

Unity Mining Limited  
ABN 61 005 674 073

**Corporate Details:**

ASX Code: UML

**Issued capital:**

702M ord. shares

4.1M unlisted Perf. Rights

**Substantial Shareholders:**

Allan Gray (Orbis) 60.1M (8.6%)

STRS Ohio 37.0M (5.3%)

**Directors:**

Non-Executive Chairman:

Clive Jones

Managing Director:

Andrew McIlwain

Executive Director:

Peter van der Borgh

Non-Executive Directors:

Ronnie Beevor

David Ransom

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## FY12 Interim Results Commentary

### Henty Gold Mine - Operational Performance

- Gross profit of \$0.8 million before exploration expenses
- Gold production down 34% to 18,578 ounces, due to deliberate focus on accelerating development to the high grade Read Zone
- Revenue down 34% to \$29.8 million
- Maiden Reserve declared at Read and further drilling continues to demonstrate high grade tenor of mineralisation
- Exploration expenses \$3 million
- FY Guidance: Full year production guidance revised to 40-50koz range

### Dargues Reef - Project Performance

- Acquired January 2013 and not reflected in December accounts
- Site access works commenced
- Gold production targeted for first half of 2014
- Capex review underway, with capex and project timeline expected to decrease based on use of Kangaroo Flat plant components

### Unity Mining Limited - Corporate Performance

- Net loss of \$7.3 million due to lower Henty production and Goldstone share of loss and impairment
- FY Guidance: Likely full year break even or small loss
- \$4.2 million (non-cash) write-down of GoldStone Investment to \$3.6 million
- Cortona scheme of arrangement costs to be reflected in second half
- Cash at Bank: \$36.4 million as at 31 December 2012, plus \$3 million of gold in transit

**Andrew McIlwain, Managing Director & CEO commented " The first half result in some ways signals the old Unity, and the second half will reflect the new Unity given its acquisition of the Dargues Gold Mine . The lower first half gold production and gross profit contribution from Henty reflects changes to the mine plan to access higher grade ore sources in the quarters ahead. We expect the investments made at Henty in Read development during the first half will lead to a second half improvement in production for the year, within our revised 40-50,000 oz guidance range. Importantly, Read remains open to further exploration along strike to the south, and is well positioned to provide additional high grade ore going forward.**

"Whilst the second half contribution from Henty will improve, driven by an increased tonnage from additional available stoping blocks in the high grade Read Zone, the likelihood is that the impact of costs associated with the Cortona merger will drive a breakeven result or modest loss for the full year. The loss reported today also includes a non-cash \$4.2M write-down on our 34% holding in UK-listed Goldstone Resource. Shareholders should not view this as a lack of faith, but a prudent decision to lower its book value given its recent share price decline.

"The current book value of our stake in Goldstone is now just \$3.6 million and for a company with its resources ounces and asset base we continue to see significant potential."

With cash at bank and bullion on hand totalling \$39.4 million, production from Henty, and no debt, Unity remains in a strong financial position. We intend to update the market in late-March on how plant and equipment from Kangaroo Flat will be used to lower Dargues development costs. With earthworks now underway at Dargues, Unity's exciting transition to a 100,000 ozpa producer is firmly underway " said Mr McIlwain.

## Review of Results

The Company generated a gross profit of \$0.8 million, which after interest, exploration, corporate and other expenses resulted in a net loss of \$7.35 million for the six months to 31 December 2012. The decrease in net profit compared to the prior period is primarily the result of reduced production at the Henty Gold Mine as a consequence of mining lower grade ore during the half-year period.

Reduced production in the December 2012 half-year saw a \$15.2 million fall in revenue relative to the prior half-year period, which was a result of an exceptionally strong comparative December 2011 half-year that included production of 7555 oz from Tyndall and Darwin South in a single month. A deliberate focus on accessing the high-grade Read zone earlier than originally planned, caused a marked increase in the percentage of lower-grade development ore being processed at the Henty Gold Mine. This change in mill feed combined with some production challenges at Henty with the delayed commencement of the Darwin South 1685 stope saw gold production during the half down 34% on the prior corresponding period. A fall in average Gold price received to A\$1616/oz gold (2011: A\$1653/oz gold) was also a contributor to the fall in revenue for the half-year.

The reduction in corporate costs in comparison to prior period was mainly attributable to the rationalisation of Management and Corporate staff at the Kangaroo Flat Mine office now that Head Office function has relocated to Melbourne. The share of loss in associate fell by \$0.3 million compared to the comparative period however an impairment expense of \$3.4 million was recognised in writing down the Company's Investment in GoldStone Resources

### **GoldStone Resources Investment (34% owned by the Company):**

GoldStone Resources Limited (GRL) is an AIM-listed West African gold exploration company. The core management team of Jurie Wessels (CEO) and Dr Hendrik Schloemann (Exploration Director, ex-Harmony West Africa) have assembled a highly prospective package of properties in West Africa.

On 13 November 2012, GRL announced that drilling results from the Sangola project in Senegal confirm gold mineralisation two kilometres to the south-west, along strike of the previously reported mineralisation in the central part of the Thiabedji.

On 22 November 2012, GRL announced that as a result of its recent drilling program, the total resource at the Homase /Akkrokerrri Project in Ghana had increased to 602,000 oz, a 48% increase on the maiden resource published in June 2011.

On 18 December 2012, GRL announced that gold had been intercepted in the first two holes of the inaugural drilling program at the Oyem project in Gabon.