

# **GENERAL MINING CORPORATION LIMITED**

**ABN 95 125 721 075**

**AND ITS CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

# 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

### **Auditors**

Stantons International  
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) 9227 1186  
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 2010.

### 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)
Robert Wanless	(Non-Executive Director)
Craig Readhead	(Non-Executive Director)
Christopher Wanless	(Non-Executive Director – resigned 31 October 2010)

### Review of Operations

The consolidated entity incurred an operating loss after tax of \$710,602 (2009: loss after tax of \$1,705,088) for the half-year ended 31 December 2010. The primary activities during the period were exploration for mineral resources in Australia and in Mongolia.

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

In Mongolia, GMM holds 100% interest in a number of exploration licences in the Uvs Basin in the north-west of the country. The Company’s focus is on exploring for potash and lithium brines. In October/November the Company drilled a series of shallow structural holes, in order to obtain geological information. A deeper drilling program is planned for 2011 seeking bedded potash, the Company’s primary exploration target.

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.

In Western Australia, the Company’s interests include a 50% interest in the Shoemaker iron project (in the Earahedy Basin, north-east of Wiluna). GMM may earn a further 30% from joint venture partner, Galaxy Resources Limited (“Galaxy”). The Company’s field program in May – July 2010 included outcrop mapping and sampling over the Frere Formation and further confirmed the presence of surface high-grade iron ore mineralisation and newly identified bedded manganese mineralisation.

At the Eyre project (on the Nullabor Plain) there is potential for iron oxide-copper-gold (IOCG) and carbonatite related mineralization. In June 2010, the Department of Minerals and Petroleum granted exploration licence E69/2649 to the Company, and in July 2010 granted exploration licence E69/2650 within the Eyre project area.

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

### Events occurring after reporting date

On 28 January 2011, 250,000 options exercisable at 20c each before 31 August 2014 were issued as incentive options under the ESOP.

2,250,000 options, with an exercise price of 20c per option, expired on 11 March 2011.

On 15 March 2011, the Company announced a placement of 6,947,234 shares at 17.5c per share. The placement is subject to a 6% capital raising fee and the issue of 1,215,766 free options, exercisable at 20c per option and expiring on 30 June 2012, on completion of the placement.

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 31 December 2010.

# GENERAL MINING CORPORATION LIMITED

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

### **Corporate**

The Company has \$2,685,198 working capital available as at 31<sup>st</sup> December 2010.

### **Auditor's Independence Declaration**

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

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



Boris Matveev

Managing Director

Signed at Perth on the 15<sup>th</sup> day of March 2011

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Stantons International Audit and Consulting Pty Ltd  
(ABN 84 144 581 519) trading as

**Stantons International**

Chartered Accountants and Consultants

15 March 2011

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 2010, 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 AUDIT AND CONSULTING PTY LIMITED**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**J P Van Dieren**  
**Director**

# GENERAL MINING CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2010

	Consolidated	
	31 December 2010	31 December 2009
Note s	\$	\$
<b>Revenue from continuing operations</b>	<b>87,587</b>	8,014
<b>Expenses</b>		
Administration fees	(27,719)	(10,368)
Legal fees	(4,107)	(5,968)
Directors' salary and entitlements	(83,337)	(81,000)
Travel, accommodation and entertainment	4,264	(28,501)
Consulting and secretarial fees	(42,750)	(88,961)
Computing IT costs	(1,013)	(3,011)
Audit fees	(12,125)	(12,556)
Depreciation	(7,610)	(779)
Insurance	(2,247)	-
Rental costs	(20,554)	(3,136)
Staff costs	(43,682)	(54,088)
Movement in provision for employee entitlements	(9,639)	-
Share based payments	(26,460)	-
Foreign exchange gains / (losses)	(488)	(31,183)
Provision for Exploration expenditure	7 (477,307)	(1,365,807)
Write off of exploration expenses	(33,327)	(17,252)
Other expenses from ordinary activities	(10,088)	(10,492)
<b>Loss from ordinary activities before income tax</b>	<b>(710,602)</b>	(1,705,088)
Income tax expense relating to ordinary activities	-	-
<b>Loss from ordinary activities after income tax expense</b>	<b>(710,602)</b>	(1,705,088)
<b>Other comprehensive income for the half - year</b>		-
Translations of foreign subsidiaries	(37,457)	26,975
Income tax expense on components on items of other comprehensive income	-	-
<b>Total comprehensive loss for the half - year</b>	<b>(748,059)</b>	(1,678,113)
(Loss) / profit attributable to:		
Owners of the Company	(710,602)	(1,705,088)
Non-controlling interest	-	-
<b>(Loss) / profit for the year</b>	<b>(710,602)</b>	(1,705,088)
Total comprehensive income / (loss) attributable to:		
Owners of the Company	(748,059)	(1,678,113)
Non-controlling interest	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b>(748,059)</b>	(1,678,113)
Basic loss per share (per share)	(\$0.01)	(\$0.07)
Diluted loss per share (per share)	(\$0.01)	(\$0.07)

The accompanying notes form part of these financial statements

# GENERAL MINING CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

		Consolidated	
	Note	31 December 2010	30 June 2010
	s	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,717,543	3,683,733
Trade and other receivables		83,115	142,277
Other assets		26,919	-
<b>TOTAL CURRENT ASSETS</b>		<u>2,827,577</u>	<u>3,826,010</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		69,436	74,764
Mineral exploration and evaluation expenditure	7	-	-
<b>TOTAL NON CURRENT ASSETS</b>		<u>69,436</u>	<u>74,764</u>
<b>TOTAL ASSETS</b>		<u>2,897,013</u>	<u>3,900,774</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		121,268	413,069
Provisions		20,867	11,228
Current tax liabilities		-	-
Other related party accruals		244	244
<b>TOTAL CURRENT LIABILITIES</b>		<u>142,379</u>	<u>424,541</u>
<b>TOTAL LIABILITIES</b>		<u>142,379</u>	<u>424,541</u>
<b>NET ASSETS</b>		<u>2,754,634</u>	<u>3,476,233</u>
<b>EQUITY</b>			
Contributed equity	2	7,636,209	7,635,739
Reserves		284,983	296,450
Accumulated losses		(5,166,558)	(4,455,956)
<b>TOTAL EQUITY</b>		<u>2,754,634</u>	<u>3,476,233</u>

The accompanying notes form part of these financial statements

# GENERAL MINING CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2010

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Exchange Translation Reserve	Total Equity
	\$	\$	\$		\$
Balance at 1 July 2009	1,074,360	(1,292,340)	16,843	26,765	(174,372)
Total loss for the period	-	(1,705,088)	-	-	(1,705,088)
Other comprehensive income / (loss) for the period	-	-	-	26,975	26,975
Total comprehensive income for the period	-	(1,705,088)	-	26,975	(1,678,113)
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity net of transaction costs	6,561,379	-	-	-	6,561,379
Options issued during the year	-	-	253,955	-	253,955
Balance at 31 December 2009	7,635,739	(2,997,428)	270,798	53,740	4,962,849
	Issued Capital	Accumulated Losses	Option Reserve	Foreign Exchange Translation Reserve	Total Equity
	\$	\$	\$		\$
<b>Balance at 1 July 2010</b>	<b>7,635,739</b>	<b>(4,455,956)</b>	<b>270,798</b>	<b>25,652</b>	<b>3,476,233</b>
Total loss for the period	-	(710,602)	-	-	(710,602)
Other comprehensive income / (loss) for the period	-	-	-	(37,457)	(37,457)
Total comprehensive income for the half year	-	(710,602)	-	(37,457)	(748,059)
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity net of transaction costs	-	-	-	-	-
Transfer from options reserve	470	-	(470)	-	-
Options issued during the period	-	-	26,460	-	26,460
<b>Balance at 31 December 2010</b>	<b>7,636,209</b>	<b>(5,166,558)</b>	<b>296,788</b>	<b>(11,805)</b>	<b>2,754,634</b>

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 2010

	Consolidated	
	31 December	31 December
	2010	2009
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(288,042)	(450,525)
Interest received	86,328	8,014
Interest and other costs of finance paid	-	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(201,714)</u>	<u>(442,511)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(4,117)	(200)
Payments for exploration expenditure	(760,359)	(207,359)
Proceeds from the sale of other fixed assets	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(764,476)</u>	<u>(207,559)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	5,628,159
Proceeds from borrowings	-	-
Repayments of borrowings	-	-
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>5,628,159</u>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>(966,190)</b>	4,978,089
Cash at beginning of the financial period	<u>3,683,733</u>	<u>104,953</u>
<b>CASH AT END OF THE FINANCIAL PERIOD</b>	<u>2,717,543</u>	<u>5,083,042</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 2010

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

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 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 2010 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) Going Concern

The financial statement has been prepared on the going concern basis, which contemplates continuity of normal business activities and realization of assets and settlement of liabilities in the ordinary course of business. The going concern of the Company is dependent upon it maintaining sufficient funds for its operations and commitments. The directors continue to monitor the ongoing funding requirements of the Company. The directors are confident that sufficient funding can be secured if required to enable the Company to continue as a going concern and as such are of the opinion that the financial statement has been appropriately prepared on a going concern basis.

#### (c) New Accounting Standards and Interpretations

The following amending standards have been adopted from 1 July 2010:

- AASB 1048 Interpretation of Standards
- AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process
- AASB 2009-8 Amendments to Australian Accounting Standards Group Cash-Settled Share-based Payment Transactions
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues
- AASB 2010-3 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 2010

### 2. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2010	30 June 2010
	\$	\$
a) Paid up capital	7,636,209	7,635,739
b) Movements	<b>No of Shares</b>	<b>Paid-Up Capital</b>
		\$
Balance 1 July 2010	56,087,394	7,635,739
Transfer from option reserve	-	470
Balance 31 December 2010	56,087,394	7,636,209

#### Options

As at 31 December 2010, there were 13,450,000 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:
  - 2,250,000 options expire on the 11/03/2011
  - 4,000,000 options expire on the 30/09/2012
  - 2,000,000 options expire on the 28/02/2013
  - 250,000 options expire on the 26/06/2013
  - 2,500,000 options expire on the 14/12/2012
  - 300,000 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
  - 1,500,000 options expire on the 30/06/2012

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 to 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 2010

### 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	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Segment Revenue	87,505	8,005	82	9	87,587	8,014
Sales to customers out-side the consolidated entity	-	-	-	-	-	-
Other revenues from customers outside the consolidated entity	-	-	-	-	-	-
Total segment revenue	87,505	8,005	82	9	87,587	8,014
Segment result	(350,064)	(1,662,026)	(360,538)	(43,062)	(710,602)	(1,705,088)
Unallocated expenses					-	-
Loss from ordinary activities before income tax expense					(710,602)	(1,705,088)
Segment assets - 31 December	2,842,014	5,153,920	28,080	8,924	2,870,094	5,162,844
Segment liabilities - 31 December	141,354	185,520	1,025	14,475	142,379	199,995

#### Business segments

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

### 4. EVENTS SUBSEQUENT TO REPORTING DATE

On 28 January 2011, 250,000 options exercisable at 20c each before 31 August 2014 were issued as incentive options under the ESOP.

2,250,000 options, with an exercise price of 20c per option, expired on 11 March 2011.

On 15 March 2011, the Company announced a placement of 6,947,234 shares at 17.5c per share. The placement is subject to a 6% capital raising fee and the issue of 1,215,766 free options, exercisable at 20c per option and expiring on 30 June 2012, on completion of the placement.

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 31 December 2010.

# GENERAL MINING CORPORATION LIMITED

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2010

### 5. CONTINGENT LIABILITIES

#### Mineral Tenement Leases

In order to maintain current rights of tenure to exploration tenements, the Company will be required to outlay in 2011 amounts of approximately \$507,945 (2009 \$435,000) in respect of tenement lease rentals and exploration expenditures to meet the minimum expenditure requirements, and rentals of the various Mines Departments in Australia.

The amount required to satisfy the Mongolian Mines Departments in 2011 is approximately \$302,027 (2009 \$243,405).

The estimated exploration and joint venture expenditure commitments for the ensuing year, but not recognised as a liability in the financial statements is:

	Consolidated Entity	
	2010	2009
	\$	\$
Within one year	809,972*	678,405*
Later than one year but less than five years	3,044,377*	3,149,458*
Later than five years	-*	-*

\* Mongolian minimum exploration expenditure requirements only start in their second year.

This 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. These obligations will be fulfilled in the normal course of operations.

### 6. SHARE BASED PAYMENTS

During the half year ended 31 December 2010 the Company issued 1,500,000 options at 20 cents per share as incentive options to the directors.

### 7. MINERAL EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2010	30 June 2010
	\$	\$
Balance brought forward	-	-
Expenditure capitalised during the year	510,634	1,327,693
Capitalised acquisition costs	-	1,282,407
Expenditure written off during the year	(33,327)	(204,360)
Provided to Profit or Loss	(477,307)	(2,405,740)
Balance 31 December 2010	-	-

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 2010, however, they 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 12 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 2010 and of its performance for the half-year ended on that date;
- (b) The financial report also complies with International Financial Reporting Standards, as disclosed in note 1; and
- (c) 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.



Boris Matveev  
Managing Director

Signed at Perth on the 15<sup>th</sup> day of March 2011

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of General Mining Corporation Ltd, which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for General Mining Corporation Ltd (the consolidated entity). The consolidated entity comprises both General Mining Corporation Ltd (the company) and the entities it controlled during the half year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of General Mining Corporation Ltd 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* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *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 a Financial Report 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 2010 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 Ltd, 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*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 Ltd on 15 March 2011.

*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 Ltd 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 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

*Emphasis Regarding Going Concern*

Without qualification to the conclusion expressed above, attention is drawn to the following matters:

As referred to in Note 1 to the half year financial report, the financial statements have been prepared on the going concern basis. During the half year ended 31 December 2010 the entity had incurred a loss for the half year of \$710,602 (2009 loss: \$1,705,088). The ability of the entity to continue as a going concern is subject to the successful recapitalisation of the Company by way of a capital raising and/or the sale of the Company's investments and/or mineral tenement interests at sufficient amounts so the Company can meet its existing and future commitments and proposed expenditures. In the event that the Board is not successful in recapitalising the Company and in raising further funds, the entity may not be able to continue as a going concern and the non-current assets may not necessarily realise book values.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*  


**John P Van Dieren**  
**Director**

West Perth, Western Australia  
15 March 2011