

GENERAL MINING CORPORATION LIMITED

ABN 95 125 721 075

AND ITS CONTROLLED ENTITIES

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

GENERAL MINING CORPORATION LIMITED

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C O R P O R A T E D I R E C T O R Y

Directors

Michael Wright	Non-Executive Chairman
Dr. Boris Matveev	Managing Director
Robert Wanless	Non-Executive Director
Craig Readhead	Non-Executive Director
Christopher Wanless	Non-Executive Director

Auditors

Stantons International Pty Ltd
Level 1, 1 Havelock Street
West Perth, WA 6005
Tel: (08) 9481 3188
Fax (08) 9321 1204

Company Secretary

Lindsay Colless	Joint Company Secretary
Karen Brown	Joint Company Secretary

Share Registry

Advanced Share Registry Limited
150 Stirling Highway
Nedlands WA 6009
Tel: (08) 9389 8033
Fax: (08) 9389 7871

Registered Office - Australia

129 Edward Street,
Perth WA 6000
Tel: (08) 9322 2744
Fax: (08) 9227 8178

Home Stock Exchange

Australian Securities Exchange (ASX)
Exchange Plaza
2 The Esplanade
Perth WA 6000

Solicitors

Allion Legal
Level 2, Fortescue House
50 Kings Park Road
West Perth WA 6005

ASX Code: GMM

GENERAL MINING CORPORATION LIMITED

DIRECTORS' REPORT

Your directors present their report for the half-year ended 31 December 2009.

Directors

The following persons were directors of the company during the whole of the half-year and up to the date of this report:

Michael Wright	(Non-Executive Chairman)
Dr. Boris Matveev	(Managing Director– appointed 1 January 2010)
Robert Wanless	(Non-Executive Director)
Craig Readhead	(Non-Executive Director)
Christopher Wanless	(Non-Executive Director)

Review of Operations

The consolidated entity incurred an operating loss after tax of \$1,705,088 (2008: loss after tax of \$481,561) for the half-year ended 31 December 2009. The primary activities during the period were exploration for mineral resources in Australia and in Mongolia.

On 26 October 2009, the Company issued a Prospectus for the issue of up to 40 million shares at an issue price of \$0.20. The issue closed raising \$5,500,000 (before issue costs) and the Company was admitted to the official list of the Australian Securities Exchange on 17 December 2009 and securities commenced trading on 21 December 2009.

General Mining Corporation Ltd ("GMM") holds 12 mineral exploration titles (including applications and joint ventures) in Western Australia and 10 mineral exploration licences in Mongolia (through its wholly owned Mongolian subsidiary, Golden Cross LLC).

In Western Australia the Company's interests include the Eyre project (on the Nullabor Plain) where there is potential for iron oxide-copper-gold (IOCG) and carbonatite related mineralization. Subsequent to the end of the half year a field campaign was commenced with a limited drill program. Results are pending.

GMM has a 50% interest in the Shoemaker iron project (in the Earahedy Basin, north-east of Wiluna) and may earn a further 30% from joint venture partner, Galaxy Resources Limited ("Galaxy"). A leading consulting firm with extensive iron ore experience was commissioned to carry out a technical overview of the previous exploration on this project and to provide recommendations on the future exploration strategy prior to commencing exploration activities.

GMM also holds mineral interests at Veevers and Webb (both base metals prospects in the Great Sandy Desert in the north-east of Western Australia).

In Mongolia GMM holds 100% interest in a number of exploration licences in the Uvs Basin in the west of the country. The Company focus is on exploring for solid potash and lithium and potassium brines. An internationally renowned potash consulting firm has been commissioned to provide recommendations for exploration during the first field season in Mongolia (April – October 2010). Field reconnaissance and mapping will follow up on this desktop study during the second quarter 2010.

GMM also holds a number of exploration licences along the Khangai Fault in Mongolia, which are prospective for base metals, and has entered into a strategic alliance with Galaxy to identify lithium opportunities in Mongolia and Kazakhstan for joint venture by the parties.

Events occurring after reporting date

No other matters or circumstances, not otherwise dealt with in the financial statements, have arisen since the end of the half financial year and to the date of this report which significantly affected or may significantly affect the operations of the economic entity, the results of the economic entity, or the state of affairs of the economic entity in the financial years subsequent to the half financial year ended 31st December 2009.

GENERAL MINING CORPORATION LIMITED

D I R E C T O R S ' R E P O R T

Corporate

The Company has approximately \$4,953,551 working capital available as at 31st December 2009.

Auditor's Independence Declaration

A copy of the auditor's independence declaration from Stantons International Pty Ltd, as required under section 307C of the Corporations Act 2001 follows.

This report is made in accordance with a resolution of the directors.



Michael Wright
Non-Executive Chairman
Signed at Perth on the 12th day of March 2010

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

12 March 2010

Board of Directors
General Mining Corporation Ltd
129 Edward Street
PERTH WA 6000

Dear Sirs

RE: GENERAL MINING CORPORATION LIMITED

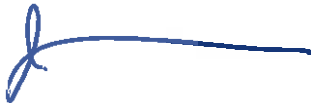
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of General Mining Corporation Limited.

As Audit Director for the review of the financial statements of General Mining Corporation Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL
(Authorised Audit Company)



J P Van Dieren
Director

GENERAL MINING CORPORATION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2009

	Notes	Consolidated	
		31 December 2009 \$	31 December 2008 \$
Revenue from continuing operations		8,014	50
Expenses			
Secretarial and administration fees		(10,368)	(2,648)
Legal fees		(5,968)	(25,589)
Directors' salary and entitlements		(81,000)	(11,500)
Travel, accommodation and entertainment		(28,501)	(46,709)
Consulting		(88,961)	(30,366)
Computing IT costs		(3,011)	(6,795)
Audit fees		(12,556)	-
Depreciation		(779)	(138)
Rental costs		(3,136)	-
Staff costs		(54,088)	(20,046)
Foreign exchange gains / (losses)		(31,183)	25,266
Exploration and acquisition expenditure	7	(1,365,807)	(82,928)
Write down of exploration expenses		(17,252)	(275,670)
Other expenses from ordinary activities		(10,492)	(4,488)
Loss from ordinary activities before income tax		(1,705,088)	(481,561)
Income tax expense relating to ordinary activities		-	-
Loss from ordinary activities after income tax expense		(1,705,088)	(481,561)
Other comprehensive income for the half - year			-
Translations of foreign subsidiaries		26,975	(22,071)
Income tax expense on components on items of other comprehensive income		-	-
Total comprehensive loss for the half - year		(1,678,113)	(503,632)
Basic loss per share (per share)		(\$0.07)	(\$0.03)
Diluted loss per share (per share)		(\$0.07)	(\$0.03)

The accompanying notes form part of these financial statements

GENERAL MINING CORPORATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

		Consolidated	
	Note	31 December	30 June
	s	2009	2009
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		5,083,042	104,953
Trade and other receivables		70,504	512
Other assets		-	-
TOTAL CURRENT ASSETS		5,153,546	105,465
NON CURRENT ASSETS			
Trade and other receivables		-	-
Property, plant and equipment		9,298	10,939
Intangibles		-	-
Financial assets		-	-
Mineral exploration and evaluation expenditure	7	-	-
TOTAL NON CURRENT ASSETS		9,298	10,939
TOTAL ASSETS		5,162,844	116,404
CURRENT LIABILITIES			
Trade and other payables		107,003	116,337
Short term borrowings – related parties		13,721	13,721
Current tax liabilities		-	-
Other related party accruals		79,271	160,718
TOTAL CURRENT LIABILITIES		199,995	290,776
NON CURRENT LIABILITIES			
Deferred tax liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		199,995	290,776
NET ASSETS		4,962,849	(174,372)
EQUITY			
Contributed equity	2	7,635,739	1,074,360
Reserves		324,538	43,608
Accumulated losses		(2,997,428)	(1,292,340)
TOTAL EQUITY		4,962,849	(174,372)

The accompanying notes form part of these financial statements

GENERAL MINING CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW

For the half-year ended 31 December 2009

	Consolidated	
	31 December	31
	2009	December
	\$	2008
		\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(450,525)	(151,322)
Interest received	8,014	50
Interest and other costs of finance paid		-
NET CASH USED IN OPERATING ACTIVITIES	<u>(442,511)</u>	<u>(151,272)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(200)	(941)
Payments for exploration expenditure	(207,359)	(85,410)
Proceeds from the sale of other fixed assets		-
NET CASH USED IN INVESTING ACTIVITIES	<u>(207,559)</u>	<u>(86,351)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	5,628,159	590,000
Proceeds from borrowings	-	-
Repayments of borrowings	-	-
NET CASH INFLOW FROM FINANCING ACTIVITIES	<u>5,628,159</u>	<u>590,000</u>
NET INCREASE (DECREASE) IN CASH HELD	4,978,089	352,377
Cash at beginning of the financial period	<u>104,953</u>	<u>38,370</u>
CASH AT END OF THE FINANCIAL PERIOD	<u>5,083,042</u>	<u>390,747</u>

The accompanying notes form part of these financial statements

GENERAL MINING CORPORATION LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Australian Accounting Standard AASB134: *Interim Financial Reporting* and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by General Mining Corporation Limited and controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, position and financing activities of the consolidated entity as the full financial report.

(a) *Basis of accounting*

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The financial report covers the consolidated entity of General Mining Corporation Limited and controlled entity. General Mining Corporation Limited is a listed public company domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs, as modified by the revaluation of selected non-current assets for which the fair value basis of accounting has been applied.

(b) *Other Changes in Accounting Policy*

Since 1 July 2009, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of income statement with statement of comprehensive income, Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the statement of changes in equity;
- the adoption of the single statement approach to the presentation of the statement of comprehensive income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third statement of financial position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items

GENERAL MINING CORPORATION LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS CONTINUED

(b) Other Changes in Accounting Policy Continued

Operating Segments

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Managing Director. In this regard, such information is provided using different measures to those used in preparing the statement of comprehensive income and statement of financial position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included

The following amending standards have also been adopted from 1 July 2009:

- AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
- AASB 2008-1 Amendments to Australian Accounting Standards Share-based Payments: Vesting conditions and cancellations
- AASB 2008-3 These amendments are consequential amendments to 20 standards and have no significant affect for the Group
- AASB 2008-5 and 2008-6 Amendments to Australian Accounting Standards arising from the Annual Improvements Projects

The Group has elected not to early adopt any new standards or amendments.

GENERAL MINING CORPORATION LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

2. CONTRIBUTED EQUITY

		Consolidated	
		31 December 2009 \$	30 June 2009 \$
a) Paid up capital		7,635,739	1,074,360
b) Movements	Date of issue	No of Shares	Paid-Up Capital \$
Balance 1 July 2009		19,000,000	1,074,360
Shares issued for capital raising	29 September 2009	3,000,000	360,000
Shares issued for capital raising	19 October 2009	100,000	12,000
Shares issued for capital raising	14 December 2009	33,437,394	6,687,479
Shares issued for capital raising	15 December 2009	550,000	110,000
Transaction costs from issue of shares		-	(608,100)
Balance 31 December 2009		<u>56,087,394</u>	<u>7,635,739</u>

Options

As at 31 December 2009, there were 14,900,000 options over unissued shares; currently on issue with the following terms:

- i. Each option entitles the holder to subscribe for and be allotted one fully paid ordinary share in the company;
- ii. The options are exercisable at 20 cents; and
- iii. The options will expire as follows:
 - 1,350,000 options expire on the 11/03/2011
 - 1,950,000 options expire on the 20/12/2010
 - 1,000,000 options expire on the 31/01/2011
 - 4,000,000 options expire on the 30/09/2012
 - 2,000,000 options expire on the 28/02/2013
 - 900,000 options expire on the 11/03/2011
 - 300,000 options expire on the 24/06/2013
 - 2,500,000 options expire on the 14/12/2012
 - 250,000 options expire on the 26/06/2013
 - 100,000 options expire on the 31/08/2014
 - 550,000 options expire on the 21/12/2014

Each option entitles the holder to be issued with one ordinary share in the capital of the parent entity subject to payment of the relevant price and satisfaction of applicable conditions (if any).

No person entitled to exercise the option had or has any right by virtue of the option of participate in any share issue of any other body corporate.

GENERAL MINING CORPORATION LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

3. SEGMENT INFORMATION

Management have determined the operating segments based on the reports reviewed by the Managing Director for corporate planning. The Managing Director considers the business mainly from a geographical perspective and has identified 2 reportable segments.

Geographical segments

	Australia		Mongolia		Consolidated	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
Segment Revenue	8,005	31	9	19	8,014	50
Sales to customers out-side the consolidated entity	-	-	-	-	-	-
Other revenues from customers outside the consolidated entity	-	-	-	-	-	-
Total segment revenue	8,005	31	9	19	8,014	50
Segment result	(1,662,026)	(360,622)	(43,062)	(120,939)	(1,705,088)	(481,561)
Unallocated expenses						-
Loss from ordinary activities before income tax expense					(1,705,088)	(481,561)
Segment assets						
- 31 December	5,153,920	383,019	8,924	9,880	5,162,844	392,899
Segment liabilities						
-31 December	185,520	107,652	14,475	11,949	199,995	119,601

Business segments

The company operates predominantly in only one business segment, being mineral exploration.

4. CONTINGENT LIABILITIES

Mineral Tenement Leases

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Western Australian Department of Mines and Petroleum and the Mongolian Ministry of Mineral Resources and Energy. The estimated exploration and joint venture expenditure commitments for the ensuing year, but not recognised as liability in the financial statements amount to \$435,000 in relation to the Company's Western Australian tenements and US\$217,385 (A\$243,405) for the Mongolian tenements. These expenditure will only be incurred should the Company retain its existing level of interest in its various exploration areas and provided access to mining tenements is not restricted.

GENERAL MINING CORPORATION LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

5. EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances, not otherwise dealt with in the financial statements, have arisen since the end of the half financial year and to the date of this report which significantly affected or may significantly affect the operations of the economic entity, the results of the economic entity, or the state of affairs of the economic entity in the financial years subsequent to the half financial year ended 31st December 2009.

6. SHARE BASED PAYMENTS

- a) During the half year ended 31 December 2009 the Company issued 937,394 shares at 20 cents per share in lieu of directors and company secretarial services payable to the directors and company secretaries.
- b) Also upon successful completion of the initial public offering, the Company issued 550,000 shares at 20 cents each in lieu of broker services. In addition a further 100,000 shares at 12 cents per share were issued as placement fees to brokers.
- c) On successful listing, the company issued 5,000,000 shares at 20 cents per share to Galaxy Resources Limited as consideration for the acquisition of the Shoemaker project.

7. MINERAL EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2009	30 June 2009
	\$	\$
Balance brought forward	-	273,188
Expenditure capitalised during the year	90,108	225,052
Capitalised acquisition costs	1,275,699	-
Expenditure written off during the year	(1,365,807)	(498,240)
Balance 31 December 2009	<u>-</u>	<u>-</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the discovery of commercially viable resources. The Board of Directors have fully impaired the value of capitalised exploration expenditure as at 31 December 2009, however, remain confident of the inherent value of the mineral exploration and evaluation expenditure assets and the ability to increase the value of these assets.

GENERAL MINING CORPORATION LIMITED

DIRECTORS' DECLARATION

The directors of the company declare that:

- (a) The financial statements and notes set out on pages 5 to 13 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Michael Wright
Non-Executive Chairman

Signed at Perth on the 12th day of March 2010

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GENERAL MINING CORPORATION LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of General Mining Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flow for the half-year ended on that date, a condensed statement of accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both General Mining Corporation Ltd ("the Company") and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim And Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of General Mining Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to

obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of General Mining Corporation Limited on 12 March 2010.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of General Mining Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL
(Authorised Audit Company)



J P Van Dieren
Director

West Perth, Western Australia
12 March 2010