

## GENERAL MINING EXECUTES AGREEMENT WITH GALAXY RESOURCES ON MT CATTLIN PROJECT

ASX ANNOUNCEMENT  
9 February 2015

### HIGHLIGHTS

General Mining Corporation  
ABN: 95 125 721 075

**ASX Code: GMM**

**Quoted Securities:**  
134,313,993 shares  
5,801,582 options

**Total Issued Capital:**  
134,313,993 shares  
19,666,666 options

**Share Price:**  
0.3 cents per share

**Market Capitalisation:**  
AUD\$0.40M

**Board of Directors**

Mr Michael Wright  
*Chairman*

Mr Craig Readhead  
*Non-executive Director*

Mr Michael Fotios  
*Non-executive Director*

Mr Bob Wanless  
*Non-executive Director*

**Joint Company Secretary**

Ms Karen Brown  
Mr Lindsay Colless

[www.generalmining.com](http://www.generalmining.com)

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- General Mining (ASX:GMM) is granted the right to solely operate at the Mt Cattlin Project for 3 years with option to purchase 100% interest in Mt Cattlin for \$30,000,000 plus a 3% net smelter return, at any time during the 3 year period.
- General Mining to pay a lease fee of AUD\$2,500,000 per annum to Galaxy Resources (ASX:GXY), and a 10% production royalty.
- General Mining plans to commence Tantalum production at Mt Cattlin within approximately 6 months.

This transaction is of interest to both parties largely because of the deep background that GMM director, Michael Fotios, has in developing and operating tantalum mines in Western Australia and in the specialized area of marketing tantalum based products.

For disclosure purposes, Mr Fotios currently has a loan agreement in place to fund General Mining's ongoing operations.

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### Transaction Structure

1. GMM will make a non-refundable payment to Galaxy of \$50,000 within 5 business days for the right to conduct sixty (60) days exclusive due diligence on Mt Cattlin.
2. GMM will then have for a further ninety (90) days the sole and exclusive right to determine whether GMM wishes to commence production at Mt Cattlin. GMM will be solely responsible for all Mt Cattlin care & maintenance costs and all tenement maintenance costs during this period.
3. If GMM elects to proceed with development at Mt Cattlin, it will have the sole and exclusive right to operate for a period of three (3) years from making such decision ("Operations Period").
4. During the Operations Period, GMM will:
  - a. conduct its operations at Mt Cattlin at its sole discretion and cost;
  - b. pay to Galaxy a lease fee of \$2,500,000 per annum (GST exclusive) in monthly instalments in advance and a 10% production royalty, payable quarterly to Galaxy, on the gross value of all minerals mined and sold by GMM (other than any spodumene produced, where revenues will be shared equally subject to the parties entering into a more detailed agreement);

- c. receive 100% of all revenues from its high grade tantalum operations at Mt Cattlin, which General Mining plans to commence within 6 months; and
  - d. have the option to purchase a 100% legal and beneficial interest in Mt Cattlin, at any time during the three (3) year Operations Period, upon payment to Galaxy of \$30,000,000 (GST exclusive) less all production payments made to Galaxy up to the date of exercise of the purchase option.
5. If GMM exercises the option to purchase Mt Cattlin, GMM will also pay to Galaxy a future 3% Net Smelter Return (NSR) royalty on the value of all minerals mined and sold by GMM from Mt Cattlin's existing resource base. Any new mineral resources delineated by GMM after acquisition of Mt Cattlin will be subject to a lower 1% NSR royalty.
  6. The transactions contemplated are subject to all necessary shareholder and regulatory approvals.

The binding Term Sheet is to be replaced by a formal agreement based upon the principles described above.

#### **About Mt Cattlin**

The Mt Cattlin Project, currently wholly owned by Galaxy Resources, is located two kilometres north of the town of Ravensthorpe in Western Australia. Previously mined for both Spodumene and associated Tantalum by-products, the Project has been in Care & Maintenance since July 2012.

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#### **For more information:**

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