

22 June 2016

Australian Securities Exchange  
Level 40, Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

Our ref CPR:SGR:60-1557356

Dear Sir/Madam

**OFF-MARKET TAKEOVER BID FOR GENERAL MINING CORPORATION LIMITED  
(ACN 125 721 075) - TARGET'S STATEMENT**

We act for General Mining Corporation Limited (ACN 125 721 075) (**General Mining**).

As announced to the market on 30 May 2016, Galaxy Resources Limited (ACN 071 976 442) proposes to make an off-market takeover bid for all of the issued shares in General Mining that it does not already own (**Bid**).

In connection with the Bid and in accordance with item 14 of section 633 of the *Corporations Act 2001* (Cth), please find enclosed a copy of the Target's Statement dated 22 June 2016.

If you have any questions, please contact Simon Rear of this office on [simon.rear@squirepb.com](mailto:simon.rear@squirepb.com) or +61 8 9429 7483.

Yours faithfully



Squire Patton Boggs (AU)

**GENERAL MINING CORPORATION LIMITED**  
**(ACN 125 721 075)**

## **TARGET'S STATEMENT**

This Target's Statement is issued by General Mining Corporation Limited in relation to the off-market takeover bid by Galaxy Resources Limited for all of the ordinary fully paid shares in General Mining Corporation Limited that it does not already own.

**ACCEPT**

**Your Directors unanimously recommend that you **ACCEPT** the Takeover Bid from Galaxy Resources Limited in the absence of a Superior Proposal**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS TARGET'S STATEMENT IN FULL BEFORE DECIDING WHETHER TO ACCEPT THE TAKEOVER BID FROM GALAXY RESOURCES LIMITED. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH THIS DOCUMENT, PLEASE CONTACT YOUR LEGAL, FINANCIAL, TAXATION OR OTHER PROFESSIONAL ADVISER. YOU CAN ALSO CALL GENERAL MINING ON +61 8 9227 1186, MONDAY TO FRIDAY BETWEEN 8.30AM AND 5.00PM (PERTH TIME).**

Legal adviser to General Mining

**SQUIRE**   
**PATTON BOGGS**

Financial adviser to General Mining

**CANACCORD** | Genuity

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## KEY DATES

Event	Date
Offer announced	30 May 2016
Date Bidder's Statement and Target's Statement lodged with ASIC	22 June 2016
Offer opens	28 June 2016
Offer closes (unless extended or withdrawn)*	5.00pm (WST) on 29 July 2016

\* These dates are subject to change. Please refer to section 8.4 of this Target's Statement for further details regarding the extension of the Offer.

## IMPORTANT NOTICES

### Target's Statement

This document is a Target's Statement dated 22 June 2016 and is issued by General Mining Corporation Limited ACN 125 721 075 (**General Mining**) under Part 6.5 Division 3 of the Corporations Act. This Target's Statement sets out the General Mining Board's formal response to the Offer.

Your Directors recommend that you read this Target's Statement in full and seek independent advice if you have any queries in respect of the Offer.

### ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and given to ASX on 22 June 2016. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

### Defined terms

Certain terms used in this Target's Statement have defined meanings, as set out in section 12 of this Target's Statement.

### Responsibility for information in this Target's Statement

Other than as set out below, General Mining accepts responsibility for the form and content of this Target's Statement.

The information contained in section 6 has been prepared by Galaxy and provided to General Mining to assist it with preparation of the information in this Target's Statement (**Galaxy Information**). The Galaxy Information has been prepared solely by Galaxy and is the sole responsibility of Galaxy. General Mining does not assume any responsibility for the accuracy and completeness of the Galaxy Information, and General Mining does not make any representation or warranty, express or implied, as to the accuracy or completeness of that information. Any other information in this Target's Statement concerning Galaxy or Galaxy's assets and securities has been prepared from publicly available information and limited information made available by Galaxy to General Mining. This information has not been independently verified by General Mining, and accordingly to the extent permitted by the Corporations Act, General Mining makes no representations and warranties,

express or implied, as to the accuracy or completeness of such information.

Neither Galaxy nor its directors, officers, employees, contractors, advisers or agents assume any responsibility for the accuracy or completeness of this Target's Statement other than the Galaxy Information.

### **No account of personal circumstances**

Nothing in this Target's Statement constitutes investment, legal, tax or other advice. This Target's Statement does not contain personal advice, and does not take into account your individual investment objectives, financial situation or particular needs. General Mining is not licensed to provide financial product advice in relation to General Mining Securities, Galaxy Shares or any other financial products. This Target's Statement should not be relied on as the sole basis for any decision in relation to the Offer. The Directors encourage you to seek independent legal, financial and taxation advice before making a decision as to whether or not to accept the Offer.

### **Forward looking statements**

Some statements in this Target's Statement may be in the nature of forward looking statements. You should be aware that these statements are not statements of known fact and that there is no certainty of outcome in relation to the matters to which the statements relate. Those statements reflect views held only as at the date of this document and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to General Mining, Galaxy, the market sector in which they operate, as well as general economic conditions and conditions in the financial markets, exchange rates, interest rates and the regulatory environment, many of which are outside the control of General Mining, Galaxy or their respective directors. As a consequence, actual events or results may differ materially from the events or

results expressed or implied in any forward looking statement.

None of General Mining, any of its Directors, officers or any person named in this Target's Statement with their consent or anyone involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement or any events or results expressed or implied in any forward looking statement, except the extent required by law. You are cautioned not to place undue reliance on those statements.

### **Ineligible Foreign Shareholders**

General Mining Shareholders should note that the consideration under the Offer involves the issue of Galaxy Shares. The Offer is subject to disclosure requirements in Australia which are different from those applicable in other countries.

Subject to the paragraphs below, General Mining Shareholders whose addresses in General Mining's registers of General Mining Shareholders are not in Australia and New Zealand will not be entitled to receive Galaxy Shares on acceptance of the Offer (unless Galaxy determines otherwise). Instead, those Ineligible Foreign Shareholders who accept the Offer will be paid a cash amount calculated in accordance with section 8.14 of this Target's Statement.

Galaxy Shares have not been, and will not be, registered under the *Securities Act* 1933 of the United States of America (**Securities Act**) and may not be offered or sold in the United States or to, or for the account or benefit of, a US person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities laws.

## New Zealand

In making the Offer available to General Mining Shareholders with registered addresses in New Zealand, Galaxy is relying on an exemption contained in the *New Zealand Securities Act (Overseas Companies) Exemption Notice 2013* in relation to prospectus and investment statement requirements in New Zealand. The Bidder's Statement and this Target's Statement may not contain all the information that a bidder's statement under New Zealand law is required to contain.

You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of the Bidder's Statement, you should obtain independent professional advice. General Mining Shareholders who are resident outside of Australia and New Zealand, should refer to section 1.8 of Annexure A and section 9.17 of the Bidder's Statement for further details.

### **Maps and diagrams**

Any maps, diagrams, charts, graphs and tables contained in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in maps, diagrams, charts, graphs and tables is based on information available as at the date of this Target's Statement.

### **Estimates and Assumptions**

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Target's Statement are references to estimates, assumptions and derivations of the same by General Mining's management. Management estimates reflect and are based on views as at the date of this Target's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

## **Effect of Rounding**

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Target's Statement.

## **Privacy statements**

General Mining has collected your information from the General Mining register of members for the purpose of providing you with this Target's Statement. The type of information General Mining has collected about you includes your name, contact details and information on your holding of General Mining Securities.

Your information may be disclosed on a confidential basis to external service providers (such as General Mining's share registry) and may be required to be disclosed to regulators (such as ASIC and the ASX).

If you would like to obtain details of the information held about you by General Mining, please contact General Mining's share registry, Advanced Share Registry Services on +61 8 9389-8033.

## **Enquiries**

If you have any enquiries, please contact General Mining on +61 8 9227 1186, Monday to Friday between 8.30am and 5.00pm (Perth time).

## **Further information**

Further information in relation to the Offer can be obtained from General Mining's website <http://www.generalmining.com>. Information contained in or accessible through that internet site is not part of this Target's Statement. Any references in this Target's Statement to this internet sites are textual references for information only.

# CHAIRMAN'S LETTER

**22 June 2016**

Dear fellow General Mining Shareholder,

On behalf of the Board of General Mining Corporation Limited (**General Mining**), I am pleased to present you with this Target's Statement and the opportunity to combine with Galaxy Resources Limited (**Galaxy**) via Galaxy's takeover offer to acquire all of the shares (**General Mining Shares**) in General Mining (**Offer**).

Under the Offer, General Mining Shareholders are being offered 1.65 new Galaxy Shares for every 1 General Mining Share they hold.

The Offer represents a premium of:

- 6.0% to the last closing price on the ASX of General Mining Shares of \$0.615 on 25 May 2016<sup>1</sup>;
- 9.4% to the 10-day volume weighted average price (VWAP) of General Mining Shares on the ASX of \$0.625 to 25 May 2016<sup>2</sup>; and
- 13.5% to the 20-day VWAP of General Mining Shares on the ASX of \$0.589 to 25 May 2016<sup>3</sup>.

Based on Galaxy's closing share price of \$0.395 on the ASX on 25 May 2016 (being the last day General Mining and Galaxy shares traded before the announcement of the Offer), the Offer values General Mining at approximately \$217 million (on a fully diluted basis) or A\$0.652 per share (on a fully diluted basis).<sup>4</sup>

**In addition, Galaxy Shares had a closing price of \$0.52 on 21 June 2016, being the last trading day before the date of this Target's Statement. This represents a premium of 37.3% to General Mining's 10 day VWAP to 25 May 2016 and values General Mining at approximately \$286 million (on a fully diluted basis) or \$0.858 per share (on a fully diluted basis).**

Upon successful completion of the Offer, General Mining Shareholders will own approximately 29% of the Merged Entity.<sup>5</sup>

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<sup>1</sup> Based on Galaxy's last closing share price of \$0.395 on the ASX on 25 May 2016, the last trading date of Galaxy and General Mining before the Announcement Date,

<sup>2</sup> Based on the 10-day VWAP of Galaxy Shares on ASX of \$0.4142 to 25 May 2016.

<sup>3</sup> Based on the 20-day VWAP of Galaxy Shares on ASX of \$0.405 to 25 May 2016.

<sup>4</sup> The Directors note that the implied value of General Mining based on the Offer will fluctuate depending on the prevailing trading price of Galaxy Shares.

<sup>5</sup> Based on the number of General Mining Shares and Galaxy Shares on issue as at the Announcement Date. The actual percentage interest that General Mining Shareholders will hold in the Merged Entity will depend upon the extent to which General Mining Options and Galaxy Options are exercised.

After careful consideration of the Offer, General Mining's Board considers the opportunity to combine with Galaxy to be compelling for General Mining Shareholders and we unanimously recommend that you **ACCEPT** the Offer, in the absence of a Superior Proposal, for the following reasons:

- The merger will create a leading, diversified, global lithium producer well positioned for continued project expansion and development and further opportunities.
- If you accept the Offer, you will hold shares in Galaxy, a company that is expected to have:
  - enhanced scale, market relevance, trading liquidity, together with improved funding capability and significant market re-rating prospects;
  - a leading growth profile underpinned by Mt Cattlin production, the development of the Sal de Vida brine project in Argentina and James Bay hard rock project in Quebec, Canada;
  - strong financial position with a robust pro-forma balance sheet and growing cash flow generation to support continued project expansion and development, and further industry opportunities;
  - enhanced equity and capital markets profile with a pro-forma market capitalisation in excess of \$980 million; and
  - significant growth potential with existing and expanding production, diversified and superior growth profile, proven management and operating teams, strong balance sheet and greater international market profile;
- 4.84% of General Mining Shares have entered into pre-bid acceptance agreements. In addition, other General Mining Shareholders associated with Michael Fotios, the Chairman of General Mining, representing a further 10.34% of General Mining Shares outstanding have made statements of intention to accept the Offer, in the absence of a Superior Proposal.
- The Offer represents an attractive premium to General Mining's pre-announcement trading prices and, based on Galaxy's closing share price on 21 June 2016 being the last trading day before the date of this Target's Statement, the Offer valued General Mining at approximately \$286 million (on a fully diluted basis) or \$0.858 per share (on a fully diluted basis).
- As at the date of this Target's Statement, no Superior Proposal has emerged.
- The value of General Mining Shares may fall if the Offer is not successful.

A detailed explanation of the reasons why you should **ACCEPT** the Offer is set out in section 3 of this Target's Statement. In addition, the Target's Statement sets out other matters that may be relevant to your decision whether to **ACCEPT** the Offer. I encourage you to read both the Bidder's Statement and the Target's Statement and to seek independent advice if required.

The Offer is scheduled to close at 5.00pm (WST) on 29 July 2016, unless extended by Galaxy. To **ACCEPT** the Offer, follow the instructions set out in section 1.4 of the Bidder's



Statement and printed on the relevant Acceptance Form that accompanies the Bidder's Statement.

Each of your Directors who holds or controls General Mining Shares intends to **ACCEPT** the Offer, in the absence of a Superior Proposal. Should you intend to accept the Offer, your Directors encourage you to do so.

Should you have any questions in relation to the Offer or this Target's Statement, please call General Mining on +61 8 9227 1186, Monday to Friday between 8.30am and 5.00pm (WST).

Yours sincerely



**Michael Fotios**

Executive Chairman

General Mining Corporation Limited

# 1. OFFER SUMMARY AND FREQUENTLY ASKED QUESTIONS

This section answers some questions you may have about the Offer. It is not intended to address all relevant issues for General Mining Shareholders. This section should be read together with all other parts of this Target's Statement and the Bidder's Statement.

Question	Answer
<b>The Offer</b>	
<b>Offer consideration</b>	<p>Galaxy has made an off-market takeover offer to acquire all of your General Mining Shares it does not already own in exchange for issuing you with 1.65 new Galaxy Shares for every 1 General Mining Share you hold.</p> <p>If you are a General Mining Shareholder whose address in General Mining's register of members is outside of Australia and its external territories or New Zealand, unless otherwise determined by Galaxy, the Galaxy Shares to which you would be entitled to be issued as a result of accepting the Offer will be sold on your behalf and the net proceeds remitted to you in cash.</p> <p>Further details of the terms of the Offer (including the nominee sale process for foreign shareholders) are set out in section 8 of this Target's Statement.</p>
<b>What do the General Mining Directors recommend?</b>	<p>Your Directors unanimously recommend that you <b>ACCEPT</b> the Offer in the absence of a Superior Proposal.</p> <p>The reasons for your Directors' recommendation are set out in section 2 of this Target's Statement.</p> <p>If there is a change in this recommendation or any material developments in relation to the Offer, General Mining will keep you fully informed.</p>
<b>What do the General Mining Directors intend to do with their own General Mining Shares</b>	<p>Mr Michael Fotios is the only current Director who holds or controls (along with his associates) General Mining Shares, representing 10.34% of General Mining Shares outstanding. Details of such holdings are set out in section 2 of this Target's Statement.</p> <p>Mr Michael Fotios intends to <b>ACCEPT</b> the Offer in relation to all the General Mining Shares he holds or controls (along with his associates), in the absence of a Superior Proposal, on a date that is not earlier than 21 days after the Offer opens for acceptance.</p>

Question	Answer
<p><b>Have any existing shareholders of General Mining committed to accept the Offer?</b></p>	<p>Galaxy has entered into pre-bid acceptance agreements with General Mining Shareholders in respect of a total of 4.84% of General Mining Shares outstanding. These pre-bid acceptance agreements have been entered into with:</p> <ul style="list-style-type: none"> <li>• Wyllie Group Pty Ltd, in respect of 4,780,217 General Mining Shares (being 1.50% of General Mining Shares outstanding);</li> <li>• PPB Capital Pty Ltd, in respect of 768,000 General Mining Shares (being 0.24% of General Mining Shares outstanding);</li> <li>• Botsis Super Pty Ltd ATF the Phil &amp; Pamela Botsis Superannuation Fund, in respect of 2,700,000 General Mining Shares (being 0.85% of General Mining Shares outstanding); and</li> <li>• Botsis Holdings Pty Ltd, in respect of 7,150,000 General Mining Shares (being 2.25% of General Mining Shares outstanding).</li> </ul> <p>Under the terms of those pre-bid acceptance agreements each of those General Mining Shareholders must accept the Offer in respect of their General Mining Shares subject to those arrangements, within 2 Business Days after the date which is 10 Business Days after the Offer opens.</p> <p>The pre-bid acceptance agreements will terminate automatically if:</p> <ul style="list-style-type: none"> <li>• Galaxy does not make the Offer within two months of the Announcement Date, or having made the Offer withdraws the Offer;</li> <li>• the Offer lapses or expires without being freed from of all Conditions as set out in Annexure A of the Bidder's Statement;</li> <li>• the Offer has been declared unconditional (or the Bidder has notified that all of the Conditions as set out in Annexure A of the Bidder's Statement have been satisfied or waived) and the relevant General Mining Shareholder has accepted the Offer in respect of its General Mining Shares;</li> <li>• a Third Party Offer is made at a Third Party Offer Price which exceeds Galaxy's Offer price (or any increase or variation thereof) and Galaxy does not within 5 Business Days after that Third Party Offer is made, make an offer or announce an intention to make an offer which matches or exceeds that Third Party Offer Price; or</li> <li>• the Takeovers Panel decides that all or any part of the transactions contemplated in the pre-bid acceptance agreements constitute unacceptable circumstances.</li> </ul>

Question	Answer
<p><b>Is there an Independent Expert's Report?</b></p>	<p>No. An independent expert's report is only required to be included in a target's statement where the bidder's voting power in the target is 30% or more, or if a director of the target company is a bidder or a director of the bidder company. This requirement does not apply to the Offer.</p> <p>In addition, your Directors do not consider that an independent expert's report is necessary as:</p> <ul style="list-style-type: none"> <li>• they believe that the information in this Target's Statement, the Bidder's Statement and publicly available information is sufficient for General Mining Shareholders to determine whether or not to accept the Offer;</li> <li>• Galaxy's status as an ASX listed company whose shares have traded on ASX since 6 February 2007 and the available market value of both General Mining and GXY Shares on ASX provides a transparent and reasonable basis for assessing the merits of the Offer and Galaxy's prospects generally; and</li> <li>• the Directors do not consider obtaining an independent expert's report, at this time, is in the best interest of General Mining Shareholders as the cost of obtaining an independent expert's report would be substantial and the time to prepare the independent expert's report could potentially delay the completion of the Offer. In addition, the General Mining Board considers itself appropriately qualified and experienced to make a recommendation in relation to the Offer.</li> </ul> <p>Notwithstanding that, as at the date of this Target's Statement, the General Mining Board have resolved not to obtain an independent expert's report in relation to the Offer, the General Mining Board reserves its right to commission the preparation of an independent expert's report for the Target's Statement if:</p> <ul style="list-style-type: none"> <li>• there is a material change in circumstances;</li> <li>• an independent expert's report becomes required by law; or</li> <li>• the General Mining Board determines that the preparation of an independent expert's report is in the best interest of shareholders, or, required in order for the General Mining Board to fulfil its statutory or fiduciary duties.</li> </ul>

Question	Answer
<b>Key Dates</b>	
<b>When does the Offer close?</b>	<p>The Offer is presently scheduled to close at 5.00pm (WST) on 29 July 2016 (unless otherwise extended or withdrawn).</p> <p>Section 8.4 of this Target's Statement provides further details regarding the circumstances in which the Offer Period can be extended.</p>
<b>If I accept the Offer, when will I be issued Galaxy Shares?</b>	<p>It is important to understand that even if you accept the Offer, you will not receive any Galaxy Shares unless all of the Conditions are satisfied or waived.</p> <p>If the Offer becomes unconditional, you will receive the Galaxy Shares to which you are entitled under the Offer made to you by the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after the later of receipt of your valid acceptance and the date on which the Offer becomes unconditional; or</li> <li>• 21 days after the end of the Offer Period.</li> </ul> <p>See section 8.12 of this Target's Statement for further details on when you will be sent your consideration.</p>
<b>Can Galaxy extend the closing date of its Offer?</b>	<p>Yes. Galaxy has stated that its Offer remains open until 5.00pm (WST) on 29 July 2016. It is possible that Galaxy may choose to extend the Offer Period in accordance with the Corporations Act.</p> <p>In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:</p> <ul style="list-style-type: none"> <li>• Galaxy improves the consideration offered under the Offer; or</li> <li>• Galaxy's voting power in General Mining increases to more than 50%.</li> </ul> <p>If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.</p>

Question	Answer
<b>Conditions and terms of the Offer</b>	
<p><b>What are the conditions of the Offer?</b></p>	<p>The Offer is subject to a limited number of conditions. In summary, the key Conditions to the Offer are:</p> <ul style="list-style-type: none"> <li>• Galaxy obtaining a Relevant Interest in at least 90% of General Mining Shares (at any time prior to Galaxy obtaining a Relevant Interest in at least 80% of General Mining Shares this condition can only be waived with the consent of General Mining);</li> <li>• no material adverse change or prescribed occurrence occurs in respect of General Mining; and</li> <li>• no material acquisitions, disposals or new commitments being undertaken by General Mining; and</li> <li>• other customary conditions, including no regulatory intervention which (among other things) restrains or prohibits the Offer.</li> </ul> <p>To receive your consideration, all of the Conditions must be satisfied or waived by Galaxy before the Offer closes.</p> <p>The Conditions are described in more detail in section 8.5 of this Target's Statement and are set out in full in Annexure A of the Bidder's Statement.</p>
<p><b>How will I know when the Offer is unconditional?</b></p>	<p>Galaxy is required to inform General Mining, ASX and Shareholders as soon as any Conditions are satisfied or waived.</p> <p>Notices from Galaxy will be available on the ASX website at <a href="http://www.asx.com.au">www.asx.com.au</a> (ASX code: GXY). These notices will also be available on the General Mining ASX company announcement platform.</p> <p>Galaxy has set 22 July 2016 as the date on which it will give General Mining and ASX a notice required by law on the status of the Conditions. This date may be extended if the Offer Period is extended.</p>
<p><b>Does the Offer extend to Options?</b></p>	<p>No, the Offer does not extend to the General Mining Options.</p> <p>An entity associated with Mr Michael Fotios, the Executive Chairman of General Mining, has entered into a private option exchange deed with Galaxy and General Mining whereby it will receive, in exchange for (and in effect the cancellation of) its 15,000,000 unlisted General Mining Options (7.5 million exercisable at 8 cents before 21 September 2017 and 7.5 million exercisable at 12 cents before 21 September 2018), upon the Offer becoming unconditional, a total of 24,750,000 Galaxy Options (12,375,000 exercisable at \$0.048</p>

Question	Answer
	<p>expiring on or before 21 September 2017 and 12,375,000 Galaxy Options exercisable at \$0.073 expiring on or before 21 September 2018). This exchange reflects the ratio of the Offer being made to all General Mining Shareholders for their General Mining Shares. The ASX has granted General Mining a waiver under ASX Listing Rule 6.23.2 for the cancellation of the 15,000,000 unlisted General Mining Options.</p> <p>All other GMM Options, which are held by one optionholder, are expected to be exercised before the end of the Offer Period.</p> <p>Galaxy has stated in the Bidder's Statement that the Offer does extend to Shares that are issued on the exercise of Options (existing as at the date of the Bidder's Statement) during the period from the Record Date until the end of the Offer Period. Should General Mining Optionholders elect to exercise their Options such that they are issued General Mining Shares prior to the end of the Offer Period, they will be able to accept the Offer in respect of those General Mining Shares.</p> <p>Galaxy has also stated that if it is required to do so under section 663A of the Corporations Act, Galaxy intends to give notices to General Mining Optionholders offering to acquire their General Mining Options in accordance with section 663C of the Corporations Act.</p>
<p><b>Can I accept the Offer for part of my shareholding</b></p>	<p>No. You cannot accept the Offer for part of your holding of General Mining Shares. You may only accept the Offer made to you for all of the General Mining Shares you hold.</p>

Question	Answer
<b>Information about Galaxy</b>	
<b>Who is Galaxy?</b>	<p>Galaxy is a lithium-focused resources company, with assets in Australia, Canada and Argentina. The Company is listed on the ASX under the code 'GXY'.</p> <p>Galaxy owns 86% of the Mt Cattlin Project, a lithium hard rock project, near Ravensthorpe in Western Australia, the Sal de Vida lithium and potash brine project in Argentina, and the James Bay lithium pegmatite project in Quebec, Canada.</p> <p>In September 2015, General Mining entered into an agreement with Galaxy to, among other things, develop and operate, and earn up to a 50% equity interest in the Mt Cattlin Project. At the date of this Target's Statement, General Mining has earned a 14% interest in the project. General Mining also has an option to earn 50% of James Bay project.</p> <p>Further information regarding Galaxy is provided in section 3 of the Bidder's Statement and section 6 of this Target's Statement.</p>
<b>Key risks associated the Offer</b>	
<b>Are there any risks associated with the Offer?</b>	<p>Yes. General Mining Shareholders who accept the Offer will be exposed to a number of risks, including the following:</p> <ul style="list-style-type: none"> <li>• if you accept the Offer while it remains subject to Conditions you will no longer be able to trade you General Mining Shares on the ASX or otherwise deal with them (for example by accepting into any Superior Proposal) unless your acceptance is withdrawn (which can only occur in limited circumstances) or the Offer lapses;</li> <li>• if Galaxy acquires less than 80% of General Mining Shares and General Mining consents to Galaxy waiving the 90% minimum acceptance condition (see section 8.7 of this Target's Statement), CGT rollover relief will not be available;</li> <li>• if Galaxy acquires less than 100% of General Mining Shares and you do not accept the Offer you will become a minority shareholder in General Mining which will be controlled by Galaxy; and</li> <li>• there are risks relating to holding Galaxy Shares.</li> </ul>



Question	Answer
	Further details about the risks associated with the Offer are set out in section 9 of this Target's Statement and section 8 of the Bidder's Statement.
<b>Actions to take</b>	
<b>What choices do I have as a General Mining Shareholder?</b>	<p>As a General Mining Shareholder you have the following choices in respect of your General Mining Shares:</p> <ul style="list-style-type: none"> <li>• <b>ACCEPT</b> the Offer in respect of all (but not a part) of your General Mining Shares;</li> <li>• sell your General Mining Shares on ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or</li> <li>• reject the Offer made to you by doing nothing in relation to the Offer.</li> </ul> <p>There are implications for you in relation to each of these choices. An outline of these implications is set out in section 4 of this Target's Statement.</p>
<b>How do I accept the Offer?</b>	<p><b>For Issuer Sponsored Holdings of General Mining Shares</b></p> <p>To accept the Offer, you should follow the instructions set out in section 1.4 of the Bidder's Statement and printed on the relevant Acceptance Form that accompanies the Bidder's Statement.</p> <p><b>For CHESSE Holdings of General Mining Shares</b></p> <p>To accept the Takeover Offer, you should:</p> <ul style="list-style-type: none"> <li>• contact your Controlling Participant (usually your broker) and instruct them to accept the offer on your behalf before the end of the Offer Period; or</li> <li>• follow the instructions set out in the Bidder's Statement and printed on the relevant Acceptance Form accompanying the Bidder's Statement and return it, so that it is received at the address on the Acceptance Form in sufficient time for your Controlling Participant to act on your instructions before the end of the Offer Period.</li> </ul>

Question	Answer
<p><b>What are the consequences of accepting the Offer now?</b></p>	<p>The Offer is subject to a limited number of Conditions. By accepting the Offer whilst it remains conditional, you will:</p> <ul style="list-style-type: none"> <li>• give up your right to sell any General Mining Shares you hold whilst the Offer remains open; and</li> <li>• give up your right to otherwise deal with any General Mining Shares you hold whilst the Offer remains open, unless withdrawal rights are available (see below).</li> </ul> <p>If you accept the Offer made to you and it becomes unconditional, you will receive 1.65 new Galaxy Shares for each 1 General Mining Share you hold.</p> <p>The Conditions are summarised below in this section, are described in more detail in section 8.5 of this Target's Statement and set out in full in Annexure A of the Bidder's Statement.</p>
<p><b>If I accept the Offer now, can I withdraw my acceptance?</b></p>	<p>If you accept the Offer, you are only able to withdraw your acceptance if:</p> <ul style="list-style-type: none"> <li>• the Conditions of the Offer are not fulfilled or waived by the time specified in the Bidder's Statement; or</li> <li>• Galaxy extends its Offer so that it postpones for more than one month the time when you will receive your consideration, and the Offer remains subject to one or more of the conditions at that time.</li> </ul> <p>If you accept the Offer after all of the Conditions have been satisfied or waived, you will not be able to withdraw your acceptance.</p> <p>See section 8.11 of this Target's Statement for further details.</p>
<p><b>What happens if I do nothing?</b></p>	<p>You will remain a General Mining Shareholder.</p> <p>However, Galaxy has stated that if it acquires 90% or more of General Mining Shares and becomes entitled to compulsorily acquire all General Mining Shares, it intends to do so. See section 8.15 of this Target's Statement for more details.</p>

Question	Answer
<p><b>Can I be forced to sell my General Mining Shares?</b></p>	<p>You cannot be forced to sell your General Mining Shares unless Galaxy is legally entitled to proceed with compulsory acquisition of those securities. This requires Galaxy to have a Relevant Interest in 90% (by number) of all General Mining Shares through acceptances of the Offer or otherwise, during or at the end of the Offer Period.</p> <p>If Galaxy does compulsorily acquire the outstanding General Mining Shares in those circumstances, you will receive the same consideration for your General Mining Shares that you would have received under the Offer, but it will take longer for you to receive the consideration from Galaxy.</p> <p>If Galaxy does not exercise a right to compulsorily acquire the outstanding General Mining Shares within one month of the end of the Offer Period, it may do so at a later date if it (together with its Related Bodies Corporate) acquires the full beneficial interest in at least 90% of all General Mining Shares. In that event, Galaxy will need to pay in cash a "fair value" for your General Mining Shares (as assessed by an independent expert).</p> <p>See section 8.15 of this Target's Statement for further information.</p>
<p><b>I am an overseas General Mining Shareholder. How does the Offer affect me?</b></p>	<p>Generally, if your address on the register of General Mining Shareholders is in a jurisdiction other than Australia and its external territories or New Zealand, you will be considered an Ineligible Foreign Shareholder.</p> <p>If you are an Ineligible Foreign Shareholder, you may participate in the Offer but may not be entitled to receive Galaxy Shares.</p> <p>Instead, the relevant Galaxy Shares (which would otherwise have been issued to you) will be allotted to a nominee (the appointment of which may require approval by ASIC) who will sell the Galaxy Shares and will distribute to you your proportion of the proceeds of sale, net of expenses.</p> <p>See section 1.8 of Annexure A and section 9.17 of the Bidder's Statement and section 8.14 of this Target's Statement for further information.</p>

Question	Answer
<b>Taxes and fees</b>	
<p><b>What are the tax implications of accepting the Offer?</b></p>	<p>A general outline of the tax implications for certain Australian resident General Mining Shareholders of accepting the Offer is set out in section 10 of this Target's Statement. As that outline is general in nature and does not take into account your individual circumstances, you should not rely on that outline as advice for your particular circumstances.</p> <p>You should seek your own independent taxation advice as to the taxation implications applicable to your specific circumstances.</p>
<p><b>Do I pay stamp duty if I accept?</b></p>	<p>Galaxy will pay the stamp duty (if any) payable in Australia on the transfers of General Mining Shares under the Offer.</p> <p>See section 10.8 of this Target's Statement and section 1.16 of Annexure A of the 'Bidder's Statement.</p>
<p><b>Do I pay brokerage if I accept?</b></p>	<p>If your General Mining Shares are registered in an Issuer Sponsored Holding in your name and you deliver a duly executed Acceptance Form to Galaxy, you will not incur any brokerage in connection with your acceptance of the Offer.</p> <p>If your General Mining Shares are registered in a CHESS Holding, or if you are a beneficial owner whose General Mining Shares are registered in the name of a broker, bank or custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.</p> <p>If you are an Ineligible Foreign Shareholder, brokerage will be payable in respect of the Galaxy Shares sold under the nominee facility and these costs will be deducted from the proceeds of sale.</p>

Question	Answer
<b>General</b>	
<p><b>What is the Bid Implementation Agreement?</b></p>	<p>The Bid Implementation Agreement was entered into between General Mining and Galaxy on 29 May 2016.</p> <p>The Bid Implementation Agreement provides an agreed contractual framework for Galaxy to make the Offer, for the General Mining Board to publicly recommend the Offer, in the absence of a Superior Proposal, and for the Offer to be implemented according to their terms and conditions.</p> <p>The Bid Implementation Agreement was released to ASX at the same time as General Mining’s announcement to the ASX on 30 May 2016.</p>
<p><b>What is the Bidder’s Statement I have been sent by Galaxy?</b></p>	<p>The Bidder's Statement is a document prepared by Galaxy which sets out the terms and conditions of the Offer for your General Mining Shares, together with other information that Galaxy considers relevant to your decision as to whether or not to accept the Offer made to you.</p> <p>You should read Galaxy’s Bidder's Statement together with this Target’s Statement in their entirety and, if required, obtain advice from your broker, financial adviser, taxation adviser, or other professional adviser.</p>
<p><b>What should I do if I have lost or misplaced my Acceptance Form?</b></p>	<p>If you have not received your Acceptance Form or you have misplaced it, please call General Mining on +61 8 9227 1186 Monday to Friday between 8.30am and 5.00pm (Perth time).</p>
<p><b>What happens if a Competing Transaction emerges?</b></p>	<p>If a Competing Transaction for General Mining emerges, your Directors will carefully consider the proposal to determine whether it is a Superior Proposal and will inform you of any material developments which may affect your Directors' view that the Offer is presently the most favourable proposal for all your General Mining Shares.</p> <p>Any change of your Directors' current recommendation in response to an unsolicited Competing Transaction that is announced may result in General Mining being obliged to pay a break fee of \$1.5 million to Galaxy.</p>

Question	Answer
<b>What if I have further questions?</b>	You should contact your legal, financial, taxation or other professional adviser. If you have any questions about the Offer or this document please call General Mining on +61 8 9227 1186, Monday to Friday between 8.30am and 5.00pm (Perth time).

## 2. DIRECTORS' RECOMMENDATION AND INTENTIONS

As at the date of this Target's Statement, the Directors of General Mining and their respective interests (direct and indirect) in General Mining Shares and General Mining Options are set out in the table below:

Name	Position	General Mining Shares	General Mining Options
<b>Michael Fotios</b>	Executive Chairman	32,906,231	7,500,000 unlisted General Mining Options exercisable at \$0.08 expiring on 21 September 2017  7,500,000 unlisted General Mining Options exercisable at \$0.12 expiring on 21 September 2018
<b>Alan Still</b>	Non-Executive Director	Nil	Nil
<b>Michael Kitney</b>	Non-Executive Director	Nil	Nil

**YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU ACCEPT THE OFFER IN THE ABSENCE OF A SUPERIOR PROPOSAL**

Michael Fotios, being the only Director who has a direct or indirect interest in General Mining Shares, intends to **ACCEPT** the Offer in respect of all General Mining Shares held by or controlled by him on a date that is not earlier than 21 days after the Offer opens, in the absence of a Superior Proposal. The General Mining Shares held or controlled by Mr Fotios (along with his associates) represents approximately 10.34% of all General Mining Shares on issue as at the date of this Target's Statement.

An entity associated with Mr Michael Fotios, the Executive Chairman of General Mining, has also entered into an option exchange deed with Galaxy and General Mining whereby it will receive new Galaxy Options in exchange for (and in effect the cancellation of) its 15,000,000 unlisted General Mining Options. The exchange reflects the ratio of the Takeover Offer being made to all General Mining Shareholders for their General Mining Shares.

The reasons for your Directors' unanimous recommendation to **ACCEPT** the Offer, in the absence of a Superior Proposal, are set out in section 3 of this Target's Statement. In evaluating the Offer, your Directors encourage you to:

- read the whole of this Target's Statement, together with the Bidder's Statement;
- ensure you understand the consequences of accepting the Offer, as noted in this Target's Statement and the Bidder's Statement;

- consider your alternatives as outlined in section 4 of this Target's Statement; and
- have regard to your individual risk profile, portfolio strategy, taxation position and financial circumstances and if you are in any doubt as to what you should do in response to the Offer, seek independent legal, financial, taxation or other professional advice.

Your Directors will keep you informed of any material developments with respect to the Offer and any other Superior Proposal which may emerge.



### 3. REASONS TO ACCEPT THE OFFER, IN THE ABSENCE OF A SUPERIOR PROPOSAL

#### 3.1 Overview

The Directors have considered the advantages and disadvantages of the Offer and unanimously recommend that you **ACCEPT** the Offer made to you, in the absence of a Superior Proposal.

The reasons for this recommendation are summarised below. Further information in relation to these reasons are outlined in sections 3.2 to 3.7.

The Directors acknowledge that there are risks associated with accepting the Offer. See section 9 of this Target's Statement and section 8 of the Bidder's Statement in respect of these risks.

- General Mining Shareholders will own approximately 29%<sup>6</sup> of a leading, diversified, global lithium producer well positioned for continued project expansion and development and further opportunities.
- Enhanced scale, market relevance, trading liquidity, together with improved funding capability and significant market re rating prospects.
- 4.84% of General Mining Shares have entered into pre-bid acceptance agreements. In addition, other General Mining Shareholders associated with Michael Fotios, the Chairman of General Mining, representing a further 10.34% of General Mining Shares outstanding have made statements of intention to accept the Offer, in the absence of a Superior Proposal.
- Attractive premium for your General Mining Shares.
- No Superior Proposal has emerged.
- The value of General Mining Shares may fall if the Offer is unsuccessful.

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<sup>6</sup> Based on the number of General Mining Shares on issue as at the Announcement Date. The actual percentage interest that General Mining Shareholders will hold in the Merged Entity will depend upon the extent to which General Mining Options and Galaxy Options are exercised.

### **3.2 General Mining Shareholders will own approximately 29% of a leading, global lithium production and exploration company with assets in Australia, Canada and Argentina**

On successful completion of the Offer, General Mining Shareholders will hold approximately 29% of the Merged Entity<sup>7</sup> meaning you will have greater exposure to the Mt Cattlin Project (of which General Mining currently holds a 14% equity interest pursuant to the Acquisition and Development Agreement).

In addition, General Mining Shareholders will gain exposure to Galaxy's additional assets being the lithium hard rock development project in James Bay, Quebec Canada and lithium and potash brine project in Sal de Vida, Salta & Catamarca, Argentina.

On successful completion of the Offer, General Mining Shareholders will become part of a leading, global ASX listed lithium producer which is expected to have the following key attributes:

- a leading diversified global lithium company with a large wholly-owned portfolio of hard rock and brine based lithium assets located in multiple jurisdictions;
- a leading growth profile underpinned by Mt Cattlin production, the development of the Sal de Vida brine project in Argentina and James Bay hard rock project in Quebec, Canada;
- positioned to be a major supplier of high quality lithium, servicing the growing demand from energy storage applications;
- strong financial position with a strong pro-forma balance sheet and growing cash flow generation to support continued project expansion and development, and further industry opportunities;
- enhanced equity and capital markets profile with a pro-forma market capitalisation in excess of \$980 million<sup>8</sup>;
- significant growth potential with existing and expanding production, diversified and superior growth profile, proven management and operating teams, strong balance sheet and greater international market profile; and
- a board and management team with a proven track record of delivering shareholder value through the successful development and operation of lithium projects and with strong networks in the key Asian and North American lithium markets.

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<sup>7</sup> Based on the number of General Mining Shares and Galaxy Shares on issue as at the Announcement Date. The actual percentage interest that General Mining Shareholders will hold in the Merged Entity will depend upon the extent to which General Mining Options and Galaxy Options are exercised.

<sup>8</sup> Based on the last closing prices of Galaxy and General Mining Shares on ASX on 21 June 2016, the last trading day before the date of this Target's Statement, of \$0.52 and \$0.81 respectively.

### **3.3 Enhanced scale, market relevance, share trading liquidity, together with improved funding capability and significant market re-rating prospects**

In addition to creating a leading diversified global lithium company with a large wholly-owned portfolio of hard rock and brine based lithium assets located in multiple jurisdictions, your Directors believe a merger of General Mining and Galaxy will create a Merged Entity with more attractive attributes relative to both General Mining and Galaxy remaining separate stand-alone companies. Your Directors believe these attributes are likely to appeal to the investment community which therefore could lead to a market rating of the Merged Entity that is superior to the market rating of Galaxy and General Mining as stand-alone companies. These additional attributes are expected to be:

- enhanced scale (based on the Merged Entity having a pro forma market capitalisation in excess of \$980 million<sup>9</sup>);
- an existing operation with growing cash flows;
- a pro-forma cash position of approximately \$32.7 million<sup>10</sup>;
- potential to become an ASX/S&P 200 company and opportunity for re-rating;
- increased coverage from financial analysts;
- greater relevance and interest from institutional investors; and
- improved financial strength with enhanced access to debt and equity capital markets.

### **3.4 Certain General Mining shareholders have committed to ACCEPT the Offer in respect of 4.84% of General Mining Shares. General Mining Shareholders associated with Michael Fotios, the Chairman of General Mining, representing a further 10.34% of General Mining Shares have also made statements of intention to accept the Offer, in the absence of a Superior Proposal**

Galaxy has entered into pre-bid acceptance agreements with General Mining Shareholders in respect of a total of 4.84% of General Mining Shares outstanding. These pre-bid acceptance agreements have been entered into with:

- Wyllie Group Pty Ltd, in respect of 4,780,217 General Mining Shares (being 1.50% of General Mining Shares outstanding);
- PPB Capital Pty Ltd, in respect of 768,000 General Mining Shares (being 0.24% of General Mining Shares outstanding);

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<sup>9</sup> Based on the last closing prices of Galaxy and General Mining Shares on ASX on 21 June 2016, the last trading day before the date of this Target's Statement, of \$0.52 and \$0.81 respectively.

<sup>10</sup> This is based on the pro forma balance sheet of the Merged Entity in section 5.10 of the Bidder's Statement.

- Botsis Super Pty Ltd ATF the Phil & Pamela Botsis Superannuation Fund, in respect of 2,700,000 General Mining Shares (being 0.85% of General Mining Shares outstanding); and
- Botsis Holdings Pty Ltd, in respect of 7,150,000 General Mining Shares (being 2.25% of General Mining Shares outstanding).

Under the terms of the pre-bid acceptance agreements each of those General Mining Shareholders must accept the Offer in respect of their General Mining Shares subject to those arrangements, within 2 Business Days after the date which is 10 Business Days after the Offer opens.

The pre-bid acceptance agreements will terminate automatically if:

- Galaxy does not make the Offer within two months of the Announcement Date, or having made the Offer withdraws the Offer;
- the Offer lapses or expires without being freed from of all Conditions as set out in Annexure A of the Bidder's Statement;
- the Offer has been declared unconditional (or Galaxy has notified that all of the Conditions as set out in Annexure A of the Bidder's Statement have been satisfied or waived) and the relevant General Mining Shareholder has accepted the Offer in respect of its General Mining Shares;
- a Third Party Offer is made at a Third Party Offer Price which exceeds Galaxy's Offer price (or any increase or variation thereof) and Galaxy does not within 5 Business Days after that Third Party Offer is made, make an offer or announce an intention to make an offer which matches or exceeds that Third Party Offer Price; or
- the Takeovers Panel decides that all or any part of the transactions contemplated in the pre-bid acceptance agreements constitute unacceptable circumstances.

The commitment by the General Mining shareholders that have entered into pre-bid acceptance agreements clearly supports the view of your Directors as to the merits of a merger with Galaxy. These commitments also improve the prospects of the merger between General Mining and Galaxy being consummated in a timely manner.

In addition, Mr Michael Fotios, being the only Director who holds or controls General Mining Shares, intends to accept the Offer on a date that is not earlier than 21 days after the Offer opens, in the absence of a Superior Proposal. The General Mining Shares held or controlled by Mr Fotios (along with his associates) represents approximately 10.34% of all General Mining Shares on issue as at the date of this Target's Statement. The entities associated with this commitment given by Michael Fotios, include:

- Investmet Limited, in respect of 12,673,269 General Mining Shares (being 3.98% of General Mining Shares outstanding);
- Apollo Corporation (WA) Pty Ltd, in respect of 5,000,000 General Mining Shares (being 1.57% of General Mining Shares outstanding);

- Whitestone Minerals Pty Ltd, in respect of 8,277,406 General Mining Shares (being 2.60% of General Mining Shares outstanding);
- Delta Resource Management Pty Ltd, in respect of 4,800,000 General Mining Shares (being 1.51% of General Mining Shares outstanding); and
- Michael Fotios (in his own name), in respect of 2,155,556 General Mining Shares (being 0.68% of General Mining Shares outstanding).

Should you share the same view as the General Mining Shareholders referred to above, we encourage you to accept the Offer, in absence of a Superior Proposal.

### 3.5 Premium for your General Mining Shares

Under the Offer, General Mining shareholders will receive 1.65 new Galaxy shares for every 1 General Mining Share.

The Offer represents a premium of:

- 6.0% to the last closing price on the ASX of General Mining Shares of \$0.615 on 25 May 2016<sup>11</sup>;
- 9.4% to the 10-day volume weighted average price (VWAP) of General Mining Shares on the ASX of \$0.625 to 25 May 2016<sup>12</sup>; and
- 13.5% to the 20-day VWAP of General Mining Shares on the ASX of \$0.589 to 25 May 2016<sup>13</sup>.

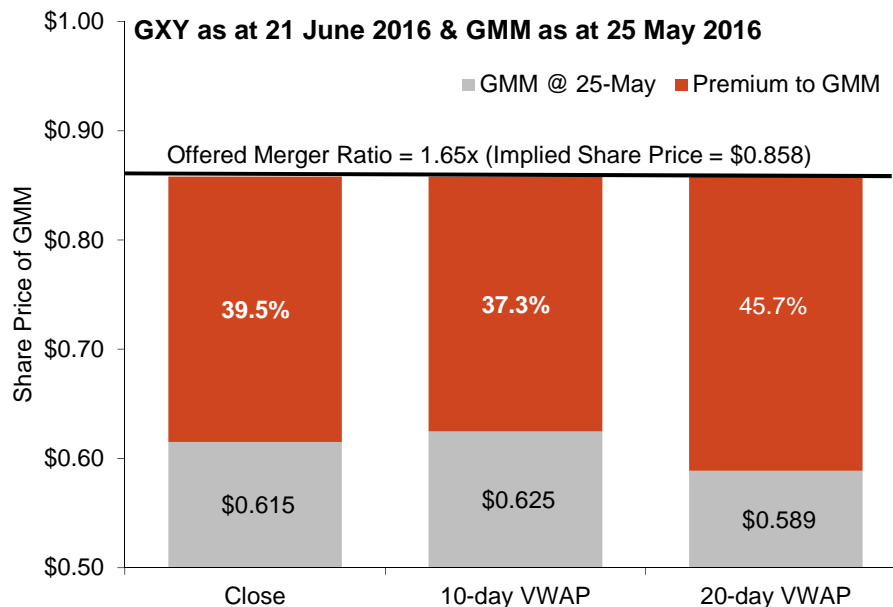
Based on Galaxy's closing share price of \$0.395 on the ASX on 25 May 2016 (being the last day General Mining and Galaxy Shares traded before the announcement of the Offer), the Offer values General Mining at approximately \$217 million (on a fully diluted basis) or \$0.652 per share (on a fully diluted basis).

**In addition, Galaxy Shares had a closing price of \$0.52 on 21 June 2016, being the last trading day before the date of the Target's Statement. This represents a 37.3% premium to General Mining's 10 day VWAP to 25 May 2016 and valued General Mining at approximately \$286 million (on a fully diluted basis) or \$0.858 per share (on a fully diluted basis).**

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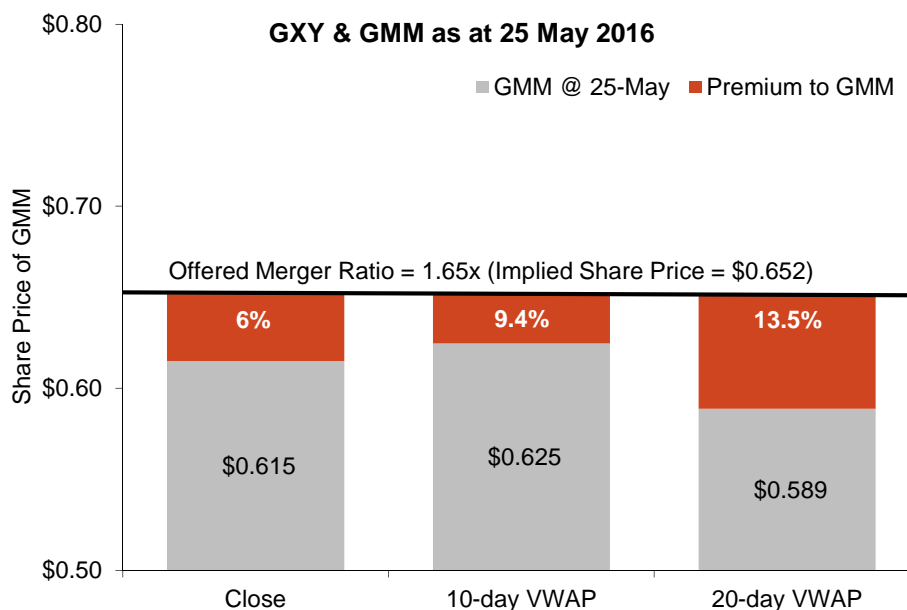
<sup>11</sup> Based on Galaxy's last closing share price of \$0.395 on the ASX on 25 May 2016, the last trading date of Galaxy and General Mining before the Announcement Date,  
<sup>12</sup> Based on the 10-day VWAP of Galaxy Shares on ASX of \$0.4142 to 25 May 2016.  
<sup>13</sup> Based on the 20-day VWAP of Galaxy Shares on ASX of \$0.405 to 25 May 2016.

As demonstrated in the graph below, based on Galaxy's closing price of \$0.52 on 21 June 2016, being the last trading day before the date of the Target's Statement, the Offer represents a premium of between 37.3% and 45.7% over selected market trading prices of General Mining shares prior to 25 May 2016 (being the last day General Mining and Galaxy shares traded before the announcement of the Offer).



Source: IRESS

As demonstrated in the graph below, the Offer represents a premium of between 6% and 13.5% over selected market trading prices of General Mining and Galaxy shares prior to 25 May 2016 (being the last day General Mining and Galaxy shares traded before the announcement of the Offer).



Source: IRESS

The exact market value of the consideration you will receive will depend on the price at which the Galaxy Shares trade on the ASX after they are issued to you.

The Merged Entity's share price may rise or fall based on market conditions and the Merged Entity's financial and operational performance. If the Merged Entity's share price falls, the value of the Galaxy Shares received by General Mining Shareholders that accept the Offer will decline in value.

### **3.6 No Superior Proposal has emerged**

Prior to recommending the Offer, your Directors assessed various options to maximise shareholder value in General Mining.

As at the date of this Target's Statement, no Superior Proposal has emerged that would cause the Directors to reconsider their current recommendation. The Bid Implementation Agreement prohibits General Mining from soliciting Competing Transactions during the term of the Bid Implementation Agreement. Galaxy also has a right under the Bid Implementation Agreement to match any unsolicited Competing Transaction if one is received by General Mining.

If an unsolicited Competing Transaction for General Mining emerges, your Directors will carefully consider the proposal to determine whether it is a Superior Proposal and will inform you of any material developments which may affect your Director's view that the Offer is presently the most favourable proposal for all your General Mining Shares. Any change of your Directors' current recommendation in response to an unsolicited Competing Transaction that is announced may result in General Mining being obliged to pay a break fee of \$1.5 million to Galaxy.

See sections 9.10 to 9.12 of the Bidder's Statement for further information in relation to the terms of the Bid Implementation Agreement.

### **3.7 The value of General Mining Shares may fall if the Offer is unsuccessful**

There are many factors that affect the price of General Mining Shares, however since the Offer was announced General Mining Shares have traded above General Mining's Share price prior to the announcement of the Offer, at a level that broadly reflects the terms of the Offer. As such, your Directors consider that in the absence of the Offer or an alternative Competing Transaction emerging, the price of General Mining Shares may fall below current levels, at least in the short term.

## 4. YOUR CHOICES AS A GENERAL MINING SHAREHOLDER

<b>ACCEPT the Offer</b>	<p>This is the course of action unanimously recommended by your Directors in the absence of a Superior Proposal.</p> <p>Section 1.4 of the Bidder's Statement and the relevant Acceptance Form that accompanies the Bidder's Statement contain details on how to accept the Offer made to you.</p> <p>If you decide to accept the Offer made to you, your acceptance must be received before the close of the Offer Period which is currently scheduled to occur at 5.00pm (WST) on 29 July 2016 unless the Offer Period is extended in accordance with the Corporations Act.</p>
<b>Sell your General Mining Shares on ASX</b>	<p>General Mining Shareholders can sell their General Mining Shares on market for the market price at the time (unless you have previously accepted the Offer made to you and you have not validly withdrawn your acceptance). The latest price for General Mining Shares may be obtained on the ASX website at <a href="http://www.asx.com.au">www.asx.com.au</a>.</p> <p>General Mining Shareholders who sell their General Mining Shares on market may be liable for capital gains tax and may incur a brokerage charge. General Mining Shareholders who wish to sell their General Mining Shares on market should contact their broker for information on how to effect that sale.</p> <p>If you sell your General Mining Shares on market, you will receive the consideration for the sale of your General Mining Shares sooner than if you accept Galaxy's Offer. In addition, if you sell your General Mining Shares on market you will lose your ability to accept:</p> <ul style="list-style-type: none"><li>• Galaxy's Offer and receive the Galaxy Shares as consideration (and possible increases in the consideration); and</li><li>• any offer from a competing bidder if one eventuates.</li></ul>



## Do nothing

If you do not wish to accept the Offer made to you or to sell your General Mining Shares on market, you can choose to do nothing. By doing nothing you will continue to remain a General Mining Shareholder.

General Mining Shareholders should note that if Galaxy acquires 90% of General Mining Shares during or at the end of the Offer Period, Galaxy will be entitled to compulsorily acquire the General Mining Shares it does not already own.

In addition, if Galaxy's voting power in General Mining is at least 90% and Galaxy (either in its own right or through related bodies corporate) acquires full beneficial interests in at least 90% of the aggregate of all General Mining securities, Galaxy may compulsorily acquire your General Mining Securities for an amount of cash that is "fair value" for those General Mining Securities (as assessed by an independent expert).

See section 8.15 of this Target's Statement for further information.

## **5. PROFILE OF GENERAL MINING**

### **5.1 Introduction**

Section 4 of the Bidder's Statement was approved by General Mining and provide a detailed description of General Mining, its assets and activities, financial statements and securities. This section 5 provides a summary of that profile. General Mining Shareholders should refer to section 4 of the Bidder's Statement for further details in relation to General Mining's profile, its projects and its securities.

### **5.2 Overview of General Mining**

General Mining is an Australian ASX-listed lithium production company which operates the Mt Cattlin Project in Ravensthorpe, Western Australia together with its partner Galaxy.

General Mining listed on the ASX on 21 December 2009 and trades under the code 'GMM'.

General Mining's core asset is its 14% interest in the Mt Cattlin Project acquired in accordance with the terms of the Acquisition and Development Agreement with Galaxy entered into in September 2015, which also entitles General Mining to earn up to a 50% interest in the Mt Cattlin Project. In addition, General Mining has the option to earn a 50% interest in James Bay through USD\$5 million in exploration expenditure over 3 years, with USD\$2.5 million needing to be spent on or before 4 September 2017.

### **5.3 Directors of General Mining**

The Directors of General Mining are:

- Mr Michael Fotios (Executive Chairman)
- Mr Alan Still (Non-Executive Director); and
- Mr Michael Kitney (Non -Executive Director).

Biographical details of each of the Directors are set out in section 4.3 of the Bidder's Statement (which was prepared by General Mining).

### **5.4 Mt Cattlin Project (14% interest)**

General Mining's primary asset is the right to earn 50% of the Mt Cattlin spodumene project (from Galaxy) in Western Australia. Having spent \$7 million in restart capital prior to the commissioning of the operation in Q1 2016, General Mining has earned a 14% interest in the project to date. General Mining's remaining earn-in milestones include the payment of \$18 million in cash consideration to Galaxy, under the terms of the Acquisition and Development Agreement, as follows:

- General Mining will earn a further 12% interest in the project (taking its total interest in the Mt Cattlin Project to 26%) by paying a further \$6 million to Galaxy by 5 Business Days after 31 March 2017, by equal quarterly instalments of \$1.5 million with the first quarterly instalment due on 30 June 2016;
- General Mining will earn a further 12% interest in the project (taking its total interest in the Mt Cattlin Project to 36%) by paying a further \$6 million to Galaxy by 5 Business Days after 31 March 2018, by equal quarterly instalments of \$1.5 million; and
- General Mining will earn the final 12% interest in the project (taking its total interest in the Mt Cattlin Project to 50%) by paying a further \$6 million to Galaxy by 5 Business Days after 31 March 2019, by equal quarterly instalments of \$1.5 million.

Refer to section 4.6 of the Bidder's Statement for further information regarding General Mining's projects.

## **5.5 Recent activity**

General Mining's recent activity has been focused almost exclusively on the commissioning of the Mt Cattlin project. As previously released to the ASX, maiden commissioning (of both mining and processing) occurred on 31 March 2016 and General Mining has since been sequentially commissioning the remainder of the circuit ahead of an intended first shipment of spodumene concentrate in the September quarter of 2016.

Initial DFS planning has also commenced at the James Bay Project in Quebec province, Canada with a major ramp up of activity planned for the second half of 2016. The Directors of General Mining continue to review General Mining's WA based gold assets in light of the commencement of production at Mt Cattlin.

## **5.6 Capital structure of General Mining**

As at 21 June 2016, being the last practicable date prior to the date of this Target's Statement, the issued capital of General Mining consists of:

- 318,197,526 General Mining Shares; and
- 7,700,000 unlisted General Mining Options, with an exercise price of \$0.08 and expiring 17 September 2017, and 7,500,000 unlisted General Mining Options with an exercise price of \$0.12 and expiring 17 September 2018.

As at 15 June 2016, the 20 largest shareholders in General Mining were:

Rank	General Mining Shareholder	Number of General Mining Shares	% of General Mining issued share capital <sup>1</sup>
1	NATIONAL NOMINEES LIMITED	28,325,470	8.9
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	21,129,645	6.64
3	UBS NOMINEES PTY LTD	13,432,131	4.22
4	INVESTMET LIMITED	12,673,269	3.98
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,618,133	3.34
6	MR PHILLIP RICHARD PERRY	8,895,052	2.8
7	WHITESTONE MINERALS PTY LTD	8,277,406	2.6
8	BOTSIS HOLDINGS PTY LTD	7,150,000	2.25
9	CITICORP NOMINEES PTY LIMITED	6,503,930	2.04
10	PURESTEEL HOLDINGS PTY LTD <RATTIGAN SUPER FUND A/C>	6,358,000	2
11	GALAXY RESOURCES LIMITED	6,000,000	1.89
12	APOLLO CORPORATION (WA) PTY LTD <APOLLO INVESTMENT A/C>	5,000,000	1.57
13	BNP PARIBAS NOMS PTY LTD <DRP>	4,829,994	1.52
14	DELTA RESOURCE MANAGEMENT PTY LTD	4,800,000	1.51
15	WYLLIE GROUP PTY LTD	4,780,217	1.5
16	GLIDE POINT PTY LTD <ATLANTIC BLUE SUPER FUND A/C>	4,170,900	1.31
17	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	3,432,689	1.08
18	BUTTONWOOD NOMINEES PTY LTD	3,264,549	1.03
19	MS MARINA KATY CARVER + MS BRIANNA MAREE CARVER <THE M K CARVER S/F A/C>	3,200,000	1.01
20	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	2,975,962	0.94

**Note:** Actual voting power may differ from that shown above as there is no obligation to publicly disclose voting power of less than 5% or changes in voting power of less than 1%.

The top 20 holders of ordinary fully paid shares in General Mining (as at 15 June 2016) hold 165,817,347 General Mining Shares or approximately 52.11% of the shareholding of General Mining.

## **5.7 Financial information on General Mining**

General Mining released its:

- half year accounts for the half year ending 31 December 2015 on 16 March 2016; and
- annual financial report for the year ending 30 June 2015 on 30 October 2015.

Electronic copies of these reports can be obtained from General Mining's website [http://www.generalmining.com/includes/investor\\_relations/company\\_reports.html](http://www.generalmining.com/includes/investor_relations/company_reports.html) or from the ASX website.

Sections 4.7 and 4.8 of the Bidder's Statement includes consolidated financial statements of General Mining's:

- financial position; and
- profit and loss and other comprehensive income,

extracted from the audited financial statements of General Mining for the financial years ending 30 June 2014 and 30 June 2015, and the General Mining unaudited interim financial report (including the notes therein) for the half year ended 31 December 2015.

## **5.8 Further information on General Mining**

General Mining is a listed disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, as a listed company, General Mining is subject to the ASX Listing Rules which require continuous disclosure of any information General Mining has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

In addition, General Mining is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by General Mining may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about General Mining, including its ASX announcements, is available in electronic form from its website <http://www.generalmining.com>.

## **6. PROFILE OF GALAXY**

### **6.1 Disclaimer**

The information contained in this section 6 has been provided by Galaxy and is the sole responsibility of Galaxy. That information has not been independently verified by General Mining and neither General Mining nor any of its officers, employees or advisers assumes any responsibility for the accuracy or completeness of that information.

For further information relating to Galaxy is contained in sections 3 of the Bidder's Statement.

### **6.2 Overview of Galaxy and its projects**

Galaxy is an Australian incorporated, ASX-listed, lithium production and exploration company. Galaxy was admitted to the official list of ASX on 6 February 2007 (ASX:GXY).

#### **(a) Mt Cattlin Project (86%)**

Galaxy's main operating project is its 86% interest in the Mt Cattlin Project, located in Ravensthorpe, Western Australia. The Mt Cattlin Project is operated by General Mining in accordance with the terms of the Acquisition and Development Agreement with General Mining entered into in September 2015. Refer to section 5.4 of this Target's Statement for further information regarding General Mining's rights to earn up to a 50% interest in the Mt Cattlin Project.

Sections 3.41 and 3.4.4 of the Bidder's Statement includes further detail regarding this project, including further information regarding the mineral resources and ore reserves for the project.

#### **(b) Sal de Vida Project**

Galaxy also owns 100% of the Sal de Vida (Salt of Life) deposit, in Argentina, which is one of the world's largest and highest quality undeveloped lithium brine deposits with significant expansion potential. In April 2013, Galaxy released a Definitive Feasibility Study, completed on schedule and within budget, which supports low cost, long life lithium and potash operation.

Sections 3.4.2 and 3.4.4 of the Bidder's Statement includes further detail regarding this project, including further information regarding the mineral resources and ore reserves for the project.

(c) James Bay Project

Galaxy also owns the James Bay Lithium Pegmatite Project in Quebec, Canada, in partnership with General Mining, which has the option to earn a 50% interest in James Bay through USD\$5 million in exploration expenditure over 3 years, with USD\$2.5 million needing to be spent on or before 4 September 2017.

Sections 3.4.3 and 3.4.4 of the Bidder's Statement includes further detail regarding this project, including further information regarding the mineral resources for the project.

### **6.3 Directors**

The Directors of Galaxy are:

- Mr Martin Rowley (Non -Executive Chairman);
- Mr Anthony Tse (Managing Director);
- Mr Charles Whitfield (Executive Director); and
- Mr Jiannan Zhang (Non -Executive Director).

Biographical details of each of the directors are set out in section 3.3 of the Bidder's Statement.

### **6.4 Capital structure of Galaxy**

Section 3.5 of the Bidder's Statement sets out detailed information relating to the capital structure of Galaxy, including its substantial shareholders.

### **6.5 Galaxy financial information**

Galaxy released its:

- half year accounts for the half year ending 30 June 2015 on 11 September 2015; and
- full year financial accounts for the financial period ending 31 December 2015 on 24 March 2016.

Electronic copies of these reports can be obtained from Galaxy's website <http://www.galaxylithium.com> or from ASX.

Sections 3.6 and 3.7 of the Bidder's Statement includes consolidated financial statements of Galaxy's:

- financial position; and
- profit and loss and other comprehensive income,

extracted from the audited financial statements of Galaxy for the year ending 31 December 2015, being the last audited financial statements prior to the date of this Target's Statement.

Section 3.7 of the Bidder's Statement also provides detailed commentary on Galaxy's historical financial results.

## **6.6 Further information on Galaxy**

Galaxy is a listed disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Galaxy is subject to the ASX Listing Rules which require continuous disclosure of any information Galaxy has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

In addition, Galaxy is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Galaxy may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about Galaxy, including its ASX announcements, is available in electronic form from its website at <http://www.galaxyresources.com.au>.



## **7. PROFILE OF MERGED ENTITY**

### **7.1 Introduction**

Galaxy has prepared a profile of the Merged Entity which appears at section 5 of the Bidder's Statement. Your Directors have reviewed the Merged Entity profile and recommend that you read and carefully consider the information in section 5 of the Bidder's Statement.

### **7.2 Board of Merged Entity**

It is proposed that Mr Michael Fotios (the current Executive Chairman of General Mining, will join the Board of the Merged Entity. Details of the existing Galaxy Board are set out at section 6.3 of this Target's Statement and biographical details of each of those directors are set out in section 3.3 of the Bidder's Statement.

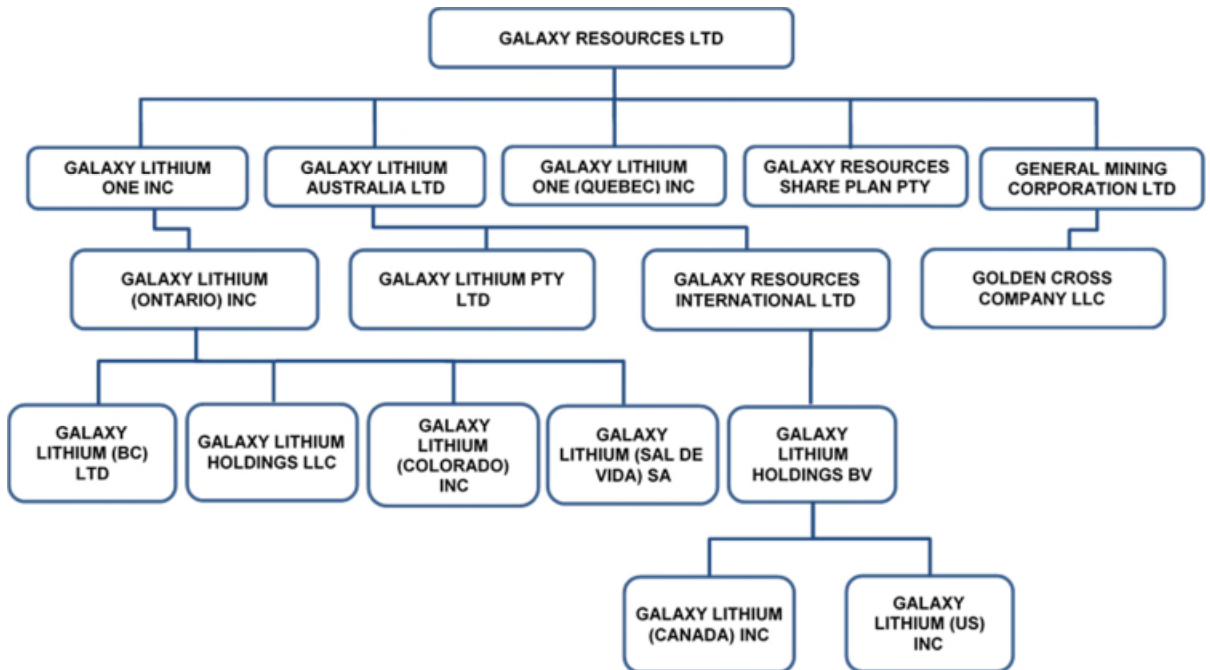
Mr Fotios is a geologist specialising in economic geology with 30 years extensive experience in exploration throughout Australia, taking projects from exploration to feasibility. He has held positions with Homestake Australia Limited and Sons of Gwalia Limited and was a Managing Director of Tantalum Australia NL (now ABM Resources Ltd) and of Galaxy Resources Limited (from April 2006 to November 2008). He has also been a director of Northern Star Resources Ltd and Stirling Resources Limited and is currently on the boards of Horseshoe Metals Limited, Pegasus Metals Limited, Eastern Goldfields Limited and Redbank Copper Limited. He is also founder and Executive Chairman of unlisted investment company, Investmet Limited.

### **7.3 Capital structure of Merged Entity**

A description of the capital structure of the Merged Entity, and the assumptions on which that description is based is set out at section 5.7 of the Bidder's Statement.

## 7.4 Corporate structure of Merged Entity

If the Offer is completed, the corporate structure of the Merged Entity will be as shown in the following diagram:



## 7.5 Pro forma financial information for the Merged Entity

Section 5.10 of the Bidder's Statement sets out a Merged Entity pro-forma unaudited consolidated statement of financial position as at 31 December 2015, together with:

- a description of the pro forma adjustments made; and
- the assumptions underlying the preparation of that financial statement.

## **8. INFORMATION REGARDING THE OFFER**

### **8.1 Overview**

This section 8 contains a summary of the terms and conditions of Galaxy's Offer.

The full terms and conditions of the Offer are set out in Annexure A of Galaxy's Bidder's Statement.

### **8.2 The Offer**

Galaxy is offering to acquire all of the General Mining Shares from General Mining Shareholders. The Offer relates to General Mining Shares that exist as at the Record Date.

You may only accept the Offer in respect of all (and not a part) of your General Mining Shares.

The Offer does not extend to General Mining Options. The Offer does however, extend to all General Mining Shares that are issued during the Offer Period due to the exercise of Options existing as at the date of the Bidder's Statement.

### **8.3 Consideration under the Offer**

The consideration being offered by Galaxy under the Offer is 1.65 new Galaxy Share for every 1 General Mining Share accepted into the Offer (subject to the rounding discussed below). The new Galaxy Shares will rank equally with the Galaxy Shares currently on issue.

If the number of Galaxy Shares to which you are entitled is not a whole number, then any fractional entitlement will be rounded up to the nearest whole number.

If you accept the Offer made to you, the value of the consideration you will receive will depend on the price of Galaxy Shares at the time that the Galaxy Shares are issued to you under the Offer.

Based on the closing price of a Galaxy Share on ASX on 25 May 2016 (the last trading day before the Announcement Date) of \$0.395, the implied value of the Offer is \$0.652 per General Mining Share.

Based on Galaxy's closing price of \$0.52 on 21 June 2016, the implied value for General Mining is approximately \$286 million or \$0.858 per General Mining Share (on a fully diluted basis). This represents a premium of approximately 37.3% to the 10-day VWAP of General Mining on 25 May 2016, demonstrating the market's support of the proposed merger.

You should be aware that the implied value of the Offer will fluctuate with changes in the market price of Galaxy Shares.

#### **8.4 Offer Period**

The Offer is open for acceptances until 5.00pm (WST) on 29 July 2016, unless otherwise extended or withdrawn.

Galaxy may extend the Offer at any time before giving the Notice of Status of Conditions (see section 8.6 of this Target's Statement) while the Offer remains subject to Conditions. However, if the Offer is unconditional (that is, all the Conditions in respect of the Offer are satisfied or waived), Galaxy may extend the period of the Offer at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- Galaxy improves the consideration offered under the Offer; or
- Galaxy's voting power in General Mining increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

#### **8.5 Conditions of the Offer**

The Offer is subject to a limited number of Conditions which are set out in full in Annexure A of the Bidder's Statement. Unless all of these Conditions are satisfied or waived before the end of the Offer Period, Galaxy's Offer will lapse and no consideration will be received by General Mining Shareholders who have accepted the Offer. Furthermore, General Mining Shareholders that accept the Offer will lose their ability to deal with their General Mining Shares, including accepting any potentially higher competing offer, except in limited circumstances.

By way of summary, the key Conditions to the Offer are:

- Galaxy acquiring an interest in at least 90% of all General Mining Shares on issue at the end of the Offer Period (at any time prior to Galaxy obtaining a Relevant Interest in at least 80% of General Mining Shares this condition can only be waived with the consent of General Mining);
- that no 'prescribed occurrences occur'; and
- no 'material adverse effect' occurs in relation to General Mining

As at the date of this Target's Statement, General Mining is not aware of any act, omission, event or fact that would result in any of the Conditions to the Offer being triggered (or not being satisfied, as appropriate).

#### **8.6 Notice of Status of Conditions**

Section 9.18 of the Bidder's Statement states that Galaxy will give a Notice of Status of Conditions to ASX and General Mining on 22 July 2016 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

Galaxy is required to set out in its Notice of Status of Conditions:

- whether the Offer is free of any or all of the Conditions;
- whether, so far as Galaxy knows, any of the Conditions have been fulfilled; and
- Galaxy's voting power in General Mining.

If the Offer Period is extended before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Galaxy is required, as soon as practicable after the extension, to give a notice to ASX and General Mining that states the new date for giving the Notice of Status of Conditions.

If a Condition is fulfilled (so that the Offer becomes free of that Condition) during the Offer Period but before the date for giving the Notice of Status of Conditions is required to be given, Galaxy must, as soon as practicable, give the ASX and General Mining a notice that states that the particular Condition has been fulfilled.

As at the date of this Target's Statement, Galaxy has not given notice that any of the Conditions have been fulfilled.

#### **8.7 Galaxy's ability to waive Conditions**

Under the Corporations Act, Galaxy may waive (in its absolute discretion) any of the Conditions prior to giving the Notice of Status of Conditions. However, under the terms of the Bid Implementation Agreement, Galaxy has agreed that it will not waive the 90% minimum acceptance condition, without General Mining's consent, at any time prior to Galaxy obtaining a Relevant Interest in at least 80% of General Mining Shares.

#### **8.8 Withdrawal of the Offer**

Galaxy may not withdraw the Offer made to you if you have already accepted it. Before you accept the Offer made to you in respect of each of your General Mining Shares, Galaxy may withdraw that Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

#### **8.9 Lapse of Offer**

The Offer made to you will lapse if the Conditions are not satisfied or waived by the end of the Offer Period. If the Offer lapses, all contracts resulting from acceptances of the Offer and all acceptances that have not resulted in binding contracts are void. In those circumstances, you will be free to deal with your General Mining Shares as you see fit.

#### **8.10 Effect of acceptance**

The effect of acceptance of the Offer is set out in section 1.6 of Annexure A of the Bidder's Statement. General Mining Shareholders should read these provisions in full to understand the effect that acceptance will have on the rights attaching to their

General Mining Shares, and the representations and warranties that they give by accepting the Offer made to them.

Importantly, the Conditions are conditions to performance of Galaxy's obligations. Accordingly, General Mining Shareholders that accept the Offer while they are still subject to the Conditions will give up their right to sell their General Mining Shares on market, or otherwise deal with their General Mining Shares, and the rights attaching to those securities.

### **8.11 Your ability to withdraw your acceptance**

If you accept the Offer made to you, you will have limited rights to withdraw that acceptance.

You may withdraw your acceptance of the Offer only if:

- the Conditions of the Offer are not fulfilled or waived by the time specified in the Bidder's Statement; or
- Galaxy varies the Offer in a way that postpones for more than one month the time when Galaxy needs to issue the Galaxy Shares under the Offer. This will occur if Galaxy extends the Offer Period by more than one month and the Offer is still subject to one or more of the Conditions at the time of your purported withdrawal.

### **8.12 When you receive your consideration if you accept the Offer**

You will be issued your Galaxy Shares on or before the later of:

- one month after the date the Offer becomes or is declared unconditional; and
- one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional,

but, in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your consideration are set out in section 1.7 of Annexure A of the Bidder's Statement.

### **8.13 Effect of an improvement in consideration on General Mining Shareholders who have already accepted the Offer**

If Galaxy improves the consideration offered under the Offer, all General Mining Shareholders to whom the Offer is made, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration should they accept the Offer and the Offer becomes or is declared unconditional.

## 8.14 Ineligible Foreign Shareholders

If a General Mining Shareholder's address in the register of members is a place outside of Australia and its external territories or New Zealand, that General Mining Shareholder will be an Ineligible Foreign Shareholder.

Ineligible Foreign Shareholders will not be entitled to receive Galaxy Shares as consideration for their General Mining Shares. Instead, the relevant Galaxy Shares (which would otherwise be transferred to Ineligible Foreign Shareholders) will be allotted to a nominee (which may require ASIC approval) who will sell the Galaxy Shares and will distribute to each of those Ineligible Foreign Shareholders their proportion of the proceeds of sale, net of expenses.

See section 1.8 of Annexure A and section 9.17 of the Bidder's Statement for further information.

## 8.15 Compulsory acquisition

### (a) Overview

Galaxy's intentions with respect to compulsory acquisition are set out in section 6.3.2 of the Bidder's Statement.

In summary, Galaxy may compulsorily acquire all remaining General Mining Shares under part 6A.1 of the Corporations Act if, by the end of the Offer Period, Galaxy and its associates have a Relevant Interest in at least 90% (by number) of General Mining Shares.

### (b) Compulsory acquisition following the Offer

Galaxy has stated in section 6.3.2 of its Bidder's Statement that it intends to proceed with compulsory acquisition of any General Mining Shares not acquired under the Offer if it is entitled to do so in accordance with the Corporations Act. Galaxy will be entitled, under section 661A of the Corporations Act, to compulsorily acquire any General Mining Shares in respect of which it has not received an acceptance of the Offer on the same terms as the Offer if, during or at the end of the Offer Period:

- Galaxy and its Associates have a Relevant Interest in at least 90% (by number) of General Mining Shares; and
- Galaxy and its Associates have acquired at least 75% (by number) of the General Mining Shares that Galaxy has offered to acquire under the Offer.

If this threshold is met, Galaxy will have one month after the end of the Offer Period within which to give compulsory acquisition notices to General Mining Shareholders that have not accepted the Offer.

If compulsory acquisition occurs under section 661A of the Corporations Act, General Mining Shareholders that have their General Mining Shares compulsorily acquired will be issued their consideration later than General Mining Shareholders that accept the Offer.

General Mining Shareholders have statutory rights to challenge any compulsory acquisition. However, a successful challenge will require the relevant General Mining Shareholder to establish to the satisfaction of a court that the terms of the Offer does not represent fair value for the General Mining Shares.

Further, if it is required to do so under section 663A of the Corporations Act, Galaxy intends to give notices to General Mining Optionholders offering to acquire their General Mining Options in accordance with section 663C of the Corporations Act.

(c) General compulsory acquisition

Under Part 6A.2 of the Corporations Act, Galaxy will be entitled to compulsorily acquire any outstanding General Mining Shares and General Mining Options, if Galaxy (either alone or with a related body corporate) holds full beneficial interests in at least 90% of General Mining Shares and General Mining Options (by number).

If this threshold is met, Galaxy will have six months after Galaxy becomes a 90% holder within which to give compulsory acquisition notices to General Mining Securityholders. The compulsory acquisition notices sent to General Mining Securityholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give a "fair value" for the General Mining Shares and the independent expert's reasons for forming that opinion.

If General Mining Shareholders with at least 10% of General Mining Shares or General Mining Options covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), Galaxy may apply to the Court for approval of the acquisition of the securities covered by the notice.



## **9. RISKS RELATING TO THE OFFER**

### **9.1 Introduction**

General Mining Shareholders should be aware of the following key risks that arise from the Offer and being a holder of Galaxy Shares.

### **9.2 Conditions of the Offer**

As described in section 8.2.1 of the Bidder's Statement and section 8.5 of this Target's Statement, the Offer is subject to a limited number of Conditions.

If you accept the Offer while it remains subject to Conditions, then subject to any statutory withdrawal rights that may be available to you (see section 8.11 of this Target's Statement) you will no longer be able to trade your General Mining Shares on the ASX or withdraw your acceptance of the Offer. You should be aware that the market price of General Mining Shares may exceed the implied price under the Offer during the Offer Period.

If you accept the Offer and any of the Conditions remain unsatisfied at the end of the Offer Period and are not otherwise waived by Galaxy, there is no obligation on Galaxy to issue Galaxy Shares to you as consideration for your General Mining Shares. In those circumstances, any acceptances of the Offer will be void and you would then be free to deal with your General Mining Shares.

### **9.3 Limited withdrawal rights**

As described in section 8.2.2 of the Bidder's Statement, you may only withdraw your acceptance of the Offer in limited circumstances (see also section 8.11 of this Target's Statement). Otherwise, you will be unable to withdraw your acceptances even if the value of the Galaxy Shares to be issued to you as consideration varies from the date of your acceptance.

### **9.4 CGT**

The taxation consequences of accepting the Offer depends on a number of factors and will vary depending on each General Mining Shareholder's particular circumstances. Relevantly, CGT rollover relief will not be available if Galaxy becomes the owner of less than 80% of General Mining Shares under the Offer. However, as noted in section 8.7 of this Target's Statement, Galaxy has agreed that it will not waive the 90% minimum acceptance condition, without General Mining's consent, at any time prior to Galaxy obtaining a Relevant Interest in at least 80% of General Mining Shares.

You should refer to section 10 of this Target's Statement and section 7 of the Bidder's Statement, which contains a general overview of the possible tax implications of accepting the Offer for General Mining Shareholders resident in Australia. The tax consequences will depend on your individual circumstances. You should seek your own independent financial and taxation advice, which takes into account your personal circumstances, before making a decision as to whether or not to accept the Offer.

Ineligible Foreign Shareholders are encouraged to seek their own advice in relation to any financial or taxation consequences in their home jurisdictions that may arise as a consequence of accepting the Offer.

## **9.5 Possibility of a Superior Proposal emerging**

You may consider that a third party may make a Superior Proposal. If you accept the Offer, you will not be able to accept into any Superior Proposal that may be made, unless the Offer lapses or you are able to withdraw your acceptance due to the extension of the Offer Period.

Whilst the Bid Implementation Agreement entered into with Galaxy prevents General Mining from soliciting Competing Transactions, General Mining is able to respond to and negotiate with respect to a Competing Transaction should it be approached on an unsolicited basis. If a Competing Transaction is made to General Mining which the Directors consider is, or would be likely to result in, a Superior Proposal, then under the terms of the Bid Implementation Agreement Galaxy has been afforded a limited period of time to match that proposal.

As at the date of this Target's Statement, no Superior Proposal has emerged.

## **9.6 Risks associated with holding Galaxy Shares**

Section 8 of the Bidder's Statement sets out the risks that General Mining Shareholders may face when investing in Galaxy Shares. You should read that section of the Bidder's Statement carefully and in full.

By way of summary, these risks include:

- specific risks relating to Galaxy and the Merged Entity, such as:
  - there is no guarantee that production at the Mt Cattlin Project following the commissioning of the crusher and HMS circuit will result in the production of spodumene at the level required to meet offtake commitments;
  - Galaxy is currently in the process of reviewing the definitive feasibility study at its Sal De Vida Project. While the current indicative pricing for lithium concentrate is at higher levels than included in the original definitive feasibility study, which resulted in positive project economics, there can be no guarantee that the reviewed definitive feasibility study will result in a more favourable project economic outcome;
  - Galaxy's ability to ensure compliance with the covenants in the \$31 million loan facility it entered into with OCP Asia (Hong Kong) Limited and OCP Asia (Singapore) Pte. Ltd in November 2015;
  - movements in lithium prices and US\$/A\$ exchange rates;
  - the fact that the Mineral Resources and Ore Reserves of the Merged Entity are estimates only;

- integration risks relating to the merger of General Mining and Galaxy; and
- risks relating to the capacity of the Merged Entity to meet its future funding obligations; and
- general risks affecting the industry generally, such as:
  - the inherent uncertainty and risk relating to exploration assets;
  - risks relating to the development and operation of the assets of the Merged Entity;
  - risks relating to compliance with environmental laws in the jurisdictions in which Galaxy operates;
  - being able to recruit appropriately skilled and qualified individuals;
  - competition from other lithium companies within Australia and internationally; and
  - potential changes to general economic and business conditions.

You should contact your professional adviser if you require further information regarding these risks in order to make a decision as to whether to accept the Offer made to you.

## **9.7 Foreign Shareholders**

Ineligible Foreign Shareholders will not be issued with Galaxy Shares. Instead, those Galaxy Shares will be sold on their behalf by a nominee and the proceeds of sale (net of expenses) remitted to the Ineligible Foreign Shareholders. Those Ineligible Foreign Shareholders will therefore no longer be exposed to any potential upside relating to the assets of General Mining or the Merged Entity.

## 10. TAXATION CONSIDERATIONS

### 10.1 Introduction

The following section provides a summary of the general Australian income tax considerations applicable to General Mining Shareholders who hold their General Mining Shares on capital account and dispose of their General Mining Shares in exchange for Galaxy Shares.

This summary does not constitute taxation advice and should not be relied upon as such. Given the general nature of the summary and the complexity of the Australian taxation laws, it is strongly recommended that each General Mining Shareholder consult with their own independent taxation adviser regarding the consequences of participating in the Offer in light of current Australian taxation laws and their particular investment circumstances and anticipated future circumstances.

This summary reflects the provisions of the Tax Law and the regulations made under the Tax Law, taking into account ATO rulings and determinations applicable as at the date of this Target Statement. The summary does not otherwise take into account or anticipate changes in the Tax Law, whether by way of judicial decision or legislative action, nor does it take into account taxation legislation of countries other than Australia. You should be aware that legislation, regulations, rulings, administrative interpretations and judicial decisions are subject to change at any time and, in some circumstances, with retrospective effect.

General Mining Shareholders who are non-residents of Australia for Australian taxation purposes should obtain specific independent advice as to the taxation consequences of the Offer in their country of residence, as well as in Australia.

The following summary is not exhaustive of all the Australian taxation considerations that could apply to particular General Mining Shareholders. In particular, the summary does not apply to General Mining Shareholders who:

- hold their General Mining Shares on revenue account (that is, they are engaged in a business of trading in shares), as trading stock or have made an election under the Tax Law that results in gains and losses being regarded on revenue account;
- acquired their General Mining Shares for the purposes of resale at a profit;
- acquired their General Mining Shares under an arrangement which qualifies as an employee share plan for Australian tax purposes;
- are a bank, insurance company, tax exempt organisation or superannuation fund that are subject to special tax rules; or
- are non-resident shareholders that hold their General Mining Shares as an asset of a permanent establishment in Australia.

## 10.2 Income tax implications for Australian residents

The Australian taxation considerations for General Mining Shareholders who hold General Mining Shares and dispose of those General Mining Shares under the Offer, will generally depend on whether or not CGT 'scrip for scrip' rollover relief is available or chosen.

This summary therefore considers the general Australian taxation considerations for General Mining Shareholders where:

- They accept the Offer and:
  - CGT 'scrip for scrip' rollover relief is available and chosen; and
  - CGT 'scrip for scrip' rollover relief is not available or is not chosen.
- They do not accept the Offer and:
  - Galaxy is entitled to, and exercise its rights, to acquire the General Mining Shares under a post-bid compulsory acquisition process in the Corporations Act on the same terms as the Offer; and
  - Galaxy is entitled to, and exercise its rights, to acquire the General Mining Shares under the general compulsory acquisition process in the Corporations Act for cash.

## 10.3 Income tax implications for Australian residents who accept the Offer

If the Offer is successfully implemented, General Mining Shareholders will dispose of their General Mining Shares to Galaxy and the disposal will trigger a CGT event (**CGT Event A1**) for the General Mining Shareholders.

The consequences of the disposal are as follows (subject to any CGT 'scrip for scrip' rollover election described below):

### (a) Calculating your Capital Gain or Loss

General Mining Shareholders will make a capital gain if the capital proceeds received on the disposal of their General Mining Shares is greater than the cost base of the shares.

General Mining Shareholders will make a capital loss if the capital proceeds received on the disposal of their General Mining Shares is less than the reduced cost base of those shares.

### (b) Capital Proceeds

The 'capital proceeds' for the disposal of the General Mining Shares will consist of the market value of the Galaxy Shares.

The exact market value of the consideration that is received will depend on the price at which the Galaxy Shares trade on the ASX at the time they are issued to the relevant General Mining Shareholder.

(c) Cost Base

The CGT 'cost base' of the General Mining Shares will generally include the actual (or deemed) cost of acquisition plus incidental costs incurred to acquire the General Mining Shares or that relate to the disposal of the General Mining Shares.

#### 10.4 CGT 'scrip for scrip' rollover is available and chosen

General Mining Shareholders who accept the Offer and make a capital gain are eligible to elect CGT 'scrip for scrip' rollover relief provided Galaxy becomes the owner of 80% of the General Mining Shares. This should be satisfied under the terms of the Conditions unless Galaxy waives the 90% minimum acceptance requirement in relation to the Offer (as noted in section 8.7 of this Target's Statement, Galaxy has agreed that it will not waive the 90% minimum acceptance condition, without General Mining's consent, at any time prior to Galaxy obtaining a Relevant Interest in at least 80% of General Mining Shares). General Mining Shareholders should note that CGT "scrip for scrip" rollover is not available in respect of parcels of shares which result in a capital loss. If a capital loss arises refer to 10.5(a) below.

If CGT 'scrip for scrip' rollover is available, General Mining Shareholders will need to choose for the rollover to apply. The choice must be made before the lodgement of their income tax return for the income year in which the Offer is implemented. A formal written choice is not necessary, but the choice will be evidenced by the manner in which General Mining Shareholders prepare and lodge their income tax return for the relevant income year.

The consequences of choosing CGT rollover are as follows:

- any capital gain in respect of the disposal of either the General Mining Shares will be disregarded; and
- the realisation of any capital gain will be deferred until a CGT event takes place in respect of the replacement Galaxy Shares.
- The cost base of the Galaxy Shares is worked out by reasonably attributing the cost base of the General Mining Shares for which it was exchanged.
- The replacement Galaxy Shares will be taken to have been acquired at the time the original General Mining Shares were acquired. This is relevant to determine if CGT discount rules apply on a future disposal of Galaxy Shares.

#### 10.5 CGT 'scrip for scrip' rollover relief is not available or is not chosen

(a) General Mining Shareholders that make a capital loss

CGT 'scrip for scrip' rollover relief is not available for General Mining Shareholders that make a capital loss on the disposal of the General Mining Shares.

A General Mining Shareholder will make a capital loss if the capital proceeds received on the disposal of the General Mining Shares is less than the reduced cost base of the General Mining Shares.

- (b) General Mining Shareholders that make a capital gain but do not elect for rollover

Where a General Mining Shareholder makes a capital gain and it does not elect 'scrip for scrip' rollover, then any capital gain is included in their taxable income in the year of disposal.

The CGT discount is available to General Mining Shareholders who are individuals, trusts or complying superannuation funds that have held their General Mining Shares for at least 12 months before the time of disposal under the Offer (generally acceptance).

Broadly, the CGT discount rules enable the General Mining Shareholders to reduce their capital gain (after the application of any current year or prior year capital losses) by 50% for individuals and trusts and 33<sup>1</sup>/<sub>3</sub>% for complying superannuation funds. General Mining Shareholders with any current year capital losses or net capital losses from previous income years should seek independent taxation advice in relation to the potential availability of the CGT discount.

The CGT discount is not available to General Mining Shareholders that are companies.

The application of the CGT discount rules to a General Mining Shareholder that is a trustee of a trust is complex, particularly where distributions are attributable to discounted capital gains. Such General Mining Shareholders should therefore seek their own independent taxation advice based on their particular circumstances.

## **10.6 Income tax implications for Australian residents who do not accept the Offer**

- (a) Post – bid compulsory acquisition regarding General Mining Shares

As outlined in section 8.15 of this Target Statement and section 6.3.2 of the Bidder's Statement, Galaxy has stated that it intends to proceed with compulsory acquisition of any General Mining Shares not acquired under the Offer when it is entitled to do so in accordance with the Corporations Act.

If the Conditions to the Offer are satisfied, Galaxy will be entitled to exercise post-bid compulsory acquisition rights to compulsorily acquire the General Mining Shares it does not hold on the same terms of the Offer. The time of disposal will be the time of the compulsory acquisition.

General Mining Shareholders who have their General Mining Shares compulsorily acquired in this way will calculate their capital gain or capital loss in the same manner as listed above. They may be eligible for CGT 'scrip for scrip' rollover where they would otherwise make a capital gain.

(b) General compulsory acquisition

Even if Galaxy does not satisfy the post-bid compulsory acquisition threshold referred to in section 8.15 of this Target Statement, it is possible that Galaxy may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act to acquire the General Mining Shares it does not hold.

Where the General Mining Shares are compulsorily acquired by Galaxy exercising any rights to general compulsory acquisition under section 664A of the Corporations Act as outlined in section 8.15 of this Target Statement, then cash consideration will be provided and received by General Mining Shareholders. CGT "scrip for scrip" roll-over will not be available in these circumstances.

In these circumstances, the General Mining Shareholders will include in their assessable income any capital gain or loss they make in relation to the disposal of their General Mining Shares. A CGT discount may be available in certain circumstances (refer above) to reduce the amount of any taxable capital gain.

This section of this Target's Statement is not intended to consider the implications for General Mining Shareholders in these circumstances in any detail.

Accordingly, independent advice should be obtained by General Mining Shareholders to confirm the applicable tax implications.

## 10.7 Tax implications for Non-Australian Resident General Mining Shareholders

Under current Australian Tax Laws, non-Australian tax residents are not assessable on capital gains arising from the disposal of shares or options in an Australian company where those shares or options do not qualify as 'taxable Australian property'.

Shares or options in an Australian company may only qualify as 'taxable Australian property' if a majority of the company's underlying assets consist of real property situated in Australia and the relevant General Mining Shareholder has at least a 10% interest in General Mining (on an associate inclusive basis).

As far as General Mining is aware, no non-resident General Mining Shareholder has voting power or a right to acquire voting power in excess of 10% of the General Mining Shares. Accordingly, it is unlikely that a non-resident General Mining Shareholder will be subject to Australian tax on the disposal of their General Mining Shares where they are held on capital account.

The Australian tax consequences may vary where a non-resident General Mining Shareholder held their General Mining Shares at any time in carrying on a business at or through a permanent establishment in Australia.

We recommend that any General Mining Shareholders that are non-Australian tax residents who intend to accept the Offer seek independent professional advice on the tax implications of doing so based on their own specific circumstances.



## **10.8 Stamp duty**

Galaxy will pay the stamp duty (if any) payable in Australia on the transfers of General Mining Shares under the Offer.

## **10.9 GST**

No GST will be payable on the transfer of the General Mining Shares as the supply of shares and options is input taxed (exempt) from GST in Australia. Any fees incurred in relation to transaction services are likely to be subject to GST, for which a reduced input tax credit may be available depending on your particular circumstances.

## **11. ADDITIONAL INFORMATION**

### **11.1 Agreements relating to the Offer**

(a) Bid Implementation Agreement

On 29 May 2016, General Mining and Galaxy entered into the Bid Implementation Agreement which Galaxy agreed to make a conditional off-market takeover bid for all of the General Mining Shares.

A copy of the Bid Implementation Agreement was lodged with the ASX on 30 May 2016 and can be obtained from General Mining's website (at <http://www.generalmining.com>) or General Mining's profile on the ASX's website (at [www.asx.com.au](http://www.asx.com.au)).

Consistent with the negotiated, recommended nature of the Offer, the Bid Implementation Agreement contains exclusivity and matching rights in favour of Galaxy, as well as a break fee of \$1.5 million which is payable by General Mining to Galaxy in limited circumstances which are set out in section 9.12 of the Bidder's Statement.

### **11.2 Interest and dealings in General Mining Securities**

(a) Interests in General Mining Securities

Details of the Relevant Interest of the Directors in General Mining Securities as at the date of this Target's Statement are set out in section 2 of this Target's Statement.

(b) Dealings in General Mining Securities

Except as otherwise set out in this Target's Statement, no Director has acquired or disposed of a Relevant Interest in any General Mining Securities in the four month period ending on the date immediately before the date of this Target's Statement.

(c) Intentions of the Directors in relation to the Offer

The intentions of the Directors in relation to the Offer and their own General Mining Securities are set out in section 2 of this Target's Statement.

### **11.3 Interest and dealings in Galaxy Securities**

(a) Interests in Galaxy Securities

As at the date of this Target's Statement, no Director had a Relevant Interest in any Galaxy Securities, other than Mr Michael Fotios who, on behalf of an entity he controls, has entered into a private option exchange deed with Galaxy and General Mining whereby the entity will receive, in exchange for (and in effect the cancellation of) its 15,000,000 unlisted General Mining Options (7.5 million exercisable at 8 cents before 21 September 2017 and 7.5 million exercisable at 12 cents before 21 September 2018), upon the Offer

becoming unconditional, a total of 24,750,000 Galaxy Options (12,375,000 exercisable at \$0.048 expiring on or before 21 September 2017 and 12,375,000 Galaxy Options exercisable at \$0.073 expiring on or before 21 September 2018). This exchange reflects the ratio of the Offer being made to all General Mining Shareholders for their General Mining Shares. The ASX has granted General Mining a waiver under ASX Listing Rule 6.23.2 for the cancellation of the 15,000,000 unlisted General Mining Options.

(b) Dealings in Galaxy Securities

Other than as described in section 11.3(a) of this Target's Statement, no Director has acquired or disposed of a Relevant Interest in any Galaxy Securities in the four month period ending on the date immediately before the date of this Target's Statement.

Neither General Mining nor any Associate of General Mining has acquired or disposed of a Relevant Interest in any Galaxy Securities in the four months period ending on the date immediately before the date of this Target's Statement.

#### **11.4 Benefits and Agreements**

(a) Directorships

As at the date of this Target's Statement, no Director of General Mining is a director of Galaxy.

(b) Benefits in connection with retirement from office

Except as otherwise set out in this Target's Statement, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of General Mining or a Related Body Corporate of General Mining.

(c) Agreements connected with or conditional on the Offer

Except as otherwise set out in this Target's Statement, there are no agreements made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of General Mining Shares.

(d) Benefits from Galaxy

Except as otherwise set out in this Target's Statement, none of the Directors has agreed to receive, or is entitled to receive any benefit from Galaxy which is conditional on, or is related to, the Offer, other than in their capacity as a holder of General Mining Shares.

(e) Interests of Directors in contracts with Galaxy

Except as set out below or otherwise disclosed in this Target's Statement, none of the Directors have any interest in any contract entered into by Galaxy.

(f) Mr Michael Fotios to become a Director of Galaxy

If Galaxy acquires a relevant interest in 50.1% of General Mining and the Offer becomes unconditional, Mr Michael Fotios will be appointed as Director of Galaxy. Mr Fotios is expected to receive directors' fees consistent with Galaxy's existing Directors in respect of his role.

### 11.5 Issued Capital of General Mining

As at 21 June 2016, being the last practicable date prior to the date of this Target's Statement, the issued capital of General Mining consists of:

- 318,197,526 General Mining Shares; and
- 7,700,000 unlisted General Mining Options, with an exercise price of \$0.08 and expiring 17 September 2017, and 7,500,000 unlisted General Mining Options with an exercise price of \$0.12 and expiring 17 September 2018.

### 11.6 Recent trading in General Mining shares

General Mining Shares are quoted on the ASX. Set out below is a table showing relevant trading prices of General Mining Shares on ASX.

Comparative trading period price of General Mining Shares	Price of General Mining Shares (A\$)
Highest trading price in the 4 months prior to the date this Target's Statement was lodged with ASIC	\$0.905
Lowest trading price in the 4 months prior to the date this Target's Statement was lodged with ASIC	\$0.28
Closing trading price on 25 May 2016, being the last trading day in which both General Mining and Galaxy Shares traded prior to General Mining requesting a trading halt in General Mining Shares on ASX (being the last date General Mining Shares traded on ASX before the Announcement Date)	\$0.615
Last available closing price of General Mining Shares traded on ASX prior to the date this Target's Statement was lodged with ASIC, being 21 June 2016	\$0.81

## 11.7 General Mining's dividend history

No dividends were declared or paid during the financial year ending 30 June 2015.

## 11.8 Substantial holders

As at 21 June 2016, being the last practicable date prior to the date of this Target's Statement, the following persons held an interest in General Mining Shares of more than 5%:

Name	Number of General Mining Shares	Percentage of General Mining Shares
Michael Fotios	32,906,231	10.34%
Galaxy Resources Limited	21,398,217	6.72%
Tribeca Investment Partners Pty Ltd	20,199,122	6.35%

Galaxy's Relevant Interest in 6.72% of General Mining Shares arises as a result of Galaxy holding 6,000,000 General Mining shares and entering into pre-bid acceptance agreements with each of:

- Wyllie Group Pty Ltd, in respect of 4,780,217 General Mining Shares (being 1.50% of General Mining Shares outstanding);
- PPB Capital Pty Ltd, in respect of 768,000 General Mining Shares (being 0.24% of General Mining Shares outstanding);
- Botsis Super Pty Ltd ATF the Phil & Pamela Botsis Superannuation Fund, in respect of 2,700,000 General Mining Shares (being 0.85% of General Mining Shares outstanding); and
- Botsis Holdings Pty Ltd, in respect of 7,150,000 General Mining Shares (being 2.25% of General Mining Shares outstanding).

Further details relating to these pre-bid acceptance agreements are set out in section 9.8 of the Bidder's Statement and section 3.4 in this Target's Statement.

## 11.9 Consent to the inclusion of statements in this Target's Statement

The information in section 6 of this Target's Statement has been prepared by Galaxy. Galaxy has consented and has not as at the date of this Target's Statement withdrawn its consent to the inclusion of the information in section 6 in this Target's Statement in the form and context in which it appears and to all references in this Target's Statement to that information in the form and context in which they appear.

Galaxy:

- has not authorised or caused the issue of this Target's Statement;
- except as described above, does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than the information described above.

#### **11.10 Consents to be named**

Canaccord Genuity has consented to being named in this Target's Statement as the financial adviser to General Mining in the form and context in which it is named and has not withdrawn that consent at the date of this Target's Statement.

Squire Patton Boggs (AU) has consented to being named in this Target's Statement as the legal adviser to General Mining in the form and context in which it is named and has not withdrawn that consent at the date of this Target's Statement.

Advanced Share Registry Services has consented to being named in this Target's Statement as General Mining's share registry in the form and context in which it is named and has not withdrawn that consent at the date of this Target's Statement.

Each person named above:

- has not authorised or caused the issue of this Target's Statement;
- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

#### **11.11 Reliance of ASIC Class Orders**

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the ASX, or announced on the market announcements platform of the ASX. Pursuant to that class order, the consent of the entity making those statements is not required for the inclusion of such statements in this Target's Statement. Any General Mining Securityholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting General Mining's Company Secretary on +61 8 9227 1186.

As permitted by ASIC Class Order 07/429, this Target's Statement contains security price trading data sourced from ASX and IRESS without their consent.

## **11.12 Continuous Disclosure**

General Mining is a disclosing entity under the Corporations Act and therefore has continuous disclosure obligations under that legislation and also under the ASX Listing Rules. General Mining is required to immediately disclose to the market through ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of General Mining Shares.

General Mining is in compliance with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. General Mining's announcements are available free of charge from the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: GMM).

The most recent financial information regarding General Mining is General Mining's half year report for the half year ending 31 December 2015 and full year report for the financial year ending 30 June 2015. A copy of these documents are also available free of charge from General Mining on request and is also available on General Mining's website at <http://www.generalmining.com>.

## **11.13 Material litigation**

General Mining does not believe that it is involved in any litigation or dispute which is material in the context of General Mining.

## **11.14 Dispatch of takeover documents**

General Mining has agreed in the Bid Implementation Agreement that Galaxy could send the Bidder's Statement to General Mining Shareholders earlier than would otherwise be permitted under item 6 of section 633(1) of the Corporations Act.

## **11.15 No other material information**

This Target's Statement is required to include all the information that General Mining Shareholders and their professional advisers would reasonably require to make an informed assessment whether or not to accept the Offer but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in the Target's Statement; and
- only if the information is known to any Director.

The Directors are of the opinion that the only information that General Mining Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer are:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in releases by General Mining and Galaxy to ASX before the date of this Target's Statement; and
- the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate, unless expressly indicated otherwise in this Target's Statement and subject to the following qualification. Section 4 of the Bidder's Statement have been approved by General Mining. Other than in respect of those sections, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the General Mining Shares;
- the matters General Mining Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers to General Mining Shareholders;
- the nature of the Offer; and
- the time available to General Mining to prepare this Target's Statement.

#### **11.16 Approval of Target's Statement**

This Target's Statement has been approved by a resolution passed by the Directors. All Directors voted in favour of that resolution.

Signed for and on behalf of General Mining by:



**Mr Michael Fotios**

Executive Chairman

Date: 22 June 2016



## 12. GLOSSARY AND INTERPRETATION

### 12.1 Glossary

Term	Definition
<b>\$, \$A or AUD</b>	Australian dollar
<b>Acceptance Form</b>	The form of acceptance form for the Offer enclosed with the Bidder's Statement or alternatively an acceptance form sent to a General Mining Shareholder by Galaxy's share registry in relation to the Offer.
<b>Acquisition and Development Agreement</b>	The acquisition and development agreement in relation to the Mt Cattlin Project between General Mining and Galaxy dated 4 September 2015.
<b>Advisers</b>	In relation to an entity, its legal, financial and other expert advisers.
<b>Announcement Date</b>	The date the Takeover Bid was announced, being 30 May 2016.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>Associate</b>	Has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time).
<b>ASX</b>	ASX Limited ABN 98 008 624 691 or, where the context requires, a financial market operated by it.
<b>ASX Listing Rules</b>	The listing rules of ASX, as amended or replaced.
<b>ASX Settlement</b>	ASX Settlement Pty Limited ACN 008 504 532.
<b>ASX Settlement Operating Rules</b>	The operating rules of the settlement facility provided by ASX Settlement.
<b>ATO</b>	Australian Tax Office.
<b>Bid Implementation Agreement</b>	The bid implementation agreement entered into by Galaxy and General Mining on 29 May 2016, which provides the manner in which the parties have agreed the Offer will be implemented.
<b>Bidder's Statement</b>	The bidder's statement by Galaxy dated 22 June 2016 setting out the terms, Conditions and other information in relation to the Offer.
<b>Business Day</b>	A day on which trading takes place on the stock market of ASX.
<b>CGT</b>	Capital gains tax.

Term	Definition
<b>Competing Transaction</b>	<p>A transaction or proposed transaction notified to the General Mining Board which, if completed substantially in accordance with its terms, would mean a person (other than Galaxy or its Related Bodies Corporate) would:</p> <p>(a) directly or indirectly, acquire an interest or relevant interest in or become the holder of:</p> <p>(i) 20% or more of all General Mining Shares; or</p> <p>(ii) all or a substantial part of the business conducted by General Mining,</p> <p>including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee;</p> <p>(b) acquire control of General Mining, within the meaning of section 50AA of the Corporations Act; or</p> <p>(c) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with General Mining.</p>
<b>Conditions</b>	The conditions of the Offer set out in Annexure A of the Bidder's Statement.
<b>CHESS Holding</b>	A number of General Mining Securities which are registered on General Mining's share register being a register administered by ASX Settlement and which records uncertificated holdings of General Mining Securities.
<b>Control</b>	The meaning given to that term in the Corporations Act.
<b>Controlling Participant</b>	In relation to your General Mining Shares, has the same meaning as in the ASX Settlement Operating Rules.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of General Mining.
<b>Galaxy</b>	Galaxy Resources Limited ACN 071 976 442.
<b>Galaxy Information</b>	Has the meaning given under the heading "Responsibility for information in this Target's Statement" in the Important Notices section of this Target's Statement.
<b>Galaxy Options</b>	An option, issued by Galaxy, to acquire a Galaxy Share.
<b>Galaxy Shares</b>	Fully paid ordinary shares in the capital of Galaxy.
<b>General Mining</b>	General Mining Corporation Limited ACN 125 721 075.
<b>General Mining Board</b>	The board of directors of General Mining.

<b>Term</b>	<b>Definition</b>
<b>General Mining Group</b>	General Mining and each of its Related Entities.
<b>General Mining Option</b>	An option, issued by General Mining, to acquire a General Mining Share
<b>General Mining Securities</b>	General Mining Shares and/or General Mining Options (as the context requires).
<b>General Mining Securityholder</b>	A registered holder of General Mining Shares or General Mining Options.
<b>General Mining Share</b>	A fully paid ordinary share in the capital of General Mining.
<b>General Mining Shareholder</b>	A holder of General Mining Shares.
<b>GST</b>	<i>Goods and services tax.</i>
<b>Ineligible Foreign Shareholder</b>	A General Mining Shareholder whose address as shown in the register of members of General Mining is in a jurisdiction other than Australia, its external territories or New Zealand, unless Galaxy is satisfied that it is not precluded from lawfully issuing Galaxy Shares to that General Mining Shareholder either unconditionally or after compliance with conditions that Galaxy regards as acceptable and not unduly onerous.
<b>Issued Sponsored Holdings</b>	A holding of General Mining Shares on the General Mining issuer sponsored subregister.
<b>Merged Entity</b>	Galaxy and its Subsidiaries following Galaxy acquiring control of General Mining.
<b>Mt Cattlin Project</b>	The Mt Cattlin spodumene and tantalum mine located in Ravensthorpe, Western Australia, operated by General Mining with its partner Galaxy.
<b>Notice of Status of Conditions</b>	A notice required to be given under section 630(3) of the Corporations Act.
<b>Offer Period</b>	The period during which the Offer will remain open for acceptance in accordance with section 1.2 of Annexure A of the Bidder's Statement
<b>Offer</b>	The offer for General Mining Shares on the terms and conditions contained in Annexure A of the Bidder's Statement.
<b>Record Date</b>	The date set by Galaxy under section 633(2) of the Corporations Act, being 5.00pm (WST) on 22 June 2016.
<b>Related Body Corporate</b>	Has the meaning given to that term in the Corporations Act.

Term	Definition
<b>Related Entity</b>	Of a party means another entity which: <ul style="list-style-type: none"> <li>(a) is a Related Body Corporate of the first party;</li> <li>(b) is in any consolidated entity (as defined in section 9 of the Corporations Act) which contains the party; or</li> <li>(c) the party Controls.</li> </ul>
<b>Relevant Interest</b>	Has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Superior Proposal</b>	A Competing Transaction which, following consideration of advice from Advisers (including advice of an external lawyer), is in the determination of the General Mining Board acting in good faith: <ul style="list-style-type: none"> <li>(a) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and</li> <li>(b) more favourable to General Mining Shareholders than the Takeover Bid, taking into account all terms and conditions of the Competing Transaction.</li> </ul>
<b>Takeover Bid</b>	The off-market takeover bid constituted by the dispatch of the Offer.
<b>Target's Statement</b>	This document.
<b>Tax Law</b>	The <i>Income Tax Assessment Act 1936</i> (Cth), the <i>Income Tax Assessment Act 1997</i> (Cth) and the <i>Taxation Administration Act 1953</i> (Cth), whether individually or collectively.
<b>Third Party Offer</b>	An offer or proposal made by a third party to acquire more than 50% of the General Mining Shares, by way of a takeover bid, a scheme of arrangements or otherwise where: <ul style="list-style-type: none"> <li>(a) if the Third Party Offer is a takeover offer, the offers are capable of acceptance and are not subject to any condition substantially more onerous than the Conditions of the Offer; and</li> <li>(b) in any other case, a binding agreement has been entered into between the General Mining and the third party in respect of the Third Party Offer.</li> </ul>
<b>Third Party Offer Price</b>	The highest price or value per General Mining Share offered under a Third Party Offer.
<b>US\$ or USD</b>	United States dollars.
<b>VWAP</b>	The daily volume weighted average price of all shares sold on ASX's trading platform.
<b>WST</b>	Western Standard Time.

## 12.2 Interpretation

In this Target's Statement, unless the context otherwise requires:

- the singular includes the plural and vice versa and words importing one gender include other genders;
- terms defined in the Corporations Act as at the date of this Target's Statement have the meanings given to them in the *Corporations Act 2001* (Cth) at that date;
- a reference to dollars, A\$, AUD, \$ and cents is a reference to Australian currency;
- a reference to a statute of any parliament or any section, provision or schedule of a statute of any parliament includes a reference to any statutory amendment, variation or consolidation of the statute, section, provision or schedule and includes all statutory instruments issued under the statute, section, provision or schedule;
- a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- a reference to a section is a reference to a section of this Target's Statement and a reference to this Target's Statement includes any annexure or schedule to this Target's Statement;
- a reference to time is a reference to Perth time; and
- headings and bold type are used for reference only.

# CORPORATE DIRECTORY

## **Directors**

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

## **Company Secretary**

Karen Brown

## **Registered Office**

Ground Floor, 89 Burswood Road  
Burswood WA 6100

## **Principal Place of Business**

24 Mumford Place  
Balcatta WA 6021

Phone: +61 8 9227 1186

Website: <http://www.generalmining.com>

## **Share Registry**

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands WA 6009

## **Solicitors**

Squire Patton Boggs (AU)  
Level 21, 300 Murray Street  
Perth WA 6000

## **Financial Adviser**

Canaccord Genuity  
Level 4, 60 Collins St  
Melbourne VIC 3000