

ASX ANNOUNCEMENT

GENERAL MINING CORPORATION SECURES STRATEGIC PARTNER AND IS TO RAISE \$1.9 MILLION VIA PLACEMENT AND UNDERWRITTEN ENTITLEMENTS ISSUE

31 January 2012

General Mining Corporation Ltd
ABN: 95 125 721 075

ASX Code: GMM

Quoted Securities:
63,034,628 ordinary f.p. shares
Total Issued Capital:
63,034,628 ordinary f.p. shares

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Managing Director
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Michael Wright
Chairman
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General Mining Corporation Limited (**GMM**) (ASX: GMM) is very pleased to advise that Investmet Ltd (**Investmet**) has agreed to take a strategic stake in GMM and to assist in raising up to \$1.9 million through a two stage capital raising. The capital raising will initially comprise a Placement to Investmet and/or its nominees followed by an Entitlement Issue, fully underwritten by Investmet. Investmet will also procure the purchase by GMM of two complementary Australian precious metal assets, further enhancing the potential of GMM's Australian portfolio.

GMM's Chairman, Michael Wright said: "Investmet's strategic investment will provide us with funds to support our ongoing exploration efforts in Australia and Mongolia, where we already have an excellent suite of exploration projects, as well as provide access to additional assets and technical support, increasing our potential to make a significant discovery. Investmet has a proven track record and their support for GMM is a positive step forward for our company and we are looking forward to working closely with the Investmet team."

Stage 1 of the capital raising will comprise a placement to raise \$1.0 million, through the issue of 20,000,000 fully paid ordinary shares at \$0.05 per Share together with 20,000,000 attaching unlisted options at staggered exercise prices (**Placement**). The Placement will be to Investmet and/or its nominees and is subject to GMM shareholder approval which is expected to be sought under section 611 item 7 of the Corporations Act during April 2012. Shareholder approval will also be sought for the acquisition by GMM, facilitated by Investmet, of two precious metal assets in Western Australia (**Acquisitions**). The final terms of the Acquisitions will be put to shareholders at the same meeting to approve the Placement.

Stage 2 of the capital raising will comprise a fully underwritten one (1) for five (5) non-renounceable pro-rata entitlements issue (**Entitlement Issue**), following completion of the Placement and the Acquisitions. This offer will be made to all GMM shareholders with registered addresses in Australia and New Zealand on a record date to be announced in due course, and will raise approximately \$0.9 million.

The proceeds from the capital raising are to be used to explore both the existing and the acquired assets and for general working capital purposes.

The Placement remains subject to due diligence enquiries being conducted to Investmet's satisfaction and Investmet Board approval, by 31 January 2012, and the underwriting is subject to execution of an appropriate underwriting agreement on usual and appropriate terms, including termination clauses if GMM Shareholders do not approve the Placement or the Acquisitions.

About Investmet

Investmet is an unlisted public company managed by experienced industry professionals and supported by private high net worth investors (including its directors and management). It was created to pursue a variety of investment opportunities in resource projects with strong future demand growth and to incubate, develop and enhance the value of these investments through financial, technical and corporate support. Investmet is managed by Executive Chairman Michael Fotios, who is a geologist specialising in economic and structural geology, with extensive experience in exploration throughout Australia and overseas.

In the last 34 months Investmet has assisted and taken strategic positions in ASX-listed Northern Star Resources Ltd, Target Energy Ltd, Pegasus Metals Ltd and most recently Genesis Minerals Ltd (subject to shareholder approval). All of these investments were completed at a premium to the prevailing market price and significant share value appreciation has been experienced by all of these listed companies especially Northern Star Resources Ltd, where the market capitalisation has grown from \$1.3 million in March 2009, when Investmet became involved, to approximately \$350 million today.

Capital Raising Details

Investmet has agreed to subscribe for 20,000,000 fully paid ordinary shares at \$0.05 per share together with 20,000,000 attaching unlisted options for nil consideration. 6,666,667 of the options will be exercisable at \$0.075 within 12 months of issue; 6,666,667 options will be exercisable at \$0.10 within 24 months of issue, and 6,666,666 options will be exercisable at \$0.125 within 36 months of issue.

No placement, corporate advisory or other capital raising fees will apply to this initial Placement. The Placement will be made to sophisticated and/or professional investors under section 708 of the Corporations Act, without the issue of a prospectus.

The subsequent Entitlement Issue by way of a prospectus will raise approximately \$0.9 million through a fully underwritten non-renounceable entitlements issue of up to 18,006,925 new Shares (plus any additional Shares required to be offered if any existing Options are exercised prior to the Record Date). One New Share will be offered for every (5) five Shares held at the Record Date, at an issue price of \$0.05 per share.

Free attaching Options will be granted for nil consideration for each New Share allotted under the Entitlement Issue, comprising a total of 18,006,925 Entitlement Issue Options, of which 6,002,309 will be exercisable at \$0.075 within 12 months of issue, 6,002,308 will be exercisable at \$0.10 within 24 months of issue, and 6,002,308 will be exercisable at \$0.125 within 36 months of issue. Subject to an underwriting agreement being entered into, Investmet, as underwriter to the Entitlement Issue, shall have the right to place any shortfall in the Entitlement Issue at its sole discretion, subject to GMM shareholder approval being obtained where required under Listing Rule 10.11 in general meeting. The fee associated with the underwriting will be the greater of 5% of the funds raised or \$50,000.

GMM shareholder approval will be sought to appoint Investmet's proposed nominee director, Mr Michael Fotios, being Investmet's current Executive Chairman, at the Meeting. Mr Fotios is a Geologist specialising in economic geology with 27 years of extensive experience in exploration throughout Australia in gold, base metals, tin, tantalum and nickel and taking projects from exploration to feasibility. He has previously held positions with Homestake Australia Ltd and Sons of Gwalia Ltd. He was Managing Director and a Director of Tantalum Australia NL (now ABM Resources Ltd) from December 1992 to December 2005. He was then a director of Galaxy Resources Ltd from April 2006 to December 2008.

Mr Fotios is currently a director of the listed Northern Star Resources Ltd and Pegasus Metals Ltd as well as being the founder and Executive Chairman of the unlisted Investmet Ltd.

GMM intends to use the funds from the capital raising to explore both the existing and the acquired assets and for general working capital purposes.

Asset Acquisitions

Investmet proposes to facilitate the purchase of two assets by GMM that it has negotiated in good faith with the respective vendors via one of its subsidiaries, subject to satisfactory due diligence being completed by GMM. Both assets, being the Mercury Hill Project and the Chesterfield Project, are gold assets in Western Australia and have mineralisation already identified.

The Mercury Hill Project (M45/538) is based in the Marble Bar mineral field in the Pilbara, about 120kms south of Port Hedland (see attached map). Previous drilling has identified gold mineralization localized in a quartz vein stockwork over 480m of strike. The data indicates the potential to define a resource in the range of 40,000 – 55,000 oz at +2g/t Au. Further drilling is recommended. (Note 1)

The Chesterfield Project (M51/270, M51/353 and M51/451) is located in the Meekatharra district of the Murchison mineral field, some 60kms north-west of Meekatharra (see attached map). Previous exploration drilling has intersected high grade gold mineralization in quartz lodes at the old Marguerita and Dorothy mines within M51/353. Further drilling will be required to fully define the mineralization at these prospects and this drilling has the potential to define a combined resource of between 18,000 – 25,000 oz at +2.6g/t. A detailed review of past exploration is expected to define further drill targets. (Note 1)

Note 1

The information relating to the exploration targets is based on insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Summary

GMM views this agreement with Investmet as a significant step in the growth of the Company. It is also encouraging that Investmet has seen fit to provide this funding at a very competitive price compared to recent trading in the Company's shares. This funding will assist in advancing GMM's highly prospective portfolio of assets in Australia and Mongolia.

Michael Wright Chairman

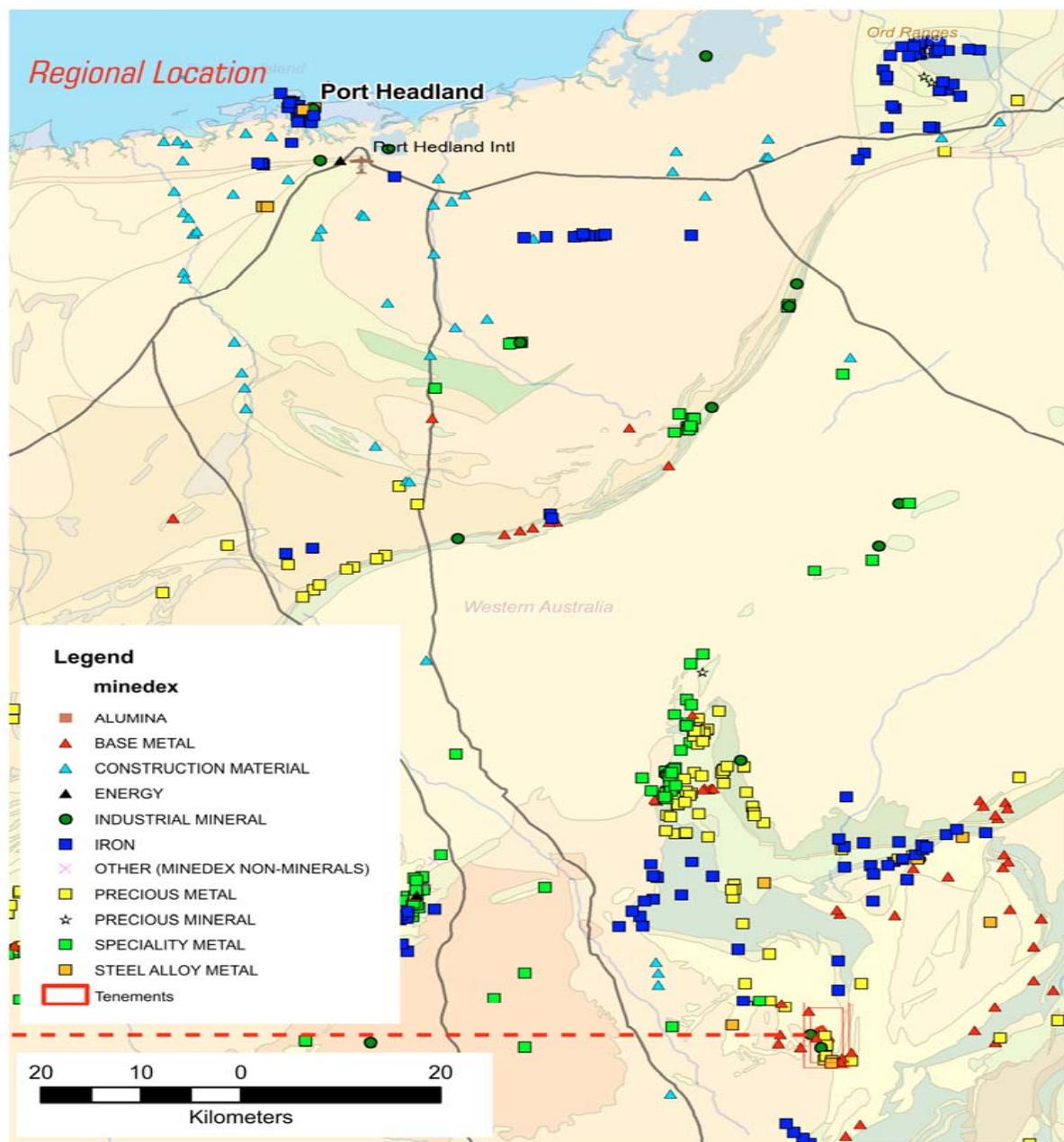
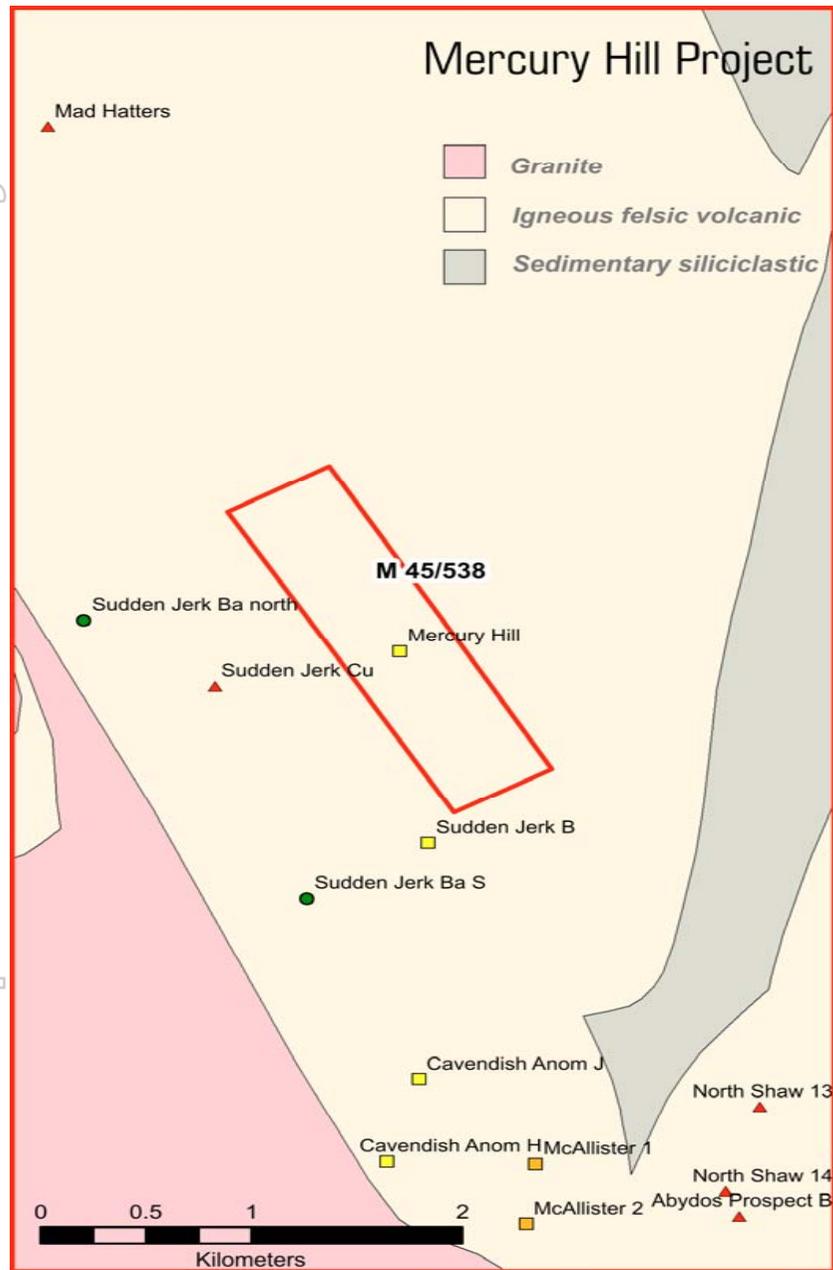
The information in this announcement relating to the Acquisitions was compiled by Tim Monks, an independent consultant, who is a Member of The Australasian Institute of Mining and Metallurgy. Tim Monks has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code. Tim Monks consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

About General Mining Corporation Ltd (ASX: GMM)

General Mining Corporation Ltd is a Western Australian company with a substantial portfolio of exploration properties in Mongolia and Western Australia. The Company is focused on bulk commodities, namely high-margin potash and coal at the Uvs Basin project in Mongolia, and iron ore at the Shoemaker project in Western Australia.

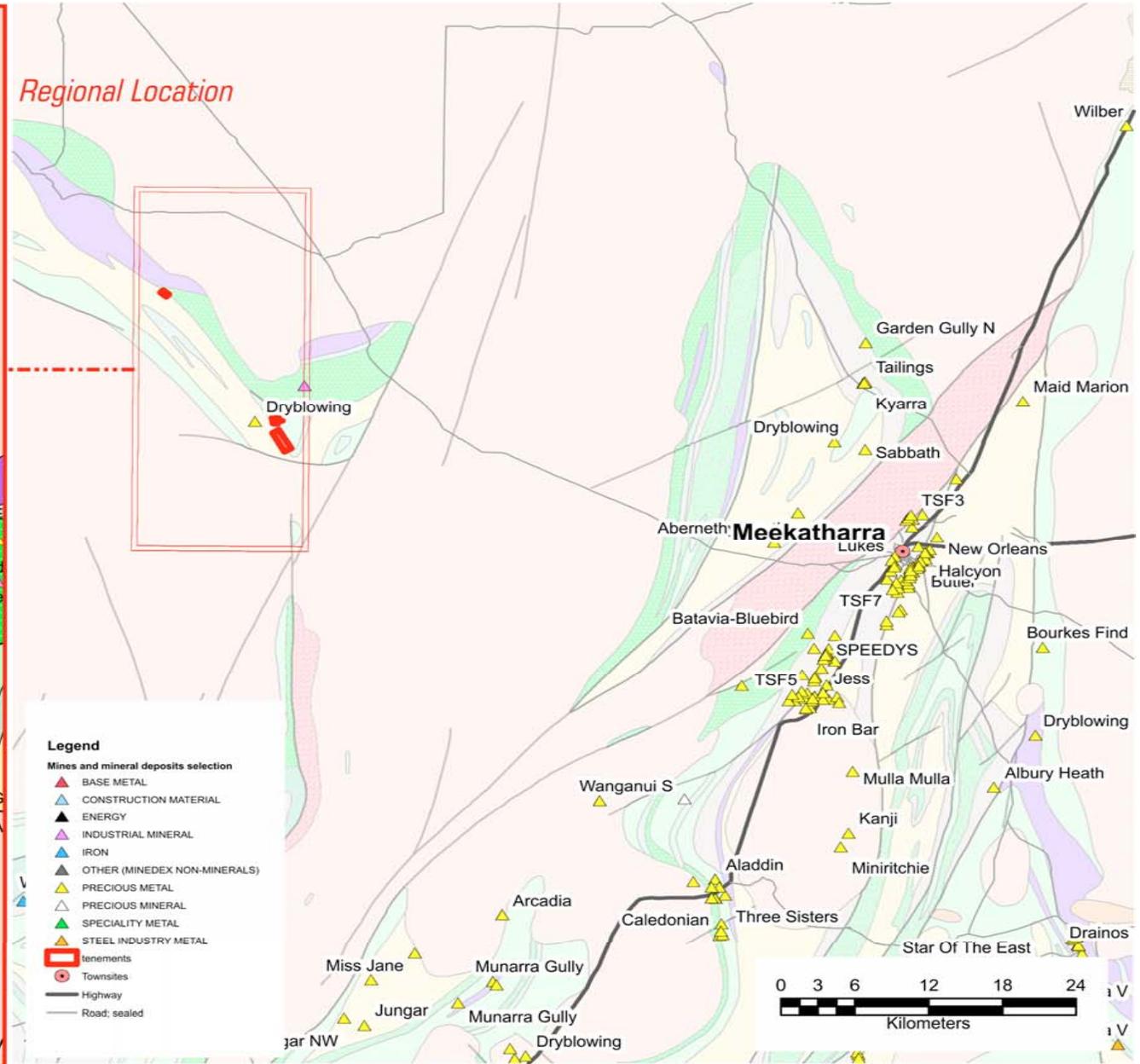
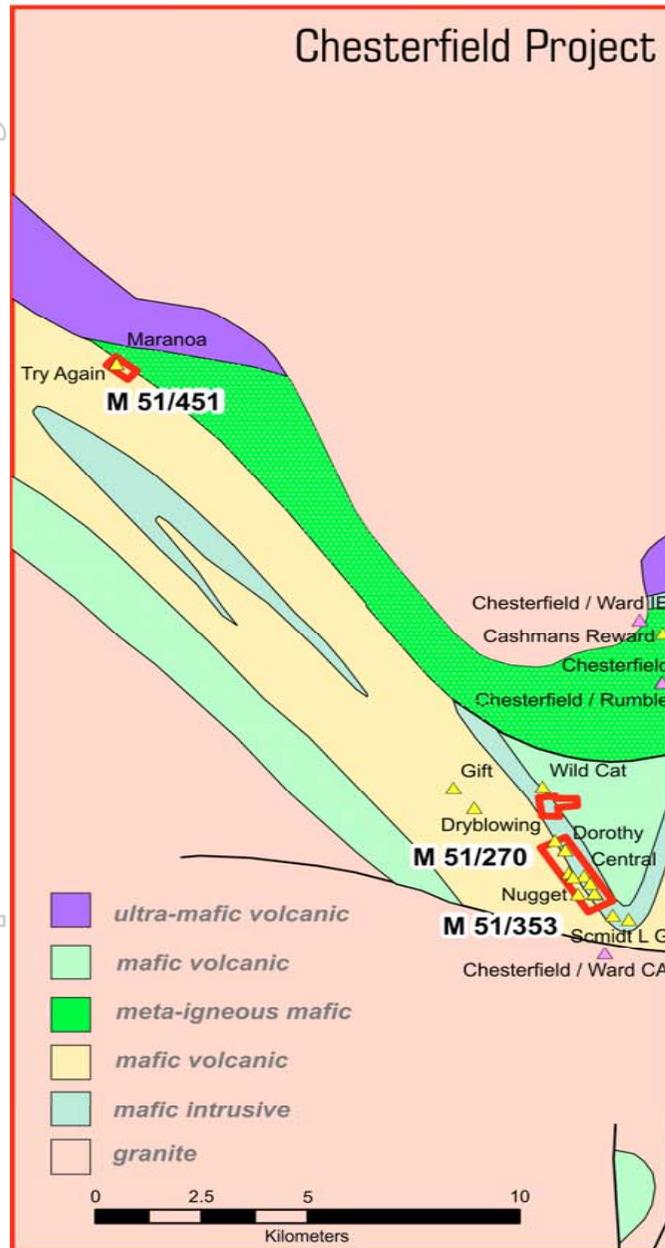
The Company also has some base metal and IOCG exploration properties in those countries.

Mercury Hill Project Location



For personal use only

Chesterfield Project Location



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