

# **GENERAL MINING CORPORATION LIMITED**

**ABN 95 125 721 075**

**AND ITS CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

# GENERAL MINING CORPORATION LIMITED

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## C O R P O R A T E D I R E C T O R Y

### **Directors**

Michael Fotios	Executive Chairman
Michael Kitney	Non-Executive Director
Alan Still	Non-Executive Director

### **Auditors**

Stantons International  
Level 2, 1 Walker Avenue  
West Perth, WA 6005  
Tel: (08) 9481 3188  
Fax (08) 9321 1204

### **Company Secretary**

Karen Brown      Company Secretary

### **Share Registry**

Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands WA 6009  
Tel: (08) 9389 8033  
Fax: (08) 9389 7871

### **Registered Office - Australia**

89 Burswood Road  
Burswood WA 6100  
Tel: (08) 9227 1186  
Fax: (08) 9227 8178

### **Home Stock Exchange**

Australian Securities Exchange  
(ASX)  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth WA 6000

### **Principal Place of Business**

24 Mumford Place  
Balcatta WA 6021

**ASX Code: GMM**

# GENERAL MINING CORPORATION LIMITED

## DIRECTORS' REPORT

The directors present their financial report of General Mining Corporation Limited ("GMM or "the Company") and its controlled entity ("Consolidated Entity") for the half-year ended 31 December 2015.

### DIRECTORS

The following persons were directors of the Company during the half-year and up to the date of this report:

Michael Fotios	(Non-Executive Director to 21 October 2015, Executive Chairman from 21 October 2015)
Alan Still	(Non-Executive Director appointed 21 October 2015)
Michael Kitney	(Non-Executive Director appointed 21 October 2015)
Michael Wright	(Non-Executive Chairman and Director to 21 October 2015)
Robert Wanless	(Non-Executive Director to 21 October 2015)
Craig Readhead	(Non-Executive Director to 21 October 2015)

### REVIEW OF OPERATIONS

The Consolidated Entity incurred an operating loss after tax of \$1,296,342 (2014: loss after tax of \$457,068) for the half-year ended 31 December 2015. The primary activities during the period were exploration for and development of mineral resources in Australia.

GMM is earning an interest in the Mt Cattlin Project and also holds a number of mineral exploration titles in Western Australia.

#### Western Australia

##### Mt Cattlin

*(Tantalum/spodumene/- GMM earning up to 50%)*

In September 2015 the Company executed an agreement ("Acquisition Agreement") with Galaxy Lithium Australia Limited ("Galaxy"), a wholly owned subsidiary of Galaxy Resources Limited, whereby GMM is earning a 50% interest in the Mt Cattlin project ("the Project") at Ravensthorpe in Western Australia. In accordance with the agreement, by 31 December 2015 the Company had committed to an initial A\$7m in capital expenditure to bring the project back into production. Upon re-starting of the Project by 31 March 2016, the Company will have earned an initial 14% equity and 50% profit interest. Three further tranches of 12% equity interest each will be earned by the payment to Galaxy of annual instalments of \$6m (payable quarterly in arrears).

Under the Acquisition Agreement GMM will be appointed the manager of the Project once operations commence at Mt Cattlin

The Company has progressed development work which has included the ordering of all long lead items critical to the initial recommencement and redesign of the process flow sheet subject to completion of non-time critical elements of the testwork program. Importantly, an exclusive sales and distribution agreement was entered into with Mitsubishi Corporation Limited for them to sell Mt Cattlin spodumene into China, Taiwan, Vietnam and South Korea. Subsequent to the half-year balance date, the Company has entered into two binding offtake agreements with China based counter parties for the sale of 60,000 tonnes of spodumene concentrate (> 5.5.% Li<sub>2</sub>O) for 2016 delivery at a price of US\$600/t FOB (50% of which is payable as an advance payment by 31 March 2016). The offtake agreement also includes a binding commitment for a further 120,000 tonnes for delivery in 2017 at a price to be agreed in Q4 2016. These transactions will settle through Mitsubishi Corporation in accordance with the sales and distribution agreement entered into in 2015.

During the half-year, planning commenced for diamond drilling programs at the Project and subsequently a program of two stratigraphic deep drill holes was commenced. A progress report on the first of these holes was released to the ASX on 25 February 2016.

# GENERAL MINING CORPORATION LIMITED

## DIRECTORS' REPORT

### REVIEW OF OPERATIONS (Continued)

#### Chesterfield and Mercury Hill projects

*(Gold - GMM 100%)*

There was no activity on the Company's gold projects during the half year with Company resources focussed on bringing the Mt Cattlin project into production. A review of the gold projects is to be carried out in 2017 [add time frame].

#### **Canada**

In entering into the agreement with Galaxy the Company has also acquired the sole and exclusive right to earn a 50% interest in the James Bay Project in Canada. The Company may earn the interest by spending US\$5 million on that lithium pegmatite project by 8 June 2018, provided the first US\$2.5 million is spent by 8 June 2017. Once the Company has earned its 50% interest, if there is a superior third party proposal for the development of James Bay, then the Company and Galaxy will in good faith discuss and endeavour how best to accommodate that proposal.

#### **Corporate**

During the half-year, the Board was restructured with Michael Fotios transitioning from non-executive director to Executive Chairman. Michael Kitney and Alan Still, both well credentialed metallurgists, were appointed as non-executive directors in October 2015. Founding director Robert Wanless resigned from the Board along with Craig Readhead and former Chairman, Michael Wright.

At a general meeting held on 9 September 2015, in addition to providing necessary approvals for completing the Mt Cattlin transaction, shareholders

- approved the issue of shares in lieu repayment of a loan from then director Craig Readhead,
- approved the granting of incentive securities to Mr Fotios and certain key management personnel
- ratified prior placement of 18m shares in February 2015
- approved a placement facility of up to 100m shares, including specific approvals for director participation.

The Company successfully completed a series of capital raisings totalling some A\$12.7m (before costs) including 63.6m shares issued at 5 cents each using the approved facility, a one for five non-renounceable pro rata offer of 44.77m shares to all shareholders at the same price and a further placement of 40.53m shares at an issue price of 18 cents.

#### **EVENTS OCCURRING AFTER REPORTING DATE**

On 15 February 2016, 1,000,000 8c options were exercised.

On 8 March 2016, the Company and its partner in the Mt Cattlin project (Galaxy Resources Limited), announced the forward sale of 60,000 tonnes of spodumene concentrate from the Mt Cattlin project in Ravensthorpe, Western Australia for USD\$600 per tonne (FOB, with a minimum 5.5% Li<sub>2</sub>O content) to two China based buyers. Of the USD\$36 million sale, USD\$18 million will be received as a pre-payment, with funds due to be received on or before 31 March 2016. The Company has also agreed to deliver 120,000 tonnes in 2017 to the same Chinese customers with a sale price to be agreed during Q4 2016, based upon prevailing market conditions at that time.

No other matters or circumstances, not otherwise dealt with in the financial statements, have arisen since the end of the half financial year and to the date of this report which significantly affected or may significantly affect the operations of the economic entity, the results of the economic entity, or the state of affairs of the economic entity in the financial years subsequent to the half financial year ended 31 December 2015.

# GENERAL MINING CORPORATION LIMITED

## D I R E C T O R S ' R E P O R T

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration from Stantons International, as required under section 307C of the Corporations Act 2001 follows.

This report is made in accordance with a resolution of the directors.



Michael Fotios

Director

Signed at Perth on the 15<sup>th</sup> day of March 2016

15 March 2016

Board of Directors  
General Mining Corporation Limited  
89 Burswood Road  
BURSWOOD WA 6100

Dear Sirs

**RE: GENERAL MINING CORPORATION LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of General Mining Corporation Limited.

As Audit Director for the review of the financial statements of General Mining Corporation Limited for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Samir Tirodkar**  
**Director**

# GENERAL MINING CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2015

	Consolidated	
	31 December 2015	31 December 2014
Notes	\$	\$
<b>Revenue from continuing operations</b>	11,549	32,226
<b>Expenses</b>		
Administration fees	(42,293)	(21,628)
Legal fees	(11,789)	(5,948)
Directors' fees	(77,529)	(90,004)
Travel, accommodation and entertainment	(48,262)	-
Consulting and secretarial fees	(61,306)	(53,000)
Directors consulting fees	(156,000)	-
Audit fees	(11,578)	(8,078)
Depreciation	-	(6,166)
Insurance	-	(352)
Rental costs	-	(10,501)
Staff costs	(186,910)	(31,875)
Movement in provision for employee entitlements	(12,100)	3,375
Research and Due Diligence costs – Mt Cattlin	(163,260)	-
Share based remuneration	(526,119)	-
Write off or provision for exploration expenses	(4,584)	(262,023)
Other expenses from ordinary activities	(6,161)	(3,094)
	<b>(1,296,342)</b>	<b>(457,068)</b>
<b>Loss from ordinary activities before income tax</b>		
Income tax expense relating to ordinary activities	-	-
	<b>(1,296,342)</b>	<b>(457,068)</b>
<b>Loss from ordinary activities after income tax expense</b>		
<b>Other comprehensive income for the half - year</b>		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified to profit of loss		
Translations of foreign subsidiaries	13	(83)
<b>Total comprehensive loss for the half - year</b>	<b>(1,296,329)</b>	<b>(457,151)</b>
Loss attributable to:		
Owners of the Company	(1,296,342)	(457,068)
Non-controlling interest	-	-
<b>Loss for the half - year</b>	<b>(1,296,342)</b>	<b>(457,068)</b>
Total comprehensive loss attributable to:		
Owners of the Company	(1,296,329)	(457,151)
Non-controlling interest	-	-
<b>Total comprehensive loss for the half - year</b>	<b>(1,296,329)</b>	<b>(457,151)</b>
Basic loss per share (per share)	7	(\$0.0062)
Diluted loss per share (per share)		(\$0.0034)

The accompanying notes form part of these financial statements

# GENERAL MINING CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		Consolidated	
	Notes	31 December 2015 \$	30 June 2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		10,542,028	293,329
Trade and other receivables		244,134	140,935
<b>TOTAL CURRENT ASSETS</b>		<b>10,786,162</b>	<b>434,264</b>
<b>NON CURRENT ASSETS</b>			
Mineral exploration and evaluation expenditure	5	692,492	687,229
Acquisition costs	9	1,304,852	-
<b>TOTAL NON CURRENT ASSETS</b>		<b>1,997,344</b>	<b>687,229</b>
<b>TOTAL ASSETS</b>		<b>12,783,506</b>	<b>1,121,493</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,134,688	930,992
Provisions		12,100	-
Other related party accruals		244	244
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,147,032</b>	<b>931,236</b>
<b>TOTAL LIABILITIES</b>		<b>1,147,032</b>	<b>931,236</b>
<b>NET ASSETS</b>		<b>11,636,474</b>	<b>190,257</b>
<b>EQUITY</b>			
Contributed equity	2	25,595,788	12,923,081
Reserves		495,567	425,715
Accumulated losses		(14,454,881)	(13,158,539)
<b>TOTAL EQUITY</b>		<b>11,636,474</b>	<b>190,257</b>

The accompanying notes form part of these financial statements



# GENERAL MINING CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

	Contributed Equity	Accumulated Losses	Option Reserve	Foreign Exchange Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	11,827,692	(12,101,036)	253,726	425,722	406,104
Total loss for the period	-	(457,068)	-	-	(457,068)
Other comprehensive income / (loss) for the period	-	-	-	(83)	(83)
Total comprehensive loss for the period	-	(457,068)	-	(83)	(457,151)
<b>Transactions with owners in their capacity as owners:</b>					
Exercise of options	383	-	-	-	383
Transfer from options reserve	90,096	-	(90,096)	-	-
<b>Balance at 31 December 2014</b>	11,918,171	(12,558,104)	163,630	425,639	(50,664)
	Contributed Equity	Accumulated Losses	Option Reserve	Foreign Exchange Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	12,923,081	(13,158,539)	-	425,715	190,257
Total loss for the period	-	(1,296,342)	-	-	(1,296,342)
Other comprehensive income / (loss) for the period	-	-	-	13	13
Total comprehensive loss for the period	-	(1,296,342)	-	13	(1,296,329)
<b>Transactions with owners in their capacity as owners:</b>					
Issue of options	-	-	69,839	-	69,839
Exercise of options	131,017	-	-	-	131,017
Contributions of equity net of transaction costs	12,541,690	-	-	-	12,541,690
<b>Balance at 31 December 2015</b>	25,595,788	(14,454,881)	69,839	425,728	11,636,474

The accompanying notes form part of these financial statements

# GENERAL MINING CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOW

For the half-year ended 31 December 2015

	Consolidated	
	31 December 2015 \$	31 December 2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(982,646)	(32,351)
Interest received	11,549	276
Research and Due Diligence	(495,866)	-
Other income received	-	11,715
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(1,466,963)</b>	<b>(20,360)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration expenditure	(10,649)	(48,951)
Acquisition costs	(490,116)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(500,765)</b>	<b>(48,951)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	12,216,427	383
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>12,216,427</b>	<b>383</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>10,248,699</b>	<b>(68,928)</b>
Cash at beginning of the financial period	293,329	77,705
<b>CASH AT END OF THE FINANCIAL PERIOD</b>	<b>10,542,028</b>	<b>8,777</b>

The accompanying notes form part of these financial statements

# GENERAL MINING CORPORATION LIMITED

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

### 1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2015 has been prepared in accordance with Australian Accounting Standard AASB134: *Interim Financial Reporting* and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by General Mining Corporation Limited and controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, position and financing activities of the Consolidated Entity as the full financial report.

#### (a) *Basis of accounting*

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The financial report covers the consolidated entity of General Mining Corporation Limited and controlled entity. General Mining Corporation Limited is a listed public company domiciled in Australia.

#### (b) *Going Concern*

As at 31 December 2015, the Consolidated Entity had total current liabilities of \$1,147,032, and had incurred a total comprehensive loss of \$1,296,342 for the period ended 31 December 2015, with a cash and cash equivalents balance of \$10,542,028. The Company under the terms of the agreement to acquire the Mt Cattlin project has commitments of \$25,000,000 as disclosed in Note 6.

The directors have prepared cash flow forecasts that indicate that the Company and Consolidated Entity will have cash surpluses for a period of at least 12 months from the date of this report. This forecast is dependent on the raising of funds by way of equity raisings and the success of the Mt Cattlin project in order for the Consolidated Entity to meet its exploration commitments and other costs. In March 2016 the Company and its partner announced the forward sale of 60,000 tonnes of Spodumene for USD \$36 million of which USD 18 million is due to be received on or before 31 March 2016.

# GENERAL MINING CORPORATION LIMITED

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

### 1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS Continued

#### *(b) Going Concern Continued*

Based on the cash flow forecasts and possible equity funding described above, the directors are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Should the Consolidated Entity and the parent be unable to continue as going concerns, they may be required to realise assets and extinguish liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity and the parent be unable to continue as a going concern.

The directors acknowledge that the Company will need to adopt further strategies to ensure that funding is maintained. This includes, but is not limited to, further capital funding, the sale, relinquishment or introduction of joint venture contributions on areas of interest held, and seeking other prospective projects.

#### *(c) Accounting policies*

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent Annual Financial Statements. The Consolidated Entity has considered the implications of new and amended Accounting Standards that became applicable to the group after 1 July 2015 but determined that their application to the financial statements is either not relevant or not material.

# GENERAL MINING CORPORATION LIMITED

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

### 2. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
a) Paid up capital	25,595,788	12,923,081
b) Movements	<b>No of Shares</b>	<b>Paid-Up Capital \$</b>
Balance 1 July 2015	152,313,993	12,923,081
Shares issued for repayment of loan	500,000	25,000
Placement shares	103,826,000	10,459,680
Exercise of options and transfer from option reserve	1,800,000	235,830
Incentive shares	7,500,000	517,500
Rights Issue	44,762,860	2,238,143
Less: Costs of issue	-	(803,446)
Balance 31 December 2015	<b>310,702,853</b>	<b>25,595,788</b>

#### Options

As at 31 December 2015, there were 23,700,000 options over unissued shares; currently on issue with the following terms:

- i. Each option entitles the holder to subscribe for and be allotted one fully paid ordinary share in the company; and
- ii. The options will expire as follows:
  - 11,250,000 options exercisable at 8 cents each and expiring on the 21/09/17
  - 11,250,000 options exercisable at 12 cents each and expiring on the 21/09/18
  - 1,200,000 options exercisable at 8 cents each and expiring on the 21/09/17

Each option entitles the holder to be issued with one ordinary share in the capital of the parent entity subject to payment of the relevant price and satisfaction of applicable conditions (if any).

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

# GENERAL MINING CORPORATION LIMITED

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

### 3. SEGMENT INFORMATION

The Consolidated Entity has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Consolidated Entity's primary segment is one business, being the production of gold.

During the period ended 31 December 2015, the Consolidated Entity operated in the following Geographical Segments: Australia (2014: Australia). As the Consolidated Entity operates in one Segment, no further Segment Information is presented.

### 4. EVENTS SUBSEQUENT TO REPORTING DATE

On 15 February 2016, 1,000,000 8c options were exercised.

On 8 March 2016, the Company and its partner in the Mt Cattlin project (Galaxy Resources Limited), announced the forward sale of 60,000 tonnes of spodumene concentrate from the Mt Cattlin project in Ravensthorpe, Western Australia for USD\$600 per tonne (FOB, with a minimum 5.5% Li20 content) to two China based buyers. Of the USD\$36 million sale, USD\$18 million will be received as a pre-payment, with funds due to be received on or before 31 March 2016. The Company has also agreed to deliver 120,000 tonnes in 2017 to the same Chinese customers with a sale price to be agreed during Q4 2016, based upon prevailing market conditions at that time.

No other matters or circumstances, not otherwise dealt with in the financial statements, have arisen since the end of the half financial year and to the date of this report which significantly affected or may significantly affect the operations of the economic entity, the results of the economic entity, or the state of affairs of the economic entity in the financial years subsequent to the half financial year ended 31 December 2015.

### 5. MINERAL EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 2015	30 June 2015
	\$	\$
Balance brought forward	687,229	833,514
Expenditure capitalised during the period	9,847	137,707
Less exploration expenses written off	(428)	(18,749)
Less provided to profit or loss	(4,156)	(265,243)
Balance 31 December 2015	<u>692,492</u>	<u>687,229</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the discovery of commercially viable resources. The Board of Directors have fully impaired the value of capitalised exploration expenditure in Mongolia as at 31 December 2015, however, they remain confident of the inherent value of the mineral exploration and evaluation expenditure assets and the ability to increase the value of these assets.

# GENERAL MINING CORPORATION LIMITED

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

### 6. COMMITMENTS

Per the agreement with Galaxy executed on 7 September 2015, the Consolidated Entity has agreed to pay \$25 million as consideration for a 50% share in the Mt Cattlin Project. Of the \$25 million the Company had to commit to spend \$7 million by 31 December 2015. The balance is payable as disclosed in Note 8.

There are no other commitments at 31 December 2015.

### 7. LOSS PER SHARE

	Consolidated	
	2015	2014
	\$	\$
<b>(a) Basic loss per share</b>		
Loss attributable to the ordinary equity holders of the Company	<u>(0.0062)</u>	<u>(0.0034)</u>
<b>(b) Loss used in calculating loss per share</b>		
Loss attributable to the ordinary equity holders of the Company	<u>(1,296,329)</u>	<u>(457,151)</u>
<b>(c) Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares on issue used in calculation of basic loss per share	<u>209,359,471</u>	<u>134,312,548</u>
<b>(d) Diluted loss per share</b>		
Diluted loss per share is not materially different from basic loss per share and has therefore not been disclosed.		

# GENERAL MINING CORPORATION LIMITED

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

### 8. MT CATTLIN PROJECT ACQUISITION

On 7 September 2015, the Consolidated Entity announced that it has executed an acquisition and development agreement for the Mt Cattlin Project with Galaxy Lithium Australia Limited ("Galaxy"), a wholly owned subsidiary of Galaxy Resources Ltd, to acquire up to 50% of, and operate, the Mt Cattlin lithium mine located in Ravensthorpe, Western Australia.

The acquisition of the Consolidated Entity's interest in the Mt Cattlin Project ("Project") is structured over 5 tranches as set out below:

First Tranche - earn a 14% interest in the Project by satisfying the following conditions;

- i. Commit at least \$7 million in capital expenditure by 31 Dec 2015; and
- ii. Commence production on or before 31 March 2016.

At the Balance Date the Company had satisfied the expenditure commitment condition of the First Tranche and expects to satisfy the production commencement condition on or before 31 March 2016.

Second Tranche - if the First Tranche is acquired, the Company can earn an additional 12% interest in the Project by payment of \$6 million to Galaxy by the 5<sup>th</sup> business day after 31 March 2017, in four equal quarterly instalments in arrears of \$1.5 million each.

Third Tranche - if the Second Tranche is acquired, the Company can earn an additional 12% interest in the Project by payment of \$6 million to Galaxy by the 5<sup>th</sup> business day after the second anniversary of the Production Commencement Date, in 4 equal quarterly instalments in arrears of \$1.5 million each.

Fourth Tranche - if the Third Tranche is acquired, the Company can earn an additional 12% interest in Project by payment of \$6 million by the 5<sup>th</sup> business day after the third anniversary of the Production Commencement Date, in 4 equal quarterly instalments in arrears of \$1.5 million.

The above payments and the capital expenditure commitments set out above once made, are non-refundable.

At the Balance Date the expenditure commitment under the First Tranche has been capitalised on the Balance Sheet as Contingent acquisition costs, and on satisfaction of the second condition precedent will be reclassified as a non-current acquisition cost.

### 9. ACQUISITION COSTS

	31 Dec 2015	30 June 2015
	\$	\$
Balance brought forward	-	-
Expenditure capitalised during the period (Note 8)	1,304,852	-
Closing balance	<u>1,304,852</u>	<u>-</u>




# GENERAL MINING CORPORATION LIMITED

## DIRECTORS' DECLARATION

The directors of the company declare that:

- (a) The financial statements and notes set out on pages 5 to 14 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date, and;
- (b) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



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Michael Fotios  
Director

Signed at Perth on the 15<sup>th</sup> day of March 2016

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
GENERAL MINING CORPORATION LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of General Mining Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for General Mining Corporation Limited (the consolidated entity). The consolidated entity comprises both General Mining Corporation Limited (the Company) and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of General Mining Corporation Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of General Mining Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of General Mining Corporation Limited on 15 March 2016.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of General Mining Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International*

*Samir Tirodkar*

**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
15 March 2016