

ASX ANNOUNCEMENT
31 July 2016

QUARTERLY ACTIVITIES REPORT

JUNE 2016

HIGHLIGHTS

- **Takeover offer to shareholders launched by Galaxy Resources**
- **Maiden off-take agreement completed and prepayment received**
- **Operational ramp up at Mt Cattlin continues**
- **Significant pegmatite repetition encountered under known resource at Mt Cattlin**

General Mining Corporation
ABN: 95 125 721 075

ASX Code: GMM

Quoted Securities:

318,397,526 shares
15,000,000 unlisted options

Share Price:

78 cents per share

Market Capitalisation:

A\$248.35M

Board of Directors

Mr Michael Fotios
Executive Chairman

Mr Alan Still

Non-executive Director

Mr Michael Kitney

Non-executive Director

Company Secretary

Ms Karen Brown

www.generalmining.com

Registered Office:

Ground Floor
89 Burswood Road
Burswood WA 6100

Telephone:

08 9227 1186

Facsimile:

08 9227 8178

Business Office:

24 Mumford Place
Balcatta WA 6021

Telephone:

08 6241 1888

CORPORATE

Galaxy takeover

On 30 May 2016, General Mining Corporation Limited (ASX:GMM) (**General Mining**) and Galaxy Resources Limited (ASX: GXY) (**Galaxy**) jointly announced a definitive Takeover Bid Implementation Agreement (**Implementation Agreement**) had been entered into to merge the two companies, creating a leading diversified, global lithium producer.

Galaxy launched an off-market takeover offer (**Offer**) to acquire all of the issued shares of General Mining that it does not already own. Under the Offer, General Mining shareholders will receive 1.65 new Galaxy shares for every 1 General Mining share held, which represents a 9.4% premium to the 10-day volume weighted average price (VWAP) and 13.5% premium to the 20-day VWAP to Wednesday 25 May 2016. Based on Galaxy's closing share price of A\$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 A\$216 million (on a fully diluted basis) or A\$0.652 per share (on a fully diluted basis).

The Galaxy proposal is unanimously recommended by the directors of General Mining who also agreed to accept Galaxy's Offer in respect of all shares they control, in each case in the absence of a superior offer.

The closing date for the Offer is Friday, 5 August 2016, unless otherwise extended and, on 28 July 2016 Galaxy declared the Offer unconditional, freeing the Offer of all of the remaining defeating conditions.

Mt Cattlin offtake

During the quarter the Company announced the execution of a binding tri-party offtake agreement (on terms consistent with the terms of the binding Term Sheet announced on 8 March 2016) with one of the Project's offtake parties and GMM's exclusive selling and settlement agent, Tokyo based Mitsubishi Corporation.

In accordance with the agreement the Mt Cattlin Joint Venture partners have received USD9 million prepayment.

A further second offtake agreement, including an upfront USD4.5 million concentrate prepayment, was announced to the market subsequent to the period end on 12 July 2016.

OPERATIONAL UPDATE – MT CATTLIN PROJECT

After the initial commencement of mining and processing at Mt Cattlin on 31 March 2016, GMM further updated the market on 6 May 2016 with progress at the Project:

- Reinstatement of power to the processing circuit
- Reinstatement and commissioning of the pit dewatering circuit
- SCADA systems were reinstated to allow the operation and control of equipment (including the raw water circuits, which were wet and dry commissioned successfully)
- First feed was successfully placed into the circuit and the feed preparation circuit was fully commissioned and operating successfully
- Further construction continued with regard to necessary circuit upgrades required to enhance recovery and increase final product grade with tie in planned for early May
- This included structural steel upgrades to allow for the replacement of equipment with poor past performance
- The finalisation of the tantalum recovery circuit commissioning was completed in early May, including the new spiral separators

Subsequent to the end of the quarter, on 19 July 2016 GMM announced a major increase in planned throughput at Mt Cattlin from the previously announced 800ktpa to a now intended 1.6Mtpa.

EXPLORATION UPDATE – MT CATTLIN PROJECT

On 22 June the Company, together with its partner Galaxy announced that diamond drilling had intersected a significant (11m downhole) zone of coarse-grained spodumene-bearing pegmatite, from a depth of 376.6m downhole, as part of a deep stratigraphic diamond drilling programme at its Mt Cattlin Lithium-Tantalum deposit in south-western WA. **This zone is significant as the spodumene is coarse-grained and prevalent throughout the pegmatite intersection; and is the widest yet-encountered below the known pegmatite**

resource, and of similar dimension to the pegmatite zones contributing to the current resource.

In the latest drilling, multiple new intercepts of spodumene-bearing pegmatite have been intersected in Holes MTCDD2 and MTCDD3, and the following spodumene-bearing pegmatite intervals (minimum width approximately 2.5m) noted ¹:

Hole MTCDD2

- 28.5-33.1m
- 403-407.5m

Hole MTCDD3

- 0-16.5m
- 130-134.1m
- 376.6-387.6m

¹ These intervals are not Exploration Results for the purposes of the JORC Code 2012 and the Company will announce the Exploration Results of the drilling upon completion of assaying and test work

True widths are expected to be 80-100% of the pegmatite drill interval. Currently only the first interval in each hole is captured by the current resource model.

The Company has previously released geological information on to the ASX on 11 April and 25 February 2016 on the current drilling programme, which is designed to provide greater geological understanding of the Mt Cattlin orebody and to assist in determining optimal depths for planned infill and extensional drilling of the known lithium-tantalum resource.

All additional intercepts encountered thus far are considered significant in that the pegmatite, while mostly flat-lying, can roll and swell in thickness along dip and strike, and represent exploration targets for further drilling. The Company is of the belief that the 4.5m intercept in hole MTCDD2 correlates with the 11m intercept in hole MTCDD3, nearly 150m apart (refer Figure 6).



Figure 1: Coarse-grained spodumene crystals in pegmatite, intersection in NQ drill core, Hole MTCDD3, depth approx. 379m

Hole MTCDD3 was originally designed to terminate after confirming the geometry and thickness of an ENE-trending Proterozoic dyke, which outcrops in the southern wall of the Dowling Pit, stopping the pegmatite body (refer Figure 6). The dyke was encountered in Hole MTCDD2 at approximately 605m, suggesting a sub-vertical dip to the south, and that hole was subsequently terminated at 641.3m. Hole MTCDD3 was abandoned on the 25th June due to multiple bit failure at depth, and the mooted testing of orientation and thickness of the Proterozoic dolerite dyke deferred. The rig has now commenced drilling of MTCDD4 at the same collar, testing the new mineralized zone some 100m north of the significant intercept in Hole MTCDD3, and will be achieved by steepening the planned dip from the current collar position, located within the current pit (refer Figures 3 and 4).



Figure 2: Pegmatite intersection in cut NQ drill core, Hole MTCD3, depth approx. 376m, with abundant coarse spodumene crystals

The significant intersection in Hole MTCD3 has already been processed for sampling, and transported to the laboratory for expedited analysis. Additional sampling of other pegmatite intercepts is continuing.

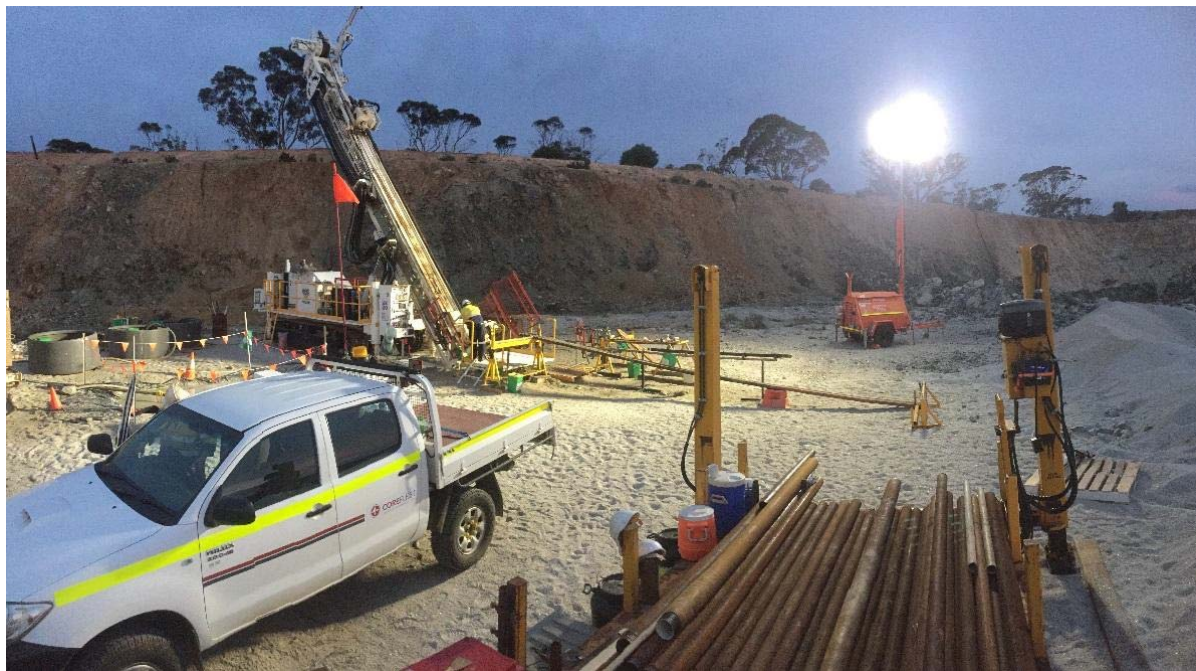


Figure 3: Diamond drilling of MTCD3, Dowling Pit, June 2016

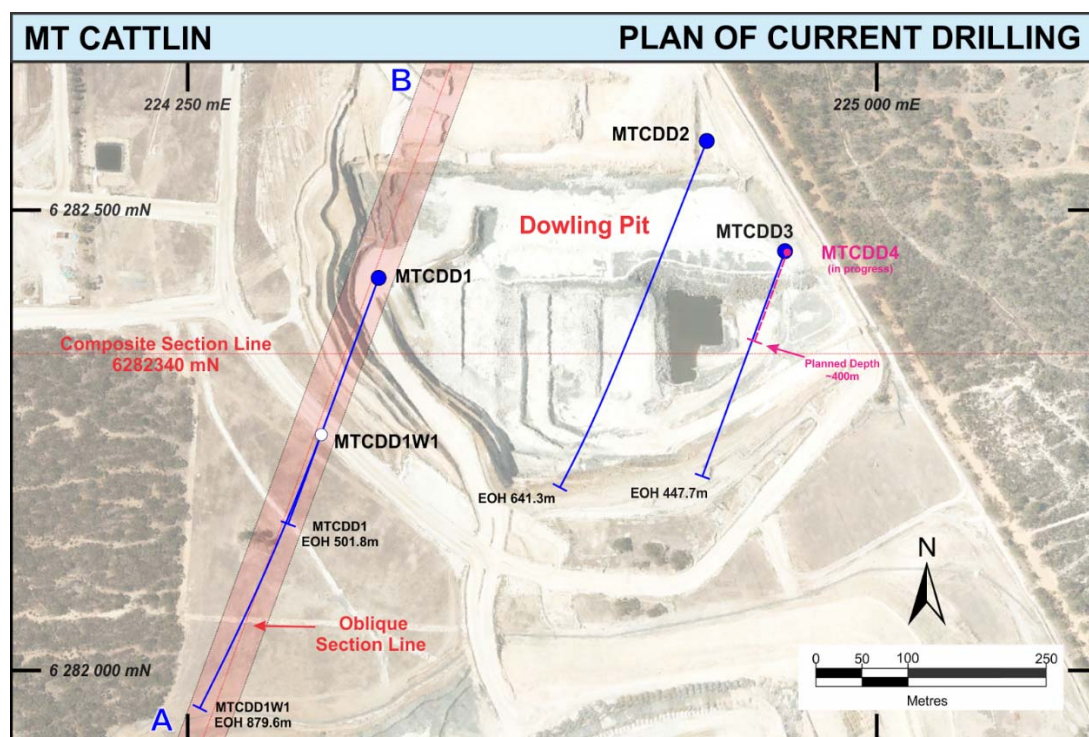


Figure 4: Location plan of holes in current stratigraphic drilling programme, section line for composite section for Figure 6, and cross section in Figure 5

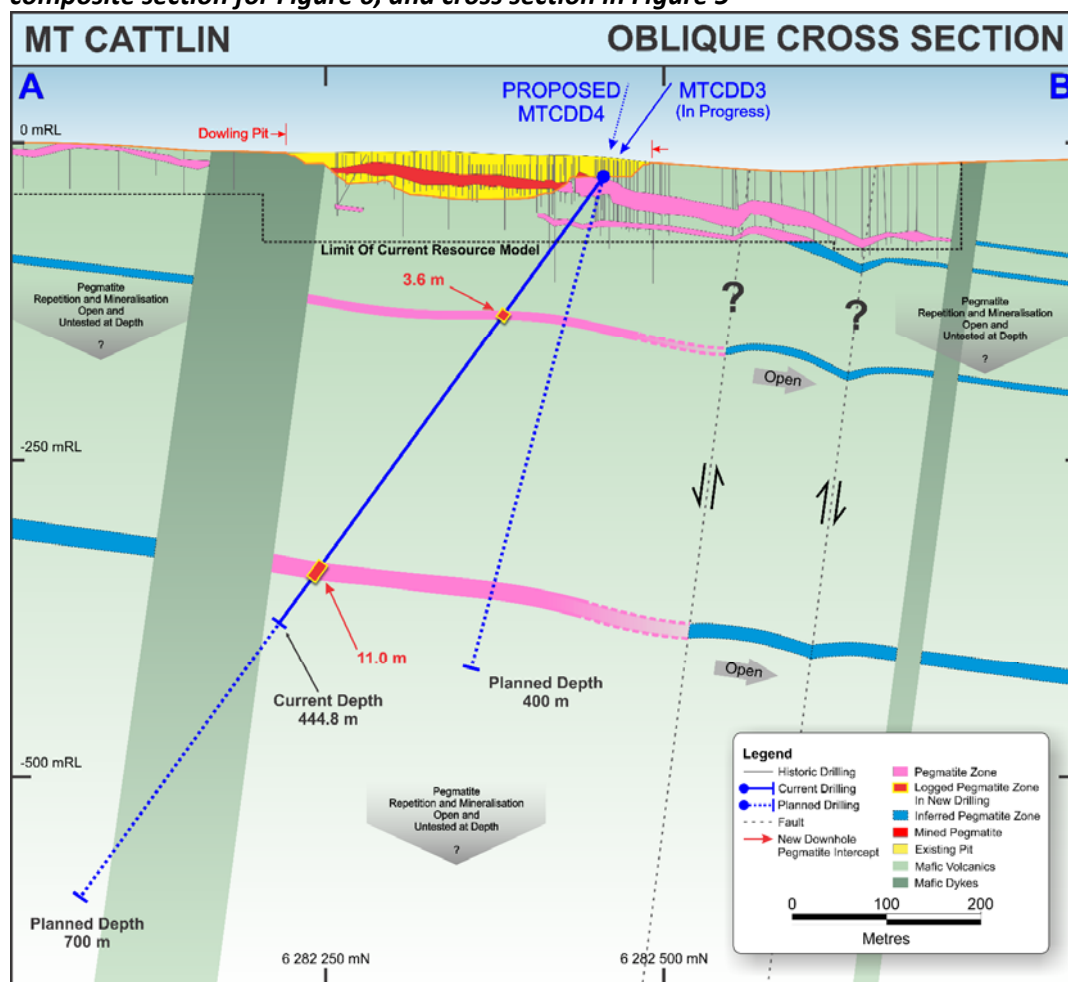


Figure 5: Cross section along dip of hole MTCDD3 (refer Figure 4)

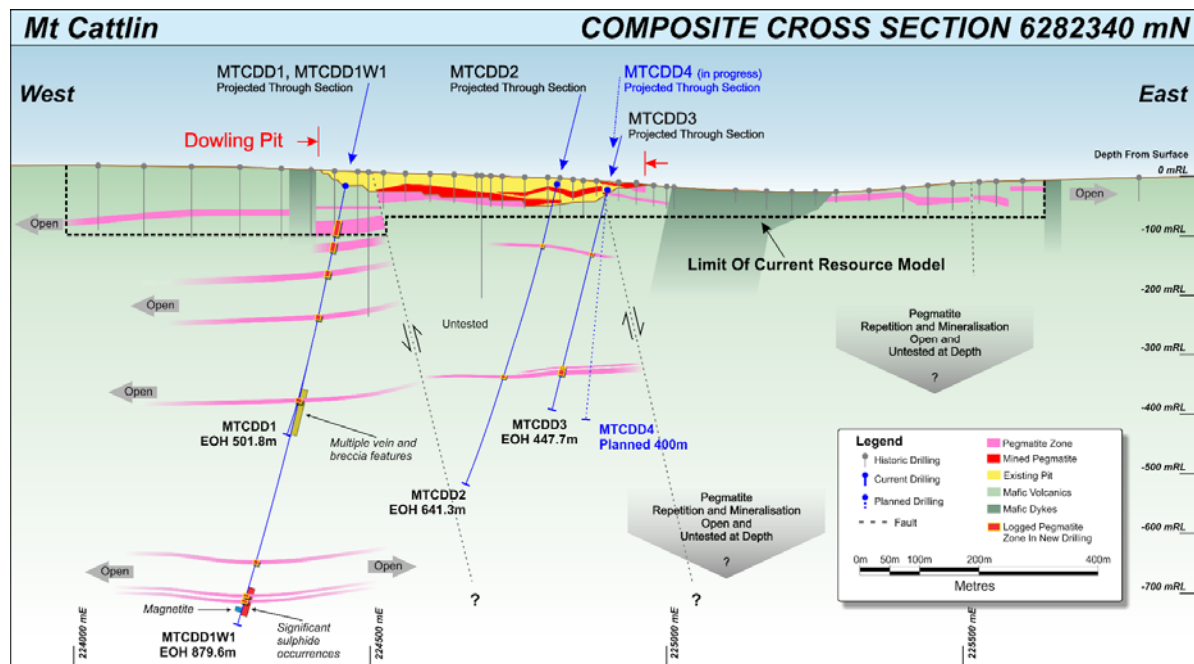


Figure 6: Schematic composite cross section representation of pegmatite repetitions encountered in MTCDD1 and MTCDD1W1, and relative approximate positions of MTCDD2 and MTCDD3.

WA GOLD PROJECTS

No field work occurred in the field on the Company's WA based gold assets. Work was limited to strategy review, modelling of the Chesterfield gold mineralization, and statutory reporting.

OUTLOOK

As part of its all scrip merger with Galaxy Resources, General Mining is now part of one of the ASXs largest listed lithium companies, and the only one with exposure to both brine and hard rock assets.

With Mt Cattlin soon to be operating at a greatly expanded rate of 1.6mtpa, and further development projects in the James Bay spodumene deposit and the Sal de Vida brine asset, the Board of General Mining is confident it has secured suitable exposure to a growing Lithium market for the company's shareholders.

For more information:

Michael Fotios
Executive Chairman
Tel: +61 8 6241 1888

Michael Jardine
Business Development Advisor
Tel: +61 8 6241 1832
Mob.: +61 424 615047
Email: michael.jardine@deltaman.com.au

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