

ASX ANNOUNCEMENT

19 July 2016

General Mining Corporation
ABN: 95 125 721 075

ASX Code: GMM

Issued Capital:

318,397,526 shares

15,000,000 unlisted options

Share Price:

\$0.76 per share

Market Capitalisation:

AUD\$241.9M

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

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MT CATTLIN UPDATE

Highlights

- **Mt Cattlin capacity upgraded to 1.6Mtpa**
- **Maiden shipment confirmed for September 2016**

Background

General Mining Corporation Limited (ASX:GMM, "General Mining", "GMM" or the "Company"), together with its partner on the Mt Cattlin Project ("Project") Galaxy Resources Limited (ASX: GXY, "Galaxy") is hereby pleased to announce the following update on the recommissioning process at Mt Cattlin.

Mt Cattlin last operated from 2011 to mid-2012 under the stewardship of the previous Board and Management of Galaxy, with production statistics for the 6 months to 30 June 2012 including (see Galaxy 2012 Annual Report, p.11):

- Ore mined (tonnes) – 454,912
- Grade (Li₂O%) – 1.22%
- Waste mined (BCM) – 925,505
- Ore treated (tonnes) – 453,004
- Grade (Li₂O%) – 1.23%
- Spodumene produced (dry tonnes) – 54,047

On 12 October 2015, General Mining announced an independent review of its plan for the recommencement of production at Mt Cattlin based on the following parameters:

- Annual throughput (ore treated, tonnes) – 800,000
- Average annual LOM spodumene production (dry tonnes) – 111,000
- Peak spodumene yield – 75%

Following maiden commissioning of the fines circuit at the Project in March 2016, construction has continued and will now result in a significantly expanded processing capacity at Mt Cattlin:

- Annual throughput (ore treated, tonnes) – 1,600,000
- Average annual LOM spodumene production (dry tonnes) – 160,000-240,000
- Peak spodumene recovery – 75%

This change has been driven by the substantial efficiency gains on offer to the Project owners in installing a larger circuit, as well as the opportunity for Mt Cattlin to meet significant market demand for spodumene concentrate at a time of constrained supply into the China based lithium refining markets. First shipment from the enlarged circuit remains scheduled for September 2016, no delays to deliveries have been incurred due to the upgrading of capacity at Mt Cattlin.

Forecast Production Summary:

	Previous GXY (est pa)	GMM Oct 2015	GMM Jul 2016
Throughput	909,824t	800,000t	1,600,000t
Spodumene @ 50% yield	108,054t	80,000t	160,000t
Spodumene @ 75% yield	N/A	120,000t	240,000t

Progress Update

Mining and maiden commissioning of the fines circuit at the Project occurred in March 2016. After reaching the initial desired commissioning and production milestones, the Project went back into a construction phase to complete the refurbishment and upgrade of the coarse circuit, and to implement final changes to the significantly improved fines circuit.

The new circuit will:

- Reduce mica content below 5% of total mass in the finished concentrate (previously approx. 20%)
- Increase throughput design to an annualised run rate of 1.6Mtpa (previously assumed by GMM to be 800,000tpa)
- Increase yield from a historic 50% to approximately 75% by recovering both fine spodumene and coarse tantalum, as well as significantly reducing mica content
- Reduce operational costs per tonne through a number of efficiency gains

Over the last three months, mining of the ore grade TSF material has been largely completed (50kt ore remains in situ) and is currently stockpiled ready for use as feedstock in the fines circuit. The ROM pad currently holds 100,000t of blasted ore ready for crushing and feeding into the coarse circuit.

Key milestones during July to September 2016 include:

- Crushing of ROM ore stocks to commence during July
- Upgraded fines circuit to achieve targeted 1.6Mtpa throughput rate in early August
- Commissioning of the coarse circuit due to commence mid-August
- First shipment of spodumene concentrate confirmed for late September 2016

Post start up at a budgeted lithium yield of 50%, further optimisation will increase this to 75% by mid-2017. Previously scheduled for the beginning of 2017, peak metallurgical recovery across the 1.6Mtpa throughput will now occur in two phases with the final optimisation stage (flotation) subject to performance of the plant post commissioning.

Market Update

Further to the announcement made by the Company on 12 July 2016 (*"Offtake completed – 2nd prepayment received"*), GMM and GXY will now have a substantially increased volume of both spodumene and tantalum concentrates to sell.

Surplus 2016 production (above the committed 45,000t) is likely to be sold into the spot market, and discussions with both existing and new customers to date indicate very strong demand for both products for all of forecast 2017 production.

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Further inquiries:

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