



**UNITY**  
Mining Limited



ABN 54 118 912 495

ASX Announcement

1 February 2012

## **Catalyst Metals and Unity Mining: Option Agreement finalised**

- **Option Agreement signed between Catalyst Metals Limited and Unity Mining Limited to acquire the Kangaroo Flat gold plant and Bendigo assets**
- **Option Agreement provides Catalyst Metals Limited with a 12 month exclusive option to purchase the Kangaroo Flat gold plant and all associated Bendigo assets**
- **If Catalyst exercise the option, Unity Mining Limited will have received \$450,000 in cash payments plus an ore treatment royalty and hold between 15% and 25% of Catalyst Metals Limited whilst maintaining a continued exposure to the Bendigo field and Catalyst's Four Eagles Gold Project, north of Bendigo**

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Further to the announcement on December 22, 2011, Catalyst Metals Limited (ASX: CYL) ("Catalyst") and Unity Mining Limited (ASX: UML) ("Unity") are pleased to announce that due diligence investigations have been completed and the Option Agreement has been signed. Catalyst now has 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 ("Bendigo Assets") from Unity.

The Option Agreement provides Catalyst with the right to acquire the 600,000 tonne per annum Kangaroo Flat gold plant, built by Unity in 2006 at a cost of approximately \$65 million. This is envisaged to provide an accelerated production route for any resources defined at Catalyst's Four Eagles Gold Project north of Bendigo, where high grade gold mineralisation has been identified in shallow drilling conducted by Catalyst during 2011.

The Option Agreement requires Catalyst to pay Unity \$100,000 on signing, plus issue 1,000,000 shares, with a further three \$100,000 quarterly payments to Unity during the Option period.

Importantly, in January 2012, Catalyst announced its intention to proceed to Phase 2 of the agreement it has with Providence Gold & Minerals Pty Ltd to earn a 50% share of the Four Eagles Gold Project.

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Catalyst's Technical Director, Bruce Kay, said, "This agreement provides Catalyst with a unique opportunity to achieve early gold production from any resource defined at the Four Eagles Gold Project and build a dominant position in the Bendigo North Goldfield. Even a small gold resource at shallow depth could become profitable without the high capital cost and delays in building a new plant at Four Eagles. Catalyst will also have 12 months to assess the potential of the Bendigo tenements to host shallow gold deposits."

For Unity, it 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 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 based on any tonnes processed through the Kangaroo Flat plant.

Catalyst will acquire all data associated with the existing Kangaroo Flat operation and tenements, and while not intending to pursue the deeper potential of the field will assess the potential for shallow gold mineralisation on these tenements. Catalyst intends to accelerate exploration at the Four Eagles Gold Project in order to reach the 50% equity level during the 12 month Option Period with the objective of defining shallow gold resources.

### **Agreement Terms:**

The Option Agreement includes the following key terms:

- Catalyst to immediately pay Unity **\$100,000** (non-refundable) in cash and issue **1,000,000** ordinary fully paid shares in Catalyst to secure the twelve month option to purchase all the Bendigo Assets from Unity. The shares will be subject to a 6 month voluntary escrow and Catalyst will not seek shareholder approval to the issue. During the 12 month option period, Catalyst is required to make a further three quarterly non-refundable cash payments of **\$100,000** - with the right to withdraw from the option at any time.
- Upon exercise of the Option, a binding agreement for the sale and purchase of the Bendigo Assets will arise (subject to necessary approvals) under which Catalyst will make the following commitments:
  - Issue Unity with a further **2,000,000** shares in Catalyst;
  - Issue Unity with Catalyst shares valued at a minimum of **\$4,000,000** and a maximum of **\$10,000,000<sup>(1)</sup>**; and
  - Grant Unity a deferred royalty on future production with an initial payment of **\$2,000,000** after processing of 50,000 dry tonnes, plus a production royalty of \$5 per dry tonne of ore processed up to a maximum of **\$4,000,000**.
- During the option period Unity will keep the tenements in good standing and maintain the plant, equipment and infrastructure in good condition.

Unity's Managing Director, Andrew McIlwain comments "As previously mentioned, this transaction provides Unity shareholders with the opportunity to realise value from the idle Bendigo project as well as maintain exposure to what may be an emerging gold field north of Bendigo. It also provides certainty in relation to Unity's future in Bendigo and will enable us to focus on maximising the capability of our Tasmanian assets, African investment and growth options.

On settlement, Unity will hold a key stake in Catalyst Metals and significant upside exposure to the fortunes of the region. Additionally, Catalyst will be required to replace the existing cash backed Performance Bonds thereby releasing approximately **\$6 million**, which with our substantial current cash balance will facilitate our objective to grow Unity in the pursuit of substantial shareholder returns”.

– ENDS –

<sup>1</sup> Note: the number of shares will be equal to \$4 million in value subject to any adjustment necessary to ensure Unity’s voting power in Catalyst is at least 15% and does not exceed 25% - provided that this does not result in the issue of more than \$10,000,000 worth of shares - with any adjustment also being subject to any waiver that may be required under ASX Listing Rules.

For further information, please contact:

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