He has had extensive involvement with the natural resources industry, both in Australia and internationally. He is Chairman of EMED Mining Public Limited, and a Director of Ampella Mining Limited, Bannerman Resources Limited, Bullabulling Gold Limited, Rey Resources Limited and Talison Lithium Limited. He is a Senior Advisor to Gryphon Partners / Standard Chartered Bank. He joined the Board in November 2002.

- **David Ransom**
  BSc (Hons), PhD
  Non-Executive Director
  Mr Ransom is a resource analyst and principal of Acorn Capital Limited, a Melbourne-based microcap investment manager. He is a geologist with a BSc from Sydney University and a PhD from the Australian National University, and has over 35 years experience in the minerals industry. He has held various long term directorships in the resources sector, including Triako Resources Limited and TSX Venture Exchange listed Solomon Resources Limited. He joined the Board in November 2007.

Directors who Resigned During the Year

- **Richard Guy**
  Mr Guy is an experienced company director with extensive knowledge in industrial commerce and banking. He has chaired the Northern Victorian Irrigation Renewal Project (NVIRP) since December 2007 and has been a member of the Council of La Trobe University since January 2009. He was Chairman of Bendigo Bank Limited during a 20 year period of rapid growth and transition before retiring in 2006. Mr Guy plays a prominent role in various community and charitable organisations in Bendigo. He resigned as a director of Unity Mining on 15 November 2011.

- **Rod Hanson**
  Mr Hanson is a mining engineer with more than 35 years experience in gold and base metals. Roles have included General Manager Operations with Plutonic Resources and General Manager with Sino Gold. He joined the Company in January 2005 and was appointed to the position of Managing Director and Chief Executive Officer in January 2007. He resigned as a director of Unity Mining on 02 December 2011.

Chief Financial Officer & Company Secretary

- **Bill Geier**
  BBus (Acc), MBA, CPA
  Mr Geier is a senior finance professional with 18 years experience in accounting and finance spanning mining, oil & gas, manufacturing, FMCG and transportation industries. He joined Unity from his position as Interim CFO Support at Range River Gold. Prior to that he was CFO for Guest Group, and before that held a range of senior finance positions with the Australian division of Henkel KGaA Germany (Fortune 500 Company), Scania Australia, Epic Energy and Alcoa of Australia. He joined the Company in December 2011 as the Chief Financial Officer and was appointed as the Company Secretary in March 2012. He is a Non-Executive Director of associate GoldStone Resources Limited.

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by Directors (while they were a Director or committee member).

Directors	Board of Directors		Remuneration & Nomination Committee		Audit & Risk Management Committee		HSE & Security Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
P McCarthy	14	14	3	3	1	0	3	3
R Beevor	14	14	3	3	3	3	3	3
R Guy	8	8	2	2	2	2	1	1
R Hanson	7	7	-	-	-	-	-	-
D Ransom	14	13	1	1	3	3	3	2
A McIlwain	6	6	-	-	-	-	-	-

Principal Activities

The principal activities of the Company and Consolidated Entity during the financial year were:

- Gold production and exploration at the Henty Gold Mine on the West Coast of Tasmania;
- Care and maintenance of the Kangaroo Flat Mine in Bendigo, Victoria; and
- Indirect exposure to gold exploration in West Africa through the investment in GoldStone Resources Limited.

Review of Operations

The key activity in the FY12 financial year was gold production and exploration at the Company's Henty Gold Mine. The Company also maintained its interest in GoldStone Resources Limited, an AIM-listed West African gold exploration at 34% during the financial year.

<u>Henty Gold Mine</u>

Gold production increased by 40% to 50,058 ounces from the Henty Gold Mine compared to the FY11 financial year. The increased gold production was the result of higher head grades and higher tonnes processed. The head grade was 5.6 g/t compared to 4.7 g/t gold in the previous year and the tonnes processed were 297,014 compared to 254,106. As a result of the higher production, cash operating costs decreased from A$1,105/oz to A$982/oz.

In FY12, key mine activities at the Henty Gold Mine included underground development of 4,289 metres, ore mining of 297,885 tonnes and exploration drilling of 43,833 metres. Exploration expenditure in FY12 was $7.7 million. At Henty, exploration successfully discovered the Read Zone, which remains open to the north and south, and extended the Newton zone at depth and to the south. Underground drilling is ongoing at these locations and elsewhere in the mine. Surface drilling at Henty continued throughout FY12, to test extensions of the mineralisation along the Henty Fault in the Henty South area and up-dip of the mine workings and also at the Moxon, Firetower and Lakeside prospects. At year end, three drill rigs were actively engaged in the Henty exploration program with a planned budget of $10.9 million for FY13.

Kangaroo Flat Mine

There was no gold production from the Kangaroo Flat Mine in the FY12 financial year as the mine was on care and maintenance throughout the period.

In January 2012 Catalyst Metals Limited entered into a twelve month option agreement to acquire the Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area from Unity. The option agreement required Catalyst to pay Unity $50,000 on signing, issue 1,000,000 shares and to pay four $100,000 quarterly payments to Unity during the option period.

On settlement if Catalyst exercises the option, Unity will receive additional equity in Catalyst such that it will own between 15% and 25% of the Catalyst (dependent upon Catalyst's share price at the time) and a royalty of up to $6,000,000 based on tonnes processed through the Kangaroo Flat plant. The equity will be represented by 2,000,000 shares in Catalyst and shares valued at a minimum of $4,000,000 and a maximum of $10,000,000. The royalty on future production comprises an initial payment of $2,000,000 after processing 50,000 tonnes, plus a production royalty of $5 per tonne of ore processed up to a maximum of $4,000,000.

A farm-in agreement with Drummond Gold was initiated during the FY11 year to test the exploration potential of the Bendigo exploration licences surrounding Unity's Bendigo Goldfield mining licence and infrastructure. Drilling returned anomalous gold mineralisation and elevated pathfinder results from initial broad-spaced testing of targets. Further assessment of geophysical and geological data is being undertaken to define further drill targets associated with black shale lithology areas under cover. Drummond has spent over $750,000 during the past year, meeting the initial earn in requirement. Drummond now has the right to earn 51% interest in the Bendigo Region by spending a further $5 million within three years. Drummond can then earn an additional 19% interest, taking its interest to 70%, by spending a further $3 million in the following two years.

GoldStone Resources Investment

During the year, Unity maintained its ownership of 34% of GoldStone Resources Limited via a further investment of A$2.6 million as part of the placement of ordinary shares by GoldStone Resources to raise approximately £4.7 million in late November 2011. In October and December 2011 GoldStone Resources announced results from the inaugural drilling program during the year at Homase, Ghana. The drilling extended the known part of the high-grade shoot under the northern part of the Homase pit in length and depth. Exploration also advanced at projects in Senegal and Gabon.

State of Affairs

During the FY12, cashflow from operating activities was $21.1 million. Other material cash inflows included $2.2 million for the sale of surplus mine equipment and mine property. During the year Unity invested $9.7 million in exploration and $7.2 million in mine development. Other cash outflows in the year included a $2.6 million investment in GoldStone Resources Limited, $1.0 million buyback of ordinary shares, and $1.2 million repayment of lease liabilities. The Company's closing cash position at 30 June 2012 was $44.3 million.

The Company generated a gross profit of $21.5 million, which after interest, exploration, corporate and other expenses resulted in a net profit of $12.9 million for the FY12 financial year. This result is an $18.2 million increase in net profit compared to the prior period, primarily due to higher gold production at the Henty Gold Mine.

The $30.0 million increase in revenue relative to the prior period was a result of processing higher grade gold ore, processing increased tonnes and receiving higher gold price. The decreased exploration expense of some $2.0 million relative to the prior period related primarily to the reduced rate of exploration expenditure being written off as unsuccessful at the Henty Gold Mine.

The additional $2.6 million share of loss of GoldStone Resources occurred is due to the accelerated exploration activities during the financial year that were undertaken in Homase, Akrokerri and Ghana by the company.

The state of the Company's affairs is disclosed in detail in the Financial Statements and the notes thereto.

Other than noted above and in the future developments section below, no significant changes in the state of affairs of the Company occurred during or since the end of the financial year.

Future Developments

Unity is planning to continue production during FY13 from the Henty Gold Mine on the West Coast of Tasmania at the rate of 45,000 – 55,000 ounces. Unity will continue to invest in exploration at the Henty Gold Mine and in regional Tasmania areas, with the aim of increasing resources and reserves. Exploration on the Bendigo exploration licences will continue under the farm-in arrangement with Drummond Gold. Catalyst has until the end of January 2013 to exercise its option to purchase the Kangaroo Flat processing plant and associated assets. Unity's associate, GoldStone Resources, will continue the drill program at its core Homase project in Ghana and advance exploration projects in Senegal and Gabon. The Company is looking forward to positive results in FY13.

DIRECTORS’ REPORT *(continued)*

Unity will continue looking for new business opportunities that have potential to grow the Company and increase shareholder wealth. Unity is seeking select opportunities where it can leverage its 10 years of underground mining and exploration experience, its strong balance sheet and management skills.

Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the Company’s operations, the result of those operations or the state of affairs in subsequent financial years.

Directors' Shareholdings

Particulars of Ordinary Shares and Performance Rights to purchase or receive Ordinary Shares in the Company, in which Directors have a relevant interest at the date of this report, are as follows:

Director	Ordinary Shares	Performance Rights
R Beevor	286,936	-
P McCarthy	65,728	-
A McIlwain	200,000	1,228,297
D Ransom	-	-

(1) Refer to the remuneration report contained within the Directors’ Report for full details of the Performance Rights.

Directorships of Other Listed Companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year were for R Beevor, EMED Mining Public Limited (AIM/TSX) from November 2004 to date, Bannerman Resources Limited (ASX/TSX) from July 2009 to date, Rey Resources Limited from August 2010 to date, Talison Lithium Limited (TSX) from August 2010 to date and Ampella Mining Limited from July 2011 to date; for A McIlwain, Emmerson Resources Ltd from February 2007 to date, Verus Investments Ltd from May 2008 to November 2011, Kidman Resources Ltd October 2011 to date and Goldstone Resources Limited December 2011 to date; and for P McCarthy, Castlemaine Goldfields Limited from July 2006 to date.

Performance Rights

Under the Company’s 2010 long term incentive plan, A McIlwain will be granted a maximum of 4,000,000 conditional Performance Rights and B Geier will be granted a maximum of 2,436,974 conditional Performance Rights. The Performance Rights will be issued in three tranches from 2011 to 2014, subject to shareholder approval. The Performance Rights provide the opportunity to receive fully paid ordinary shares for nil cost, contingent on achieving a performance hurdle over a three year performance period.

Refer to the remuneration report contained within the Directors’ Report and to Note 22 to the financial statements for full details of the Performance Rights.

Indemnification

The Company has entered into a Deed of Access, Insurance and Indemnity with each of the Directors and Officers to indemnify each Director and Officer to the extent permitted by law against certain liabilities and legal costs incurred whilst acting in his or her capacity as a Director or Officer.

Auditor’s Independence Declaration

The auditor’s independence declaration is included on page 29.

Non-audit Services

No non-audit services were provided by the external auditors during the financial year.

Environmental Performance

The Company conducts its operations in strict accordance with regulatory requirements, standards and codes of practice particularly those relating to noise, air quality, blast vibration, odour and water treatment, and in line with current community expectations for responsible and sustainable practice.

During the financial year, limits prescribed as part of the environmental monitoring program were exceeded on five occasions. These limits related to air quality, water quality and noise emissions. In all cases, investigations were carried out and corrective actions taken to prevent recurrence.

Dividend

In respect of the financial year ended 30 June 2012, no dividend has been paid or declared and no recommendation is made as to dividends.

Remuneration Report – Audited

It is the Board's policy that remuneration packages reflect market conditions and the duties and responsibilities of the positions. The remuneration packages also recognise and reward performance, and provide an incentive to pursue the long term growth objectives of the Company within an appropriate control framework.

Non-Executive Directors

Non-executive Directors' fees reflect the responsibilities and demands made of the Directors. Guidance is obtained from independent industry surveys to ensure that Directors' fees are appropriate and in line with the market. The Chairman's fees reflect the additional responsibilities of the role and are based on comparative positions in the industry.

In the 2012 financial year the Board fee for Non-executive Directors was $55,000 and $137,500 for the Chairman. In the 2012 financial year committee fees were paid to Non-executive Directors, with the Chairman of each committee receiving $8000 and each member receiving $4000. Statutory superannuation contributions are also paid on Board and Committee fees. The maximum total Directors' fee approved by shareholders which may be paid by the Company to all the non-executive Directors is $500,000 per year.

Company Executives

Executive Officers of the Company are the Managing Director & CEO and the Chief Financial Officer. Other Key Management Personnel of the Company are the General Manager Henty Gold Mine and General Manager – Discovery and Growth.

The remuneration structure for Executive Officers and Other Key Management Personnel comprises fixed and variable remuneration. Fixed remuneration includes base salary, superannuation and any applicable fringe benefits. Variable remuneration includes short term and long term incentive payments which are typically share-based and contingent on achieving share price and or performance hurdles. To retain and attract executives and managers of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Remuneration & Nomination Committee seeks external advice in connection with the structure of remuneration packages. The Committee has reviewed the results of an industry remuneration survey for comparable positions and has given recognition to the challenges inherent in developing the Company assets optimally when setting the executive and manager remuneration levels.

Long Term Incentive Plans

<u>2010 Plan</u>
A long term incentive plan was introduced during the 2010 financial year ('LTIP10') for the Executive Officers. Under the LTIP10 the Company will make annual grants to Executive Officers of conditional Performance Rights to receive Ordinary Fully Paid Shares in the Company by way of issue for nil cost commencing in December 2011 for a three year period, subject to shareholder approval at the Annual General Meeting in November 2012. The vesting of Performance Rights is contingent on the Company achieving performance hurdles over a three year performance period.

The at risk value of the annual grant of Performance Rights, over the three year plan will represent 30% of the Executive Officers' total fixed remuneration. The actual number of Performance Rights granted each year will be calculated by dividing 30% of the Executive Officer's total fixed remuneration by the Volume Weighted Average Price (VWAP) of the Company Shares in the one-month preceding the grant date up to a maximum of 4,000,000 for the Managing Director & CEO and up to a maximum of 2,436,974 for the Chief Financial Officer. The allocation to the Managing Director & CEO is subject to shareholder approval being obtained at the General Meeting to be held in November 2012. The Chief Financial Officer's Performance Rights will be allocated in November 2012 in accordance with the ASX listing rules. To ensure the benefits of the LTIP are maintained up to the date when the Performance Rights can be allocated, the Board has entered into agreements with the executives that provide for the value of any benefits that may accrue under the LTIP to be paid in cash rather than shares. The cash equivalent will no longer apply once the Performance Rights are allocated.

Remuneration Report – Audited *(continued)*

Subject to shareholder approval the number of Performance Rights to be issued to the Managing Director & CEO for the 2 December 2011 grant is 1,228,297. The number of Performance Rights to be issued to the Chief Financial Officer for the 14 December 2011 grant is 748,685.

The Performance Rights will not vest until the Performance Date and Performance Hurdle have been achieved. The Performance Date is set at three years from the date of each grant.

In addition to the performance period of three years, the vesting of Performance Rights is subject to performance hurdles which if not satisfied at the Performance Date, will cause the entitlements to lapse unless the Remuneration & Nomination Committee decide exceptional circumstances justify the reduction or waiver in whole or in part of the performance hurdles. There is no ability to re-test whether or not the performance hurdle or hurdles have been satisfied after the performance period has ended.

The number of Performance Rights which vest is determined by assessing the performance of the Company, as measured by Total Shareholder Return (TSR) at the Performance Date relative to a comparator group of Companies (the "Performance Hurdle"). The VWAP of the Company Shares in the one month preceding the Performance Date compared to VWAP of the Company in the one month preceding the grant date, will be used in calculating TSR over the three year period. The TSR incorporates capital returns as well as dividends notionally reinvested and is considered the most appropriate means of measuring Company performance.

The broad comparator group chosen on which to compare Company performance is the S&P/ASX All Ords Gold sub-industry index. The average index level in the one-month preceding the Performance Date compared to the average index level in the one-month preceding the grant date will be used in calculating the comparator group performance over the three-year period.

Performance Rights will only convert to Shares subject to the Performance Period being met and subject to the Company's TSR being at least equal to the median of the comparator group performance. The entire annual allocation will convert if Company TSR is at the 75th percentile or higher than the comparator group performance. The detailed breakdown of the relationship between Company performance and the conversion of Performance Rights is:

- Zero percent converting if the Company TSR performance is below the median performance of the comparator group.
- 50 percent converting if the Company TSR performance is at the median performance of the comparator group.
- 100 per cent converting if the Company TSR performance is at the 75th percentile performance of the comparator group.
- Straight line pro-rata conversion between the median and 75th percentile performance.

In addition to the performance period and performance hurdle, the vesting of Performance Rights is subject to the continuing employment of the Executive Officers. Performance Rights will generally lapse on an Executive Officer's resignation or dismissal.

The total value at grant date of the Shares that the Executive Officers may receive under the three year plan if the performance hurdles are met depends on the Executive Officer's total fixed remuneration at each grant date. For example, in the case of the Managing Director & CEO, assuming the total fixed remuneration increased by 3% per annum and all Performance Rights are converted to Shares, the value would be $454,826. Using the same example increase in total fixed remuneration for the Chief Financial Officer, the value would be $264,272.

Short Term Incentive Plan

A short term incentive plan was introduced during the 2012 financial year ('STIP12') for Executive Officers excluding Non-Executive Directors. The STIP12 is based upon a mixture of business development, operational and investor relation performance indicators for the FY12 financial period. Under the STIP12 the Company will provide a cash bonus for the Managing Director & CEO of up to a maximum of 35% of his base salary and up to a maximum of 15% of the Chief Financial Officer's base salary if 100% of the performance indicators are achieved in the FY12 period. Refer to the remuneration table below for the actual short term bonus that was earned by the Executive Officers in the FY12 period.

A short term incentive plan was introduced during the 2011 financial year ('STIP11') for Other Key Management Personnel excluding Executive Officers. Under the STIP11 the Company will provide a cash bonus of varying percentages depending upon the seniority of the employees. The STIP11 is based upon a mixture of operational and individual key performance indicators for the FY12 financial period. The General Manager Henty Gold Mine and the General Manager – Discovery & Growth can receive a maximum of 15% of their base salary if 100% of operational and individual key performance indicators are achieved in the FY12 period. Refer to the remuneration table below for the actual short term bonus that was earned by the Other Key Management Personnel in the FY12 period.

Remuneration Report – Audited *(continued)*

Prohibited Actions

Executive Officers and Other Key Management Personnel who receive part of their remuneration in securities of the Company are prohibited from trading in any form of derivative that limits their exposure to losses that would result from share price decreases.

Recent Performance

The Total Shareholder Return (TSR) of Unity Mining Shares is the movement in share price from the start to the end of each financial year as well as dividends notionally reinvested. (A dividend of 0.5 cent per share was declared in each of the FY09 and FY10 periods). As the Company is in a development phase, the TSR does not correlate with revenues and losses reported in any of the financial years. The TSR is more dependent on the future expectation of Company performance rather than Company earnings. The TSR has been volatile over the past four years reflecting the various stages of the Company's evolving strategy. The TSR in FY08 was negative 17% and was reflective of the weak and volatile equity markets and the uncertainty inherent in the Company's exploration and trial mining phase. Despite volatile equity markets in FY09 the TSR was positive 6% due to the recommencement of mining activities and strong performance from the Kangaroo Flat Mine. The TSR for FY10 was negative 29% despite successful growth in production with the Henty acquisition and continued production from Kangaroo Flat. The TSR for FY11 was negative 45% during a period of reduced production at the Kangaroo Flat Mine and continued production at the Henty Gold Mine along with an increased exposure to West Africa via GoldStone Resource. Despite volatile equity markets in FY12 the TSR was positive 19% due to a strong production result from the Henty Gold Mine.

Director and Executive Details

The Directors, Executive Officers and Other Key Management Personnel of Unity Mining Limited during the financial year were:

Directors (Current)

- Peter McCarthy (Non-executive Chairman)
- Ronnie Beevor (Non-executive)
- Andrew McIlwain (Appointed Managing Director & CEO on 2 December 2011)
- David Ransom (Non-executive)

Directors (Former)

- Rod Hanson (Resigned on 2 December 2011 – Managing Director & CEO)
- Richard Guy (Resigned on 15 November 2011 – Non-executive)

Other Executive Officers (Current)

- Bill Geier (Appointed Chief Financial Officer on 12 December 2011 & Company Secretary on 9 March 2012)

Other Executive Officers (Former)

- Tim Churcher (Resigned on 14 October 2011 - Chief Financial Officer)

Other Key Management Personnel

- Matt Daly (General Manager Henty Gold Mine)
- Angela Lorrigan (General Manager – Discovery & Growth)
- Rod Lester (Resigned on 30 March 2012 - Commercial Finance Manager & Company Secretary)

Remuneration Report – Audited *(continued)*

Director and Executive Remuneration

The following tables disclose the compensation of the Directors, Executive Officers and Other Key Management Personnel of the Company.

	Year	Short-term Employee Benefits			Post Employment	Termination Benefits	Share-based Payment
		Salary & fees	Non-monetary[1]	Other Short term Incentives	Superannuation		Amortised value of equity securities
		$	$	$	$	$	$
Current Directors							
R Beevor	2012	73,166	-	-	6,585	-	-
	2011	71,000	-	-	6,390	-	-
A McIlwain[2]	2012	310,795[3]	2,116	48,868	23,472	-	15,621[4]
P McCarthy	2012	151,500	-	-	13,651	-	-
	2011	149,500	-	-	13,455	-	-
D Ransom	2012	65,000	-	-	5,866	-	-
	2011	63,000	-	-	5,670	-	-
Other Executive Officer & Key Management Personnel (Current)							
B Geier[5]	2012	145,590	1,005	11,289	13,103	-	8,164[4]
M Daly	2012	303,740	40,096	20,361	22,361	-	-
	2011	290,123	39,015	-	26,111	-	-
A Lorrigan	2012	229,358	1,582	20,785	20,642	-	-
Former Directors							
R Guy[6]	2012	26,625	-	-	2,396	-	-
	2011	71,000	-	-	6,390	-	-
R Hanson[7]	2012	286,833	22,243	-	22,296	829,906[8]	179,558[4]
	2011	475,796	35,373	-	42,822	-	81,332[4]
Other Executive Officer & Key Management Personnel (Former)							
T Churcher[9]	2012	114,645	13,694	-	7,242	-	19,922[4]
	2011	360,606	25,171	-	25,000	-	62,270[4]
R Lester[10]	2012	232,400	1,471	-	17,659	140,000[11]	-
	2011	196,360	1,243	-	17,672	-	-

(1) Non-monetary benefits include the provision of motor cars, salary continuance insurance, health insurance and fringe benefit taxation where applicable.

(2) A McIlwain (Managing Director & CEO) commenced employment on 2 December 2011.

(3) Salary & fees included a $50,000 sign on payment.

(4) Performance Rights (refer to Long Term Incentive Plans section above for further details).

(5) B Geier (Chief Financial Officer & Company Secretary) commenced employment on 12 December 2011.

(6) R Guy (Former Non-Executive Director) resigned on 15 November 2011.

(7) R Hanson (Former Managing Director & CEO) resigned on 2 December 2011.

(8) R Hanson (Former Managing Director & CEO) termination benefits represent twelve months remuneration $558,052 and 2,746,005 ordinary shares ($271,854) which were issued in accordance with the requirements of an accelerated event under the 2007 and 2010 Executive Long Term Incentive Plans.

(9) T Churcher (Former Chief Financial Officer & Company Secretary) resigned on 14 October 2011.

(10) R Lester (Former General Manager Finance & Company Secretary) resigned on 30 March 2012.

(11) Termination benefits represent the contractual entitlements paid to the Key Management Person in accordance with the provisions contained in the employment contract.

The expected increase in the cost of accumulating annual and long service leave during the reporting period as a result of the change in the unused entitlements is $16,639 for A McIlwain, $8,177 for B Geier, $16,052 for M Daly and ($6,180) for A Lorrigan.

Company Executive and Other Key Management Personnel Contracts

A termination payment equal to 12 months remuneration for the Managing Director & CEO if termination occurs within 12 months of commencement date, otherwise 6 months thereafter will be payable. A termination payment equal to 6 months remuneration for the Chief Financial Officer if termination occurs within 12 months of commencement date, otherwise 3 months thereafter will be payable. Termination payments equal to 6 months remuneration for the Other Key Management Personnel are required upon termination by the Company. Three months notification is required by the Executive Officers and Other Key Management Personnel to terminate their contracts.

Value of Performance Rights and Options Issued to Directors, Executive Officers and Other Key Management Personnel

The following table discloses the value of Share Rights, Performance Rights and Options granted, exercised and lapsed during the year.

	Performance Rights and Options Granted	Performance Rights and Options Exercised	Performance Rights and Options Lapsed	Amortised value of equity securities in remuneration for the year	Percentage of total remuneration for the year that consists of Performance Rights and Options
	Value at grant date	Value at exercise date	Value at time of lapse		
	$	$	$	$	%
Directors					
R Beevor	-	-	-	-	-
R Guy	-	-	-	-	-
A McIlwain	135,113(1)	-	-	15,621	3.9
P McCarthy	-	-	-	-	-
D Ransom	-	-	-	-	-
R Hanson	168,486	271,855	-	179,558	13.4
Other Executive Officer & Key Management Personnel					
T Churcher	125,161	-	287,318	19,992	12.8
B Geier	74,869(1)	-	-	8,164	4.6
M Daly	-	-	-	-	-
R Lester	-	-	9,450	-	-
A Lorrigan	-	-	-	-	-

The total value of the Performance Rights and Options granted, exercised and lapsed are calculated based on the following:

- Fair value of the Performance Rights and Options at grant date multiplied by the number of Performance Rights and Options granted during the year; plus
- Fair value of the Performance Rights and Options at the time they were exercised multiplied by the number of Performance Rights and Options exercised during the year; and
- Fair value of the Performance Rights and Options at the time of lapse multiplied by the number of Performance Rights and Options lapsed during the year.

DIRECTORS' REPORT *(continued)*

Remuneration Report – Audited *(continued)*

The value of the Performance Rights and Options included in remuneration for the year is based on the fair value determined at grant date and is recognised in remuneration on a proportionate basis over the vesting period.

(1) The grant of Performance Rights to the Managing Director & CEO is subject to shareholder approval being obtained at the General Meeting to be held in November 2012. The Chief Financial Officer's Performance Rights will be allocated in November 2012 in accordance with the ASX listing rules.

Signed in accordance with a resolution of Directors made pursuant to Section 298(2) of the Corporations Act 2001.

Peter McCarthy
Chairman

28 August 2012

Andrew McIlwain
Managing Director & CEO

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

The Board of Directors
Unity Mining Limited
Level 10, 350 Collins Street
Melbourne VIC 3000

28 August 2012

Dear Board Members,

Unity Mining Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Unity Mining Limited.

As lead audit partner for the audit of the financial statements of Unity Mining Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants

UNITY MINING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
SALES REVENUE	23	**80,805**	**50,778**
COST OF SALES			
Costs of mining, processing and site administration		(49,280)	(39,510)
Depreciation and amortisation		(9,985)	(6,085)
TOTAL COST OF SALES		**(59,265)**	**(45,595)**
GROSS PROFIT		**21,540**	**5,183**
Interest and other revenue	23	3,074	3,135
Exploration expenses		(2,170)	(4,159)
Corporate expenses		(5,532)	(5,632)
Finance costs	25	(244)	(339)
Share of loss of associates	12	(2,577)	(545)
Net loss arising on financial assets designated as at fair value through profit and loss	12	(691)	-
Net value loss on available-for-sale financial assets	26a	-	(4,057)
Net value gain on financial asset held for trading	26	100	-
		13,500	(6,414)
Income tax expense	29	-	-
Profit/(loss) for the year from continuing operations		13,500	(6,414)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	24	(625)	1,100
PROFIT/(LOSS) BEFORE TAX		**12,875**	**(5,314)**
Other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,875**	**(5,314)**
EARNINGS PER SHARE:			
Basic and Diluted Earnings/(Loss) Per Share in cents	30	2.5	(1.0)

Notes to the financial statements are included on pages 34 to 58.

UNITY MINING LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
CURRENT ASSETS			
Cash	4	44,376	41,842
Receivables	5	3,704	2,299
Inventories	6	3,940	3,362
Prepayments	7	592	218
Other financial assets	8	5,996	-
		58,608	47,721
Assets classified as held for sale	9	5,528	-
TOTAL CURRENT ASSETS		64,136	47,721
NON CURRENT ASSETS			
Investment in associates	12	7,669	7,679
Other financial assets	13	2,676	7,086
Mine property, plant & equipment	14	33,338	34,317
Exploration and evaluation	14	5,298	4,817
TOTAL NON CURRENT ASSETS		48,981	53,899
TOTAL ASSETS		**113,117**	**101,620**
CURRENT LIABILITIES			
Payables	15	10,671	10,604
Interest bearing liabilities	16	1,181	1,397
Provisions	17	3,384	3,455
		15,236	15,456
Liabilities directly associated with assets classified as held for sale	9	5,847	-
TOTAL CURRENT LIABILITIES		21,083	15,456
NON CURRENT LIABILITIES			
Interest bearing liabilities	16	1,001	2,009
Provisions	17	2,559	7,798
TOTAL NON CURRENT LIABILITIES		3,560	9,807
TOTAL LIABILITIES		**24,643**	**25,263**
NET ASSETS		**88,474**	**76,357**
EQUITY			
Issued capital	20	422,766	423,352
Reserves	21	1,772	1,944
Accumulated losses		(336,064)	(348,939)
TOTAL EQUITY		**88,474**	**76,357**

Notes to the financial statements are included on pages 34 to 58.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $'000	2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		79,029	84,173
Interest and other revenue received		2,688	3,206
Payments to suppliers and employees		(60,401)	(77,185)
Interest paid		(244)	(339)
Net cash provided by operating activities	28	21,072	9,855
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for mine property, plant & equipment and exploration & evaluation		(15,987)	(16,205)
Proceeds from sale of mine property, plant & equipment and exploration & evaluation		2,221	2,668
Payment for investment in available-for-sale financial asset		-	(5,175)
Proceeds on sale of investment in available-for-sale financial asset		-	1,118
Payment for investment in associate		(2,566)	(3,981)
Net cash used in investing activities		(16,332)	(21,575)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(2,548)
Buyback of ordinary shares		(982)	-
Loan advanced to third party		-	(5,000)
Loan repayment from third party		-	5,000
Repayment of lease liabilities		(1,224)	(1,104)
Net cash used in financing activities		(2,206)	(3,652)
Net increase / (decrease) in cash held		2,534	(15,372)
Cash at the beginning of the Financial Year		41,842	57,214
CASH AT END OF THE FINANCIAL YEAR	4	**44,376**	**41,842**

Notes to the financial statements are included on pages 34 to 58.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated			
		Share Capital $'000	Reserves $'000	Accumulated Losses $'000	Total $'000
Balance at 30 June 2011		**423,352**	**1,944**	**(348,939)**	**76,357**
Changes in Equity					
Profit for the period		-	-	12,875	12,875
Total comprehensive income for the period		-	-	12,875	12,875
Transfer from equity-settled employee benefit reserve	21	396	(396)	-	-
Buyback of ordinary shares	20	(982)	-	-	(982)
Issue of share capital	20	-	-	-	-
Recognition of share based payments	21	**-**	224	-	224
Balance at 30 June 2012		**422,766**	**1,772**	**(336,064)**	**88,474**

	Note	Consolidated			
		Share Capital $'000	Reserves $'000	Accumulated Losses $'000	Total $'000
Balance at 30 June 2010 Brought Forward		**422,857**	**2,268**	**(341,077)**	**84,048**
Changes in Equity					
Loss for the period		-	-	(5,314)	(5,314)
Total comprehensive income for the period		-	-	(5,314)	(5,314)
Payment of dividends		-	-	(2,548)	(2,548)
Transfer from equity-settled employee benefit reserve	21	495	(495)	-	-
Issue of share capital	20	-	-	-	-
Recognition of share based payments	21	-	171	-	171
Balance at 30 June 2011		**423,352**	**1,944**	**(348,939)**	**76,357**

Notes to the financial statements are included on pages 34 to 58.

1 GENERAL INFORMATION

Unity Mining Limited (the Company) is a limited company incorporated in Australia. The principal activities of the Company and its subsidiary Henty Gold Limited is underground gold mining in the West Coast of Tasmania. The Company is also involved in gold exploration in West Africa as a result of its investment in GoldStone Resources Limited. The Consolidated Entity is represented by the Company, its subsidiary and its investment in GoldStone Resources.

2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Company has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period.

Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective:

- AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010);
- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 12 Disclosure of Interests in Other Entities;
- AASB 13 'Fair Value Measurement' and related AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13;
- AASB 119 Employee Benefits (2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AAASB 119 (2011);
- AASB 127 Separate Financial Statements (2011);
- AASB 128 Investments in Associates and Joint Ventures;
- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets;
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements;
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Join Arrangements standards;
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income;
- Interpretation 20 - Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32);
- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7); and
- Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7).

The potential effect of the revised Standards/Interpretations on the Consolidated Entities financial statements has not yet been determined.

3 SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial report is a general purpose financial report of the Consolidated Entity which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report comprises the consolidated financial statements of the Consolidated Entity. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 28 August 2012.

Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The Company is a Company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated. All amounts are presented in Australian dollars, unless otherwise noted.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Significant Accounting Policies

(a) **Cash -** Cash includes cash on hand and in banks, and investments in money market instruments. Instruments comprise highly liquid short term bank bills with a credit rating of BBB or higher invested in Australian banks.

(b) **Other Financial Assets -** The Company has financial investments in the form of short term bank deposits that are usually short dated and held to maturity in the normal course of business. The investments are recorded at amortised cost. The Company holds warrants in its associate GoldStone Resources Limited. The value is recorded at fair value through the profit and loss component of the statement of comprehensive income. (refer to Note 13) The Company owns shares in Catalyst Metals Limited and the value of the shares are recorded at market value through the profit and loss component of the statement of comprehensive income. (refer to Note 8)

(c) **Exploration and Evaluation -** Costs arising from exploration and evaluation related to an area of interest are expensed as incurred, except when an area reaches the stage of evaluation that such expenditure is considered to be capable of being recouped through successful development, or at the reporting date the exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources. Costs that are not expensed as incurred are capitalised as Exploration and Evaluation Assets. Once the commercial viability of the extraction of mineral reserves in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are reclassified to mine property within mine property, plant and equipment.

(d) **Mine Property, Plant and Equipment –** Mine property assets includes costs transferred from exploration and evaluation assets once commercial viability of an area of interest are demonstrable, and also includes subsequent costs to develop the mine to the production phase. The costs of mine development are capitalised to the extent that these costs are expected to be recouped through commercially viable extraction of resources. Costs arising from mine development are depreciated according to the depreciation accounting policy. Mine property, plant and equipment are stated at cost less accumulated depreciation and impairment.

In a business combination, the difference between the fair value of purchase price and the fair value of the acquired net assets at the date of acquisition is allocated as an intangible mine property asset. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

(e) **Depreciation -** Depreciation is provided on all mine property, plant and equipment, with the exception of freehold land, so as to write off the value of the assets to residual value over their estimated useful lives. Mine development costs are written off on a units of production basis for the units recovered from an area of interest or from the expected units from the entire mine life. Property, plant and equipment costs are written off on a unit of production basis from the expected units from the entire mine life or between 2 and 25 years on a straight line basis.

(f) **Impairment of Assets -** At the end of each reporting period the Company reviews assets with the objective of ensuring that the assets are carried at no more than their recoverable amount. The recoverable amount of

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

an asset or cash generating unit ('CGU') is defined as the higher of its fair value less costs to sell and its value in use. If the recoverable amount of the CGU is estimated to be less than its carrying value, the carrying value of the CGU will be reduced to its recoverable amount. An impairment loss will be recognised in the income statement. Reversal of previously recognised asset impairment will be considered when the recoverable amount can be shown to be greater than the carrying value.

(g) **Rehabilitation Provision -** The net present value of the expected future cost of restoration works is provided for at the time the Company performs activities that necessitate rehabilitation works. If the rehabilitation is associated with exploration and evaluation activities, the expected costs are expensed and, if the works are associated with mine development activities, the expected costs are added to the asset value and depreciated.

The rehabilitation provision will be reviewed at each reporting period to take account of changes in the time value of money (recognised as an expense in the income statement and an increase in provision), and additional disturbances or changes in rehabilitation costs for mine development (recognised as additions or changes to the corresponding asset and rehabilitation liability). Long dated Government fixed coupon rates are used to discount the projected expenditure back to a net present value.

(h) **Payables -** Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(i) **Inventory -**

i) Gold and ore stocks - gold in ore stockpiles, in the process of being recovered, or in unshipped doré bars are valued at the lower of cost and net realisable value, provided that the amount of gold can be physically measured or reliably estimated. Cost represents the weighted average cost and includes direct costs and an appropriate proportion of fixed and variable direct costs and an appropriate proportion of fixed and variable direct overhead expenditure, including depreciation and amortisation.

ii) Consumables and spare parts - costs for consumables and spare parts are valued at the lower of cost and net realisable value on a first in first out basis.

(j) **Income Tax -**

i) Current Tax – is calculated by reference to the amount of income tax payable or recoverable at the applicable tax rates in respect of the taxable profit or tax loss for the period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

ii) Deferred Tax – is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities, which effect either the taxable income or accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for the Period – is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

(k) **Share Based Payments -** Equity-settled share-based payments granted after November 2002 that vested after 1 January 2005, are measured at fair value at the date of grant by use of the Black-Scholes option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of Shares that will ultimately vest. Further details on how the fair value has been determined can be found in Note 22.

(l) **Goods and Services Tax -** Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority, it is then recognised as part of the cost of acquisition of an asset or as part of an item of expense, or for

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from the taxation authority is included in receivables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(m) **Employee Benefits -** Provision is made for benefits accruing to employees in respect of annual and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to reporting date.

(n) **Transaction Costs on the Issue of Equity Instruments -** Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(o) **Receivables -** Receivables are recorded at amortised cost less impairment.

(p) **Revenue Recognition –**

i) **Interest revenue** – interest from investments is recognised on an accrual basis.

ii) **Gold sales –** revenue from the sale of gold is recognised when the significant risks and rewards of ownership have transferred to the buyer and no further processing is required by the consolidated entity, the quantity of the gold has been determined with reasonable accuracy, the price is determinable, and collection has occurred.

iii) **Other revenue –** Revenue from the sale of miscellaneous items is recognised when title has passed from the Company in accordance with the sale contract.

(q) **Leased Assets –** Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an interest bearing liability. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are charged directly against income. Finance leased assets are amortised on a units of production basis over the estimated useful life of the asset.

(r) **Business combinations -** Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Consolidated Entity in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 119 Employee Benefits respectively.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Consolidated Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Consolidated Entity obtains complete information about facts and circumstances that existed as of the acquisition date, subject to a maximum of one year.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) **Investments in associates -** An associate is an entity over which the Consolidated Entity has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are incorporated in these financial statements, using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Consolidated Entities share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the

Consolidated Entities interest in that associate (which includes any long-term interest that, in substance, form part of the Consolidated Entities net investment in the associate) are recognised only to the extent that the Consolidated Entity has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company transacts with an associate of the Consolidate Entity, profits and losses are eliminated to the extent of the Consolidated Entities interest in the relevant associate.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in an associate. In applying the requirements of AASB 139 the Company assesses the carrying value of the investment against its market value based on the volume weighted average share price for the preceding 6 months. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

(t) **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Assets associated with the Kangaroo Flat mine are classified as assets held for sale as Unity entered into an option agreement during the financial year to dispose of the assets to Catalyst Metals Limited. Rehabilitation provisions associated with the Kangaroo Flat mine assets are classified as liabilities directly associated with assets classified as held for sale.

(u) **Segment reporting**

The Company operates within the gold mining industry in Australia. The Henty Gold mine is the only operating site and the Kangaroo Flat mine is in a care and maintenance phase and is classified as an asset for sale. It has been determined that the Investment in Goldstone Resources Limited does not represent a separately identifiable reporting segment to the Company.

The Company sells 100% of its Gold and Silver to the one customer.

4 CASH

	Consolidated	
	2012 $'000	2011 $'000
Cash at bank	2,153	2,249
Bank instruments (term deposits, bills and negotiable instruments)	42,223	39,593
	44,376	**41,842**

Bank instruments have been purchased to yield interest at rates ranging from 3.45% to 5.02% with a weighted average interest rate of 4.72% (2011: 5.12%). Due to the nature of the investments and the maturity profile of less than 90 days, the Company's exposure to interest rate risk is considered to be low. Investments are only made with Australian banks with a Standard & Poors long term rating of BBB or higher. A change of 50 basis points in the weighted average interest rate throughout the reporting period would have increased (decreased) the loss for the period by $238,000 (2011 profit by: $224,000) and cash holdings would increase or decrease by $238,000 (2011: $224,000). Included in the cash holdings used to calculate the variances associated with movements in interest rates is the $8,063,000 bank term deposit that is classified as Other Financial Assets (see Notes 8 & 13).

The investment profile provides access to funds to meet cash drawdown requirements and it is anticipated that all of the instruments will be held to maturity at which time their face value will be realised. The net fair value approximates the carrying value of these instruments.

	Consolidated 2012 $'000	Consolidated 2011 $'000

5 RECEIVABLES

	2012 $'000	2011 $'000
Trade receivables	3,386	2,016
Interest receivable	318	283
	3,704	**2,299**

The credit period on accounts receivable is less than 60 days, and consequently no interest charges are applied. The Company has a history of 100% collection of accounts receivable amounts, and therefore no provision for doubtful debts is provided. Interest receivable is always received on the maturity of the investment security.

6 INVENTORIES

	2012 $'000	2011 $'000
Stores of consumables and spare parts at cost	2,749	2,957
Gold and ore stocks	1,191	405
	3,940	**3,362**

7 PREPAYMENTS

	2012 $'000	2011 $'000
Prepayments – insurance	592	218
	592	**218**

8 OTHER FINANCIAL ASSETS (current)

	2012 $'000	2011 $'000
Bank term deposits [1]	5,446	-
Financial asset – Held for Trading [2]	550	-
	5,996	**-**

[1] Bank Term Deposits totalling $5,446,000 have been used as security for environmental rehabilitation commitments associated with the Kangaroo Flat Mine. The current asset has increased during FY12 due to the reclassification of $5,446,000 from non-current, as these term deposits are associated with the Kangaroo Flat Mine which is classified as assets held for sale (see Note 9).

[2] As part of the option agreement granted to Catalyst Metals Limited (Catalyst) to acquire the Kangaroo Flat Gold Plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area, Unity Mining received 1,000,000 Catalyst ordinary shares. The shares were issued on 6 February 2012 and were subject to a six month voluntary escrow period. The shares were valued at $0.55c at 30 June 2012 based on Catalyst's closing share price at that date.

9 ASSETS CLASSIFIED AS HELD FOR SALE

	2012 $'000	2011 $'000
Inventories	309	-
Mine property	480	-
Plant & equipment [1]	4,739	-
	5,528	**-**
Liabilities associated with assets held for sale [2]	**5,847**	**-**

[1] The 600,000 tonne per annum Kangaroo Flat gold plant represents the majority of the plant & equipment carrying value.

[2] The liabilities are represented by the rehabilitation provisions associated with the Kangaroo Flat mine. Bank guarantees totalling $5,446,000 (2011: $5,446,000) have been lodged for rehabilitation obligations with the Minister for Natural Resources and Energy. The Company has provided term deposits of $5,446,000 (2011: $5,446,000) as security for these bank guarantees. (See Note 8)

9 ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

In January 2012 Catalyst entered into a twelve month option agreement to acquire the Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area from Unity. The option agreement required Catalyst to pay Unity $50,000 on signing, to issue 1,000,000 shares, and to pay a further three $100,000 quarterly payments to Unity during the option period.

On settlement (if Catalyst exercises the option), Unity will receive additional equity in Catalyst such that it will own between 15% and 25% of Catalyst (dependent upon Catalyst's share price at the time) and a royalty of up to $6,000,000 based on tonnes processed through the Kangaroo Flat plant. The additional equity will be represented by 2,000,000 shares in Catalyst together with shares valued at a minimum of $4,000,000 and a maximum of $10,000,000. The deferred royalty on future production comprises an initial payment of $2,000,000 after processing 50,000 tonnes, plus a production royalty of $5 per tonne of ore processed up to a maximum of $4,000,000.

10 PARENT ENTITY

Unity Mining Limited is the Parent Entity of the Consolidated Entity. Unity Mining Limited and Henty Gold Limited are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others (see Note 11). Details of contingent liabilities of the Parent Entity are contained in Note 33. The Parent Entity has contractual commitments at 30 June 2012 to the value of $2,076,000 (2011: $1,434,000) as per Note 31.

Summarised financial information in respect of the Parent Entity is set out below.

	Parent Entity	
	2012 $'000	2011 $'000
Assets & Liabilities		
Current assets	64,097	47,691
Non-current assets	55,338	60,225
Total assets	119,435	107,916
Current liabilities	17,478	12,394
Non-current liabilities	12,743	18,928
Total liabilities	30,221	31,322
Net assets	**89,214**	**76,594**
Shareholders' equity		
Issued capital	422,766	423,352
Reserves	1,772	1,944
Accumulated losses	(335,324)	(348,702)
Total equity	**89,214**	**76,594**

	Year ended 30 June 2012 $'000	Year ended 30 June 2011 $'000
Profit/(loss) for the year	13,377	(5,148)
Total comprehensive income for the year	**13,377**	**(5,148)**

11 SUBSIDIARIES

Details of the Company's subsidiaries at 30 June 2012 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			2012	2010
Henty Gold Limited	Provision of employee and property services	Australia	100%	100%

Henty Gold Limited provides employee and property services to the Henty Gold Mine. Unity Mining Limited and Henty Gold Limited are parties to a Deed of Cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned subsidiary Henty Gold Limited has been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

Henty Gold Limited (formerly Barrick Henty Limited) was effectively acquired on 1 July 2009.

The consolidated statement of comprehensive income and statement of financial position on pages 30 and 31 of these financial statements are the statements of the entities party to the deed of cross guarantee.

12 INVESTMENT IN ASSOCIATES

Details of the Consolidated Entity associates are as follows:

Name of Associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			2012	2011
GoldStone Resources Limited	West African gold exploration	Jersey and South Africa	34%	33%

Unity Mining Limited ('Unity') entered into a Strategic Alliance Agreement ('Alliance') with GoldStone Resources Limited ('GoldStone') on 7 May 2010. Under the Alliance, Unity acquired a 20% shareholding in GoldStone with attaching warrants.

On 7 May 2010, GoldStone placed 32,704,166 shares to Unity at an issue price of 6.5 pence a share for an investment of £2.13 million (A$3.59 million). Unity also received two tranches of warrants which accompany the initial share subscription being each issued on a 1 for 3 basis.

On 16 June 2010, Unity acquired a further 11,785,000 shares in GoldStone at an issue price of 3.5 pence a share for an investment of £0.41 million (A$0.71 million) as part of a share placement program. During the 2010/11 financial year, Unity acquired a further 29,925,000 shares in GoldStone at an average issue price of 8.3 pence a share for an investment of £2.49 million (A$4.0 million).

Unity invested approximately £1.66 million (A$2.6 million) in a placement at an issue price of 5 pence a share to maintain a 34% interest in GRL in December 2011.

The fair value of the warrants at 30 June 2012 was reduced to $59,000 primarily as a result of a reduction in the GoldStone share price over the twelve month period and a reduction in the time in which the warrants can be exercised. A loss arising on financial assets designated as at fair value through profit and loss of $691,000 was recorded in the reporting period ending 30 June 2012 due to the reduction in fair value of the warrants.

The fair value of the warrants at 30 June 2012 is estimated at $59,000 (2011: $750,000) utilising a Black-Scholes valuation model. The inputs into the valuation model were share price volatility of 81%, risk-free interest rate of 4.75% and 6.50%, life of warrants being 4 and 10 months from 30 June 2012, exercise price of 8.5 and 11.5 pence and the share price of 4.3 pence at 30 June 2012.

Summarised financial information in respect of the Consolidated Entity's associate is set out below.

12 INVESTMENT IN ASSOCIATES *(continued)*

	2012 $'000	2011 $'000
Total assets of associate	4,786	4,367
Total liabilities of associate	(1,358)	(281)
Net assets of associate	3,428	4,086
Initial cost of investment in associate	10,845	8,279
Consolidated Entities share of loss of associate	(3,176)	(600)
Consolidated Entities carrying amount of investment in associate	**7,669**	**7,679**

	2012 $'000	2011 $'000
Total revenue of associate	153	15
Total loss for the period of associate	(7,593)	(2,123)
Consolidated Entities share of loss of associate	(2,577)	(545)

13 OTHER FINANCIAL ASSETS (non-current)

	Consolidated 2012 $'000	Consolidated 2011 $'000
Bank term deposits – non current asset [1]	2,617	6,336
GoldStone Resources – fair value of warrants [2]	59	750
	2,676	**7,086**

[1] Bank Term Deposits to the value of $2,617,000 (2011: $6,336,000) have been provided as security for environmental rehabilitation commitments of $2,585,000 with the Minister for Natural Resources and Energy and corporate office lease commitments of $32,000 (see Note 16). The non-current bank term deposit asset has reduced during FY12 due to the reclassification of $5,446,000 to current other financial assets, as these term deposits are associated with the Kangaroo Flat Mine which is classified as assets held for sale (see Note 9).

[2] Refer to Note 12 for details on the fair value calculations of the GoldStone Resources warrants.

14 MINE PROPERTY, PLANT & EQUIPMENT and EXPLORATION & EVALUATION (AT COST)

	Consolidated			
2012	Mine Property $'000	Plant & equipment $'000	Exploration & Evaluation $'000	Total $'000
Gross Carrying Amount				
Balance at 30 June 2011	122,562	103,283	4,817	230,662
Transfers to assets held for sale[1] & [3]	(90,638)	(81,491)	-	(172,129)
Transfers	(1,643)	-	(9,214)	(10,394)
Additions [2]	16,719	754	9,695	26,695
Disposals	-	(1,843)	-	(1,843)
Balance at 30 June 2012	47,000	20,703	5,298	72,991
Accumulated Depreciation/Amortisation and Impairment				
Balance at 30 June 2011	(100,830)	(90,698)	-	(191,528)
Disposals	-	546	-	546
Transfers to assets held for sale[1]	90,158	76,752	-	166,910
Depreciation expense	(8,292)	(1,887)	-	(10,169)
Impairment expense	-	(114)	-	(114)
Balance at 30 June 2012	(18,964)	(15,401)	-	(34,355)
Net Book Value				
As at 30 June 2011	21,372	12,585	4,817	39,134
As at 30 June 2012	**28,036**	**5,302**	**5,298**	**38,636**

[1] Assets associated with the Kangaroo Flat mine were transferred to assets classified as held for sale. (see Note 9)

[2] Included in the Consolidated Entity plant and equipment at 30 June 2012 are assets under finance leases with a net book value of $3,689,000 (2011: $4,559,000)

[3] Due to the cessation of mining activities at the Kangaroo Flat Mine, an impairment amount of $114,000 was made to plant & equipment assets at 30 June 2012, to reflect their fair value less cost to sell based on recent market transactions. This plant & equipment asset was part of the assets transferred to assets held for sale.

14 MINE PROPERTY, PLANT & EQUIPMENT and EXPLORATION & EVALUATION (AT COST) *(continued)*

	Consolidated			
2011	Mine Property $'000	Plant & equipment $'000	Exploration & Evaluation $'000	Total $'000
Gross Carrying Amount				
Balance at 30 June 2010	110,686	106,916	2,586	220,188
Transfers	4,779	(968)	(3,811)	-
Additions [1]	7,516	3,554	6,042	17,112
Disposals	(419)	(6,219)	-	(6,638)
Balance at 30 June 2011	122,562	103,283	4,817	230,662
Accumulated Depreciation/Amortisation and Impairment				
Balance at 30 June 2010	(95,323)	(91,893)	-	(187,216)
Disposals	-	4,515	-	4,515
Impairment [2]	(246)	(891)	-	(1,137)
Depreciation expense	(5,261)	(2,429)	-	(7,690)
Balance at 30 June 2011	(100,830)	(90,698)	-	(191,528)
Net Book Value				
As at 30 June 2010	15,363	15,023	2,586	32,972
As at 30 June 2011	**21,732**	**12,585**	**4,817**	**39,134**

[1] For additions by the Consolidated Entity during the period, an amount of $2,396,000 (2009: $1,782,000) was in relation to assets under finance lease. Included in the Consolidated Entities plant and equipment at 30 June 2011 are assets under finance leases with a net book value of $4,559,000 (2010: $3,841,000)

[2] Due to the cessation of mining activities at the Kangaroo Flat Mine, an impairment amount of $1,137,000 was made to plant & equipment assets at 30 June 2011 to reflect their fair value less cost to sell based on recent market transactions.

	Consolidated	
	2012 $'000	2011 $'000
15 PAYABLES		
Unsecured trade creditors	**10,671**	**10,604**

The Company's payment policy and system ensures that all creditors are paid within payment terms, and consequently no discounts or penalty payments arise.

16 INTEREST BEARING LIABILITIES

	2012 $'000	2011 $'000
Finance lease liabilities[1] (Note 32) - Current	1,181	1,397
Finance lease liabilities[1] (Note 32) – Non-Current	1,001	2,009
	2,182	**3,406**
Disclosed in the financial statements as:		
Current interest bearing liabilities	1,181	1,397
Non-current interest bearing liabilities	1,001	2,009
	2,182	**3,406**

[1] Secured by the assets leased. The leases are fixed interest rate debt with repayment periods not exceeding 5 years. The current annual weighted average effective interest rate on the finance lease liabilities is 8.63% (2011: 8.72%).

17 PROVISIONS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Current:		
- Employee benefits - annual leave	1,467	1,600
- long service leave	1,917	1,855
	3,384	3,455
Non-current:		
- Employee benefits - long service leave	162	229
- Rehabilitation provision [1]	2,397	7,569
	2,559	7,798
	5,943	**11,253**

[1] Bank guarantees totalling $2,585,000 (2011: $890,000) have been lodged for rehabilitation obligations. The Company has used term deposits of $2,585,000 (2011: $890,000) as security for these bank guarantees.

18 PROVISIONS

	Consolidated Employee benefits $'000	Rehabilitation $'000	Total $'000
Balance at 30 June 2011	3,684	7,569	11,253
Additional provisions recognised	2,481	417	2,898
Unwinding of discount and effect of changes in the discount rate	-	258	258
Payments made	(2,619)	-	(2,619)
Transfers to liabilities directly associated with assets classified as held for sale (see note 9)	-	(5,847)	(5,847)
Balance at 30 June 2012	**3,546**	**2,397**	**5,943**
Current (see Note 17)	3,384	-	3,384
Non-current (see Note 17)	162	2,397	2,559
Balance at 30 June 2012	**3,546**	**2,397**	**5,943**

19 FINANCIAL INSTRUMENTS

Overview – The Company has exposure to various risks from the use of financial instruments. The Company's principal financial instruments comprise receivables, payables, cash, other financial assets and financial liabilities. This note presents information about the Company's exposure to risk from the use of financial instruments. Further quantitative disclosures are included throughout this financial report.

(a) **Financial Risk Management –** Financial risks including credit risk, liquidity risk, and market risk (interest rate risk, commodity risk and foreign currency risk) are managed such to maintain an optimal capital structure. The Company does not enter into derivative transactions to manage financial risks. In the current period, the Company's financial risk arises principally from cash financial assets. The Company invests its cash to obtain market interest rates. The Company has appointed Bendigo and Adelaide Bank Limited as a treasury service provider to manage the investment of cash in accordance with the Company's investment policy. The objective of the investment policy is to provide appropriate security of capital, market competitive returns, and access to funds, by investing in a restricted range of prime quality, short and medium term securities. Investments are only made with selected Australian counterparties with a Standard & Poors long term rating of BBB or higher. The investment policy also provides for strict counterparty exposure according to the level of funds under management. Adherence to the investment policy is monitored on a monthly basis.

19 FINANCIAL INSTRUMENTS *(continued)*

(b) **Credit Risk –** Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's investment of its cash balances. Credit risk exposure on Company receivables is not considered significant as the Company invests in Australian counterparties with a Standard & Poors long term rating of BBB or higher.

(c) **Liquidity risk –** Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining adequate cash reserves and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Consolidated					
	Weighted average effective interest rate %	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000
2012						
Payables	-	10,671	-	-	-	-
Interest bearing liabilities	8.63	122	203	915	1,151	-
		10,793	203	915	1,151	-
2011						
Payables	-	10,604	-	-	-	-
Interest bearing liabilities	8.72	122	367	1,101	2,372	-
		10,726	367	1,101	2,372	-

(d) **Market risk –** Market risk is the risk that changes in market prices, such as commodity prices and interest rates will affect the Company's income. The Company has a policy of maintaining full exposure to changes in key market variables being gold price, interest rates and the US dollar exchange rate. The Company does not undertake gold forward selling and hence is exposed to commodity price risk. The Company is exposed to interest rate risk arising from its cash and other financial assets held in the form of bank term deposits and bank bills. The Company regularly reassesses market conditions and market risks so as to optimise return on capital. There has been no material change to the company's exposure to market risks or the manner in which it manages and measures the risk from the previous financial reporting period.

(e) **Capital Risk Management –** The Company has equity financed the majority of all historical expenditure. The capital structure consists of cash, other financial assets, financial liabilities and equity attributable to equity holders as disclosed in Notes 4, 8, 13, 16, 20 and 22 respectively. The Company is not subject to externally imposed capital requirements.

(f) **Fair value of financial instruments –** The fair values of cash with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. Cash includes bank instruments as per Note 4. Trade receivables, payables and financial liabilities have been excluded from the table below as the fair values of these financial assets and liabilities are the same as the recorded carrying value.

The fair value of non-cash related financial assets held by the Company are determined with reference to a 3 level hierarchy based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19 FINANCIAL INSTRUMENTS *(continued)*

(f) Fair value of financial instruments *continued*

The fair values of cash and other financial assets together with the carrying amounts shown in the balance sheet are as follows:

	Consolidated			
	Carrying Amount 2012 $'000	Fair Value 2012 $'000	Carrying Amount 2011 $'000	Fair Value 2011 $'000
Cash	44,376	44,397	41,838	41,844
Other financial assets - FVTPL [(1)]	59	59	750	750
Other financial assets – Held for Trading [(2)]	550	550	-	-
	44,985	45,006	42,588	42,594

[(1)] The consolidated financial statements include GoldStone Resources warrants which are measured at fair value based on level 2 elements of the fair value hierarchy (see Note 12 & 13). Fair value is estimated using a Black-Scholes valuation model, which includes some assumptions that are not supportable by observable market prices or rates.

In determining the fair value, a share price volatility of 81% and a risk-free interest rate of 4.75% and 6.50% were used for each of the warrant tranches. If these inputs to the valuation model were 10% higher / lower while all other variables were held constant, the carrying amount of the warrants would increase / decrease by $24,000.

[(2)] Other financial assets held for trading include the Company's shares in Catalyst Metals Limited. The fair value of these shares at balance date is determined based on level 1 elements of the fair value hierarchy (see Note 8), being the closing quoted share price at 30 June 2012.

If the closing share price was 10% higher / lower while all other variables remained constant, the carrying amount of the shares would increase / decrease by $55,000.

20 ISSUED CAPITAL

	Consolidated	
	2012 Shares	2011 Shares
Issued Shares – fully paid Ordinary Shares	506,120,467	509,925,735
Movement for the year:		
Balance at beginning of year	509,925,735	508,092,735
Ordinary share issues - ESP [(1)]	-	1,833,000
Ordinary share issues – LTIP [(2)]	2,746,005	-
Buyback of ordinary shares[(3)]	(6,551,273)	-
Balance at End of Year	**506,120,467**	**509,925,735**

[(1)] Shares were issued in accordance with the 2008 Employee Share Plan.

(2) Shares were issued in accordance with the 2007 and 2010 Executive Long Term Incentive Plan. Refer to the remuneration report contained within the Directors' Report for further details of the share issues.

[(3)] Ordinary shares purchased by Unity Mining during March to May 2012 as part of the on-market share buy-back program. On 8 February 2012 Unity announced a share buyback as part of a capital management plan to purchase up to 50.9 million ordinary shares over a twelve month period. There is no guarantee Unity will repurchase the full 50,971,273 shares and the Company reserves the right to suspend or terminate the share buyback program at any time and to buyback less than 50,971,273 shares.

Fully paid Ordinary Shares carry one vote per share and carry the right to dividends.

21 RESERVES

	Consolidated	
	2012 $'000	2011 $'000
Equity Compensation Reserve		
Balance at beginning of financial year	1,944	2,268
Share-based payment expense	224	171
Transfer to share capital	(396)	(495)
Balance at End of the Financial Year	**1,772**	**1,944**

The Share Rights and Performance Rights expense incurred during the 2012 and 2011 financial years relates to the fair value of Share Rights and Performance Rights as determined at grant date and expensed over the vesting period (see Note 22). Amounts are transferred out of the reserve and into issued capital when the options are exercised or when shares are issued for the Performance Rights or Share Rights.

22 EMPLOYEE SHARE OPTIONS AND PERFORMANCE RIGHTS PLANS

Share Options

No Options were issued during the 2012 financial year. Options that were issued in previous periods had been issued pursuant to Unity Mining Share Option Plans and other specific issues as approved by shareholders. The Options were provided to certain employees (including the Managing Director & CEO) to assist in the reward, motivation and retention of those employees. Other than tenure, there are no performance conditions or hurdles that are required to be met for the Options to vest.

The following share-based payment arrangements were in existence during the period:

Option Series	Number	Grant date	Expiry date	Exercise price	Average fair value at grant date
9	1,155,340	10/10/05	25/7/11	$1.26	$0.32
11	216,683	28/5/06	27/4/12	$2.81	$0.47

Option Series 9: These Options vested in three equal portions on 26 July 2006, 26 July 2007 and 26 July 2008 and may be exercised during the three-year period following each vesting date at the price of $1.26 per share. The exercise price of the Options was set at the VWAP during the first ten trading days in July 2005, plus 30%, being $1.39. At the grant date, 10 October 2005, the share price was $1.14 and the average value of the Options at that date has been estimated at $0.32. The exercise price of the Options was reduced by $0.13 to $1.26 and the value of the Options was increased by $0.04 to an average of $0.36 as a result of the 3:5 Rights Issue in November 2005, (26 July 2006 vesting Options being $0.31, 26 July 2007 vesting Options being $0.36 and 26 July 2008 vesting Options being $0.42). The third tranche of options lapsed on 25 July 2011 in accordance with the plan rules.

Option Series 11: These Options vested in three equal portions on 28 April 2007, 28 April 2008 and 28 April 2009 and may be exercised during the three-year period following each vesting date at the price of $2.81 per share. The exercise price of these Options was set at the VWAP of the last ten trading days in March 2006, plus 30%. At the grant date, 28 May 2006, the share price was $2.16 and the average value of the Options at that date has been estimated at $0.47. (28 April 2007 vesting Options being $0.38, 28 April 2008 vesting Options being $0.47 and 28 April 2009 Options being $0.56) The second and third tranches of options lapsed on 28 April 2011 and 28 April 2012 in accordance with the plan rules.

Reconciliation of Outstanding Share Options
The following reconciles the outstanding Share Options granted under the Unity Mining Share Option Plans at the beginning and end of the financial year:

Employee Share Options	2012 Number of Options	2012 Weighted average exercise Price	2011 Number of Options	2011 Weighted average exercise price
Balance at beginning of the financial year	667,686	$1.48	1,372,023	$1.50
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	667,686	$1.48	(704,337)	$1.53
Balance at the End of the Financial Year	**-**		**667,686**	$1.48
Exercisable at the End of the Financial Year	**-**		**667,686**	$1.48

22 EMPLOYEE SHARE OPTIONS AND PERFORMANCE RIGHTS PLANS *(continued)*

Share Options carry no rights to dividends or voting.

Performance Rights

The 2010 Executive Long Term Incentive Plan ('2010 LTIP') was introduced during the 2011 financial year for the Managing Director & CEO and the Chief Financial Officer.

Under the 2007 Executive Long Term Incentive Plan ('2007 LTIP') and the 2010 LTIP the Company made and will make annual grants to Executive Officers of conditional Performance Rights to receive Ordinary Fully Paid Shares in the Company by way of issue for nil cost. The vesting of Performance Rights is contingent on the Company achieving a performance hurdle over a three year performance period. Refer to the remuneration report section of the directors' report for further details on the 2007 LTIP and 2010 LTIP.

The following Performance Rights were in existence during the period:

Performance Right series	Number	Grant date	Expiry date	Exercise price	Grant date share price	Fair value at grant date
2009 Grant (2007 LTIP)	630,473	2/4/09	1/4/12	Nil	$0.25	$0.25
2010 Grant (2010 LTIP)	1,371,167	1/7/10	Expired	Nil	$0.18	$0.11
2011 Grant (2010 LTIP)	2,796,639	1/7/11	Expired	Nil	$0.10	$0.06
2012 Grant (2010 LTIP)	1,228,297	2/12/11	2/12/14	Nil	$0.11	$0.07
2012 Grant (2010 LTIP)	748,685	14/12/11	14/12/14	Nil	$0.10	$0.06
Total	6,775,261					

2007 LTIP: 354,641 of the Performance Rights for the 2009 grant vested in full on 31 December 2011 and were issued as shares to the former Managing Director & CEO, Mr R Hanson. These shares were issued in accordance with the requirements of an accelerated event under the 2007 Executive Long Term Incentive Plan. The remaining 275,832 Performance Rights lapsed on 14 October 2011 in accordance with the 2007 Executive Long Term Incentive Plan rules due to the resignation of the former Chief Financial Officer & Company Secretary, Mr T Churcher. At the grant date 2 April 2009, the share price was, $0.25 and the value of Performance Rights at those dates was estimated at $0.25.

2010 LTIP: 2,391,364 of the Performance Rights for the 2010 and 2011 grants vested in full on 31 December 2011 and were issued as shares to the former Managing Director & CEO, Mr R Hanson. These shares were issued in accordance with the requirements of an accelerated event under the 2010 Executive Long Term Incentive Plan. The remaining 1,776,442 Performance Rights lapsed on 14 October 2011 in accordance with the 2010 Executive Long Term Incentive Plan rules due to the resignation of the former Chief Financial Officer & Company Secretary, Mr T Churcher. At the grant date, 1 July 2010 and 1 July 2011, the share price was $0.18 and $0.10 cents, and the value of the Performance Rights was estimated at $0.11 and $0.06 cents respectively, after applying a 40% discount for the market based performance hurdles.

On the 2/12/2011 1,228,297 performance rights were granted to Mr A McIlwain, the Company Managing Director & CEO at a share price of $0.11 and estimated fair value of $0.07 cents based on 40% discount for the market based performance hurdles. On 14/12/11 748,685 performance rights were granted to Mr B Geier, the Company Chief Financial Officer at a share price of $0.10 and estimated fair value of $0.06 based on a 40% discount for the market based performance hurdles.

All unexpired performance rights granted in the 2012 financial year remain subject to shareholder approval at the 2012 Annual General Meeting.

Fair Value Calculations
The fair value of Performance Rights, comprising the rights over unissued Shares, has been determined at the grant date with regard to estimated volatility, risk-free interest rate, life of the Performance Rights, exercise price, and the performance hurdles.

Reconciliation of Outstanding Performance Rights

The following reconciles the outstanding Performance Rights granted under the Unity Mining 2007 and 2010 Executive Long Term Incentive Plans at the beginning and end of the financial year:

22 EMPLOYEE SHARE OPTIONS AND PERFORMANCE RIGHTS PLANS *(continued)*

Employee Performance Rights	2012 Number of Performance Rights	2012 Weighted average exercise Price	2011 Number of Performance Rights	2011 Weighted average exercise price
Balance at beginning of the financial year	2,001,640	Nil	1,260,946	Nil
Granted during the financial year	4,773,621	Nil	1,371,167	Nil
Exercised during the financial year	(2,746,005)	$0.10	-	-
Lapsed during the financial year	(2,052,274)	$0.14	(630,473)	-
Balance at the End of the Financial Year	**1,976,982**		**2,001,640**	Nil
Exercisable at the End of the Financial Year	**-**		**-**	-

Performance Rights carry no rights to dividends or voting.

Recognition of Share Based Payments Expense

The total value of Performance Rights included in remuneration for the year is calculated in accordance with Accounting Standard AASB 2 'Share-based Payment'. The Standard requires the value of the Performance Rights to be determined at grant date and to be recognised as an expense in the profit & loss component of the statement of comprehensive income over the vesting period. Consequently a Performance Rights expense of $224,000 was incurred during the 2012 financial year (2011: $171,000).

23 PROFIT FROM ORDINARY ACTIVITIES

	Consolidated 2012 $'000	Consolidated 2011 $'000
Profit/(Loss) from ordinary activities before income tax expense includes the following items of revenue and expense:		
(a) **Operating Revenue**		
Gold sales	80,067	50,197
Silver sales	738	581
	80,805	50,778
(b) **Interest and Other Revenue**		
Interest received	2,291	2,385
Net gain arising on financial assets designated as at FVTPL(1)	-	750
Net gain on recognition of financial asset held for trading(2)	450	-
Other revenue	333	-
	3,074	3,135
(c) **Expenses**		
i) Depreciation expense (included in cost of sales and exploration expense)	9,996	6,161
ii) Employee benefits:		
Superannuation contributions	930	869
Equity-settled share-based payments	223	171
Transfer to provision for employee entitlements:		
Annual leave	1,097	923
Long service leave	301	238
Salary and wages and other employee benefits	13,220	12,354
Total employee benefits	15,771	14,555

23 PROFIT FROM ORDINARY ACTIVITIES *(continued)*

(1) The net gain in FY11 arose due to the initial recognition of the value of the GoldStone Resources warrants. Refer to Note 12 for further details on the warrants and the fair valuation calculation inputs.

(2) The net gain on recognition of financial asset held for trading arose during FY12 due to the issue of 1,000,000 Catalyst Metals Limited shares to Unity Mining as part consideration of the option agreement to acquire the Kangaroo Flat gold plant and associated infrastructure, (see Note 9).

24 DISCONTINUED OPERATIONS

The Kangaroo Flat Mine was placed on a care and maintenance status at the commencement of the FY12 period. In January 2012 Unity Mining entered into a twelve month option agreement with Catalyst Metals Limited to acquire the Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area from Unity. The option agreement required Catalyst to pay Unity $50,000 on signing, plus issue 1,000,000 shares, with a further three $100,000 quarterly payments to Unity during the option period.

On settlement following the exercise of the option, Unity will receive equity in Catalyst such that it will own between 15% and 25% of the company (dependent upon Catalyst's share price at the time) and a deferred royalty of $6,000,000 based on tonnes processed through the Kangaroo Flat plant. The share issue will be represented by 2,000,000 shares in Catalyst and shares valued at a minimum of $4,000,000 and a maximum of $10,000,000. The deferred royalty on future production comprises an initial payment of $2,000,000 after processing 50,000 tonnes, plus a production royalty of $5 per tonne of ore processed up to a maximum of $4,000,000.

Analysis of profit/(loss) for the year from discontinued operations.

The combined results of the discontinued operations included in the consolidated statement of comprehensive income are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	2012 $'000	2011 $'000
Profit for the year from discontinued operations		
Sales Revenue	-	29,697
Cost of sales		
Mining, processing and site administration	-	(24,351)
Depreciation and amortisation	-	(1,529)
Total cost of sales	**-**	**(25,880)**
Gross profit	**-**	**3,817**
Other revenue	1,459	1,604
Exploration expenses	(1,970)	(3,184)
Impairment of assets[1]	(114)	(1,137)
Profit/(loss) before tax	(625)	1,100
Income tax expense	-	-
Profit/(loss) for the year from discontinued operations	(625)	1,100
Cash flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	(2,248)	531
Net cash inflows/ from investing activities	2,762	2,668
Net cash inflows/(outflows) from financing activities	-	-
Net cash inflows/(outflows)	514	3,199

The Kangaroo Flat Mine has been classified and accounted for at 30 June 2012 as assets held for sale (see note 9).

(1) Due to the cessation of mining activities at the Kangaroo Flat Mine, an impairment amount of $114,000 was made to plant & equipment assets at 30 June 2012 (2011: $1,137,000) to reflect their fair value less cost to sell based on recent market transactions.

25 FINANCE COSTS

	Consolidated	
	2012 $'000	2011 $'000
Finance lease interest	244	339
	244	**339**

The current weighted average effective interest rate on the finance lease liabilities is 8.72% (2010: 8.77%).

26 NET VALUE GAIN/(LOSS) ON FINANCIAL ASSET HELD FOR TRADING

Gain/(loss) on financial asset held for trading	100	-
	100	**-**

2012 Gain

Unity received 1,000,000 Catalyst Metals Limited shares on 6 February 2012 as part of the consideration for the option agreement to acquire the Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area. The shares were valued at $0.45c when issued and were valued at $0.55c at the end of the financial year. The $0.1 million gain represents the increase in share value from the date of issue to the end of the financial year.

26(a) NET VALUE GAIN/(LOSS) ON AVAILABLE FOR SALE FINANCIAL ASSETS

Gain/(loss) on available-for-sale financial asset	-	(4,057)
	-	**(4,057)**

2011 Loss

Unity Mining Limited ('Unity') and BCD Resources NL ('BCD') entered into a Scheme Implementation Agreement ('SIA') for a merger of the companies on 22 July 2010.

On 22 July 2010, Unity acquired 45,000,000 shares in BCD at an issue price of 11.5 cents a share for investment of $5.2 million, which represented 10.67% of BCD shares on issue at that time.

As announced to ASX on 14 October 2010 the proposed merger between Unity and BCD was terminated.

Unity provided BCD with a secured loan prior to completion of the proposed merger of up to $8 million for working capital and to support the accelerated development of BCD's Tasmania Mine. A total of $5 million of the loan was drawn down in two tranches in August and September 2010. The $5 million loan and interest was repaid by BCD to Unity in October after the termination of the proposed merger.

On 23 November 2010, Unity sold the entire 10.67% shareholding in BCD for a consideration of $1.1 million. The sale generated a loss of $4.1 million and is included in the condensed consolidated income statement as net value loss on available-for-sale financial assets.

27 REMUNERATION OF AUDITORS

Audit or review of the financial reports	85	99
Other audit services	1	-
	86	**99**

The auditor of Unity Mining Limited is Deloitte Touche Tohmatsu.

28 NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated 2012 $'000	Consolidated 2011 $'000
(a) Reconciliation of Profit After Income Tax to Net Cash Provided for Operating Activities		
Profit/(Loss) after income tax	12,875	(5,314)
Depreciation and impairment	10,282	8,827
Performance and share right expense	224	171
Share of loss of associate	2,577	545
Inventory write down	-	672
(Gain) / Loss on financial assets	(100)	4,057
Recognition of gain on financial asset	(450)	-
Net gain/(loss) arising on financial assets designated as at FVTPL	691	(750)
Profit on sale of non current assets	(923)	(543)
Movements in working capital:		
Receivables	(1,404)	4,117
Other Financial Assets	(1,727)	(3,040)
Inventories	(887)	2,597
Other assets	(374)	98
Payables	(249)	(1,135)
Provisions	537	(447)
Net cash from Operating Activities	**21,072**	**9,855**

(b) **Non–Cash Financing and Investing Activities**

During the 2012 financial year no equipment under finance lease were acquired (2011: $1,216,000). The prior year acquisition will be reflected in the cash flow statement over the term of the finance lease via lease repayments.

29 INCOME TAX

The prima facie income tax expense on pre-tax accounting profits is reconciled to the income tax expense in the financial statements as follows:

	2012	2011
Income Tax Recognised in Profit		
Profit/(loss) from ordinary activities	12,373	(5,314)
Income tax expense calculated at 30% of profit from ordinary activities	3,712	(1,594)
Add tax effect of permanent differences:		
Non-deductible items	77	69
Loss on financial assets and capital raising expenses	740	895
Income tax expense attributable to operating profit	4,529	(630)
Under provision in previous year	87	487
Effect of deductible items not expensed in determining taxable profit	(16,169)	(3,146)
Current year tax losses not brought to account as a DTA	11,553	3,289
Income Tax Expense/(Benefit) Recognised in Profit/(Loss)	**-**	**-**
Future income tax benefits attributable to tax losses and timing differences not brought to account as a deferred tax asset. [1]	**90,848**	**79,295**

[1] The deferred tax asset is not recognised due to the uncertainty of timing in relation to when taxable profits will be derived.

29 INCOME TAX *(continued)*

There are no taxable and deductible temporary differences that have been recognised during the 2012 or 2011 financial years. The Company and its wholly-owned Australian resident entity Henty Gold Limited have not formed a tax-consolidated group.

30 EARNINGS PER SHARE

	Consolidated 2012	2011
Basic and diluted profit/(loss) per share	2.5 cents	(1.0) cents

The earnings and weighted average number of Ordinary Shares used in the calculation of basic and diluted profit/(loss) per share are as follows:

	2012 $'000	2011 $'000
Net profit/(loss)	12,875	(5,314)

	2012 No.	2011 No.
Weighted average number of Ordinary Shares	510,523,531	509,724,990

The following potential Ordinary Shares are not dilutive as the option exercise prices were in excess of the average share price during the financial year and are therefore excluded from the weighted average number of Ordinary Shares and potential Ordinary Shares used in the calculation of diluted profit per share:

Options	667,868	1,372,023

No Options were exercised after the end of the financial year.

31 COMMITMENTS FOR EXPENDITURE

	Consolidated 2012 $'000	2011 $'000
(a) **Operating Expenditure**		
Not later than 1 year	2,076	1,434
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	2,076	**1,434**
(b) **Capital Expenditure**		
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	-	**-**

(c) **Lease Commitments**

Finance lease liability commitments are disclosed in Note 32 to the financial statements.

32 LEASES

Finance Leases

Finance leases relate to mining equipment with lease terms of 4 and 5 years. The Company will receive title to the equipment after the final lease payments are made. The Company's obligation under finance leases are secured by the lessor's title to the leased assets.

	Consolidated			
	Future lease payments		Present value of future lease payments	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
No later than 1 year	1,240	1,468	1,181	1,397
Later than 1 year and not later than 5 years	1,151	2,372	1,001	2,009
Later than five years	-	-	-	-
Future lease payments [1]	2,391	3,840	2,182	3,406
Less future finance costs	(208)	(434)	-	-
Present value of lease payments	2,183	3,406	2,182	3,406
Included in the financial statements as (Note 16)				
Current interest bearing liabilities			1,181	1,397
Non-current interest bearing liabilities			1,001	2,009
			2,182	3,406

[1] Future lease payments include the aggregate of all lease payments.

33 CONTINGENT LIABILITIES

Nil (2011: Nil)

34 RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

The aggregate compensation of the key management personnel of the Company is set out below:

	2012 $	2011 $
Short-term employee benefits	2,123,162	2,002,106
Post-employment benefits	155,273	163,475
Other long-term benefits	-	-
Termination benefits	969,906	118,004
Share-based payments	223,265	143,602
Total	**3,471,606**	**2,427,187**

(b) **Ordinary Shares In Unity Mining Held by Key Management Personnel**

The following tables provide details of the shareholdings of key management personnel.

2012	Balance 1/7/11 No.	Granted as compensation No.	Net other change No.	Balance 30/6/12 No.
Directors				
R Beevor	286,936	-	-	286,936
P McCarthy	65,728	-	-	65,728
A McIlwain	-	-	200,000	200,000
D Ransom	-	-	-	-
Other Executive Officer & Key Management Personnel				
B Geier	-	-	-	-
M Daly	-	-	76,923	76,923
A Lorrigan	-	-	100,000	100,000
Total	**352,664**	**-**	**376,923**	**729,587**

2011	Balance 1/7/10 No.	Granted as compensation No.	Net other change No.	Balance 30/6/11 No.
Directors				
R Beevor	286,936	-	-	286,936
R Guy	106,250	-	-	106,250
R Hanson	204,250	-	250,000	454,250
P McCarthy	65,728	-	-	65,728
D Ransom	-	-	-	-
Other Executive Officer & Key Management Personnel				
T Churcher	73,250	-	-	73,250
M Daly	-	-	-	-
L Faulkner	50,000	75,000	-	125,000
R Lester	50,000	75,000	-	125,000
Total	**836,414**	**150,000**	**250,000**	**1,236,414**

(c) **Share Options Issued by Unity Mining**

There were no options held by key management personnel who held office at 30 June 2012. The following tables provide details of the option holdings of key management personnel in the 2011 financial year.

34 RELATED PARTY DISCLOSURES *(continued)*

(c) Share Options Issued by Unity Mining (continued)

2011	Balance 1/7/10 No.	Granted as compensation No.	Exercised No.	Lapsed No.	Balance 30/6/11 No.	Balance vested 30/6/11 No.	Vested but not exercisable No.	Vested and exercisable No.
Directors								
R Beevor	-	-	-	-	-	-	-	-
R Guy	-	-	-	-	-	-	-	-
R Hanson	346,666	-	-	173,333	173,333	173,333	-	173,333
P McCarthy	-	-	-	-	-	-	-	-
D Ransom	-	-	-	-	-	-	-	-
Other Executive Officer & Key Management Personnel								
T Churcher	346,666	-	-	173,333	173,333	173,333	-	173,333
M Daly	-	-	-	-	-	-	-	-
L Faulkner	33,333	-	-	16,666	16,667	16,667	-	16,667
R Lester	140,000	-	-	70,000	70,000	70,000	-	70,000
Total	**866,665**	**-**	**-**	**433,332**	**433,333**	**433,333**	**-**	**433,333**

(d) Performance Rights Issued by Unity Mining

The following table provides details of Performance Rights issued to Key Management Personnel.

2012	Balance 1/7/11 No.	Granted as compensation No.	Exercised No.	Lapsed No.	Balance 30/6/12 No.	Balance vested 30/6/12 No.	Vested but not exercisable No.	Vested and exercisable No.
Directors								
R Beevor	-	-	-	-	-	-	-	-
R Guy	-	-	-	-	-	-	-	-
R Hanson	1,141,376	1,604,629	2,746,005	-	-	-	-	-
A McIlwain	-	1,228,297	-	-	1,228,297			
P McCarthy	-	-	-	-	-	-	-	-
D M Ransom	-	-	-	-	-	-	-	-
Other Executive Officer & Key Management Personnel								
T Churcher	860,264	1,192,010	-	2,052,274	-	-	-	-
B Geier	-	748,685	-	-	748,685			
M Daly	-	-	-	-	-	-	-	-
L Faulkner	-	-	-	-	-	-	-	-
R Lester	-	-	-	-	-	-	-	-
Total	**2,001,640**	**4,773,621**	**2,746,005**	**2,052,274**	**1,976,982**	**-**	**-**	**-**

34 RELATED PARTY DISCLOSURES *(continued)*

(d) Performance Rights Issued by Unity Mining (continued)

2011	Balance 1/7/10 No.	Granted as compensation No.	Exercised No.	Lapsed No.	Balance 30/6/11 No.	Balance vested 30/6/11 No.	Vested but not exercisable No.	Vested and exercisable No.
Directors								
R Beevor	-	-	-	-	-	-	-	-
R Guy	-	-	-	-	-	-	-	-
R Hanson	709,282	786,735	-	354,641	1,141,376	-	-	-
P McCarthy	-	-	-	-	-	-	-	-
D M Ransom	-	-	-	-	-	-	-	-
Other Executive Officer & Key Management Personnel								
T Churcher	551,664	584,432	-	275,832	860,264	-	-	-
M Daly	-	-	-	-	-	-	-	-
L Faulkner	-	-	-	-	-	-	-	-
R Lester	-	-	-	-	-	-	-	-
Total	**1,260,946**	**1,371,167**	**-**	**630,473**	**2,001,640**	**-**	**-**	**-**

(e) Other Transactions with Related Parties

Non-Executive Director, R Beevor, is a senior advisor to Gryphon Partners / Standard Chartered Bank. During the financial year $23,172 was incurred (2011: $257,000) with Gryphon Partners / Standard Chartered Bank for corporate advisory work. Consultancy fees are paid based on a commercial rate commensurate with the services provided.

The provision of services by Gryphon Partners / Standard Chartered Bank to Unity ceased during the current financial year. The Board had requested and received written confirmation from Gryphon Partners / Standard Chartered Bank that R Beevor did not participate in the provision of corporate advice by them to Unity Mining, nor did R Beevor share in any fees paid or payable by Unity Mining to Gryphon Partners / Standard Chartered Bank. The Board considered that there was no fiduciary or affiliated relationship between R Beevor's position on the Unity Mining Board and his position with Gryphon Partners / Standard Chartered Bank. R Beevor is an independent Non-Executive Director of the Company.

35 EVENTS AFTER THE REPORTING PERIOD

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the Company's operations, the result of those operations or the state of affairs in subsequent financial years.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2012

The Directors declare that:

1) a) The financial report of the Consolidated Entity, and the additional disclosures included in the Directors' report designated as audited are in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2012 and of the Consolidated Entity's performance for the year ended on that date;

ii) complying with Accounting Standards and Corporations Regulations 2001;

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

c) in the directors' opinion, the financial statement and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 3 to the financial statements.

2) This declaration has been made after receiving the declarations required to be made to Directors in accordance with section 295A of the Corporations Act 2001 for the financial year-ended 30 June 2012.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 10 to the financial statements will, as a group, be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of Directors made pursuant to Section 295(5) of the Corporations Act 2001.

Peter McCarthy
Chairman

Andrew McIlwain
Managing Director & CEO

28 August 2012

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

Independent Auditor's Report to the members of Unity Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Unity Mining Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 30 to 59.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Unity Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Unity Mining Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 28 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Unity Mining Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants
Melbourne, 28 August 2012

SHAREHOLDER INFORMATION

Shareholdings

At 28 August 2012 the issued share capital of the Company was held as follows:

a) Size of Shareholding

Size of Shareholding	Number of Ordinary Shareholders
1 – 1,000	559
1,001 – 5,000	2,131
5,001 – 10,000	1,755
10,001 – 100,000	2,568
100,001 and over	418
Total number of shareholders	7,431

b) Number of shareholders with holdings of less than a marketable parcel - $500. (4,762 Shares) 2,225

c) As at 28 August 2012 the register of substantial shareholders disclosed the following information:

Holders giving notice	Date of notice	Ordinary Shares as at date of notice	% Holding as at date of notice
Orbis Investment Management	18.1.11	59,559,851	11.69
State Teachers Retirement System of Ohio	29.8.07	32,114,188	6.48

d) Of the issued ordinary capital, 53.55% was held by or on behalf of the 20 largest shareholders.

e) All Shares carry voting rights of one vote per share.

List of Mining Tenements

Name	Location	Interest	Name	Location	Interest
MIN 5344	Bendigo	100%	ML 7M/1991	West Coast Tasmania	100%
MIN 4878	Bendigo	100%	ML 7M/2006	West Coast Tasmania	100%
EL 3327	Outer Bendigo	100%	ML 5M/2002	West Coast Tasmania	100%
EL 5035	Outer Bendigo	100%	EL 28/2001	West Coast Tasmania	100%
MIN 5364	Bendigo	100%	EL 8/2009	West Coast Tasmania	100%
MIN 4622	Bendigo	100%	EL 1/2010	West Coast Tasmania	100%
MIN 4872	Bendigo	100%	EL 11/2010	West Coast Tasmania	100%
			EL 34/2010	West Coast Tasmania	100%
			EL 13/2011	West Coast Tasmania	100%

Shareholder Information

Top 20 Holders as at 28 August 2012:	**Ordinary Shares**	**%**
HSBC Custody Nominees (Australia) Limited	61,167,051	12.11
JP Morgan Nominees (Australia) Limited Cash Income A/C	35,276,871	6.98
Citicorp Nominees Pty Ltd	33,031,792	6.54
JP Morgan Nominees Australia Limited	29,420,875	5.82
National Nominees Limited	27,209,582	5.39
AU Mining Limited	22,000,000	4.35
HSBC Custody Nominees (Australia) Limited – GSCO ECA	14,243,965	2.82
GK Morgan – G & M Morgan Investments A/c	9,000,000	1.78
Berne No 132 Nominees Pty Ltd – 508558 A/C	8,294,463	1.64
Lujeta Pty Ltd (The Margaret Account)	4,600,000	0.91
Century Three X Seven Resource Fund Inc	3,380,960	0.67
Hanson Super Fund A/C	3,146,005	0.62
Ceramic Oxide Fabricators Pty Ltd	2,976,623	0.59
HSBC Custody Nominees (Australia) Limited – A/C 2	2,663,980	0.53
Brispot Nominees Pty Ltd – House Head Nominee No 1 A/C	2,550,687	0.50
ADE Super Fund A/C	2,500,000	0.49
Nefco Nominees Pty Ltd	2,407,497	0.48
BT Portfolio Services Limited – L&M Goldberg S/Fund A/C	2,343,509	0.46
Napla Pty Ltd – Provident Fund A/C	2,259,500	0.45
SGH Super Fund A/C	2,099,000	0.42
Total	**270,572,360**	**53.55**
Total issued ordinary share capital	**505,250,467**	

UNITY
Mining Limited