

12 October 2011

ASX ANNOUNCEMENT

GMM buys interest in Khuden Coal Deposit in Mongolia

General Mining Corporation Ltd
ABN: 95 125 721 075

ASX Code: GMM

Quoted Securities:
47,902,234 ordinary f.p. shares
Total Issued Capital:
63,034,628 ordinary f.p. shares

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HIGHLIGHTS

- **Letter of offer signed to buy an interest in coal mining licence adjacent to the Company's coal exploration area at the Uvs project**
- **The mining licence covers the central part of the Khuden Coal Deposit explored in the 1970s - 80s**
- **Adding interest in proven coal deposit strengthens the Company's coal exploration prospects**

Uvs Basin Project

(Potash; coal & lithium brine exploration - GMM 100%)

The Company's wholly-owned Mongolian subsidiary, Golden Cross LLC ("Golden Cross"), has signed a letter of offer to acquire an interest in mining license number 11617A of 51.6Ha that covers the central part of the Khuden Coal Deposit and is adjacent to the Company's coal exploration area at the Uvs project (Figures 1, 2 - refer to ASX announcement dated 27 September 2011).

The Company and a Syndicate holding the mining licence are currently finalising the terms of a farmin and joint venture agreement ("JV Agreement") in respect of the mining licence and intend the signed letter of offer to be binding on them, while noting that the entry into the JV Agreement is conditional upon:

- (a) the completion of legal, technical and regulatory due diligence by Golden Cross in respect of the JV Agreement;
- (b) the execution by the parties of the JV Agreement;
- (c) any necessary approval by the Company's shareholders to the entry into and / or completion of the JV Agreement; and
- (d) the Company raising funds to enable the payment to be completed.

In regard to (d) above, the Company is well advanced in discussions with a potential investor.

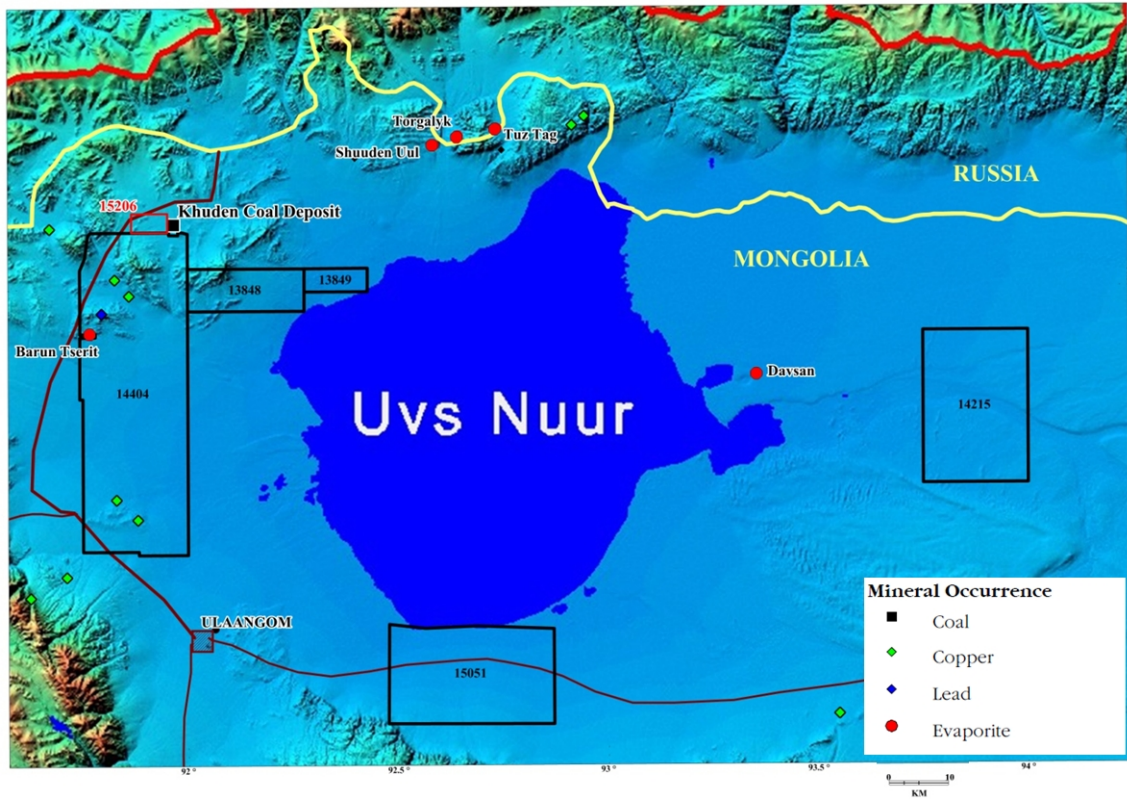


Figure 1: The Uvs Basin project area:
 GMM's exploration properties & licence 15206X (being acquired by the Company);
 mineral occurrences & deposits including Khuden Coal Deposit

Buying an interest in Khuden Coal Deposit (Figures 2 to 5) should strengthen the Company's coal exploration prospects, which are currently focused on the prospective Carboniferous sedimentary geology within the Company's licence 14404X (located 1 km south of the Khuden Deposit) as well as licence 15206X (200 m west of the deposit) that is being acquired by the Company (Figures 2 & 6 - refer to ASX announcement dated 27 September 2011).

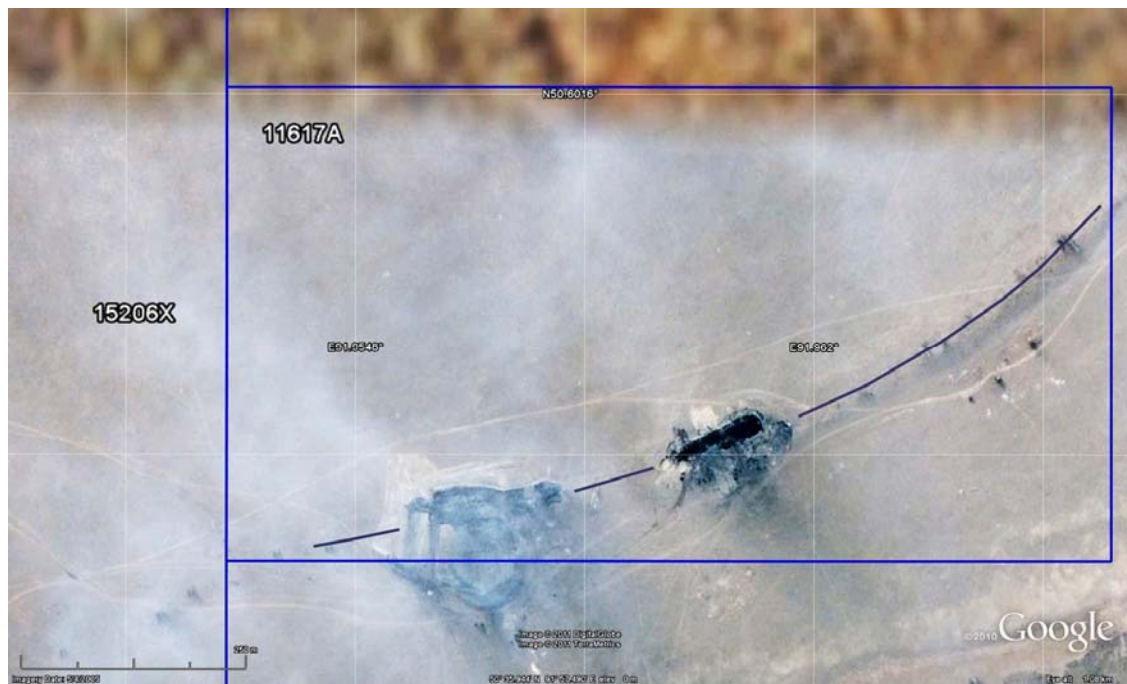
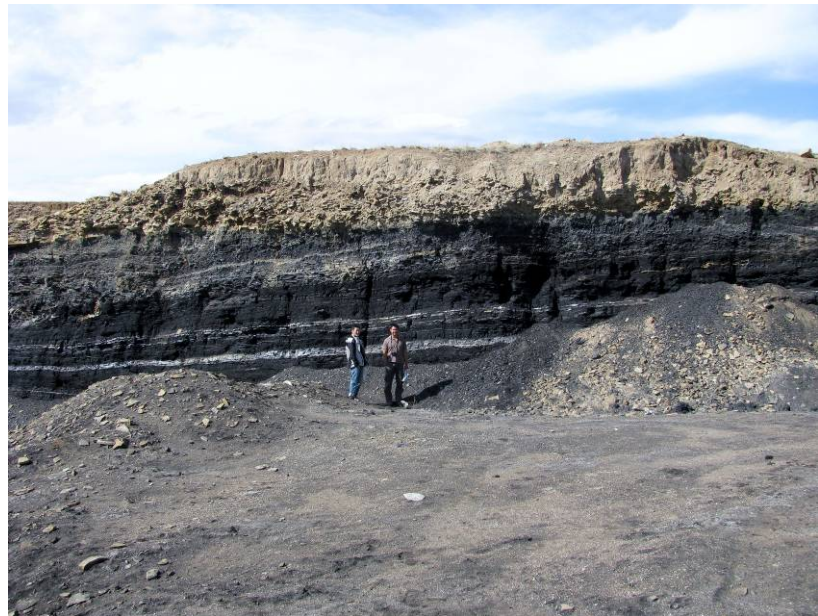


Figure 2: Mining licence 11617A covers the central part of the Khuden Coal Deposit:
 2 trial coal pits along outcropping upper coal seam (black line);
 adjacent exploration licence 15206X (being acquired by the Company)



Figures 3 to 5: The upper black coal seam exposed in 2 shallow trial pits within mining licence 11617A

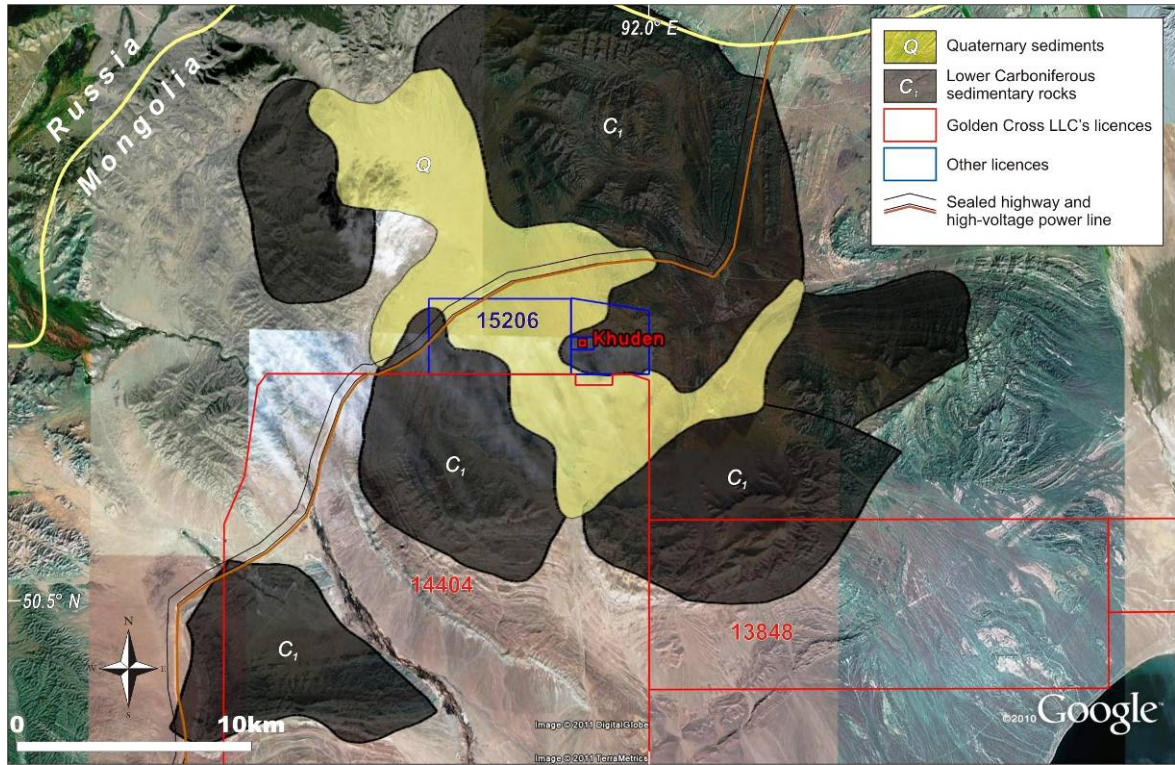


Figure 6: Carboniferous sedimentary geology and infrastructure around the Khuden Coal Deposit

The Khuden Coal Deposit was discovered in 1971 and, according to Mineral Resources Authority of Mongolia (“MRAM”) archive Open File Report 2045, was initially explored by 503 line metres of trenching and 9 diamond drill holes (618 line metres in total). Two outcropping and gently NNW and NW dipping black coal bearing horizons were identified while the exploration was mostly focused on the upper horizon comprising a single coal seam (“upper coal seam”).

Follow up exploration in 1976 was also focused on the upper coal seam and included 380 line metres of trenching and 35 diamond drill holes that totalled 1,313 line metres and were geophysically logged (MRAM archive Open File Report 2319). Some initial Russian category A to C₂ coal resources were estimated for the upper coal seam that varies in thickness from 3.4 m to 8.8 m (average 6.6 m) within the resource estimate area. While no complete coal ranking analysis was carried out, the following table provides some indicative parameters for the upper coal seam below a 5 m deep weathered zone:

Table : Indicative coal quality parameters - the Khuden upper coal seam (MRAM archive Open File Report 2319 – note: 1977 report doesn’t comply with JORC Code requirements)

	unit	basis	number of samples	average
Inherent Moisture	(wt. %)	air dried	137	3.7
Total Moisture	(wt. %)	as received	9	5.9
Ash	(wt. %)	dry	137	20.6
Volatile Matter	(wt. %)	dry ash free	?	32.1
Sulphur	(wt. %)	dry	93	0.5
Fixed Carbon	(wt. %)	dry ash free	7	81.8
Gross Calorific Value	(kcal/kg)	dry ash free	71	7,200

As part of a regional exploration program, some additional coal exploration was carried out at a wider Khuden Coal deposit area in 1984-84 including 9 diamond drill holes totalling 621 line metres (MRAM archive Open File Report 4477). The lower coal bearing horizon was intersected by two drill holes south and east of the 11617A mining licence area as well as by a trench crossing its outcropping area east of 11617A. Some Russian category P₂ and P₃ “prognostic coal resources”¹ were estimated for the wider deposit area including the lower coal bearing horizon.

The lower coal bearing horizon is separated by a ~60 m thick sandstone strata from the upper coal seam and remains scarcely explored at this stage. According to MRAM archive Open File Report 4477, there are 9 coal seams and lenses within the lower coal bearing horizon with their individual thicknesses varying from 0.5 m to 6.0 m and the aggregate coal thickness estimated as ~20 m.

The historical coal exploration reports as well as two independent geological reviews commissioned by the Company in 2008 suggest the prospectivity of further exploration at the Khuden Coal Deposit – mostly targeting the underexplored lower coal bearing horizon. These reports also suggest the prospectivity of the wider inter-mountain basin for discovering possible extensions of the Khuden coal seams. Most of the Lower Carboniferous geology outside the deposit remains largely unexplored, including the central part of this basin covered by shallow Quaternary alluvial sediments. The Company’s licences 14404X and 13848X as well as licence 15206X, which is being acquired by the Company, include some substantial exploration areas considered to be prospective for coal.

This year the Company started some preliminary coal exploration in this area including the compilation of all available archival data on the historical coal exploration as well as a field reconnaissance. A dedicated coal exploration program is being planned to be carried out in parallel with the potash and evaporite exploration in the Uvs Basin.

A sealed highway and a high-voltage power line cross the Company’s coal exploration area (Figure 6) that is ~200 km by highway from the Russian city of Kyzyl planned to be connected with the Trans-Siberian Railway by a new railroad in 2014. This coal exploration area is ~80 km by highway from the town of Ulaangom, the capital of the Mongolian Uvs Province, where the Mongolian Government plans to build a railroad connecting the north-west of the country with China by 2015.

Dr Boris Matveev
Managing Director

¹ these “resource categories” and historical estimates do not comply with the JORC Code requirements and could be considered as “exploration targets” only

About General Mining Corporation Ltd (ASX: GMM)

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

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

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Boris Matveev, who is a Member of The Australian Institute of Geoscientists. Dr Matveev is a full-time employee of General Mining Corporation Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Matveev consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.