

Unity Mining  
Limited

ABN 61 005 674 073

**Corporate Details:**

ASX Code: UML

*Issued capital:*

702M ord. shares

4.1M unlisted Perf. Rights

*Substantial Shareholders:*

Allan Gray 60.1M (8.6%)

STRS Ohio 37.0M (5.3%)

*Directors:*

Non-Executive Chairman:

Clive Jones

Managing Director:

Andrew McIlwain

Non-Executive Directors:

Ronnie Beever

David Ransom

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## Key Points

◆ **HENTY:**

- Quarterly production of 12,061 oz gold at cash cost of \$991/oz including royalties
- Significant extensions to the mineralised envelope at Read Zone
- Regional drilling suggests that the mineralised system could extend up to 3km south of the Read Zone along Henty Fault.

◆ **DARGUES:**

- Earthworks commenced at Dargues Gold Mine
  - ~10% capital savings identified to date, further savings expected
  - Key personnel recruited
- ◆ \$24.5M cash in bank, plus \$9.1M of gold bullion available for sale

## Summary

*Andrew McIlwain, Managing Director & CEO comment* "As anticipated, gold production at Henty has continued to improve, with multiple production areas delivering an increasing mining rate from the high grade Read Zone. Significantly, this production result saw Henty put money in the bank this quarter. Exploration results at Read continue to impress, and are set to provide a strong platform for further resource upgrades.

"Preliminary earthworks commenced at our Dargues Gold Mine in February. A number of technical and economic reviews are now being finalised including the study of the reuse of the Company's idled Kangaroo Flat gold plant and I anticipate announcing further details of the meaningful improvements in project capital costs and development timelines shortly" said Mr McIlwain.

### Production

- Henty Gold Mine produced 12,061 oz at a cash cost of \$991/oz which includes royalties of \$69/oz, (11,478 oz gold at \$1101/oz in December 2012 quarter).

### Development

- Preliminary earthworks, including construction of site access roads, ROM pad and mine box cut commenced at Dargues Gold Mine on 11 February.
- 10% saving in up-front project capex identified to date, with additional savings expected.

### Exploration

- Drilling during the quarter was focused on identifying extensions to the mineralised envelope at Read. Infill drilling has also increased confidence in the high grade zones already contained in the Read Zone resource.
- GoldStone Resources (34% owned by Unity Mining) announced further positive results from its inaugural drilling at Oyem project in Gabon.

### Corporate

- Gold sales were \$11.2 million during the quarter from the sale of 7054 oz gold at an average price of \$1589/oz.
- Cash in bank was \$24.5 million at 31 March 2013 (\$36.4 million at 31 December 2012). At the close of the quarter, the Company had a further 5967 oz of gold bullion available for sale, valued at \$9.1M. In addition, \$11.2 million is held in bonds to meet rehabilitation liabilities.



Andrew McIlwain  
Managing Director & CEO  
17 April 2013

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## BACKGROUND

Unity Mining Limited (ASX:UML) is an Australian gold explorer, developer and producer which owns and operates the Henty Gold Mine on the West Coast of Tasmania and is developing the Dargues Gold Mine in New South Wales. Unity is also involved in gold exploration in West Africa through its investment in GoldStone Resources Limited. Unity holds tenure over the Bendigo Goldfield in Victoria where it is engaged in realising the value of its Kangaroo Flat gold plant and Bendigo exploration tenements.

The Henty Gold Mine has produced about 1.3 million ounces of gold over a 16 year period. Unity Mining acquired Henty in July 2009. Recent exploration success has significantly extended the mine life, and continued exploration on the significant near mine tenement package remains a key focus.

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

Cashflow, no debt, no hedging, a robust balance sheet and growing production profile provide Unity with a strong platform for future growth opportunities.

## PRODUCTION

### Safety

There was one lost time injury and three medically treated injuries during the quarter. All incidents were thoroughly investigated and corrective actions identified and implemented to prevent recurrence. Safety is a core value of the Company. Implementing strategies to identify and manage risks in our workplaces remains our highest priority.

### Performance

	Mar 2013 Qtr	Dec 2012 Qtr	Year to Date 2012/13
<b>Henty Gold Mine</b>			
Ore mined (t)	65,092	71,940	206,854
Ore processed (t)	65,079	71,691	207,148
Grade (g/t gold)	6.2	5.3	4.9
Recovery (%)	93.3	94.2	92.8
Gold produced (oz)	12,061	11,478	30,639
Cash cost - pre royalty (A\$/oz)	922	1047	1098
Cash cost - incl. royalty (A\$/oz)	991	1101	1173
Cash cost - incl. royalty (A\$/t)	184	176	173

Note: Minor discrepancies may occur due to rounding

### Henty Operations

Underground mine development of 1105 m was completed during the quarter (1105 m Dec 12 qtr), primarily focused on continuing the development of the Newton ore body (278.1 m) and accessing the Read ore body (471.9 m). Whilst development achievements are reported as the same as prior quarter, a large proportion of the Read orebody is mined using the "flat backing" method and is reported as development. With access to Newton ostensibly completed for this year, the capital access

development within the mine has substantially reduced. Exploration and development drilling during the quarter focused on the Read, Darwin South, Zone 15, Newton and Julia South.

Read Zone development has continued to be the main focus. A second access from the RZ- 1930 was completed during the quarter. The access was developed so as to have continuity of ore supply from the Read Zone. Development of the Read Incline and ventilation infrastructure is progressing to plan.

Drilling in the Read Zone returned high grade intersections including:

- 0.7 m at 253 g/t;
- 2.5 m at 111.4 g/t;
- 1 m at 28.1 g/t; and
- 5 m at 6.8 g/t gold.

Results returned for Darwin South included:

- 3 m at 10.9 g/t;
- 3 m at 10.5 g/t;
- 2 m at 18.2 g/t;
- 3 m at 6.9 g/t, and
- 6.8 m at 7.3 g/t gold.

Elsewhere, drill results returned for Julia South included 2 m at 10.3 g/t gold.

- Mining

Capital development in the Newton Zone advanced 66.4 m, with 24,547 tonnes of ore produced from 132.7 m of Newton sill development. Capital development in the Read Zone advanced 239.5 m, with 10,745 tonnes of ore produced from 179.5 m of Read sill development. Other ore came from the Tyndall Zone (2,846 Tonnes) and Darwin South (26,726 tonne).

- Processing

The milled head grade for the quarter averaged 6.19 g/t with 93.3% recovery. Total ore processed for the quarter was 65,079 tonnes for a total gold metal recovery of 12,061 ounces and silver metal recovery of 7,183 ounces.

### Dargues Gold Mine development

In early February, Unity Mining lodged \$3.2 million in bonds with the relevant NSW government departments as a precursor to commencing works on site. Preliminary earthworks commenced at Dargues Gold Mine on 11 February 2013 which will include construction of site access roads, ROM pad and mine box cut. As at 31 March 2013, 88,000 cubic metres had been moved, representing approximately 50% of the earthmoving task.

To date, up-front project capital savings of c.\$5M or 10% have been identified compared with the Cortona project update lodged with the ASX in June 2012. An additional \$3M in savings over the life of the project relate to synergies realised through the merger such as reduced corporate costs.

Detailed technical studies have been underway since the January finalisation of the merger with Cortona to examine the viability of relocating elements of the idled Kangaroo Flat processing plant from Bendigo to Dargues Gold Mine. Whilst final costings are being finalised, the Company has gained sufficient confidence that the use of the Bendigo plant will deliver meaningful capital and time savings that the entire crushing circuit, including primary & secondary crushers, conveyors and fine ore bin, and the ball mill will be relocated. This change will also see the contractual basis for the process plant construction shift from Lump Sum Turn Key (LSTK) to Engineering, Procurement, Construction Management (EPCM), yielding additional savings, but requiring the Company to take on some aspects of project delivery risk. Savings were also achieved in the earthworks contract, and further optimisation of design criteria is expected to yield additional savings.

Studies are also continuing to explore the economics of processing of the Dargues gold concentrate at the Kangaroo Flat CIL plant, which cannot be relocated due to permitting constraints. This option could potentially save several million dollars of upfront capital but would incur incremental operating costs as a result of the increased road haulage distance.

Recruitment of senior site personnel is progressing well with the appointments of the General Manager, Senior Mining Engineer, Safety Manger and Environment & Community Manager. Preparations for the mobilisation of plant and underground development teams are similarly well advanced.

## EXPLORATION

### Henty Exploration

Four drill rigs were active for most of the quarter, two on surface and two underground. Underground drilling predominantly continued to extend and infill the Read Zone.

#### Read Zone

As a result of the extensional drilling conducted this quarter, a large mineralised envelope is taking shape around the existing resource boundary (see Figures 1 & 2). This region is still completely open down dip and to the south and partially open up-dip. Within this envelope, high grade intercepts have been obtained and some of these appear to have intersected high grade "nodes" around which further high grade intercepts may be expected as drilling progresses. Further infill drilling at Read during the quarter also lends new confidence to high grade zones already contained in the resource.

In the next quarter drilling will continue to test for Read Zone extensions and will also target extensions of the South Darwin mineralisation. This will be done from newly-developed underground access which is ideally placed for drilling these prospects at which restrictive or non-existent access has previously limited testing.

### Read Zone March Quarter Extensional Drilling:

Hole Number	From (m)	To (M)	Downhole Width (m)	Gold Grade (g/t)
Z18607	62	63	1.0	3.8
Z18608	51	52	1.0	1.2
Z18609	51.4	53.8	2.4	0.6
Z18611	60	61	1.0	1.4
Z18612	62	63.6	1.6	1.5
Z18613	56	57	1.0	0.4
Z18614	58	59	1.0	0.2
Z18615	62.05	63.9	1.9	0.1
Z18616	51	59	8.0	0.3
Z18617	51	52	1.0	0.3
Z18619	50	51	1.0	6.6
Z18619	54.2	54.9	0.7	253.0
Z18622	65	65.95	1.0	1.1
Z18623	74.5	75.25	0.8	8.3
Z18624	72.1	74.3	2.2	0.4
Z18625	63	65	2.0	0.4
Z18626	89	89.8	0.8	10.4
Z18627	63	63.7	0.7	1.3
Z18630	53.2	54	0.8	10.8
Z18631	47.7	48.3	0.6	0.3
Z18632	51	52	1.0	0.4
Z18634	59	64	5.0	0.4
Z18636	76	77	1.0	1.4
Z18638	68.35	69.2	0.9	0.5
Z18640	80	80.75	0.8	0.2
Z18642	67	67.9	0.9	2.2
Z18642	79	79.3	0.3	1.2
Z18644	73.1	74	0.9	1.3
Z18646A	68.9	69.3	0.4	1.8
Z18649	59	61	2.0	1.4
Z18651	72	74	2.0	0.4
Z18653	54.4	56	1.6	0.6
Z18657	203	204.2	1.2	6.7
Z18660	195	199	4.0	0.2
Z18660B	215.8	216.15	0.4	1.0
Z18663	206.85	210.4	3.6	0.1
Z18666	231	232.1	1.1	1.4
Z18669	237	238	1.0	5.0

### Read Zone March Quarter Infill Drilling:

Hole Number	From (m)	To (M)	Downhole Width (m)	Gold Grade (g/t)
Z16592	86.8	88	1.2	0.6
Z18595	77	82.5	5.5	0.3
Z18596	77	78	1.0	15.1
Z18596	85	86	1.0	28.1
Z18600	92	93	1.0	0.1
Z18601A	97	98	1.0	0.1
Z18604	71	75	4.0	0.5
Z18606A	67.5	69.95	2.5	111.0
Z18620	64	65	1.0	1.9
Z18621	58	63	5.0	6.8
Z18633	61.35	66	4.7	0.1
Z18635	60	61	1.0	1.9
Z18654	74.3	74.5	0.2	3.1

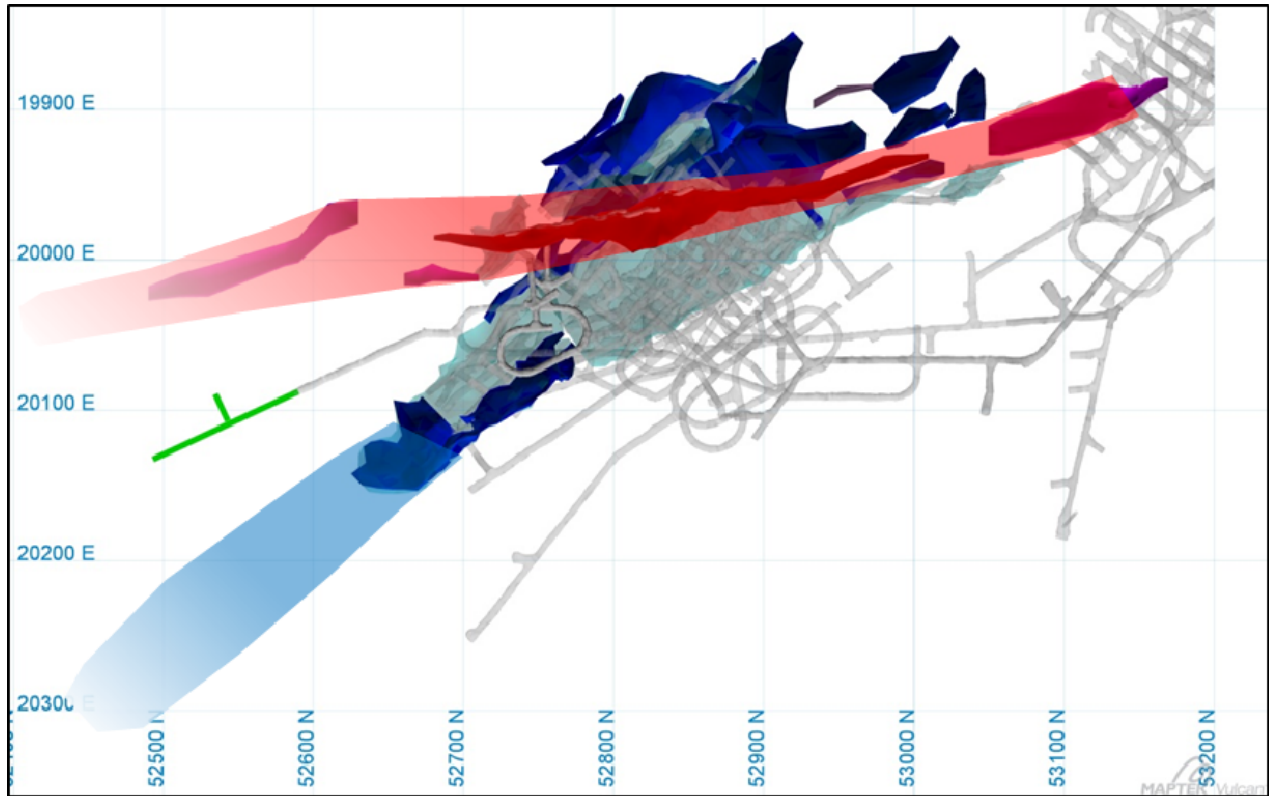


Figure 1. Plan view demonstrating the divergence of Read (in red) and Darwin group (in blue) ore bodies. Planned extensions to the exploration drive shown in green will be used to test for southern extensions of Read Zone along the Henty Fault and Darwin South along the splay.

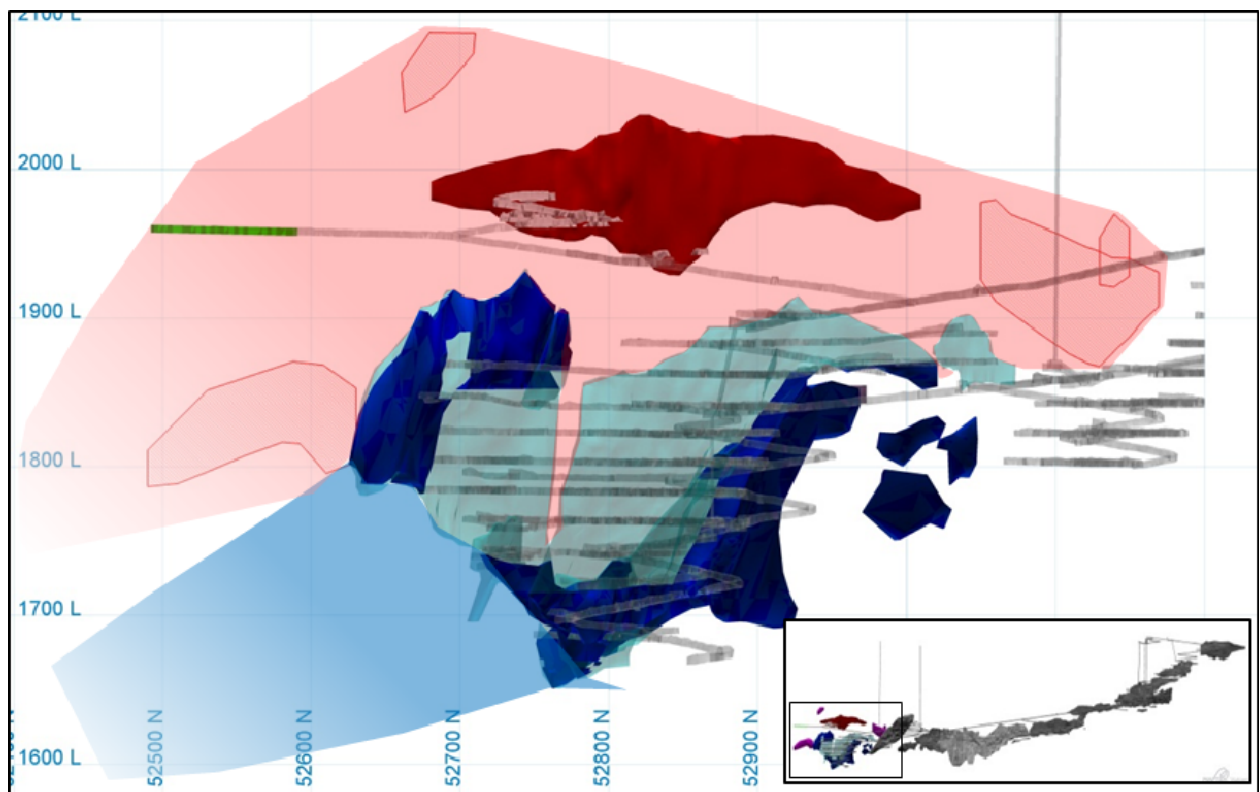


Figure 2. Long Section showing the current Read Zone resource boundary (in dark red) and the location of other mineralised "pods" on the same Read Zone horizon, parallel to the Henty Fault. Drilling is continuing to test both the continuity between these pods and the current resource envelope, and for extensions in the broader Read horizon.

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Mt Julia

Exploration drilling was also conducted at Julia South during the quarter, with some encouraging intersections showing that the future of Henty is not solely tied to the Read Zone.

Hole Number	From (m)	To (M)	Downhole Width (m)	Gold Grade (g/t)
Z18628	397.4	398.55	1.2	NSI
Z18665	185	187	2.0	10.3
Z18665	209	211	2.0	2.9
Z18665	213.4	214	0.6	6.3
Z18667	237	239	2.0	0.3
Z18668	253.4	255	1.6	0.1

**Regional Tasmania Exploration**

Regional exploration during the quarter focused on surface drilling zones up-dip of Zone 96, the Moxon Saddle area (in progress), which is geologically analogous to Henty, and testing southern extensions of Henty at Newton Dam (3 km south of the Read Zone). Assays received from up-dip Zone 96 testing were low grade, while assays are still awaited for the rest of the program. The highlight was the intersection of altered volcanoclastic sediments, south of Henty and Read, and adjacent to the Henty Fault at Newton Dam. This intersection suggests that the Henty/Read alteration system continues alongside the fault, lending further weight to the argument that the Read system is open to the south.

Next quarter, regional exploration will focus on drilling to test the pyrite/gold zone at Red Hills and continue to test the Moxon Saddle area.

**NSW Exploration**

Dargues

A detailed review of the exploration potential in NSW was conducted during the quarter with particular emphasis on the immediate area around the planned Dargues Gold Mine development.

Several good targets have been identified very close to the Dargues resource. In the context of the broader exploration program, these adjacent targets have been prioritised with a view to increasing the existing resource. The first of these to be tested is the possible western extension of the Ruby Lode where the mineralised Ruby trend "overlaps" the zone which contains the majority of the Dargues Resource (see Figure 3 below).

From this initial review it is clear that targets are plentiful, both close to the current Dargues resource and regionally. The exploration team will continue to assess and prioritise these targets with a view to commencing drilling before the middle of the year.

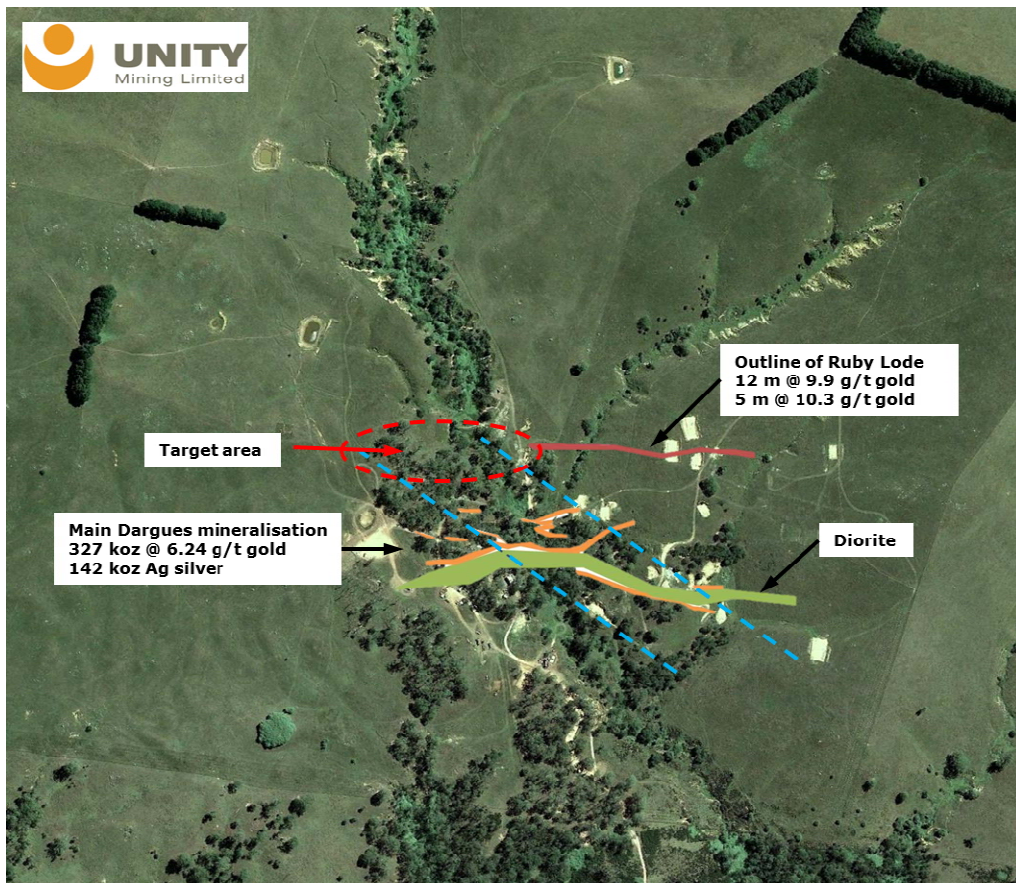


Figure 3. Aerial image showing location of Dargues mineralisation of Ruby Lode extensional drilling target

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## GOLDSTONE RESOURCES

On 4 February 2013, Unity's 34%-owned AIM listed associate GoldStone Resources Ltd announced a progress report for its Manso Amenfi permit in **Ghana**.

GoldStone has received results for an infill soil sampling program covering selected portions of its Manso Amenfi permit in Ghana. 130 of the 1,303 samples yielded gold concentrations between 0.1 g/t and 0.5 g/t and 13 samples between 0.5 g/t and 3.7 g/t. Bulk leach extractable gold was determined from one kilogram soil samples by ALS Minerals in Ghana.

The infill soil sampling program focused on gold target areas that were previously identified when the entire permit area was soil sampled on a 100 metre by 400 metre sampling grid. The infill program was carried out to a reduced spacing of 50 metres by 200 metres. The results resolved the targeted anomalies in more detail and confirmed that the strike of identified surface anomalies is generally parallel to the gold fertile regional Ayanfuri and Salman structures. The work program planned for 2013 includes more infill soil sampling, excavation of more than thirty trenches to test for gold mineralisation in the underlying rocks and follow up drilling.

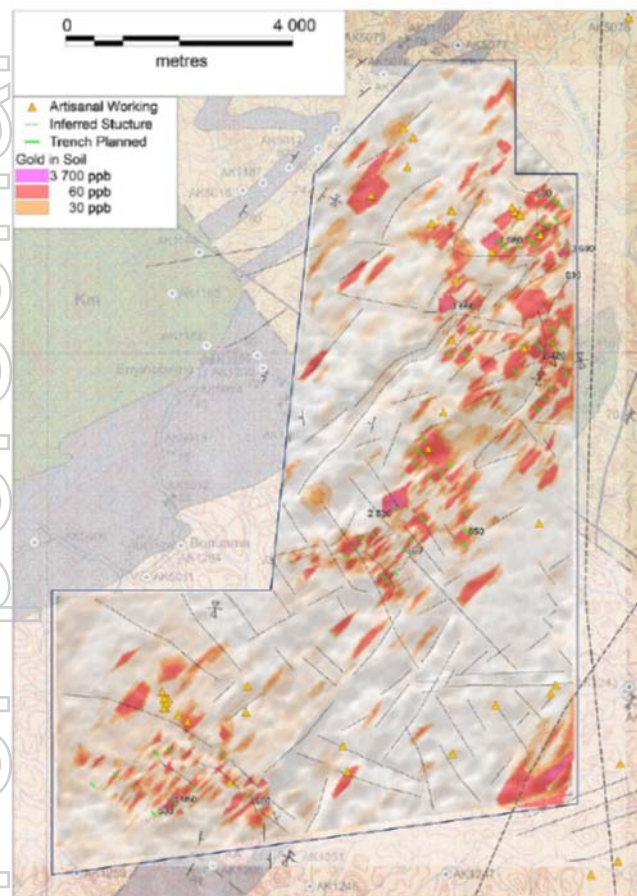


Figure 4. Map of the results of the soil sampling programs at Manso Amenfi, Ghana

On 28 February, GoldStone announced further positive drill results from Oyem Project in **Gabon**. High grade gold mineralisation was encountered in a 120m wide deformational zone along two drill lines 400m apart.

Best results include 2m @ 5.3 g/t (including 1m @ 9.5 g/t) in the first drill line and 2.2m @ 4.5 g/t (including 1m at 9.1 g/t) in the second drill line.

In addition to the high-grade intersects, the program yielded a number of wider intersects containing low grade gold mineralisation, further confirming a bedrock gold source to the 15km long gold in soil anomaly. Notably, both drill lines also confirmed the existence of an approximately 120m wide deformational zone that controls the mineralisation and underlies the best part of the soil anomaly. The concentration of gold in this zone appears to be generally elevated with 26% of the 978 samples analysed, yielding gold concentrations above 50 ppb. Inspection of the drill core revealed the significant mineralisation to occur mainly in amphibolite rocks, and in contact zones between amphibolites and more felsic rock types. Mineralised units often contain brecciated quartz-feldspar veins and minor disseminated pyrite, and are commonly related to brittle-ductile deformational zones.

GoldStone plans to undertake 3,000 m of further diamond drilling to test the magnitude of gold mineralisation along strike and will focus in particular on prospective cross structures across the deformational zone where increased hydrothermal activity may have resulted in the formation of wider and higher grade gold mineralisation.

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

## CORPORATE

Gold sales were \$11.2 million during the quarter from the sale of 7054 oz gold at an average price of \$1589/oz.

Cash in bank was \$24.5 million at 31 March 2013 (\$36.4 million at 31 December 2012). At the close of the quarter, the Company had a further 5967 oz of gold bullion held, available for sale, valued at \$9.1M. In addition, \$11.2 million is held in bonds to meet rehabilitation liabilities, following the lodgement of \$3.2M during the quarter in relation to the Dargues Gold Mine.

Major cash movements during the quarter related to positive mine operating cashflow of \$6.8M, capital and exploration expenditure (\$4.7M), project initiation costs at Dargues Gold Mine including payments of additional bonds (\$5.8M) transaction costs associated with the Cortona merger (\$2.0M), changes in gold bullion on hand for sale (\$6.1M) and changes in working capital and other corporate expenses (\$0.1M).

Competent Persons' Statement

*Any information in this public report that relates to Ore Reserves, Exploration Results and Mineral Resources is based on, and accurately reflects, information compiled by Matt Daly for the Henty Gold Mine in relation to Ore Reserves, Angela Lorrigan for regional Exploration Results and Raul Hollinger in relation to mine Exploration Results and Mineral Resources. Daly, Lorrigan and Hollinger are Members of the Australasian Institute of Mining and Metallurgy, and Lorrigan and Hollinger are Members of the Australian Institute of Geoscientists. Daly, Lorrigan and Hollinger are full time employees of the Company and have more than five years experience in the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Daly, Lorrigan and Hollinger have given prior written consent, where required, to the inclusion in this report of the matters based on their respective information, where applicable, in the form and context in which it appears.*

*The information in this report that relates to GoldStone Resources exploration results, is based on information compiled by Dr Hendrik Schloeman, who is a Member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation ('ROPO') included in a list promulgated by the ASX from time to time). Dr Schloeman is a full-time employee of GoldStone Resources Limited. Dr Schloeman has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'). Dr Schloeman consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*