

12 June 2015

ASX Release

Unity Mining Limited

ABN 61 005 674 073

Corporate Details:

ASX Code: UML

Issued capital:

1,140M ord. shares

9.58M unlisted Perf. Rights

Substantial Shareholders:

Diversified Minerals Pty Ltd

89.9M (7.88%)

Directors:

Non-Executive Chairman:

Clive Jones

Managing Director:

Andrew McIlwain

Non-Executive Directors:

Ronnie Beevor

Gary Davison

Frank Terranova

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Unity Mining Corporate Update

Forecast Cash Position at 30 June 2015 approximately \$28 million (\$0.0245 per share)

- Henty Mine contribution for Financial Year 2015 exceeds expectations, in terms of ounces produced and net cash generated from operations;
- Continuing focus on cost reduction delivering results; and
- Further corporate cost reductions.

Ongoing Review of Asset Portfolio

- Henty Mine JV strategy with PYBAR Group enables Unity to maintain significant exposure to near term success at minimal cost;
- Dargues Gold Mine - various options being investigated to accelerate value realisation; and
- Minimising expenditure and exposure to non-core assets.

Review of Capital Management

- Maintaining strict criteria for capital allocation decisions; and
- Unity to propose a form of capital return to shareholders in the near term.

The Board of Unity Mining Limited ("Unity" or "the Company") is pleased to provide this detailed Corporate Update to Shareholders and the market.

The Unity Board has continued to review its operating and development strategy in light of its asset base and the prevailing market conditions. The strategic intent remains to :

1. Maximise the value of the Henty Mine assets in the near to medium term;
2. Accelerate value creation from the Dargues Gold Mine project;
3. Assess any acquisition opportunities against strict criteria to ensure real value is capable of being generated for shareholders; and
4. Apply a prudent and disciplined approach to managing shareholder capital with a judicious and active cost focus at both project and corporate levels.

CASH POSITION

Over the past 12 months Unity has primarily focused on optimising the Henty asset as it approaches the final stages of its current production profile.

Production this financial year will exceed 50,000 ounces, and a further 10,000 ounces are forecast to be poured as production winds down towards the end of 2015.

Managing Director Andrew McIlwain stated, "The last 12 months has seen the Henty team successfully execute the operational plan for the mine. When coupled with an improved realised gold price, Henty is forecast to generate approximately \$22 million more in cash during the financial year ending 30 June 2015 than we had than originally budgeted".

"As can be appreciated, when managing an asset in the transitional phase at the end of its production life, there is always potential variability in results. Henty is currently scheduled to cease production in November 2015, and I am confident we will seek to extract all of the value available from Henty whilst the asset transitions back to a near term production development asset" said Mr McIlwain.

Throughout FY2015, as a result of prevailing gold prices and market sentiment at the time, Unity undertook a number of previously announced initiatives to reduce costs and recalibrate the business in line with the pending changes to the Henty production profile. With a reduction in headcount and cash remuneration and an unwavering focus on project and operating costs, over the year approximately \$4.0 million was removed from the operating cost structure of the business, which, with the return of a more positive market for gold and stronger production performance, has delivered today's positive cash position.

Further cost reductions are being pursued in the form of reduced office space and rental costs, as well as ensuring Henty's operating costs are further reduced where possible as production reduces.

Unity is also considering a revamped long-term executive incentive scheme as part of recalibrating the mix of remuneration. Further details will be released in due course to the market.

Chairman Clive Jones stated, "Whilst it is certainly pleasing that Unity has generated a healthy cash position, following changes to our capital management programs we need to carefully balance Unity's ongoing cash requirements with the changing nature of our operations. The Board remains fully aligned with shareholder values and as revenue declines stricter capital management programs will be implemented."

UNITY'S ASSET PORTFOLIO

Henty Gold Mine

As outlined in Unity's ASX releases of 27 April 2015 and 4 June 2015, Unity has embarked on a Farm-In Agreement with the PYBAR Group in relation to a significant exploration drilling program at Henty.

The Farm-In positions Unity to utilise its capital for other objectives whilst still ensuring value is pursued at Henty. PYBAR has now commenced the exploration of a number of existing targets including a mix of early stage conceptual targets as well as those that have potential to quickly grow the Henty mineral resource and reserve base with the objective of bringing the Henty asset back into production.

The Board acknowledges that the Henty Gold Mine has been a significant contributor to Unity and believes it has the potential to generate further value for shareholders in the foreseeable future. In addition to the final production and planned exploration activities, Unity sees the existing infrastructure at Henty as having clear strategic value to the Group. The Henty plant is one of the few existing fully permitted and production ready facilities in a region which hosts other substantial exploration and mining assets. The facility is a valuable asset which could be utilised by third parties for production.

Dargues Gold Mine Project

Unity continues to examine a number of strategic options regarding the Dargues Gold Mine project and is confident that value can be unlocked from this project through a number of alternative strategies.

Whilst the company maintains its focus on progressing the planning modification through the conventional regulatory framework in NSW, it is also examining a number of parallel paths to unlocking value for shareholders in the most timely manner possible.

Chairman Clive Jones stated, "Nothing is off the table regarding accelerating value for shareholders from the Dargues project. We are in a position to make some clear decisions regarding the most appropriate manner to take the development of the asset forward. Unlocking value in the near to medium term is a primary goal for the Company."

Unity is currently assessing a range of strategic alternatives and is in discussion with a number of counterparties including financiers and other resource companies on a variety of approaches to maximising value.

The Unity Board believes that the Dargues Gold Mine project remains one of the more attractive Australian gold development asset opportunities. It acknowledges that shareholders have been very patient and with a continuing excess of capacity in the mining services sector and a robust \$AUD gold price, the opportunities to rapidly progress this asset are enhanced.

Over the coming months Unity intends to finalise its approach for the Dargues Gold Mine project and will keep shareholders informed on its progress.

Non Core Assets

The Bendigo Gold Mine remains a non-core asset with the company engaging with a number of parties interested in the project.

The investment in AIM listed Goldstone Resources (AIM : GRL) also remains non-core to Unity. Further, the Company's portfolio of existing exploration tenements are also being assessed and where considered surplus to current requirements, will be disposed.

LITIGATION UPDATE

In March 2014, LionGold Corp Ltd ("LionGold") of Singapore entered into a binding Subscription Agreement with Unity to subscribe for new capital in Unity in the amount of approximately \$2.37 million on or before 15 April 2014. To date LionGold has failed to complete that payment obligation. Unity has continued to negotiate with LionGold to agree terms on which LionGold might make a deferred payment of the subscription money.

Unity has continued to reserve its rights and in light of LionGold recently exiting the Unity share register, the Board may pursue a more aggressive outcome.

Unity continues to negotiate with GBF, the mining contractor engaged to undertake the mine development work at Dargues Gold Mine project, in relation to claimed standby charges following the cessation of boxcut ground support work. The Unity Board does not consider that any potential settlement quantum will be material.

CAPITAL MANAGEMENT FRAMEWORK

In light of Unity's strategic intent and the many initiatives highlighted above, Unity has recently completed a detailed assessment of its short to medium term capital requirements. Subject to any unforeseen events, Unity believes it has more than sufficient capital to progress its strategic objectives in the near term.

The Board is considering a number of potential approaches to optimising the capital base.

Subject to associated tax and legal clarification these may include one or a combination of the following :

- a) Returning a sum of capital back to shareholders;
- b) Enabling shareholders to participate in a return of capital via an Equal Access Buyback;
- c) Unity buying back some shares on market; and/or
- d) Facilitating a structure to deal with the high number of unmarketable parcels of shares.

At present the quantum of surplus capital being considered to be applied to the capital management program is of the order of \$6.0M.

Managing Director Andrew McIlwain stated, "Compared to many of our peer group within the sector, we are well placed to balance the need for appropriate capital management whilst continuing to assess the best way forward for growth".

Chairman Clive Jones added: "The capital management program is an ongoing assessment and judgment call by the Board. The Board had contemplated a greater level of capital return. However, given that there will be several key operational changes to our business this coming year, it is prudent to assess progress of our strategy over the coming six months. Unity shareholders have been very patient and the ability to consider a modest proposed return of capital reflects the efforts of the management team in turning around and delivering the financial performance that we have seen from Henty over the last 12 months. Unity will continue to formally review its capital requirements on a periodic basis in order to determine the best use of capital as we progress".

Unity continues to monitor the market and review growth opportunities. Whilst at present there are no obvious targets that fit its strict capital deployment criteria, the Unity Board believes that:

- a) Unity has a well-structured strategy to maximise value at the Henty mine;
- b) With Dargues, Unity owns one of the more attractive near term production projects in Australia and continues to assess ways to unlock value in the near term;
- c) Unity is financially well insulated to execute its current strategic intent; and
- d) Unity is well placed to participate in growth opportunities if they meet the strict investment criteria set by the Board.

The Board and management expects to tangibly progress its strategy over the remainder of calendar 2015 and is committed to doing all things necessary to accelerate value creation for shareholders.

The Board plans to call an EGM of shareholders to propose a number of resolutions including a return of capital to shareholders and the introduction of a simpler executive incentive scheme, for around mid-August 2015.

Unity will provide further updates as appropriate.