



2 December 2015

ASX Release

Unity Mining Limited
ABN 61 005 674 073

Corporate Details:

ASX Code: UML

Issued capital:

1,143M Ordinary Shares
2.34M Unlisted Perf. Rights
43.2M Unlisted Options

Substantial Shareholders:

Diversified Minerals Pty Ltd
159.1M (13.69%)

Directors:

Non-Executive Chairman:
Clive Jones

Acting Managing Director:
Frank Terranova

Non-Executive Director:
Gary Davison

Contact Details:

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

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

Email:
Info@unitymining.com.au

Website:
www.unitymining.com.au

Binding Agreement for Off-Site Concentrate Processing for Dargues Project

Unity Mining Limited ("Unity" or "the Company") is pleased to announce the signing of a binding Heads of Agreement ("HOA") with Westlime Pty Ltd ("Westlime") under which Unity's wholly owned subsidiary (Big Island Mining Pty Ltd) will have the option to process gold / silver concentrate from Unity's Dargues Gold Mine Project at Westlime's Processing Facility, located at Parkes, New South Wales.

Westlime is a 100% owned Australian business which focusses on the production of high quality fine lime, agricultural lime, dolomite, construction materials and roadbase from its facilities in Parkes, New South Wales.

Under the terms of the HOA, Unity and Westlime have agreed to allow for Unity to process up to 50,000 tonnes of gold / silver concentrate on an annual basis, for a minimum period of 5 years (and able to be extended) commencing in Q3 2016.

Under the terms of the binding HOA signed today between Unity and Westlime :

- Unity has paid \$200,000 to have the exclusive option to process concentrate from the Dargues Project at Westlime's Parkes Processing Facility;
- Unity is required to pay to Westlime an additional \$150,000 upon receipt by Unity of all final approvals at the Dargues Project (expected Q1 2016);
- The arrangement is subject to Unity committing to a final "Decision to Proceed" by no later than 30 June 2016 (or such later date as may be reasonably agreed between Unity and Westlime) following the receipt of all required approvals and final commitment to proceed by the Unity Board;
- Unity will be able to commence any required modifications to the Parkes Processing Facility during Q3 2016;
- Processing of the Dargues concentrate at the Parkes Processing Facility is expected to commence during Q3 2017, following the finalisation of the development of the Dargues Gold Mine Project;
- Unity will pay an annual site rental cost to Westlime for use of the Parkes Processing Facility and will operate the plant and will have management control of the plant; and

- Unity has a pre-emptive right to purchase the plant in the event that a bona fide offer is received from another party in regard to the purchase of the Parkes Processing Facility.

The terms of the binding HOA are to be detailed in a definitive final agreement to be executed by the parties by 31 January 2016. Unity is able to terminate the arrangement at any time, prior to making the final decision to proceed, without incurring any financial penalty, other than the loss of any payments made as described above.

The execution of the HOA is of significant benefit for Unity's Dargues Gold Mine Project in that :

- The Westlime owned Parkes Processing Facility is a largely fit-for-purpose facility, well suited for the processing of Dargues concentrate and with little upfront capital investment required by Unity. Westlime originally purchased the property and plant from BHP, which was formerly operated as the BHP London-Victoria Gold Mine;
- The processing arrangement is expected to be value accretive for Unity, by reducing the assumed upfront capital expenditure for the Dargues Project, and in comparison involves shorter transport and trucking distances than other options that were being considered; and
- Provides clear and demonstrated evidence to New South Wales Government and the local communities neighbouring the Dargues project that Unity will not proceed with on-site cyanide processing at Dargues (as previously announced).

Unity's Acting Managing Director, Frank Terranova commented :

"Delivering value accretive outcomes for shareholders remains a core focus of Unity. This is a further step in the advancement of the Dargues Gold project given Unity has recently determined that off-site processing of Dargues concentrate is preferred, thereby avoiding any cyanide processing on-site at Dargues."

"In addition, we have recently completed a more thorough analysis of the project's tailings storage facility ("TSF") requirements which has determined that no modifications to the current TSF are required, and we can revert to the current fully approved tailings plan as part of the development strategy for Dargues."

"Delivery of an optimal processing route for Dargues concentrate has been a clear objective of our current strategic review and we are very pleased to have achieved this milestone. Other activities and discussions associated with the strategic review remain ongoing and shareholders will be kept advised of any major developments as required."

Mr Terranova went on to say that the execution of the HOA with Westlime allowed Unity to proceed quickly to commence development of the Dargues Project following receipt of the remaining approvals from the New South Wales Government, which are expected in Q1 2016. Although Unity has the flexibility to continue to assess other alternatives, this agreement enables the funding and development planning to progress with a clear line of sight.

For further information contact :

Frank Terranova
Acting Managing Director
FTerranova@unitymining.com.au
+61 3 8622 2300

Kerry Parker
Chief Financial Officer
KParker@unitymining.com.au
+61 3 8622 2300