

GALAXY RESOURCES LIMITED
ACN 071 976 442
(Galaxy)

and

GENERAL MINING CORPORATION LIMITED
ACN 125 721 075
(General Mining)

BID IMPLEMENTATION AGREEMENT

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THIS AGREEMENT is made the 24th day of

MAY.

2016

BETWEEN

GALAXY RESOURCES LIMITED (ACN 071 976 442) of Suite 8/18 Kearns Crescent Ardross, Western Australia 6153 (**Galaxy**);

AND

GENERAL MINING CORPORATION LIMITED (ACN 125 721 075) of Ground Floor, 89 Burswood Road, Burswood WA 6100 (**General Mining**).

RECITALS

- A. Galaxy is proposing to acquire all of the General Mining Shares by way of a Takeover Bid.
- B. General Mining and Galaxy have agreed to co-operate with each other in relation to the Takeover Bid on the terms of this agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

The following words have these meanings in this agreement unless the contrary intention appears.

ACCC means the Australian Competition and Consumer Commission.

Acquisition and Development Agreement means the Acquisition and Development Agreement between General Mining and Galaxy Lithium Australia Limited dated 4 September 2015.

Advisers means, in relation to an entity, its legal, financial and other expert advisers.

AIFRS means the Australian International Financial Reporting Standards.

Amount of the Consideration means:

- (a) the amount of any payment in connection with a supply; and
- (b) in relation to non-monetary consideration in connection with a supply, the GST exclusive market value of that consideration as reasonably determined by the supplier.

Announcement means the announcement substantially in the form of Schedule 7.

Announcement Date means the date the Takeover Bid is announced in accordance with clause 11 and the Timetable.

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Associate has the meaning in section 12 of the Corporations Act as if subsection (1) of that section included a reference to this agreement.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited or the Australian Securities Exchange, as appropriate.

Authorised Officer means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this agreement.

Bidder's Statement means the bidder's statement to be issued by Galaxy in respect of the Takeover Bid.

Business Day means a business day as defined in the Listing Rules.

Business Hours means from 9:00 am to 5:00 pm on a Business Day.

Compensating Amount means \$1,500,000.

Competing Transaction means 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:

(a) directly or indirectly, acquire an interest or relevant interest in or become the holder of:

(i) 20% or more of all General Mining Shares; or

(ii) all or a substantial part of the business conducted by General Mining,

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;

(b) acquire control of General Mining, within the meaning of section 50AA of the Corporations Act; or

(c) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with General Mining.

Conditions means the conditions to the Offer which are set out in Schedule 2.

Confidential Information means Galaxy Confidential Information or General Mining Confidential Information, as the case requires.

Corporations Act means the Corporations Act 2001 (Cth).

Details means details set out in clause 13.2.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having the same effect.

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End Date means the earliest of:

- (a) date of termination of this agreement in accordance with its terms; and
- (b) 31 August 2016 or such later date as the parties agree.

Excluded Information means Galaxy or General Mining Confidential Information which:

- (a) is in or becomes part of the public domain other than through a breach of this agreement or an obligation of confidence owed to the party providing the Confidential Information;
- (b) the recipient of the Confidential Information can prove by contemporaneous written documentation was already known to it at the time of disclosure by the party providing the Confidential Information (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality); or
- (c) the recipient of the Confidential Information acquires from a source other than the party providing the Confidential Information or any Related Body Corporate or Representative of the party providing the Confidential Information where such source is entitled to disclose it.

Exclusivity Period means the period commencing on the date of this agreement and ending on the End Date.

Foreign General Mining Shareholder means a General Mining Shareholder:

- (a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and New Zealand and its external territories; or
- (b) whose address shown in the Register is a place outside Australia and New Zealand and its external territories or who is acting on behalf of such a person,

unless Galaxy determines that:

- (c) it is lawful and not unduly onerous or unduly impracticable to issue that General Mining Shareholder with Galaxy Shares on completion of the Offer; and
- (d) it is lawful for that General Mining Shareholder to participate in the Offer by the law of the relevant place outside Australia and New Zealand and its external territories.

Galaxy Board means the board of directors of Galaxy.

Galaxy Confidential Information means all information, regardless of how the information is stored or delivered, exchanged between the parties before, on, or after the date of this agreement relating to the business, technology or other affairs of Galaxy, the terms of this agreement, its existence and the fact the parties are in negotiations in relation to the agreement.

Galaxy Due Diligence Material means the information (including in written, oral and electronic form) about the Galaxy Group and its businesses, assets and liabilities disclosed by or on behalf of Galaxy, including in response to requests for information, to General Mining (or any of its Representatives) prior to the date of this agreement.

Galaxy Group means Galaxy and its Subsidiaries.

Galaxy Material Adverse Change means any act, omission, event, change, matter or circumstance occurring, or being discovered or becoming public (either individually or aggregated with other acts, omissions, events, changes, matters or circumstances) which

- (a) has diminished, or could reasonably be expected to diminish the net assets of the Galaxy Group by \$7,500,000 or more;
- (b) has or could reasonably be expected to have a materially adverse effect on the:
 - (i) assets, liabilities, financial position, performance, profitability or prospects of the Galaxy Group; or
 - (ii) status or terms of (or rights attaching to) any material approvals from government authority applicable to the Galaxy Group,

including without limitation any person accelerating or adversely modifying the performance of any material obligations of Galaxy or any of its Subsidiaries under any material agreements, contracts or other legal arrangements,

but does not include:

- (c) those events or circumstances required to be done or procured by Galaxy pursuant to this agreement;
- (d) those events or circumstances relating to changes in business conditions affecting the industry in which General Mining and Galaxy operate; or
- (e) an event, circumstance, matter or information that is fairly disclosed, or that is reasonably apparent on its face as potentially to flow from the event, occurrence, matter or information that is fairly disclosed, in information provided by Galaxy to General Mining or its Representatives, or is otherwise known to General Mining or its Representatives on or prior to the date of this agreement or otherwise disclosed in public filings by Galaxy with ASIC or provided to ASX on or prior to the date of this agreement.

Galaxy Prescribed Occurrence means any of the events listed in Schedule 3.

Galaxy Share means a fully paid ordinary share in Galaxy.

General Mining Board means the board of directors of General Mining.

General Mining Confidential Information means all information regardless of how the information is stored or delivered, exchanged between the parties before, on or after the date of this agreement relating to the business, technology or

other affairs of General Mining, the terms of this agreement, its existence and the fact the parties are in negotiations in relation to the agreement.

General Mining Due Diligence Material means the information (including in written, oral and electronic form) about the General Mining Group and its businesses, assets and liabilities disclosed by or on behalf of General Mining, including in response to requests for information, to Galaxy (or any of its Representatives) prior to the date of this agreement.

General Mining Group means General Mining and its Subsidiaries.

General Mining Material Adverse Change means any act, omission, event, change, matter or circumstance occurring, or being discovered or becoming public (either individually or aggregated with other acts, omissions, events, changes, matters or circumstances) which:

- (a) has diminished, or could reasonably be expected to diminish the net assets of the General Mining Group by \$2,000,000 or more;
- (b) has or could reasonably be expected to have a materially adverse effect on the:
 - (i) assets, liabilities, financial position, performance, profitability or prospects of the General Mining Group; or
 - (ii) status or terms of (or rights attaching to) any material approvals from government authority applicable to the General Mining Group,

including without limitation:

- (c) any person accelerating or adversely modifying the performance of any material obligations of General Mining or any of its Subsidiaries under any material agreements, contracts or other legal arrangements,

but does not include:

- (d) those events or circumstances required to be done or procured by General Mining pursuant to this agreement;
- (e) those events or circumstances relating to changes in business conditions affecting the industry in which General Mining and Galaxy operate; or
- (f) an event, circumstance, matter or information that is fairly disclosed, or that is reasonably apparent on its face as potentially to flow from the event, occurrence, matter or information that is fairly disclosed, in information provided by General Mining to Galaxy or its Representatives, or is otherwise known to Galaxy or its Representatives on or prior to the date of this agreement or otherwise disclosed in public filings by General Mining with ASIC or provided to ASX on or prior to the date of this agreement.

General Mining Option means an option to subscribe for General Mining Shares.

General Mining Prescribed Occurrence means any of the events listed in Schedule 4 (being the occurrences listed in section 652C of the Corporations Act).

General Mining Share means a fully paid ordinary share in General Mining.

General Mining Shareholder means a holder of one or more General Mining Shares.

GST means a goods and services or similar tax imposed in Australia.

GST Act means the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Input Tax Credit has the meaning it has in the GST Act.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a controller or receiver appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Listing Rules means the Listing Rules of ASX.

Lodgement Date means the date Galaxy lodges the Bidder's Statement with ASIC.

Material Contract means a contract or commitment requiring total payments by, or providing revenue to, a party in excess of \$1,000,000, in the case of the General Mining Group and \$2,000,000 in the case of the Galaxy Group.

New Galaxy Shares means the Galaxy Shares to be issued as Share Consideration.

Offer means each offer to acquire General Mining Shares to be made by Galaxy to each General Mining Shareholder under the Takeover Bid on terms consistent with this agreement.

Offer Date means:

- (a) the date which is 5 Business Days after the Lodgement Date, unless the parties otherwise agree on an earlier despatch date for the Offers following lodgement of the Bidder's Statement with ASIC, in which case the Offer Date will be the earlier despatch date agreed by the parties; or
- (b) such other date agreed on in writing by the parties.

Offer Period means the period during which the Offer is open for acceptance.

Officers means, in relation to an entity, its directors, officers, and employees.

Register means the share register and option register of General Mining (as appropriate) and Registry has a corresponding meaning.

Register Date means the date set by Galaxy pursuant to section 633(2) of the Corporations Act.

Regulatory Approval means:

- (a) any consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority, ruling or exemption from, by or with a Regulatory Authority; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Regulatory Authority intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action,

as may be necessary to enable a party to fulfil its obligations under this agreement.

Regulatory Authority includes:

- (a) ASX, ACCC and ASIC;
- (b) a government or governmental, semi-governmental or judicial entity or authority;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (d) any regulatory organisation established under statute.

Related Bodies Corporate has the meaning given to it in the Corporations Act.

Relevant Interest has the meaning given to it in the Corporations Act.

Representatives of a party includes:

- (a) a Related Bodies Corporate of the party; and
- (b) each of the Officers and Advisers of the party or any of its Related Bodies Corporate.

Share Consideration has the meaning given in clause 3.2.

Subsidiaries has the meaning given in the Corporations Act.

Superior Proposal means 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:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and
- (b) more favourable to General Mining Shareholders than the Takeover Bid, taking into account all terms and conditions of the Competing Transaction.

Takeover Bid means the off-market takeover bid by Galaxy for all General Mining Shares to be implemented in accordance with Chapter 6 of the Corporations Act on terms no less favourable than as set out in the Announcement.

Target's Statement means the target's statement to be issued by General Mining in respect of the Takeover Bid.

Tax means any tax, levy, impost, charge or duty (including stamp and transaction duties) that is assessed, levied, imposed or collected by any Regulatory Authority together with any related interest, penalties, fines and expenses in connection with them.

Timetable means the timetable set out in Schedule 1.

1.2 Interpretation

In this Agreement unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (c) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (d) a reference to any document (including this Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (e) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision

substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;

- (f) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (g) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Agreement and a reference to this Agreement includes any schedule, exhibit or annexure to this Agreement;
- (h) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (i) a reference to time is to Western Standard Time as observed in Perth, Western Australia;
- (j) where an action is required to be undertaken on a day that is not a Business Day it shall be undertaken on the next Business Day;
- (k) a reference to a payment is to a payment by bank cheque or such other form of cleared funds the recipient otherwise allows in the relevant lawful currency specified; and
- (l) a reference to **\$** or **dollar** is to the lawful currency of the Commonwealth of Australia.

1.3 Next day

If an act under this agreement to be done by a party on or by a given day is done after 5.00 pm on that day, it is taken to be done on the next day.

1.4 Next Business Day

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this agreement.

2. CO-OPERATION

2.1 General obligations

General Mining and Galaxy must each:

- (a) use all reasonable endeavours and commit necessary resources (including management and corporate relations resources and the resources of external advisers); and
- (b) procure that its Representatives work in good faith and in a timely and co-operative fashion with the other party (including by attending

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meetings and by providing such records and information as the other party reasonably requires),

to implement the Takeover Bid.

2.2 No independent expert required

- (a) The parties agree that as at the date of this agreement an independent expert's report for the Target's Statement is not required by section 640 of the Corporations Act in respect of the Offer. The parties acknowledge that as at the date of this agreement General Mining does not intend to commission the preparation of an independent expert's report for the Target's Statement.
- (b) The General Mining Board reserves its right to commission the preparation of an independent expert's report for the Target's Statement if:
- (i) there is a material change in circumstances;
 - (ii) an independent expert's report becomes required by law; or
 - (iii) the General Mining Board otherwise determines that the preparation of an independent expert's report is:
 - (A) in the best interest of shareholders; or
 - (B) required in order for the General Mining Board to fulfil its statutory or fiduciary duties.
- (c) The General Mining Board will consult with Galaxy and take into account the views of Galaxy and its advisers before deciding to commission the preparation of an independent expert's report.
- (d) For the avoidance of doubt, nothing in this clause 2.2 requires the directors of General Mining to take any action, or not take any action (as the case may be) which would result in a breach of fiduciary duty.

2.3 Access to people and information

- (a) Between the date of this agreement and the earlier of the end of the Offer Period and the date this agreement is terminated, each party must, to the extent reasonably required to implement the Takeover Bid:
- (i) as soon as reasonably practicable provide the other party and its Representatives with any documents, records, and other information (subject to any existing confidentiality obligations owed to third parties, or applicable privacy laws) reasonably requested by them; and
 - (ii) provide the other party and its officers and advisers with reasonable access within normal business hours to the other party's officers and Advisers (provided that such access does not impose an undue burden) which the party reasonably requires for the purposes of:

- (A) further understanding the other party's financial position (including its cashflow and working capital position), trading performance and management control systems;
 - (B) implementing the Takeover Bid;
 - (C) preparing for carrying on the business of General Mining and Galaxy following implementation of the Takeover Bid; and
 - (D) any other purpose which is agreed in writing between the parties.
- (b) The obligations in clause 2.3(a), do not apply to the extent that:
- (i) in respect of General Mining, the access or information is connected to the General Mining Board's deliberations in relation to the transactions contemplated by this agreement, or information connected to a Competing Transaction (that is not otherwise required to be disclosed to Galaxy in accordance with clause 7); and
 - (ii) in respect of Galaxy, the access or information is connected to the Galaxy Board's deliberations in relation to the transactions contemplated by this agreement.

2.4 Implementation obligations of General Mining

General Mining must:

- (a) provide all necessary information about the Register to Galaxy which Galaxy reasonably requires in order to assist Galaxy to solicit acceptances under the Takeover Bid;
- (b) provide all necessary directions to the Registry promptly to provide any information that Galaxy reasonably requests in relation to the register, including any sub-register, and, where requested by Galaxy, General Mining must procure such information to be provided to Galaxy in such electronic form as is reasonably requested by Galaxy; and
- (c) undertake regular beneficial shareholder analysis and promptly exercise its powers under section 672A of the Corporations Act if requested to do so by Galaxy, acting reasonably, subject to Galaxy meeting 100% of the costs of such services.

2.5 Appointment of directors

- (a) As soon as practicable after the Offer becomes unconditional and Galaxy acquires a Relevant Interest in at least 50.1% of the issued shares in General Mining, General Mining must cause the appointment to the General Mining Board of those persons nominated by Galaxy.
- (b) As soon as practicable after the Offer becomes unconditional and Galaxy acquires a Relevant Interest in at least 50.1% of the issued shares

in General Mining, Galaxy must cause the appointment to the Galaxy Board of one person nominated by General Mining.

- (c) As soon as practicable after the Offer becomes unconditional (or earlier if applicable) and Galaxy acquires a Relevant Interest in at least 50.1% of the issued shares in General Mining, Galaxy must cause the changes to the Galaxy Board as stated in the Announcement.

3. THE OFFER

3.1 Offer by Galaxy

Galaxy must, by no later than the Offer Date, and in any event as soon as reasonably practicable, make Offers to all General Mining Shareholders in respect of all of their General Mining Shares on the terms of this agreement and otherwise in accordance with all applicable provisions of the Corporations Act.

3.2 Consideration

The consideration offered by Galaxy to every General Mining Shareholder will be 1.65 New Galaxy Shares for every one (1) General Mining Share held as at the Register Date (**Share Consideration**).

3.3 Fractional entitlements

If the number of General Mining Shares held by a General Mining Shareholder means that their aggregate entitlement to New Galaxy Shares under the Offer is not a whole number, then any fractional entitlement will be rounded up to the nearest whole number.

3.4 Foreign General Mining Shareholders

Galaxy will, unless satisfied that the laws of a Foreign General Mining Shareholder's country of residence (as shown in the Register) permit the issue of New Galaxy Shares to the Foreign General Mining Shareholder (either unconditionally or after compliance with conditions which Galaxy regards as acceptable and not unduly onerous and not unduly impracticable), issue the New Galaxy Shares to which a Foreign General Mining Shareholder would otherwise become entitled, to a nominee appointed by Galaxy who will sell those New Galaxy Shares and pay to that Foreign General Mining Shareholder the proceeds received, after deducting any applicable brokerage, taxes and charges in accordance with the Offer, calculated on an averaged basis so that all such Foreign General Mining Shareholders receive the same value per General Mining Share subject to rounding.

3.5 Conditions of the Offer

- (a) The Offer and any contract which results from its acceptance will be subject to the Conditions.
- (b) Each party must use all reasonable endeavours to satisfy the Conditions as soon as practicable after the date of this agreement.
- (c) General Mining must use all reasonable endeavours to ensure that the Conditions in paragraphs (e) (No material acquisitions, disposals or new commitments) and (g) (No General Mining Prescribed Occurrence) of

Schedule 2 are not breached prior to the end of the Offer Period, provided that nothing in this clause requires the directors of General Mining to take any action which would result in a breach of a fiduciary duty.

- (d) Galaxy may waive the satisfaction of the Conditions in its sole discretion, other than the Condition in paragraph (a) (90% minimum acceptance condition) of Schedule 2, which cannot be waived by Galaxy, where Galaxy has a Relevant Interest of less than 80% of the issued shares in General Mining, without the prior written consent of General Mining.

3.6 Offer Period

The parties intend that the Offer Period will be one month, but acknowledge and agree that the Offer Period may be extended by Galaxy at its discretion or automatically, in each case in accordance with the Corporations Act.

3.7 Variation

Galaxy may vary the Offer in accordance with Section 650D of the Corporations Act.

4. OTHER SECURITIES

4.1 General Mining Options

- (a) As soon as practicable after the Takeover Bid is announced Galaxy must make an offer to each holder of the General Mining Options under which their General Mining Options are cancelled or transferred to Galaxy in return for the issue of Galaxy Options on a 1.65 for 1 basis (**Ratio**) (with the aggregate number, where a fraction, rounded up to the nearest whole number), with an exercise price equal to the exercise price of the relevant General Mining Option divided by the Ratio on materially the same terms and conditions, with that offer subject to the Conditions and any necessary waivers from the Listing Rules being granted by ASX.
- (b) Galaxy and General Mining acknowledge and agree that, in order to effect the transactions contemplated in clause 4.1(a), it may be necessary to obtain waivers from the Listing Rules (including, but not limited to, Listing Rule 6.23.2) and each party agrees to apply for any necessary waivers from the Listing Rules as soon as practicable after the date of this agreement.

4.2 Extension of Takeover Bid

The Takeover Bid will extend to all General Mining Shares that are issued during the Offer Period due to conversion of any other General Mining securities that exist at the date to be set by Galaxy under section 633(2) of the Corporations Act.

5. DOCUMENTATION AND GENERAL MINING BOARD RECOMMENDATION

5.1 Galaxy's obligations to prepare documentation

- (a) Galaxy will prepare:

- (i) the Bidder's Statement; and
- (ii) an acceptance form for the Offer,

in each case consistent with clauses 3.2 to 3.6 and in accordance with the Corporations Act.

- (b) Galaxy agrees to do and to procure its Officers to do such things as are reasonably necessary to prepare the Bidder's Statement, its lodgement with ASIC and despatch to General Mining Shareholders in accordance with the Timetable, subject to General Mining granting any necessary consents and ASIC granting any necessary modifications.

5.2 General Mining's obligations to prepare documentation

- (a) General Mining will prepare the Target's Statement in response to the Offer in accordance with the Corporations Act.
- (b) General Mining agrees to do and to procure its Officers to do such things as are reasonably necessary to prepare the Target's Statement, its lodgement with ASIC and despatch to General Mining Shareholders in accordance with the Timetable, subject to Galaxy granting any necessary consents and ASIC granting any necessary modifications.

5.3 Provision of Information

Each party agrees that it will provide to the other such information (including Confidential Information on the terms set out in this agreement) as is reasonably required by the other party in order to enable the other party to fulfil its obligations under this agreement, including, but not limited to, the preparation of the Bidder's Statement and Target's Statement.

5.4 Directors' recommendations

General Mining represents that it has been informed by each of its directors that they intend:

- (a) to recommend the Offer to General Mining Shareholders subject to there being no Superior Proposal, Galaxy Prescribed Occurrence, Galaxy Material Adverse Change, independent expert (if commissioned in accordance with clause 2.2) not concluding that the Takeover Bid is fair and reasonable to General Mining Shareholders or if this agreement is terminated by General Mining under clauses 10.1 or 10.3; and
- (b) to accept the Offer:
 - (i) other than Mr Michael Fotios, within 48 hours of the Offer becoming open for acceptance in respect of all General Mining Shares owned or controlled by that director, subject to there being no Superior Proposal, Galaxy Prescribed Occurrence, Galaxy Material Adverse Change, independent expert (if commissioned in accordance with clause 2.2) not concluding that the Takeover Bid is fair and reasonable to General Mining Shareholders or termination of this agreement by General Mining under clause 10.1 or 10.3, prior to that director accepting the Offer; and

- (ii) in respect of Mr Michael Fotios, within the timeframe specified in any shareholder intention statement given by Mr Michael Fotios or any entities he controls in respect of all General Mining Shares owned or controlled by him, subject to there being no Superior Proposal, Galaxy Prescribed Occurrence, Galaxy Material Adverse Change, independent expert (if commissioned in accordance with clause 2.2) not concluding that the Takeover Bid is fair and reasonable to General Mining Shareholders or termination of this agreement by General Mining under clause 10.1 or 10.3, prior to Mr Michael Fotios or entities he controls accepting the Offer.

5.5 Joint Despatch

Galaxy agrees that it will provide a draft of its Bidder's Statement to General Mining and General Mining agrees that it will provide a draft of its Target's Statement to Galaxy as soon as reasonably practicable and in any event not less than 4 Business Days before the statement is due to be dispatched for printing. Each party agrees to consider in good faith all reasonable and timely comments received from the other and its Advisers and make such changes to its statement as are reasonably required by the other. Each party agrees that it will take prompt action to ensure that the Bidder's Statement and Target Statement can be mailed together to General Mining Shareholders in accordance with the Timetable.

5.6 Timetable

Each party agrees to use its reasonable endeavours to comply with the Timetable.

5.7 Consent to early dispatch of Bidder's Statement

General Mining agrees (by authority of its directors) that the offers and accompanying documents to be sent by Galaxy under the Takeover Bid under item 6 of section 633(1) of the Corporations Act may be sent up to 14 days earlier than the earliest date for sending under item 6 of section 633(1) of the Corporations Act.

6. CONDUCT OF BUSINESS

6.1 Overview

- (a) From the date of this agreement until the expiry of the Exclusivity Period, each party must:
- (i) conduct its business in the ordinary and proper course and in substantially the same manner as previously conducted; and
 - (ii) regularly consult with the other party on the manner of conduct of its business, including on any matters that may have an adverse impact on the integration of the businesses of Galaxy and General Mining following implementation of the Takeover Bid.
- (b) For the purpose of clause 6.1(a):

- (i) Galaxy making the Offer and responding to any Competing Transaction (together with all associated activity and expenditure) in accordance with this agreement, is deemed to be Galaxy conducting its business in the ordinary and proper course; and
- (ii) General Mining responding to the Offer and responding to any Competing Transaction (together with all associated activity and expenditure) in accordance with this agreement, is deemed to be General Mining conducting its business in the ordinary and proper course.

6.2 Specific obligations

Without limiting clause 6.1 and other than with the prior approval of the other party (which approval must not be unreasonably withheld or delayed) or as required by this agreement, each party must, during the period contemplated by clause 6.1, use all reasonable endeavours to:

- (a) **(business and assets)**: maintain the condition of its business and assets in accordance with the ordinary course of its business, allowing for fair wear and tear;
- (b) **(officers and employees)**: keep available the services of its officers and employees;
- (c) **(relationships)**: use reasonable endeavours to preserve its relationships with customers, suppliers, licensors, licensees, joint venturers and others with whom it has business dealings;
- (d) **(change of control provisions)**: identify any change of control or consent provisions in any Material Contracts to which any member of the General Mining Group or Galaxy Group (as applicable) is a party or any joint venture documentation to which any member of the General Mining Group or Galaxy Group (as applicable) is a party and obtain the consents of relevant persons who have rights in respect of those provisions to the transactions contemplated by the Takeover Bid.

6.3 Prohibited actions

Other than with the prior approval of the other party (which approval must not be unreasonably withheld or delayed) or as required by this agreement, each party must not, during the period referred to in clause 6.1:

- (a) **(Material Contracts)**: enter into, vary, amend, modify or terminate a Material Contract;
- (b) **(employment agreements)**: increase the remuneration of or pay any bonus (including under any existing or proposed employee performance bonus policy or retention bonus policy) or issue or agree to issue any securities or options (other than the issue of any shares in connection with the exercise of options, or otherwise vary or amend the employment agreements with, any of its directors or employees;

- (c) **(accelerate rights)**: accelerate the rights of any of its directors or employees to benefits of any kind;
- (d) **(termination payments)**: pay a director or executive a termination payment, other than as provided for in an existing employment contract in place as at the date of this agreement and a copy of which has previously been provided to the other party;
- (e) **(financial arrangements)**: amend in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by this agreement;
- (f) **(dividends)**: announce, declare or pay any dividends;
- (g) **(Prescribed Occurrence)**: take any action which would be reasonably expected to give rise to a General Mining Prescribed Occurrence or Galaxy Prescribed Occurrence (as applicable);
- (h) **(information technology)**: take any action in respect of its information technology systems which would have a material impact on those systems; or
- (i) **(agreement)**: agree to do any of the matters set out above.

6.4 Financial accommodation

Other than with the prior approval of the other party (which approval will not be unreasonably withheld), or as fairly disclosed before the date of this agreement to the ASX or in writing to the other party, each party must not, during the period from the date of this agreement until the expiry of the Exclusivity Period, obtain or agree to obtain any financial accommodation from any party.

7. EXCLUSIVITY

7.1 No existing discussions

General Mining represents and warrants that, other than the discussions with Galaxy in respect of the Takeover Bid, it is not currently in negotiations or discussions in respect of any Competing Transaction with any person or has ceased any such discussions or negotiations to the extent that they were on foot prior to the date of this agreement.

7.2 No-shop

- (a) During the Exclusivity Period, General Mining must ensure that neither it nor any of its Related Bodies Corporate or Representatives directly or indirectly:
- (i) solicits, invites, encourages or initiates any enquiries, negotiations or discussions; or
 - (ii) communicates any intention to do any of these things,

with a view to obtaining any offer, proposal or expression of interest from any person in relation to a Competing Transaction.

- (b) Nothing in this clause 7.2 prevents General Mining from continuing to make normal presentations to, and respond to queries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Takeover Bid or its business generally.

7.3 No-talk

Subject to clause 7.6, during the Exclusivity Period, General Mining must ensure that neither it nor any of its Related Bodies Corporate or Representatives:

- (a) negotiates or enters into; or
- (b) participates in negotiations or discussions with any other person regarding,

a Competing Transaction, even if:

- (c) that person's Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by General Mining or any of its Related Bodies Corporate or Representatives; or
- (d) the person has publicly announced the Competing Transaction.

7.4 Notice of approach

- (a) Subject to clause 7.6, during the Exclusivity Period, General Mining must promptly inform Galaxy in writing if it or any of its Related Bodies Corporate or Representatives:
- (i) receives any approach with respect to any Competing Transaction and, must disclose to Galaxy all material details of the Competing Transaction, including details of the proposed bidder or acquirer;
- (ii) receives any request for information relating to General Mining or any of its Related Bodies Corporate or any of their businesses or operations or any request for access to the books or records of General Mining or any of its Related Bodies Corporate, which General Mining has reasonable grounds to suspect may relate to a current or future Competing Transaction; and
- (iii) provides any information relating to General Mining or any of its Related Bodies Corporate or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Transaction.
- (b) Any information given under this clause 7.4 must give details of the relevant event, including the identity of the person or persons (and who they are representing) taking any action referred to in clause 7.4(a), the terms and conditions of the relevant Competing Transaction or proposed Competing Transaction (to the extent known) and details of any discussions in respect of the Competing Transaction.

7.5 Notification and Matching Offer

- (a) During the Exclusivity Period, General Mining must notify Galaxy within one Business Day if a Competing Transaction is or becomes a Superior Proposal.
- (b) General Mining must not enter into or publicly announce an intention to enter into an agreement in relation to a Competing Transaction and General Mining must not make, and must procure that no General Mining director makes, any public announcement in which General Mining, or any one or more of the directors of General Mining, recommend a Superior Proposal or change or withdraw their recommendation of the Offer without having given Galaxy five clear Business Days' notice (such notice to be in writing) of such intention, and having provided to Galaxy the identity of the person who made the Superior Proposal and all material terms of the Superior Proposal, including details of the proposed price (including details of the consideration if not simply cash), conditions, timing and break fee (if any).
- (c) During the period of five clear Business Days referred to in clause 7.5(b), Galaxy will have the right to propose an amendment to the terms of the Offer or propose any other transaction (a **Matching Offer**) so that the Offer (as amended) would provide at least the same value for the General Mining Shareholders as the Superior Proposal.
- (d) If a Matching Offer which complies with clause 7.5(c) is made within the period set out in clause 7.5(c), the General Mining Board must consider the Matching Offer and if the General Mining Board, acting reasonably and in good faith, determines that the Matching Offer would provide an outcome which is not less favourable for the General Mining Shareholders than the Superior Proposal, Galaxy and General Mining must use their best endeavours to agree the amendments to this agreement, the Offer and the contents of the supplementary bidder's statement and supplementary target's statement which are necessary or desirable to reflect the Matching Offer, and to enter into an appropriate amended agreement or agreements to give effect to those amendments and to implement the Matching Offer, in each case as soon as reasonably practicable.
- (e) Clause 7.5(b) and 7.5(c) will have repeat applications so that if any further proposal is made after Galaxy has made a Matching Offer, Galaxy will again have the right to match the further proposal.
- (f) If any part of the consideration proposed under the Competing Transaction is non-cash, then that consideration proposed will be valued for the purposes of this clause 7.5 at its prevailing market value at the close of business on the date that such Competing Transaction is first notified to Galaxy.

7.6 Exceptions to no-talk

Clauses 7.3 and 7.4 do not apply to the extent that they restrict General Mining or the General Mining Board from taking or refusing to take any action with respect to a bona fide Competing Transaction (which was not solicited, invited, encouraged or initiated by General Mining in contravention of clause 7.2)

provided that the General Mining Board has determined, in good faith and acting reasonably that:

- (a) after consultation with its Advisors, such a bona fide Competing Transaction has been provided in writing and could reasonably be considered to lead to or become a Superior Proposal; and
- (b) after receiving written advice from an external lawyer, that failing to respond to such a bona fide Competing Transaction would be reasonably likely to constitute a breach of the General Mining Board's fiduciary or statutory obligations.

7.7 Compliance with law

This agreement does not impose any obligation on the parties if the performance of that obligation would:

- (a) involve a breach of statutory, fiduciary or other duty of a director of either party;
- (b) otherwise be unlawful; or
- (c) constitute unacceptable circumstances (as declared by the Takeovers Panel or a court).

7.8 Legal advice

General Mining acknowledges that it has received legal advice on this agreement and the operation of this clause 7.

8. REIMBURSEMENT OF COSTS

8.1 Rationale

Galaxy and General Mining acknowledges and agrees, for the purposes of this clause 8 as follows.

- (a) Galaxy has required the inclusion of clause 8.2 and General Mining has required the inclusion of clause 8.3, in the absence of which each party would not have entered into this agreement or otherwise agreed to implement the Takeover Bid.
- (b) General Mining and the General Mining Board believe that the Takeover Bid will provide significant benefits to it and its members and that it is reasonable and appropriate that it agrees to the inclusion of clause 8.2, in order to secure Galaxy's execution of this agreement and its agreement to implement the Takeover Bid.
- (c) Galaxy and the Galaxy Board believe that the Takeover Bid will provide significant benefits to it and its members and that it is reasonable and appropriate that it agrees to the inclusion of clause 8.3, in order to secure General Mining's execution of this agreement and its agreement to implement the Takeover Bid.

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- (d) The amount payable by General Mining pursuant to clause 8.2 and Galaxy pursuant to clause 8.3 (as applicable), is an amount to compensate Galaxy or General Mining (as applicable) for the following:
- (i) reasonable advisory costs (including costs of Advisers other than success fees) relating to the Takeover Bid;
 - (ii) cost of management and directors' time; and
 - (iii) reasonable out-of-pocket expenses relating to the Takeover Bid.

8.2 Payment of Compensating Amount by General Mining

General Mining agrees to pay Galaxy a Compensating Amount if, at any time after making of the announcement referred to in clause 11.1, any of the following circumstances occur:

- (a) a third party acquires or agrees with General Mining to acquire the whole or a substantial part of the assets of General Mining;
- (b) any director of General Mining does not recommend accepting the Takeover Bid to General Mining Shareholders or, having recommended it, withdraws or adversely modifies his or her recommendation of the Takeover Bid or approves or recommends or makes an announcement in support of a Competing Transaction or announces an intention to do any of these acts unless:
 - (i) this agreement has already been terminated by General Mining under clause 10.1 or 10.3;
 - (ii) a Galaxy Prescribed Occurrence or Galaxy Material Adverse Change has occurred; or
 - (iii) an independent expert (if commissioned in accordance with clause 2.2) does not conclude that the Takeover Bid is fair and reasonable to General Mining Shareholders.
- (c) this agreement is terminated by Galaxy in accordance with clause 10 because a General Mining Prescribed Occurrence occurs;
- (d) Galaxy terminates this agreement in accordance with clause 10.1(a).
- (e) General Mining is in breach of clause 7 and does not cease the conduct which caused the breach within three Business Days following written notice from Galaxy outlining the nature of the breach;
- (f) where the Takeover Bid does not proceed because of a Superior Proposal (without prejudice to any other provision of this clause 8.2); and
- (g) General Mining or any of its directors does (or omits to do) anything (whether or not it may be permitted by the terms of this agreement) which results in any of the Conditions in paragraphs (e) (no material acquisitions, disposals or new commitments) and (g) (no General Mining Prescribed Occurrences) of Schedule 2 being breached, that breach is

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not remedied within three Business Days following written notice from Galaxy outlining the nature of the breach and Galaxy does not declare the Offer free of the breached condition (which Galaxy is under no obligation to do).

8.3 Payment of Compensating Amount by Galaxy

Galaxy agrees to pay General Mining a Compensating Amount if, at any time after making of the announcement referred to in clause 11.1, any of the following circumstances occur:

- (a) this agreement is terminated by General Mining in accordance with clause 10 because a Galaxy Prescribed Occurrence occurs; or
- (b) General Mining terminates this agreement in accordance with clause 10.1(a).

8.4 Payment

The payment of the Compensating Amount as provided for in clause 8.2 or 8.3 (as applicable), must be made within 5 Business Days after the receipt of a valid written demand for payment. The demand may only be made after the occurrence of an event referred to in clause 8.2 or 8.3 (as applicable). The obligation to reimburse under clause 8.2 or 8.3 (as applicable) cannot be triggered more than once.

8.5 Exclusive Remedy

- (a) Notwithstanding any other provision under this agreement, where a Compensating Amount becomes payable to:
 - (i) Galaxy (or would be payable if a demand was made), Galaxy cannot make any claim against General Mining in relation to an event referred to in clause 8.2 or for any material breach of this agreement other than for payment of the Compensating Amount; and
 - (ii) General Mining (or would be payable if a demand was made), General Mining cannot make any claim against Galaxy in relation to an event referred to in clause 8.3 or for any material breach of this agreement other than for payment of the Compensating Amount
- (b) For the avoidance of doubt nothing in clause 8.5(a) prevents one party from making demands or claims against the other party in relation with loans or working capital facilities made available to the other party.

8.6 Compliance with law

If it is finally determined following the exhaustion of all reasonable avenues of appeal to the Takeovers Panel, a Court or any other Regulatory Authority that all or any part of the amount payable under clause 8.2 and/or 8.3 (as applicable) (**Impugned Amount**):

- (a) is unlawful;

- (b) involves a breach of the duties of the General Mining Board or Galaxy Board (as applicable); or
- (c) constitutes unacceptable circumstances within the meaning of the Corporations Act,

then:

- (d) a party's obligation to pay the amount payable under clause 8.2 or 8.3 (as applicable) does not apply to the extent of the Impugned Amount; and
- (e) if a party has received an Impugned Amount, it must refund it within ten Business Days of the final determination being made.

8.7 Survival

Any accrued obligations under this clause 8 survive termination of this agreement.

9. WARRANTIES

9.1 Galaxy Warranties

Galaxy represents and warrants to General Mining that as at the date of this agreement that, subject to the matters fairly disclosed in the Galaxy Due Diligence Material:

- (a) it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) the execution and delivery of this agreement by Galaxy has been properly authorised by all necessary corporate action and Galaxy has full corporate power and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement;
- (c) (subject to the laws generally affecting creditors' rights and the principles of equity) this agreement constitutes legal, valid and binding obligations on it and execution of this agreement will not result in a breach of or default under Galaxy's constitution or any agreement or deed or writ, order or injunction, rule or regulation to which Galaxy or any of its Subsidiaries is a party or to which they are bound or require any consent or approval, authorisation or permit from any governmental agency except for the Regulatory Approvals;
- (d) so far as it is aware, Galaxy has, prior to the date of this agreement, fairly disclosed all information reasonably required to enable General Mining to undertake due diligence enquiries into Galaxy for the purpose of determining whether to enter into this agreement and all information provided by Galaxy to General Mining under this agreement, including, but not limited to information provided under clause 5.3 is complete and accurate in all material respects;
- (e) the Galaxy Shares to be offered as consideration under clause 3 will be duly authorised and validly issued, fully paid, not liable to the imposition

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of any duty and be free of all encumbrances, security interests and third party rights and will rank equally with all other Galaxy Shares;

- (f) it has complied with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act and its accounts are prepared on a consistent basis with past practices (except to the extent that the adoption of AIFRS requires a change to past practices) and in accordance with all relevant accounting standards;
- (g) no resolutions have been passed or steps taken, and no petition or other process has been presented or threatened in writing against it for winding-up or dissolution, and no receiver, receiver and manager, liquidator, administrator or like official has been appointed, or is threatened or expected to be appointed, over the whole or any part of its assets;
- (h) except as publicly disclosed before the Announcement Date, the ownership interests of the Galaxy Group in the tenements and projects set out in its latest annual report are complete and accurate in all material respects and are not misleading in any respect;
- (i) all material mining tenements held by Galaxy or any Subsidiary of Galaxy are in good standing and Galaxy and its Subsidiaries are in compliance with the conditions of such mining tenements and the applicable mining legislation in all material respects and, as far as Galaxy is aware, such material mining tenements are not liable to forfeiture;
- (j) there is no litigation, claim, action or proceeding pending or in progress or threatened against or relating to any member of the Galaxy Group that does or is reasonably likely to constitute a Galaxy Material Adverse Change; and
- (k) Schedule 6 accurately records the total number and details of Galaxy securities on issue as at the date of this agreement. There are no other shares, options, notes or other securities of Galaxy and no rights to be issued such shares, options, notes or other securities other than as envisaged by this agreement.

9.2 Galaxy indemnity

Galaxy agrees with General Mining to indemnify General Mining and keep General Mining indemnified against all claims liabilities and losses which it may suffer or incur by reason of any breach of any of the warranties in clause 9.1.

9.3 General Mining Warranties

General Mining represents and warrants to Galaxy as at the date of this agreement that, subject to the matters fairly disclosed in the General Mining Due Diligence Material:

- (a) each member of the General Mining Group is a validly existing corporation registered under the laws of its place of incorporation;
- (b) the execution and delivery of this agreement by General Mining has been properly authorised by all necessary corporate action and

General Mining has full corporate power and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement;

- (c) (subject to the laws generally affecting creditors' rights and the principles of equity) this agreement constitutes legal, valid and binding obligations on it and execution of this agreement will not result in a breach of or default under General Mining's constitution or any agreement or deed or writ, order or injunction, rule or regulation to which General Mining or any of its Subsidiaries is a party or to which they are bound or require any consent or approval, authorisation or permit from any governmental agency except for the Regulatory Approvals;
- (d) so far as it is aware, General Mining has, prior to the date of this agreement, fairly disclosed all information reasonably required to enable Galaxy to undertake due diligence enquiries into General Mining for the purpose of determining whether to enter into this agreement and all information provided by General Mining to Galaxy under this agreement, including, but not limited to information provided under clause 5.3 is complete and accurate in all material respects;
- (e) it has complied with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act and is not relying on Listing Rule 3.1A to withhold any information from disclosure other than as disclosed in writing to Galaxy or its Representatives on or before the date of this agreement;
- (f) General Mining Group's accounts are prepared on a consistent basis with past practices (except to the extent that the adoption of AIFRS requires a change to past practices) and in accordance with all relevant accounting standards;
- (g) no resolutions have been passed or steps taken, and no petition or other process has been presented or threatened in writing against it for winding-up or dissolution, and no receiver, receiver and manager, liquidator, administrator or like official has been appointed, or is threatened or expected to be appointed, over the whole or any part of its assets;
- (h) except as publicly disclosed before the Announcement Date, the ownership interests of the General Mining Group in the tenements and projects set out in its latest annual report are complete and accurate in all material respects and is not misleading in any respect other than in respect of the ownership of the First Tranche (as that term is defined in the Acquisition and Development Agreement);
- (i) all material mining tenements held by General Mining or any Subsidiary of General Mining are in good standing and Galaxy and its Subsidiaries are in compliance with the conditions of such mining tenements and the applicable mining legislation in all material respects and, as far as General Mining is aware, such material mining tenements are not liable to forfeiture;
- (j) there is no litigation, claim, action or proceeding pending or in progress or threatened against or relating to any member of the General Mining

Group that does or is reasonably likely to constitute a Galaxy Material Adverse Change; and

- (k) Schedule 5 accurately records the total number and details of General Mining securities on issue as at the date of this agreement. There are no other shares, options, notes or other securities of General Mining and no rights to be issued such shares, options, notes or other securities.

9.4 General Mining indemnity

General Mining agrees with Galaxy to indemnify and keep Galaxy indemnified against all claims, liabilities and losses which it may suffer or incur by reason of any breach of any of the warranties in clause 9.3.

10. TERMINATION

10.1 Termination rights

This agreement may be terminated by a party by notice to the other party:

- (a) if the other party is in material breach of this agreement and that breach is not remedied by that other party within 5 Business Days of it receiving notice from the first party of the details of the breach and the first party's intention to terminate;
- (b) if Galaxy withdraws the Takeover Bid as permitted by the Corporations Act for any reason including non-satisfaction of a Condition;
- (c) if there is a material breach of a representation or warranty contained in clause 9 by the other party;
- (d) if a Court or other Regulatory Authority has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Takeover Bid;
- (e) if the other party or any of their Related Bodies Corporate becomes Insolvent; or
- (f) the terminating party has become liable to pay a Compensating Amount to the other party in accordance with clause 8 and has paid the Compensating Amount in accordance with clause 8.

10.2 Termination by Galaxy

This agreement may be terminated by Galaxy by notice in writing to General Mining if:

- (a) a Superior Proposal is made or publicly announced for General Mining by a third party;
- (b) any director of General Mining does not recommend the Takeover Bid be accepted by General Mining Shareholders or having recommended the Takeover Bid, withdraws or adversely modifies his or her recommendation of the Takeover Bid;

- (c) a person (other than Galaxy or its associates) has a relevant interest in more than 20% of the General Mining Shares on issue (other than existing General Mining Shareholders who at the date of this agreement hold a relevant interest in more than 20% of the General Mining Shares on issue); or
- (d) a General Mining Material Adverse Change or a General Mining Prescribed Occurrence occurs.

10.3 Termination by General Mining

This agreement may be terminated by General Mining by notice in writing to Galaxy if:

- (a) a Galaxy Material Adverse Change or a Galaxy Prescribed Occurrence has occurred; or
- (b) an independent expert (if commissioned in accordance with clause 2.2) does not conclude that the Takeover Bid is fair and reasonable to General Mining Shareholders.

10.4 Effect of termination

If this agreement is terminated by another party under this clause 10:

- (a) each party will be released from its obligations under this agreement except its obligations under clauses 3.5(d), 12, 14 and 15;
- (b) each party will retain the rights it has or may have against the other party in respect of any past breach of this agreement; and
- (c) in all other respects, all future obligations of the parties under this agreement will immediately terminate and be of no further force or effect, including, without limitation, any further obligations in respect of the Takeover Bid.

11. ANNOUNCEMENT OF TAKEOVER BID

11.1 Public announcement of Takeover Bid

Immediately after signing this agreement, the parties must procure the issue of the Announcement.

11.2 Required Disclosure

Where a party is required by law or the Listing Rules to make any announcement or make any disclosure relating to a matter the subject of the Takeover Bid, it may do so only after it has given the other party as much notice as reasonably practicable having regard to its disclosure obligations and has consulted with the other party to the extent reasonably practicable having regard to its disclosure obligations.

11.3 Other Announcements

Subject to clause 11.1 and 11.2, no party may make any public announcement or disclosure in connection with the Takeover Bid (including disclosure to a

Regulatory Authority) other than in a form approved by the other party (acting reasonably). Each party will use all reasonable endeavours to provide such approval as soon as practicable.

12. CONFIDENTIAL INFORMATION OBLIGATIONS

12.1 Disclosure of Galaxy Confidential Information

No Galaxy Confidential Information may be disclosed by General Mining to any person except:

- (a) Representatives of General Mining or its Related Bodies Corporate requiring the information for the purposes of this agreement;
- (b) with the written consent of Galaxy;
- (c) if General Mining is required to do so by law or by a stock exchange; or
- (d) if General Mining is required to do so in connection with legal proceedings relating to this agreement.

12.2 Use of Galaxy's Confidential Information

General Mining must use the Galaxy's Confidential Information exclusively for the purpose of preparing the Target's Statement and for no other purpose (and must not make any use of any Galaxy's Confidential Information to the competitive disadvantage of Galaxy or any of its Related Bodies Corporate).

12.3 Disclosure of General Mining Confidential Information

No General Mining Confidential Information may be disclosed by Galaxy to any person except:

- (a) Representatives of Galaxy or its Related Bodies Corporate requiring the information for the purposes of this agreement;
- (b) with the written consent of General Mining;
- (c) if Galaxy is required to do so by law or by a stock exchange; or
- (d) if Galaxy is required to do so in connection with legal proceedings relating to this agreement.

12.4 Use of General Mining Confidential Information

Galaxy must use the General Mining Confidential Information exclusively for the purpose of preparing the Bidder's Statement and for no other purpose (and must not make any use of any General Mining Confidential Information to the competitive disadvantage of General Mining or any of its Related Bodies Corporate).

12.5 Disclosure by recipient of Confidential Information

Any party disclosing information under clause 12.1(a) or 12.1(b) or 12.3(a) or 12.3(b) must use all reasonable endeavours to ensure that persons receiving

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Confidential Information from it do not disclose the information except in the circumstances permitted in clause 12.1 or 12.3.

12.6 Excluded Information

Clauses 12.1 to 12.5 (inclusive) do not apply to the Excluded Information.

12.7 Return of Confidential Information

A party who has received Confidential Information from another under this agreement must, on the request of the other party, immediately deliver to that party all documents or other materials containing or referring to that information which are in its possession, power or control or in the possession, power or control of persons who have received Confidential Information from it under clause 12.1(a) or 12.1(b) or 12.3(a) or 12.3(b).

12.8 Termination

This clause 12 will survive termination (for whatever reason) of this agreement.

12.9 Termination of existing Confidentiality Agreement

The terms of this clause 12 supersede and replace the obligations of confidentiality set out in any other confidentiality agreements between the parties.

13. NOTICES AND OTHER COMMUNICATIONS

13.1 Notices in writing

Each notice authorised or required to be given to a Party shall be in legible writing and in English addressed to the Party's address set out in clause 13.2 (or such other address nominated in accordance with clause 13.3).

13.2 Details

The initial address of the Parties shall be as follows:

Party	Address	Attention	Facsimile	E-mail
Galaxy	Suite 8/18 Kearns Crescent Ardross, Western Australia 6153	Mr Anthony Tse	+61 8 9215 1799	Anthony.Tse@ galaxylithium. com
General Mining	Ground Floor, 89 Burswood Road, Burswood WA 6100	Mr Michael Fotios	+61 8 9227 8178	michael@deltaman.com.au

With a copy to Michael Jardine (Address: Ground Floor, 89 Burswood Road, Burswood WA 6100 Fax: +61 8 9227 8178 E-mail: michael.jardine@deltaman.com.au) and Simon Rear (Address: Squire Patton Boggs, Level 21, 300 Murray Street, Perth, WA 6000 Fax: +61 8 9429 7666 E-Mail: simon.rear@squirepb.com)

13.3 Change of Address

Each Party may from time to time change its address by giving notice pursuant to clause 13.4 to the other Parties.

13.4 Receipt of notice

Any notice given pursuant to clause 13 will be conclusively deemed to have been received:

- (a) in the case of personal delivery, on the actual day of delivery;
- (b) if sent by mail, two (2) Business Days from and including the day of posting; or
- (c) if sent by facsimile, when a facsimile confirmation receipt is received indicating successful delivery; or
- (d) if sent by e-mail, when a delivery confirmation report is received by the sender which records the time that the e-mail was delivered to the addressee's e-mail address (unless the sender receives a delivery failure notification indicating that the e-mail has not been delivered to the addressee),

but if the delivery or receipt is on a day that is not a Business Day or is after 5:00 pm (addressee's time) it is regarded as received at 9:00 am on the following Business Day.

14. GOODS AND SERVICES TAX (GST)

14.1 Consideration does not include GST

The consideration specified in this agreement does not include any amount for GST.

14.2 Recovery of GST

If a supply under this agreement is subject to GST, the recipient must pay to the supplier an additional amount equal to the Amount of the Consideration multiplied by the applicable GST rate.

14.3 Time of payment

The additional amount is payable at the same time as the consideration for the supply is payable or is to be provided. However, the additional amount need not be paid until the supplier gives the recipient a Tax Invoice.

14.4 Adjustment of additional amount

If the additional amount differs from the amount of GST payable by the supplier, the parties must adjust the additional amount.

14.5 Reimbursement

If a party is entitled to be reimbursed or indemnified under this agreement, the amount to be reimbursed or indemnified does not include any amount for GST for which the party is entitled to an Input Tax Credit.

14.6 Survival

This clause 14 will survive termination of this agreement.

15. MISCELLANEOUS

15.1 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this agreement expressly states otherwise.

15.2 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

15.3 No liability for loss

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this agreement.

15.4 Approvals and consents

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

15.5 Conflict of interest

The parties' rights and remedies under this agreement may be exercised even if it involves a conflict of duty or a party has a personal interest in their exercise.

15.6 Remedies cumulative

The rights and remedies in this agreement are in addition to other rights and remedies given by law independently of this agreement.

15.7 Variation and waiver

A provision of this agreement or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

15.8 No merger

The warranties, undertakings and indemnities in this agreement do not merge on completion of any transaction contemplated by this agreement.

15.9 Indemnities

The indemnities in this agreement are continuing obligations, independent from the other obligations of the parties under this agreement and continue after this agreement ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this agreement.

15.10 Further steps

Each party agrees, at its own expense, to do anything the other party asks (such as obtaining consents, signing and producing documents and getting documents completed and signed):

- (a) to bind the party and any other person intended to be bound under this agreement; or
- (b) to show whether the party is complying with this agreement.

15.11 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

15.12 Costs

The parties agree to pay their own legal and other costs and expenses in connection with the preparation, execution and completion of this agreement and other related documentation except for stamp duty.

15.13 Stamp duty

Galaxy agrees to pay all stamp duty (including fines and penalties) payable and assessed on this agreement or in respect of a transaction evidenced by this agreement.

15.14 Assignment

A party may not assign or otherwise deal with its rights under this agreement or allow any interest in them to arise or be varied in each case, without the prior written consent of the other party.

15.15 No representation or reliance

Each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement;
- (b) it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement; and

- (c) clauses 15.15(a) and 15.15(b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

15.16 Governing law

This Agreement is governed by and is to be construed according to the laws of Western Australia. Each party submits to the non-exclusive jurisdiction of the courts of Western Australia.

15.17 Counterparts

This agreement may be executed in counterparts. All counterparts when taken together are to be taken to constitute one instrument.

15.18 Knowledge and belief

Any statement made by a party on the basis of its knowledge, information, belief or awareness, is made on the basis that the party has, in order to establish that the statement is accurate and not misleading in any material respect, made all reasonable enquiries of its officers, managers and employees who could reasonably be expected to have information relevant to matters to which the statement relates.

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SCHEDULE 1 – TIMETABLE

Date	Event
30 May 2016	Announcement Date
17 June 2016	Lodgement Date Date Galaxy lodges Bidder's Statement with ASIC and serves it on General Mining and ASX Date General Mining lodges Targets Statement with ASIC and serves it on Galaxy and ASX
17 June 2016	Register Date Date set by Galaxy pursuant to section 633(3) of the Corporations Act
24 June 2016	Offer Date Galaxy and General Mining despatch the Bidder's Statement and the Target's Statement to General Mining Shareholders
25 July 2016	Offer Period ends Unless extended in accordance with the Corporations Act

SCHEDULE 2 – CONDITIONS TO THE OFFER

The Offer, and any contract resulting from the acceptance of the Offer, are subject to the following conditions:

- (a) **(90% minimum acceptance condition):** at the end of the Offer Period, Galaxy and its Associates have a Relevant Interest in more than 90% (by number) of all of the General Mining Shares both on an undiluted and on a fully diluted basis;
- (b) **(General Mining Options):** all General Mining Options lapse, are exercised or become subject to private agreement with Galaxy and are cancelled or transferred to Galaxy in return for the issue of Galaxy Options on a 1.65 for one basis (**Ratio**) (with the aggregate number, where a fraction, rounded up to the nearest whole number), with an exercise price equal to the exercise price of the relevant General Mining Option divided by the Ratio, on materially the same terms and conditions;
- (c) **(no Regulatory Action):** that between the Announcement Date and the end of the Offer Period:
- (i) there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority; and
 - (ii) no application is made to any Regulatory Authority (other than by any member of the Galaxy Group), or action or investigation is announced, threatened or commenced by a Regulatory Authority,

in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:

- (iii) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Galaxy in respect of General Mining and the General Mining Shares to be acquired under the Offer; or
 - (iv) requires the divestiture by Galaxy of any General Mining Shares, or the divestiture of any assets of General Mining or its Related Bodies Corporate, Galaxy or its Related Bodies Corporate or otherwise;
- (d) **(no General Mining Material Adverse Changes):** there not occurring a General Mining Material Adverse Change during the Offer Period;
- (e) **(no material acquisitions, disposals or new commitments):** except for any proposed transaction publicly announced by General Mining before the Announcement Date or disclosed in writing to Galaxy or its Representatives prior to the Announcement, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:

- (i) General Mining or any Subsidiary of General Mining acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$1,000,000 or makes an announcement in relation to such an acquisition, offer or agreement;
 - (ii) General Mining or any Subsidiary of General Mining disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value is, in aggregate, greater than \$1,000,000 or makes an announcement in relation to such a disposition, offer or agreement;
 - (iii) General Mining or any Subsidiary of General Mining enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, farm-in agreement, management agreement or commitment which would require expenditure, or the foregoing of revenue, by General Mining and/or its Subsidiaries of an amount which is, in aggregate, more than \$1,000,000 other than in the ordinary course of business, or makes an announcement in relation to such an entry, offer or agreement;
 - (iv) General Mining or any Subsidiary of General Mining disposes of, offers to dispose of or agrees to enter into any agreement, joint venture, partnership, farm-in agreement, management agreement or commitment involving the disposal of any legal, beneficial or economic interest or right to or in connection with any mining tenements held by General Mining and/or any of its Subsidiaries or applications therefore; and
 - (v) General Mining or any of its subsidiaries materially varies, amends, or modifies any Material Contract;
- (f) **(no material litigation)** there is no litigation, claim, action or proceeding pending or in progress or threatened against or relating to any member of the General Mining Group during the Offer Period that does or is reasonably likely to constitute a General Mining Material Adverse Change;
- (g) **(no General Mining Prescribed Occurrences)**: there not occurring a General Mining Prescribed Occurrence during the Offer Period;
- (h) **(no change of control rights)**: after the Announcement Date and before the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which General Mining or any Subsidiary of General Mining is a party, or by or to which General Mining or any Subsidiary of General Mining or any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of General Mining or General Mining and its Subsidiaries taken as a whole, in:

- (i) any monies borrowed by General Mining or any Subsidiary of General Mining being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
- (ii) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
- (iii) the interest of General Mining or any Subsidiary of General Mining in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
- (iv) the business of General Mining or any Subsidiary of General Mining with any other person being adversely affected,

as a result of the acquisition of General Mining Shares by Galaxy except for any rights under any provision of any agreement or other instrument disclosed in writing to Galaxy or its Representatives prior to the Announcement; and

- (i) **(non-existence of certain rights)**: that no person has any right (whether subject to conditions or not) as a result of Galaxy acquiring General Mining Shares to:
 - (i) acquire, or require General Mining or a Subsidiary of General Mining to dispose of, or offer to dispose of, any material asset of General Mining or a Subsidiary of General Mining; or
 - (ii) terminate or vary or exercise any right under any Material Contract with General Mining or a Subsidiary of General Mining,

except for any rights under any provision of any agreement or other instrument disclosed in writing to Galaxy or its Representatives or otherwise publicly announced by General Mining prior to execution of this agreement

The above conditions are conditions subsequent and do not prevent a contract resulting from acceptance of the Offer from coming into effect but any breach or non-fulfilment of them entitles Galaxy to rescind any contracts resulting from acceptance of the Offer.

SCHEDULE 3 – GALAXY PRESCRIBED OCCURRENCES

1. **(Conversion):** Galaxy converts all or any of its shares into a larger or smaller number of shares.
2. **(Reduction of share capital):** Galaxy resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
3. **(Buy-back):** Galaxy:
- (a) enters into a buy-back agreement; or
 - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
4. **(Distribution):** Galaxy makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
5. **(Issuing or granting shares or options):** Galaxy or any of its Subsidiaries:
- (a) issues shares;
 - (b) grants an option over its shares; or
 - (c) agrees to make such an issue or grant such an option, without the prior written consent of General Mining, such consent not to be unreasonably withheld, other than the issue of any Galaxy Shares or Galaxy Options in connection with:
 - (d) the issue of Galaxy Shares or Galaxy Options as envisaged by this agreement; or
 - (e) the exercise of Galaxy Options or other Galaxy securities issued or granted, or whose issue or grant was fairly disclosed to General Mining, prior to the date of this agreement, in each case to a person outside the General Mining Group.
6. **(Securities or other instruments):** Galaxy or any of its Subsidiaries issues or agrees to issue securities or other instruments convertible into Galaxy Shares or debt securities to a person outside the Galaxy Group other than as envisaged by this agreement or as fairly disclosed to General Mining before the date of this agreement.
7. **(Constitution):** Galaxy adopts a new constitution or modifies or repeals its constitution or a provision of it.
8. **(Disposals):** Galaxy or any of its Subsidiaries disposes, or agrees to dispose of the whole or a substantial part of the Galaxy Group's business or property.
9. **(Tenements):** Subject to the matters fairly disclosed in the Galaxy Due Diligence Material, any material mining tenement held by Galaxy or any Subsidiary of Galaxy is forfeited or becomes liable to forfeiture or any material condition of any material mining tenement is not complied with.

10. **(Financial Indebtedness):** Galaxy or any of its Subsidiaries incurs any financial indebtedness or issues any debt securities, other than in the ordinary course of business.
11. **(Acquisitions, disposals or tenders):** Galaxy or any of its Subsidiaries:
 - (a) acquires or disposes of;
 - (b) agrees to acquire or dispose of;
 - (c) offers, proposes, announces a bid or tenders for,
any business, assets, entity or undertaking the value of which exceeds \$2,000,000, other than the acquisition of General Mining, without the prior written consent of General Mining, such consent not to be unreasonably withheld.
12. **(Encumbrances):** other than in the ordinary course of business and consistent with past practice, Galaxy or any of its Subsidiaries creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property.
13. **(Employment arrangements):** other than in the ordinary course of business and consistent with past practice Galaxy or any of its Subsidiaries:
 - (a) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;
 - (b) accelerates the rights of any of its directors or employees to compensation or benefits or any kind (including under any General Mining executive or employee share plans); or
 - (c) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of this agreement).
14. **(Commitments and settlements):** other than in the ordinary course of business and consistent with past practice Galaxy or any of its Subsidiaries: without the prior written approval of General Mining (not to be unreasonably withheld):
 - (a) enters into any contract or commitment involving revenue or expenditure of more than \$2,000,000 over the term of the contract or commitment;
 - (b) terminates or amends in a material manner any contract material to the conduct of the Galaxy Group's business or which involves revenue or expenditure of more than \$2,000,000 over the term of the contract;
 - (c) waives any material third party default; or
 - (d) accepting as a settlement or compromise of a material matter (relating to an amount in excess of \$2,000,000 less than the full compensation due to Galaxy or a Subsidiary of Galaxy.
15. **(Insolvency):** Galaxy or any of its Related Bodies Corporate becomes Insolvent;
16. **(material litigation):** any litigation, claim, action or proceeding is threatened against or relates to any member of the Galaxy Group during the Offer Period

that does or is reasonably likely to constitute a Galaxy Material Adverse Change;
and

17. **(material agreement acceleration):** a person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which Galaxy or any Subsidiary of Galaxy is a party, or by or to which Galaxy or any Subsidiary of Galaxy or any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of Galaxy or Galaxy and its Subsidiaries taken as a whole, in:
- (a) any monies borrowed by Galaxy or any Subsidiary of Galaxy being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
 - (b) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
 - (c) the interest of Galaxy or any Subsidiary of Galaxy in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
 - (d) the business of Galaxy or any Subsidiary of Galaxy with any other person being adversely affected.

SCHEDULE 4 – GENERAL MINING PRESCRIBED OCCURRENCES

1. **(Conversion):** General Mining or any Subsidiary converts all or any of its shares into a larger or smaller number of shares.
2. **(Reduction of share capital):** General Mining or any Subsidiary resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
3. **(Buy-back):** General Mining or any Subsidiary:
- (a) enters into a buy-back agreement; or
 - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
4. **(Distribution):** General Mining or any Subsidiary makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
5. **(Issuing or granting shares or options):** General Mining or any of its Subsidiaries:
- (a) issues shares;
 - (b) grants an option over its shares; or
 - (c) agrees to make such an issue or grant such an option,
- other than the issue of any General Mining Shares in connection with:
- (d) the exercise of General Mining Options; or
 - (e) the conversion of loans or working capital facilities made available by Galaxy;
- issued or granted prior to the date of this agreement, in each case to a person outside the General Mining Group.
6. **(Securities or other instruments):** General Mining or any of its Subsidiaries issues or agrees to issue securities or other instruments convertible into General Mining Shares or debt securities to a person outside the General Mining Group.
7. **(Disposals):** General Mining or any of its Subsidiaries disposes, or agrees to dispose of the whole or a substantial part of the General Mining Group's business or property.
8. **(Tenements):** Subject to the matters fairly disclosed in the General Mining Due Diligence Material, any mining tenement held by General Mining or any Subsidiary of General Mining (is forfeited or surrendered (other than for surrenders required by law) or becomes liable to forfeiture or surrender or any material condition of any mining tenement is not complied with.
9. **(Financial Indebtedness):** General Mining or any of its Subsidiaries incurs any financial indebtedness or issues any debt securities, other than in the ordinary course of business.

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10. **(Acquisitions, disposals or tenders):** General Mining or any of its Subsidiaries:
 - (a) acquires or disposes of;
 - (b) agrees to acquire or dispose of;
 - (c) offers, proposes, announces a bid or tenders for,any business, assets, entity or undertaking the value of which exceeds \$1,000,000.
11. **(Encumbrances):** other than in the ordinary course of business and consistent with past practice General Mining or any of its Subsidiaries creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property.
12. **(Employment arrangements):** other than in the ordinary course of business and consistent with past practice General Mining or any of its Subsidiaries:
 - (a) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;
 - (b) accelerates the rights of any of its directors or employees to compensation or benefits or any kind (including under any General Mining executive or employee share plans); or
 - (c) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of this agreement).
13. **(Commitments and settlements):** other than in the ordinary course of business and consistent with past practice General Mining or any of its Subsidiaries: without the prior written approval of Galaxy (not to be unreasonably withheld):
 - (a) enters into any contract or commitment involving revenue or expenditure of more than \$1,000,000 over the term of the contract or commitment;
 - (b) terminates or amends in a material manner any contract material to the conduct of the General Mining Group's business or which involves revenue or expenditure of more than \$1,000,000 over the term of the contract;
 - (c) waives any material third party default; or
 - (d) accepting as a settlement or compromise of a material matter (relating to an amount in excess of \$1,000,000 less than the full compensation due to General Mining or a Subsidiary of General Mining.
14. **(Insolvency):** General Mining or any of its Related Bodies Corporate becomes Insolvent.

SCHEDULE 5 – GENERAL MINING SECURITIES

General Mining Shares: 311,702,853 fully paid ordinary shares

General Mining Unlisted Options: 22,700,000

Number of Options	Expiry Date	Exercise Price
11,250,000 (unlisted)	21/09/2017	\$0.08
200,000 (unlisted)	21/09/2017	\$0.08
11,250,000 (unlisted)	21/09/2018	\$0.12

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SCHEDULE 6 – GALAXY SECURITIES

Galaxy Shares: 1,254,119,053 fully paid ordinary shares

Galaxy Share Appreciation Rights: 28,800,000

Galaxy Special Voting Shares:* 6,958,286

Galaxy Exchangeable Shares:** 6,958,286

Galaxy Unlisted Options: 29,400,000

Number of Options	Expiry Date	Exercise Price
2,350,000 (unlisted)	Various vesting/expiry dates	\$1.11
2,050,000 (unlisted)	Various vesting/expiry dates	\$1.16
25,000,000 (unlisted)	1 April 2018	\$0.03

*May be voted by the holders of Exchangeable Shares in Galaxy's subsidiary Galaxy Lithium One Inc. Voting rights attached to each Special Voting Share along with each Exchangeable Share together are to be treated as one fully paid ordinary share in Galaxy.

** In Galaxy's subsidiary Galaxy Lithium One Inc.

SCHEDULE 7 – ANNOUNCEMENT

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ASX Release

30 May 2016

GALAXY RESOURCES AND GENERAL MINING TO MERGE CREATING LEADING DIVERSIFIED GLOBAL LITHIUM PRODUCER

Highlights of the Merger

- **Creation of a leading diversified global lithium company with a large wholly-owned portfolio of hard rock and brine based lithium assets located in multiple jurisdictions.**
- **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 combined pro-forma market capitalisation in excess of A\$700 million.**
- **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.**
- **Galaxy and General Mining Boards unanimously support the merger.**
- **4.94% 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 10.56% of General Mining shares outstanding have made statements of intention to accept the Offer, in absence of a superior proposal.**

Galaxy Resources Limited (ASX:GXY) (**Galaxy**) and General Mining Corporation Limited (ASX:GMM) (**General Mining**) have entered into a definitive Takeover Bid Implementation Agreement (**Implementation Agreement**) to merge the two companies. It is proposed that Galaxy will acquire all of the issued shares of General Mining that it does not already own in a share based transaction by way of an off-market takeover offer (**Offer**).

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 have also agreed to accept Galaxy's Offer in respect of all shares they control, in each case in the absence of a superior offer.



Strategic Rationale for the Transaction

The merged entity creates a leading diversified, global lithium producer well positioned for continued project expansion and development and further opportunities.

- A leading and diversified global lithium company with existing production and a pipeline of market leading development projects.
- Attractive, wholly-owned and geographically diversified portfolio of hard rock and brine based lithium assets across multiple jurisdictions:
 - Maiden spodumene and tantalum production in 3rd quarter 2016 at Mt Cattlin, Western Australia, generating significant and growing cash flow.
 - Flagship world-scale Sal De Vida Project in Argentina with superior brine chemistry and significant expansion potential.
 - James Bay Project in Canada provides valuable potential to be a future supplier into the rapidly growing North American market.
- Positioned to be a major supplier of high quality lithium, servicing the high-growth demand from energy storage applications including long life lithium-ion batteries used for electric vehicles, domestic and commercial power storage, consumer electronics and power tools.
- Simplified single ownership structure and operational management of assets currently owned via the Galaxy-General Mining joint venture.
- Pro forma market capitalisation of merged entity in excess of A\$700million; potential to become an ASX/S&P 200 company and opportunity for re-rating.
- Strong balance sheet well positioned for continued project expansion and development.
- Merged Board and management team highly credentialed and experienced with strong connections in the key Asian and North American lithium markets.

Management and Governance

Martin Rowley, Chairman of Galaxy, will remain as Chairman of the Board of the combined group. Anthony Tse, Managing Director of Galaxy will remain as Managing Director of the combined group and Michael Fotios, Executive Chairman of General Mining, will be offered a position as a Director on the Board of the combined group.

It is anticipated that the new Galaxy Board will be further strengthened with the appointment of new directors to add international technical and financial experience and expertise.

Galaxy Chairman, Martin Rowley, said:

“We are extremely pleased that the joint venture arrangement we entered into with General Mining in 2015 has resulted in a merger proposal that makes sound strategic sense and, importantly, gives the shareholders of both Galaxy and General Mining the opportunity to participate in the upside of a merged lithium company of global significance.

“The arrangement struck between Galaxy and General Mining has enabled the re-commissioning of the Mt Cattlin mine, drawing on General Mining's financial and technical resources, with Mt Cattlin now poised to deliver first production of spodumene to contracted buyers in the third quarter of calendar 2016.

“We are confident that merging the companies will result in significant benefits to both sets of shareholders with the opportunity for a re-rating for the expanded shareholder base from the enhanced equity and capital markets profile.



General Mining Chairman, Michael Fotios, said:

“General Mining and Galaxy are an excellent and natural fit, given existing joint venture owned assets, complementary project development and operational expertise, as well as aligned, success driven cultures.

“Both companies have successful track records of creating substantial value for shareholders and, together, we will retain this focus. Our ability to capture future growth opportunities in the rapidly evolving lithium market will be significantly enhanced by this merger.”

Transaction Details

The Offer will be implemented by way of an off-market takeover offer under the Australian Corporations Act.

The Offer extends to any General Mining shares that are issued as a result of the exercise of General Mining options during the Offer. In addition, Galaxy intends to enter into private treaty arrangements with General Mining’s option holders to acquire their options in exchange for new Galaxy options.

Following implementation of the Offer, General Mining is expected to become a wholly-owned subsidiary of Galaxy, with current Galaxy and General Mining shareholders holding 71% and 29% respectively of the enlarged Galaxy.

The Implementation Agreement and the Offer are subject to typical conditions precedent, including:

- a 90% minimum acceptance condition, which (at any time prior to Galaxy receiving acceptances representing 80% of General Mining shares) can only be waived with the consent of General Mining;
- no prescribed occurrence (as defined in the Implementation Agreement) occurring in relation to General Mining;
- no material adverse change (as defined in the Implementation Agreement) occurring in respect of General Mining ;
- no material acquisitions, disposals or new commitments being undertaken by General Mining; and
- other customary conditions as set out in the Implementation Agreement, including no regulatory intervention which (among other things) restrains or prohibits the Offer.

Refer to the Implementation Agreement, separately released to the ASX, for a full copy of the conditions which will apply to the Offer.

The Offer is expected to close during the third quarter of calendar 2016.

Galaxy will remain headquartered in Perth, Western Australia and will maintain its listing on the Australian Securities Exchange.

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Pre-bid Acceptances and Shareholder Intention Statements

General Mining shareholders representing 4.94% of General Mining shares outstanding have entered into binding pre-bid acceptance agreements to accept the Offer in respect of their General Mining shares in the absence of a superior proposal. This combined with Galaxy's existing holding of 1.92% of General Mining shares means Galaxy currently has a relevant interest in 6.86% of General Mining shares on issue.

The full terms and conditions of the pre-bid acceptance agreements are attached to Galaxy's initial substantial shareholder interest notice, in relation to General Mining, which has been lodged on the ASX announcements platform.

In addition, other General Mining shareholders associated with Michael Fotios, the Chairman of General Mining, representing a further 10.56% of General Mining shares outstanding have made statements of intention to accept the Offer in respect of their General Mining shares in the absence of a superior proposal.

Timetable

It is expected that Galaxy's Bidder's Statement and General Mining's Target's Statement, containing further information about the Offer, will be posted to General Mining shareholders in June 2016.

Further details about the Offer, the conditions to the Offer, deal protections and proposed timetable are set out in the Implementation Agreement, which will be released on the ASX at the same time as this announcement.

Advisers

Canaccord Genuity is acting as financial adviser to General Mining and Squire Patton Boggs is acting as Australian legal adviser to General Mining.

Steinepreis Paganin is acting as Australian legal adviser to Galaxy.

Investor Conference Call

A conference call will be held for investors, analysts and media on Monday 30 May 2016, 12.00pm (AEST) Conference call details are:

Toll free: 1800 123 296

International: +61 2 8038 5221

Conference ID: 2291 7844

To ask a question, participants will need to dial "*1" (star,1) on their telephone keypad



For further information please contact:

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Further information about the companies is available on Galaxy’s and General Mining’s websites (see www.galaxyresources.com.au and www.generalmining.com).

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About Galaxy

Galaxy Resources Limited ("Galaxy") is a lithium-focused resources company, with assets spanning Australia, Canada and Argentina. The Company is listed on the Australian Securities Exchange (Code: GXY).

Galaxy is currently advancing plans to develop the Sal de Vida Lithium and Potash Brine Project ("Sal de Vida") in Argentina, which is situated in the Lithium Triangle, a region where Chile, Argentina and Bolivia meet and presently accounts for 60% of global lithium production. Sal de Vida is a proven high quality resource and has excellent prospects as a future low cost production facility.

The Company also owns the Mt Cattlin Spodumene and Tantalum Mine near Ravensthorpe in Western Australia, where tantalum production commenced in April 2016 with its operating partner General Mining Corporation Limited ("GMM"). Galaxy also owns the James Bay Lithium Pegmatite Project in Quebec, Canada, in partnership with General Mining.

Once processed, lithium compounds are used in the manufacture of ceramics, glass, and electronics and an essential ingredient in producing battery materials such as cathode and electrolyte. It is also used in the manufacture of long life lithium-ion batteries used for consumer electronics, power tools, electric bikes as well as hybrid and electric vehicles. Anticipating the growing demand, Galaxy is positioning itself to become a major supplier of high quality lithium.

About General Mining

General Mining Corporation's primary assets are the right to earn 50% of the Mt Cattlin spodumene project (from Galaxy) in Western Australia, and an option to earn 50% of James Bay spodumene exploration project in Quebec, Canada. At Mt Cattlin, General Mining's remaining earn-in milestones include the payment of A\$18m in cash consideration to GXY, having spent A\$7m in restart capital prior to the commissioning of the operation in Q12016. At James Bay, General Mining has the option to earn 50% through USD\$5m in exploration expenditure over 3 years.

The Company also holds title to a range of gold exploration tenements in the Murchison region of Western Australia.

Forward Looking Statements and Disclaimers

This announcement is for information purposes only and does not constitute a prospectus or prospectus equivalent document. It is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase or otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, nor shall there be any offer, sale, issuance or transfer of securities in any jurisdiction in contravention of any applicable law.

This announcement contains forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "target", "anticipate", "forecast", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions.

The forward looking statements in this announcement are based on current expectations, estimates, forecasts and projections about Galaxy and General Mining and the industry in which they operate. They do, however, relate to future matters and are subject to various inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or



implied by any forward looking statements. The past performance of Galaxy or General Mining is no guarantee of future performance.

None of Galaxy, General Mining or any of their directors, officers, employees, agents or contractors 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 to the extent required by law.

You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect views held only as at the date of this announcement.

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EXECUTED by the Parties as an agreement.

EXECUTED by
GALAXY RESOURCES LIMITED
ACN 071 976 442
in accordance with section 127 of the
Corporations Act 2001 (Cth):

Signature of director

MARTIN RONALD ROWLEY

Name of director

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)
)
)

Signature of director/company
secretary
(please delete as applicable)

Anthony TEE

Name of director/company secretary
(please delete as applicable)

EXECUTED by
GENERAL MINING CORPORATION LIMITED
ACN 125 721 075
in accordance with section 127 of the
Corporations Act 2001 (Cth):

Signature of director

Name of director

)
)
)
)

Signature of director/company
secretary
(please delete as applicable)

Name of director/company secretary
(please delete as applicable)

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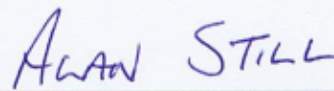
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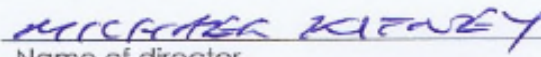
Signature of director



Signature of director



Name of director



Name of director

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