



GENESIS RESOURCES LIMITED

PROSPECTUS

For the offer of 15,000,000 Shares
at an issue price of \$0.20 each to raise \$3,000,000.

With provision to accept oversubscriptions
of a further 5,000,000 Shares at \$0.20 each
to raise up to an additional \$1,000,000.



GENESIS RESOURCES LIMITED

ACN 114 787 469

genesisresourcesltd.com.au

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand it you should consult your professional advisers without delay.
The Shares offered by this Prospectus should be considered speculative.

IMPORTANT NOTICE

This Prospectus is dated 5 August 2009 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is at 5.00pm CST on that date which is 13 months after the date this Prospectus was lodged with the ASIC (**Expiry Date**). No Shares may be issued on the basis of this Prospectus after the Expiry Date.

Application will be made to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered speculative.

WEB SITE - ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.genesisresourcesltd.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an application form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.



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1. Corporate Directory

Directors

Mr Eddie Lung Yiu Pang (Non-Executive Chairman)
Mr Pedro Kastellorizos (Managing Director)
Dr Kerim Sener (Non-Executive Director)
Mr Peter Hepburn-Brown (Non-Executive Director)

Company Secretary

Mr Pedro Kastellorizos

Registered Office

Suite 8
52 Marina Blvd
CULLEN BAY NT AUSTRALIA 0820

Telephone: (08) 8981 8106

Facsimile: (08) 8981 9127

Email: info@genesisresourcesltd.com.au

Website: www.genesisresourcesltd.com.au

Auditors and Investigating Accountant

Grant Thornton (WA) Partnership
Level 1
10 Kings Park Road
WEST PERTH WA 6005

Share Registry*

Computershare Investor Services Pty Limited
Level 2
45 St Georges Terrace
PERTH WA 6000
Telephone: 1300 557 010

Independent Consulting Geologist

AI Maynard & Associates Pty Ltd
10 Richardson Street
WEST PERTH WA 6005

Solicitors to the Company

Steinepreis Paganin
Level 4, Read Buildings
16 Milligan Street
PERTH WA 6000

* This entity is included for information purposes only.
It has not been involved in the preparation of this Prospectus.



2. Chairman's Letter

Dear Investor,

On behalf of the Board, it gives me great pleasure to present this offer to acquire shares in Genesis Resources Limited (**Genesis**). Genesis has issued this Prospectus to raise \$3 million through the issue of 15 million fully paid ordinary shares (**Shares**) at \$0.20 each with provision to accept oversubscriptions of up to a further 5 million Shares at \$0.20 each to raise up to a further \$1 million.

Genesis has assembled an attractive portfolio of exploration projects in Queensland and the Northern Territory and has also entered into a joint venture within the Former Yugoslav Republic of Macedonia with a well-known local conglomerate.

Genesis plans to initially focus its exploration on its highly prospective, 55% owned manganese projects at Gladstone and McArthur River and 100% owned Fenn Gap. Bulk commodities such as manganese are currently in strong demand and the Board believes that an intensive manganese exploration programme has the potential to add significant value for Shareholders.

Our immediate priority is the Gladstone project in Queensland, which is strategically located approximately 15 kilometres from the Gladstone port and hosts the historic Mount Millar manganese mine. Genesis plans to conduct an aggressive exploration programme at Gladstone immediately following listing on ASX to test the depth and strike extent of the previously identified manganese mineralisation at Gladstone.

Genesis has also signed a joint venture agreement over the Plavica copper-gold project in Former Yugoslav Republic of Macedonia. Plavica covers 210 km² in the Carpathian Volcanic Arc, a major epithermal system that runs through north eastern Former Yugoslav Republic of Macedonia. The Plavica project is at an advanced stage of exploration with significant copper and gold drilling results already recorded and Genesis believes that the project represents an outstanding opportunity to identify a high-grade vein-style gold resource in the medium-term.

Whilst the Board believes the projects assembled by Genesis demonstrate significant potential to host economic mineralisation, an investment in Genesis should be considered speculative and it is recommended that prospective investors consider the risks set out in Section 12 of this Prospectus and seek professional investment advice before investing.

I look forward to welcoming you as a shareholder of Genesis Resources Limited.

Yours sincerely,

Mr Eddie Pang
Chairman
Genesis Resources Limited



3. Investment Highlights

- The Gladstone manganese project is located 15 km from the Gladstone shipping port in Queensland. This project is host to several manganese deposits, with past production totaling 22,037 tonnes of high grade ore mined. Reconnaissance rock chip sampling has yielded surface assays in the order of 58.7%, 60.5% and 61.1% Mn with diamond drilling currently underway over the historical Mount Millar manganese mine. The full table of assay results is contained on page 23 of the Independent Geologist's Report at Section 8 of this Prospectus.
- The McArthur River manganese project has over 1,370 metres of outcropping manganese over the Masterton No.2 prospect. Twelve rock chip assays returned high grade values of manganese varying from 43.5% to 53.1% Mn from surface. The full table of assay results is contained on page 31 of the Independent Geologist's Report at Section 8 of this Prospectus. This project also hosts extensive electro-magnetic drill targets which are believed to host manganese mineralisation based on high grade rock chip manganese assays (41.9% Mn) directly overlying these electro-magnetic anomalies.
- The Fenn Gap manganese project has outlined a strata-bound dolomite-hosted iron-manganese zone. Geological mapping has delineated over 9.9 kilometres of outcropping goethite (iron) mineralisation (between 43% and 48% Fe) with moderate to high grade (33.2% Mn) manganese assays obtained from the Table Prospect area. The full table of assay results is contained on page 35 of the Independent Geologist's Report at Section 8 of this Prospectus. Ground gravity survey completed over the main mineralised iron bearing zones have shown this mineralised targets extend beyond 100 vertical metres from the surface.
- The Plavica project is located in the Kratovo District in the north east of Former Yugoslav Republic of Macedonia and is highly prospective for gold, copper and silver deposits. The dimension of the ore body defined by drilling is over 3 km in length, 500 metres in width, with mineralisation delineated down 800 vertical metres from the surface. This project is the site of historic Roman gold workings and underground mining by British Selection Mines. Significant drill hole results from previous exploration include 76 metres at 1.15 g/t Au and 0.30% copper, 10 metres at 21.6 g/t Au and 40 metres at 6.71 g/t Au. The full table of assay results is contained on page 40 of the Independent Geologist's Report at Section 8 of this Prospectus
- The Arltunga gold project contains thirty-three gold prospects and historical mines with past production in excess of 1,000 ounces of gold. Recent reconnaissance has yielded rock chip gold assays varying from 1.32 g/t to 12.85 g/t over historical workings with numerous magnetic geophysics targets warranting further work. The full table of assay results is contained on page 44 of the Independent Geologist's Report at Section 8 of this Prospectus
- The Alice Springs polymetallic project has defined numerous copper, uranium and tantalum prospects. The work will concentrate on further exploration predominantly over the high anomalous copper prospects.
- The Laura River project has four gold and platinum prospect areas which have been defined from bulk sampling returned 0.25-0.4 g/m³ Au and high grade Pt concentrates. The full table of assay results is contained on page 47 of the Independent Geologist's Report at Section 8 of this Prospectus. Regional exploration will concentrate on a potential high grade alluvial potential.
- The Pioneer gold project contains fourteen gold prospects. The main prospect, the Pioneer Reef, was discovered in 1880 with known historic workings striking over 1,000 metres and to depths of up to 33 metres. Mining grades within the Pioneer Reef prospect varied from 10.7 g/t to 126.4 g/t Au. Rock chip reconnaissance trip returned highly encouraging assay results, including 44.5 g/t Au, 32.8 g/t Au and 69.7 g/t Au. The full table of assay results is contained on page 52 of the Independent Geologist's Report at Section 8 of this Prospectus. These results warrant follow up and drill testing.

INVESTMENT RISKS

Prospective investors should read this Prospectus in its entirety and, in particular, before deciding on whether to apply for Shares under this Prospectus, consider the risk factors set out in Section 12, which include:

- No guarantee of exploration success.
- Resource estimates are imprecise and may prove to be inaccurate.
- Commodities price volatility and exchange rate risks.



4. Investment Overview

4.1 Important Notice

This section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

4.2 Objectives

The strategic objectives of the Company in the two years following admission to the ASX are to:

- Explore all the projects outlined in this Prospectus in accordance with the exploration budgets and recommendation set out in the Independent Geologist's Report in Section 8 of this Prospectus.
- Delineate a JORC Code-compliant resource over the Gladstone, Fenn Gap and Plavica projects.
- Pursue other opportunities to expand the Company's portfolio of mineral assets.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

4.3 Indicative Timetable

Lodgement of Prospectus with the ASIC	5 August 2009
Opening Date	13 August 2009
Closing Date	5.00pm CST on 18 September 2009
Despatch of Holding Statements	25 September 2009
Expected date for listing on ASX	6 October 2009

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

4.4 Purpose of the Offer and Use of Proceeds

The purpose of the Offer is to provide the Company with additional funding to assist the Company to seek to achieve the objectives set out in Section 4.2.

It is intended to apply funds raised from the Offer as follows (assuming the Offer is fully subscribed to raise \$3,000,000 and no over subscriptions are accepted):

Item	Year 1	Year 2	Total
Geophysical surveys/consultants	\$160,000	\$160,000	\$320,000
Geological mapping & surface samples assays	\$205,000	\$200,000	\$405,000
RAB/RC drilling	\$530,000	\$570,000	\$1,100,000
Field support & vehicles	\$40,000	\$40,000	\$80,000
Administration costs	\$100,000	\$100,000	\$200,000
Corporate overheads	\$265,000	\$265,000	\$530,000
Expenses of the Offer	\$330,000	NIL	\$330,000
Unallocated working capital	NIL	\$35,000	\$35,000
Total	\$1,630,000	\$1,370,000	\$3,000,000

In the event oversubscriptions (of up to \$1,000,000) are accepted a total of \$4,000,000 will be raised. It is intended to apply these funds as follows:

Item	Year 1	Year 2	Total
Geophysical surveys/consultants	\$230,000	\$200,000	\$430,000
Geological mapping & surface samples assays	\$400,000	\$340,000	\$740,000
RAB/RC drilling	\$950,000	\$705,000	\$1,655,000
Field support & vehicles	\$40,000	\$40,000	\$80,000
Administration costs	\$100,000	\$100,000	\$200,000
Corporate overheads	\$265,000	\$265,000	\$530,000
Expenses of the Offer	\$330,000	NIL	\$330,000
Unallocated working capital	NIL	\$35,000	\$35,000
Total	\$2,315,000	\$1,685,000	\$4,000,000

In the event less than \$4,000,000 but more than the minimum subscription of \$3,000,000 is raised the proceeds will be reduced from each of the first six items on a pro-rata basis.

The above tables do not include proposed expenditure on the Plavica project in FYR of Macedonia as the renewals of these permits remains subject to approval by the government of the FYR of Macedonia.

In the event of the renewals are approved, expenditure on each of the first six items will be reduced on a pro rata basis to provide funds for expenditure over the Plavica prospect.

The above tables are a statement of current intentions as at the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events (including exploration success and failure) and new circumstances have the potential to affect the way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

4.5 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below¹:

Shares	Number
Shares on issue at date of Prospectus	30,580,752
Shares offered under Prospectus ²	15,000,000
Shares to be issued to consultants ³	2,500,000
Total Shares on issue at completion of the Offer	48,080,752

Options	Number
Options on issue at date of Prospectus	500,000
Options offered under Prospectus	NIL
Total Options on issue at completion of the Offer	500,000

Notes:

¹ Refer to the Financial Information at Section 9 of this Prospectus for further information. The rights attaching to the Shares are summarised in Section 14.1 of this Prospectus and the terms and conditions of the Options are summarised in Section 14.2 of this Prospectus.

² Assumes that the Offer is fully subscribed and the Company does not accept oversubscriptions. In the event the Company accepts the full amount of

oversubscriptions an additional 5,000,000 Shares will be issued taking the total Shares on issue at that time to 53,080,752.

³ Refer to the terms of the Corporate Advisory Agreement as summarised in Section 13.3 of this Prospectus.

4.6 Restricted securities

Subject to the Company being admitted to the Official List, certain of the Shares and Options on issue prior to the Offer and certain of the Shares issued on the exercise of the Options on issue prior to the Offer, are likely to be classified by ASX as restricted securities and will be required to be held in escrow.

4.7 Risk factors

Prospective investors in the Company should be aware that subscribing for Shares the subject of this Prospectus involves a number of risks. These risks are set out in Section 12 of this Prospectus and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 12, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered speculative.





5. Details of the Offer

5.1 The Offer

By this Prospectus, the Company offers for subscription 15,000,000 Shares at an issue price of \$0.20 each to raise \$3,000,000. Oversubscriptions of up to a further 5,000,000 Shares at \$0.20 each to raise up to an additional \$1,000,000 may be accepted.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

5.2 Applications

Applications for Shares offered under this Prospectus must be made using the Application Form enclosed with this Prospectus in accordance with the instructions contained in this Section and on the Application Form. Please read the instructions carefully.

Payment for the Shares must be made in full at the issue price of \$0.20 per Share. Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.

Payment by Cheque

Completed Application Forms and accompanying cheques must be mailed or delivered to:

Computershare Investor Services Pty Limited
GPO Box D182
Perth WA
Australia 6840

Cheques should be made payable to "Genesis Resources Limited - Share Offer Account" and crossed "Not Negotiable". Completed Application Forms must reach the above address by no later than 5.00 pm (CST) on 18 September 2009.

5.3 Oversubscriptions

The Company may accept oversubscriptions of up to \$1,000,000 through the issue of up to a further 5,000,000 Shares at an issue price of \$0.20 each under the Offer.

The maximum amount which may be raised under this Prospectus is therefore \$4,000,000.

5.4 Allotment

Subject to ASX granting conditional approval for the Company to be admitted to the Official List, allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

The Directors reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within seven (7) days of the allotment date.

5.5 Minimum Subscription

The minimum subscription to be raised pursuant to this Prospectus is 15,000,000 shares at \$0.20 each to raise \$3,000,000.

If the minimum subscription has not been raised within four (4) months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act.

5.6 ASX Listing

The Company will apply to ASX within seven (7) days after the date of this Prospectus for admission to the Official List and for Official Quotation of the Shares offered under this Prospectus and the existing Shares on issue. If ASX does not grant permission for Official Quotation of the Shares within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued and all applications will be dealt with in accordance with the Corporations Act.

5.7 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should

seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

5.8 Underwriter

The Offer is not underwritten.

5.9 Commissions on Application Forms

The Company reserves the right to pay a commission of up to 6% (inclusive of goods and services tax) of amounts subscribed to any licensed securities dealer or Australian financial services licensee in respect of valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

5.10 CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send a CHESS statement.

5.11 Privacy Statement

If you complete an Application Form, you will be providing personal information to the Company (directly or to the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Shares in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service

providers and mail houses.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

5.12 Queries

This Prospectus provides information for investors to decide if they wish to invest in the Company and should be read in its entirety. If you have any questions about investing in the Company, please contact your stockbroker, financial planner, accountant, lawyer or independent financial adviser.



6. Company and Project Overview

6.1 Background

Genesis Resources was incorporated on 16 June 2005 to pursue exploration opportunities in the Archaean and Proterozoic metallogenic provinces of Northern Australia. Genesis converted to a public company on 24 November 2006.

Since incorporation, Genesis has assembled a portfolio of five 100%-owned exploration licences and two 55%-owned exploration licences covering more than 1,877 km² in Queensland and the Northern Territory and entered into a joint venture agreement giving it the right to earn the majority position (62%) in highly prospective gold and copper projects in the Former Yugoslav Republic of Macedonia.

6.2 Gladstone Manganese Project (Genesis 55%)

The Gladstone project is located approximately 15 km west of Gladstone shipping port in Queensland. The project comprises one exploration permit (EPM 15771) which covers a total area of approximately 63 km² that is prospective for manganese and hosts several historic manganese mine/workings.

The Gladstone project hosts several northwest striking manganese ore deposits within the Doonside Formation. The deposits occur as structurally controlled lenses parallel to bedding in the enclosing sediments. There are six separate areas of manganese mineralisation located within the project area, the most significant of which is the historic Mount Millar manganese mine.

The Mount Millar mine opened in 1895 and operated intermittently until 1916 and then from 1958 to 1960. A total of 21,785 tonnes of ore was mined with a grade which ranged from 44% to 47% Mn. The ore body at Mount Millar is lensoidal with the long axis running parallel to local bedding. It is approximately 70 metres long, 1 to 6 metres wide and mineralisation is reported to have exceeded 96 metres in depth. A small reconnaissance rock chip sampling over Mt Millar yielded high grade geochemical surface manganese assays in the order of 58.7%, 60.5% and 61.1% Mn. The full table of assay results is contained on page 13 of the Independent Geologist's Report at Section 8 of this Prospectus.

Genesis, with its joint venture partner WDR Base Metals Pty Ltd, a wholly owned subsidiary of ASX listed company, Western Desert Resources Limited, have begun a systematic exploration programme to test the depth and strike extent of the manganese mineralisation that is known to exist at Mount Millar and with future work planned along the 21.5 km strike length at Gladstone.

WDR Base Metals Pty Ltd has completed a ground induce polarisation survey at Gladstone which identified numerous manganese drill targets. Western Desert Resources Limited expects to be in a position to announce the drilling assay results of this first-pass drilling in August-September 2009.



6. Company and Project Overview

6.3 McArthur River Manganese Project (Genesis 55%)

The McArthur River project is located approximately 850 kilometres south east of Darwin in the Northern Territory. The project comprises one granted exploration licence (EL 24814) which covers a total area of 505.6 km² that is easily accessible from the Carpentaria Highway and is only 265 km by road from the port at McArthur River mine.

The McArthur River project hosts three known areas of outcropping manganese mineralisation. The most significant being the Masterton No.2 prospect which contains a vertical and steeply dipping manganiferous lense that is up to 160 metres long and averages 10 metres in width that has assayed up to 63% Mn. The full table of assay results is contained on page 29 of the Independent Geologist's Report at Section 8 of this Prospectus.

A brief reconnaissance rock chip sampling program was conducted over the Masterton No.2 prospect and the surrounding areas in October 2008. Out of the sixteen rock chips, twelve rock chip assays returned high grade values of manganese varying from 43.5% to 53.1% Mn from surface. Other assays included 15.65%, 25.8% and 21.1% Mn. The full table of assay results is contained on page 31 of the Independent Geologist's Report at Section 8 of this Prospectus.

Genesis plans to conduct a ground induced polarisation and electro-magnetic geophysical survey over the project to identify high priority drill targets. This will be followed by a RAB and RC drilling programme to ascertain the depth and continuity of the manganese lenses to 25 metres below surface with a view to defining an inferred resource at McArthur River.

6.4 Fenn Gap Manganese Project (Genesis 100%)

The Fenn Gap project is located approximately 25 km south west of Alice Springs in the Northern Territory. The project is close to major infrastructure such as the Stuart Highway and the Alice Springs to Adelaide Railway. The project comprises one granted exploration licence (EL 24839) which covers a total area of 98 km².

Fenn Gap is prospective for iron and manganese. The known manganese mineralisation at Fenn Gap occurs in the eastern part of the licence area where previous rock-chip sampling has outlined a strata-bound dolomite-hosted manganese-rich zone over several kilometres in length with manganese grades up to 50.9% Mn (averaging 39% Mn). Geological mapping conducted by Genesis has delineated over 9.9 kilometres of outcropping goethite (iron) mineralisation (between 43% and 53% Fe) with moderate grade (33.2% Mn) manganese assays obtained from the Table Prospect area. The full table of assay results at the Fenn Gap Project is contained on page 35 of the Independent Geologist's Report at Section 8 of this Prospectus.

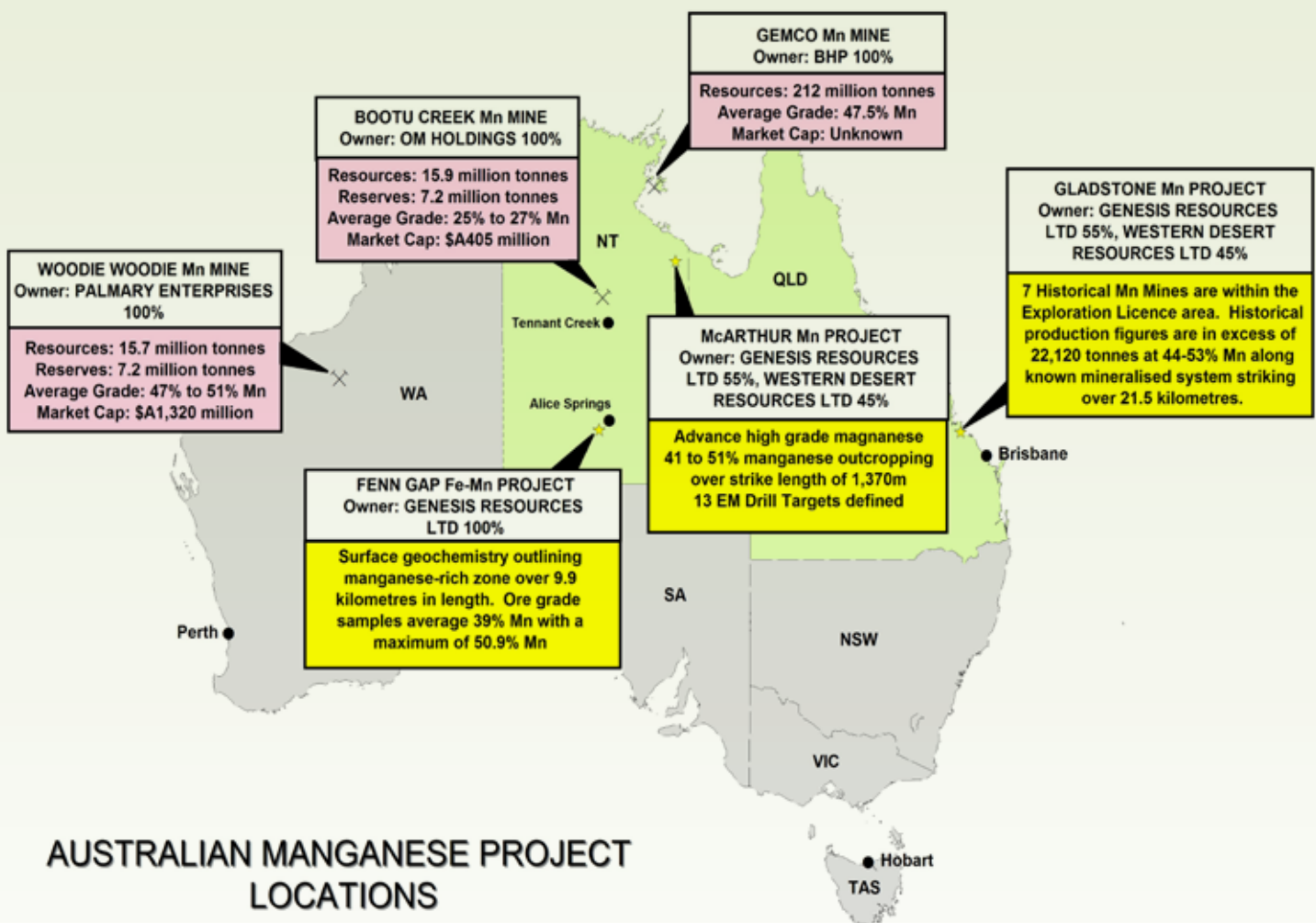


6. Company and Project Overview

Through geophysical consultation with Resource Potentials Pty Ltd in Western Australia, it has been recommended that a completed ground gravity survey by Genesis Resources based on 400m line spacing and 50m stations across the lines has delineated the extensive lodes for drill testing. The survey was successful in defining broad scale gravity anomalies which can be correlated in most instances to mapped outcrop and goethite/manganese mineralisation. The residual filtering and modelling has highlighted local areas of gravity anomalism which indicate areas of higher density, and it is recommended these be followed up by a drilling campaign to suitably test these areas.

The modelling showed that source bodies with widths of 30-40m, 100m depth extents and similar strike extents to the mapped mineralisation provided a good correlation to the gravity anomaly. All model bodies had dips 70° to the south and are located to the north of the gravity anomaly, which suggests that the gravity response is due to a down dip component rather than the surface mineralisation.

A review of the geology and potential for mineralisation corresponding to the strong gravity anomalies in the north of the survey area should be undertaken to determine if these are due a more silicified/dense stratigraphic unit of the Bitter Springs Formation or if it may potentially represent mineralisation at depth.



6. Company and Project Overview

6.5 Plavica and Crn Vrv Projects (Genesis earning 62%)

Genesis has entered into a joint venture agreement with Sileks, a well known Former Yugoslav Republic of Macedonia conglomerate, over the Plavica and Crn Vrv projects in north eastern Former Yugoslav Republic of Macedonia, pursuant to which Genesis has the right to earn a 62% joint venture interest. Refer to the summary of this agreement contained in Section 13.2 of this Prospectus for further details.

Sileks became the holder of the rights to the projects in 1999 for a term of 8 years. The rights expired in December 2007 and are currently pending renewal by the government of Former Yugoslav Republic of Macedonia. Commencement of the joint

venture is subject to Sileks obtaining concessional renewal of the rights to the projects. As at the date of this Prospectus, the concession renewal has not been obtained. Refer to the Report on Tenements in Section 11 for further details.

The Plavica project is located in the Kratovo District in the north east of Former Yugoslav Republic of Macedonia and is situated approximately 65 km to the east of the Former Yugoslav Republic of Macedonian capital Skopje. The project is made up of two exploration licences covering over 200 km² in the Carpathian Volcanic Arc, a major epithermal province running through eastern Europe, and is highly prospective for gold, copper and silver mineralisation.

The project is the site of historic Roman gold workings and underground mining by British Selection Mines. In more recent times, the Plavica project has been the subject of substantial exploration by the Yugoslav Government, Rio Tinto and European Minerals. Historically, companies have targeted this project as a large low grade open cut mine. Genesis believes this project has the potential to host high grade gold deposit based on historical diamond drilling which has intersected high grade gold mineralisation as further detailed on page 40 of the Independent Geologist's Report at Section 8 of this Prospectus. Significant drill hole results from previous exploration included 76 metres at 1.15 g/t gold and 0.30% copper, 10 metres at 21.6 g/t gold and 40 metres at 6.71 g/t gold.



6. Company and Project Overview

Whilst the significant exploration at Plavica has confirmed the potential of the project to contain a major gold or copper-gold resource, the exploration has been far from definitive as only four angled holes have been drilled and many holes were not assayed. On this basis, Genesis believes that the work to date has inadequately tested the steep to high grade vertically-dipping mineralised structures believed to exist at Plavica.

Genesis believes that based on historic drill hole and other exploration data there is the opportunity to calculate a JORC-compliant resource at Plavica. In addition, Genesis intends to utilise the database to identify near-term drill targets that will test the potential for high-grade vein-style/feeder gold and copper resources.

The Crn Vrv prospect is located 8 km south-west of the town of Kratovo, and 7 km west of the Plavica deposit. The prospect has been mined for silica for several decades by RIK Sileks AD.

Geophysics (I.P. and airborne magnetics) undertaken in 1999 by Rio Tinto defined a large chargeability anomaly 3.2 km by 1.5 km coincident with a highly magnetic feature 1.6 km diameter. The anomalies were interpreted as a potential blind copper porphyry system, as no associated geochemical signature was identified in the regional soil sampling undertaken over the area.

It is likely that Crn Vrv represents the most distal expression of the Plavica mineralised system. Although the grades encountered were low in the area drilled, there is likely to be an improvement of grade to the east of Crn Vrv and approaching Plavica, particularly if structurally controlled zones of mineralisation can be delineated. This represents an opportunity for new exploration in the area.

6.6 Other Projects

Arltunga Gold Project (Genesis 100%)

The Arltunga gold project is located some 110 kilometres north east of Alice Springs and encompasses the entire Arltunga gold field. The project comprises one exploration licence (EL 25238) which covers a total area of 95.2 km² and is prospective for gold mineralisation.

Thirty three gold prospects have been defined at Arltunga, including the historic Claraville, Wipeout, Jenkins, Round Hill, Wheal Fortune and Magdale gold workings that in total have produced over 1,000 ounces of gold historically. The full table of historical production results is contained on page 42 & 43 of the Independent Geologist's Report at Section 8 of this Prospectus. The prospectivity of the Arltunga project was confirmed during the 1990s through reconnaissance rock-chip, costean and dump sampling that yielded highly significant results that warrant further exploration.

Genesis believes that Arltunga is a highly attractive gold field given the gold is hosted in outcropping shear zone hosted quartz veins. Genesis intends to conduct an extensive soil and rock-chip sampling programme over a 50m by 200m grid covering the identified anomalies together with geological mapping in order to help delineate the source of gold anomalism at Arltunga.

Laura River Project (Genesis 100%)

The Laura River project is centred on the township of Laura 210 km north west of Cairns in north Queensland. The project comprises one granted exploration permit (EPM 15242) which covers a total area of 330.7 km².

Four gold and platinum prospect areas have been defined on the project from bulk sampling returned 0.25-0.4 g/m³ Au and high grade Pt concentrates. The full table of assay results is contained on page 47 of the Independent Geologist's Report at Section 8 of this Prospectus. Genesis proposes to complete a soil sampling programme on a 50m by 200m grid over anomalous areas together with geological mapping of the project to help delineate the source of gold and platinum anomalism at Laura River.

Pioneer Gold Project (Genesis 100%)

The Pioneer project is located approximately 95 km east of Bundaberg in Queensland. The project comprises one granted exploration permit (EPM 15619) which covers a total area of 12.5 km².

Pioneer has been targeted for the fourteen gold prospects that have been defined to date in the licence area. The main prospect, Pioneer Reef, was discovered in 1880 with known historic workings

6. Company and Project Overview

striking over 1,000 metres and to depths of up to 33 metres. Mining grades within the Pioneer Reef prospect varied from 10.7 g/t Au to 126.4 g/t Au.

Rock chip reconnaissance returned highly encouraging assay results, including 44.5 g/t Au in the Pioneer Air Shaft dump, 32.8 g/t Au in the Pioneer Burn's Shaft Number 4 and 69.7 g/t Au in the West Yorkshire mine remnants. These results warrant follow up and drill testing. The full table of assay results at the Pioneer Gold Project is contained on page 52 of the Independent Geologist's Report at Section 8 of this Prospectus.

Genesis proposes a further detailed programme of rock-chip and soil sampling over a 50 metre by 200 metre grid at Pioneer as well as ground geophysics to cover the historical gold workings and along the shear zones at Pioneer.

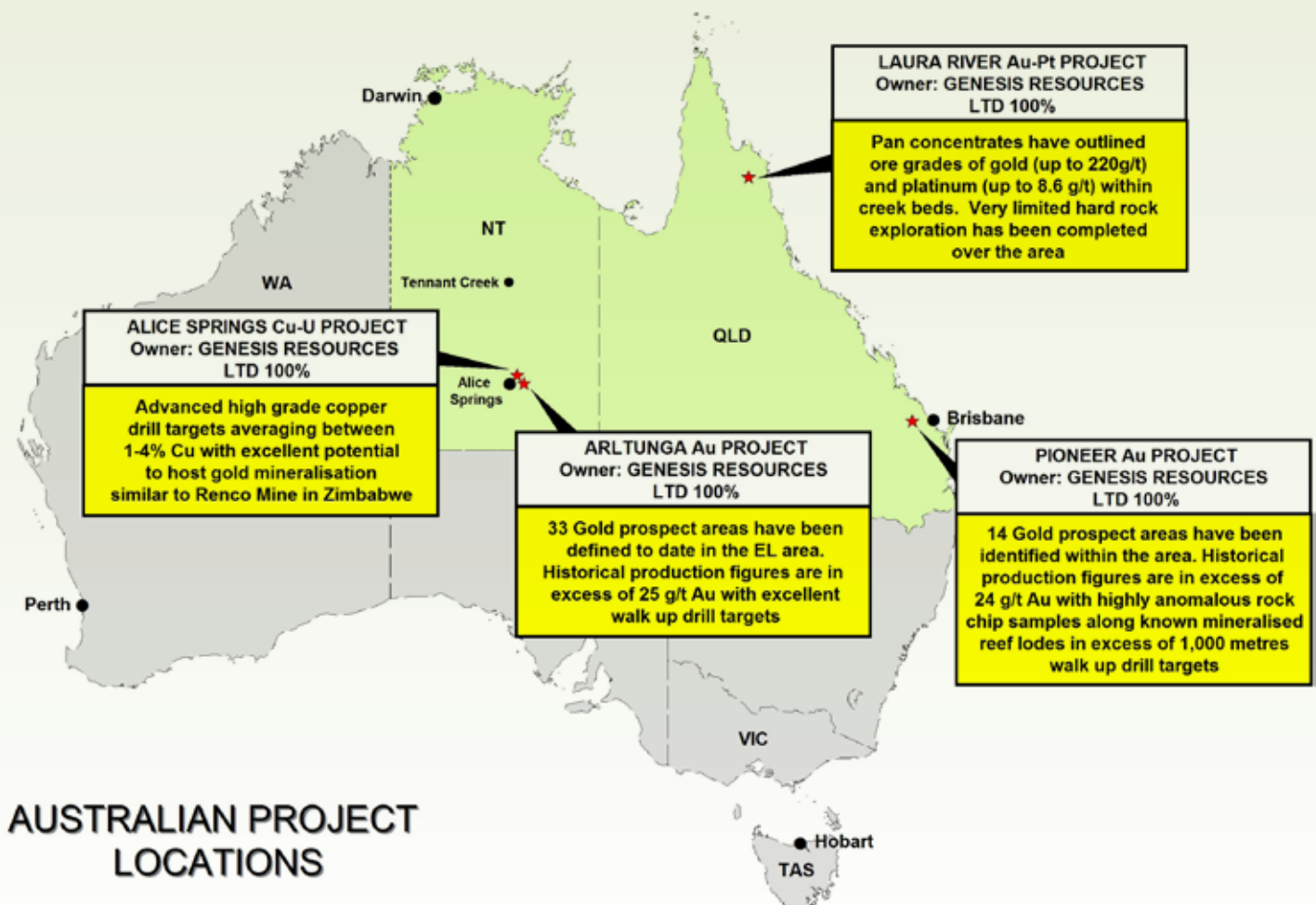
Alice Springs Polymetallic Project (Genesis 100%)

The Alice Springs project is located approximately 155 km north east of Alice Springs in the Northern Territory. It comprises one granted exploration licence (EL 24817) which covers a total area of 700.7 km².

Previous exploration at Alice Springs has defined numerous copper prospects, including the Camp Hill and Robbie's Luck prospects. Both prospects consist of a number of copper mineralised quartz veins in amphibolites that are open in all directions. The full table of assay results is contained on page 58 of the Independent Geologist's Report at Section 8 of this Prospectus

The project also hosts the Mount Johnstone Dam pegmatite, which has not yet been explored extensively and which contains the Ciccones uranium, tin, tantalum and niobium prospect.

Genesis proposes to conduct geochemical surface sampling to better understand the copper prospects and the Ciccones uranium prospect at Alice Springs.





7. Directors and Corporate Governance

7.1 Directors

Eddie Lung Yiu Pang BSc Non-Executive Chairman

Mr Pang holds a Bachelor of Science in Chemistry. Mr Pang operates a trading business based in Shanghai which is in the business of: supplying the Chinese market with Australian wool and wine, Chilean iron ore, cathode copper and timber; marketing and exportation of Chinese building materials to Vietnam and the United Arab Emirates; and supplying Chinese chemicals including antibiotic precursors to pharmaceutical facilities in Canada and the United Arab Emirates.

Mr Pang is also involved in a joint venture in food flavours manufacturing facility in Wisconsin, USA and has an established distribution network of food flavours and additives in China, supplying the major dairy processors and beverages producers.

Mr Pang has private business interests in Australia, including vineyards and timber plantation investments.

Mr Pang's extensive network of business associates in several large corporations in China (both national and private) and the Middle East will be an invaluable asset for Genesis in its future capital raising and product marketing.

Pedro Kastellorizos BSc Managing Director

Mr Kastellorizos has a Bachelor of Science in Geology and has over 12 years' exploration experience specialising within the Northern Territory.

Prior to founding Genesis, Mr Kastellorizos was Technical Director for both Batavia Mining Ltd (ASX-listed company) and Regency Mines plc (AIM listed company). Before joining Batavia, Mr Kastellorizos was Exploration Manager for Tennant Creek Gold Ltd, an ASX-listed company focused on gold, base metals and tungsten/molybdenum exploration in the Northern Territory. Mr Kastellorizos gained significant exploration experience in the Northern Territory with Burnside Operations Pty Ltd (senior exploration geologist and underground geologist), Northern Gold NL, the Northern Territory Geological Survey and Afrmeco Mining & Exploration Pty Ltd (uranium exploration in Arnhemland).

Dr A. Kerim Sener MSc, PhD Non-Executive Technical Director

Dr Sener has a first-class Bachelor of Science with Honours degree in Geology, a Master of Science in Mineral Exploration and a PhD in Geology. Dr Sener is a fellow of the Geological Society of London, member of the Institute of Materials, Minerals and Mining and a member of the Society of Economic Geologists.

Dr Sener has 10 years of exploration experience, having worked for Independence Gold Mining Pvt. Ltd. (a subsidiary of LSE-listed Lonmin plc) in Zimbabwe and ASX-listed Northern Gold NL in the Northern Territory. While undertaking his PhD, he completed a number of consulting projects for clients in Western Australia, including the exploration for manganese mineralisation with Consolidated Minerals Limited. Dr Sener is currently Managing Director of Ariana Resources plc, an AIM-listed exploration company focused on precious metals in Turkey.

Peter Hepburn-Brown BSc Non-Executive Chairman

Mr Hepburn-Brown holds a Bachelor of Science in Mining Engineering, a Graduate Diploma in Human Resources and is a member of the Institute of Engineers Australia.

Mr Hepburn-Brown has over 25 years' mining industry experience having previously worked for Siberia Mining Corporation Limited, Harmony Gold (Australia) Limited, Great Central Mines Limited and with mining operations for Niugini Mining and Western Mining Corporation. Mr Hepburn-Brown is currently a non-executive director of ASX-listed companies Kasbah Resources Limited and Alloy Resources Limited.

7. Directors and Corporate Governance

7.2 Corporate Governance

The Directors are responsible for the overall corporate governance of the Company, and are committed to the principles underpinning best practice in corporate governance, applied in a manner that meets ASX standards and best addresses the Directors' accountability to Shareholders.

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct.

The following policies and procedures have been adopted by the Company and are available for viewing on the Company's website, www.genesisresourcesltd.com.au:

- Board Charter
- Corporate Code of Conduct
- Continuous Disclosure Policy
- Audit and Risk Committee Charter
- Remuneration Committee Charter
- Risk Management and Internal Control Policy
- Securities Trading Policy
- Shareholder Communications Policy

Whilst the Company will endeavour to comply with all of the guidelines under the ASX Corporate Governance Recommendations, the Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the additional expense of compliance with all recommendations. The Board will consider on an ongoing basis its corporate governance procedures and whether they are sufficient given the Company's size and nature of operations.





8. Independent Geologist's Report

INDEPENDENT GEOLOGICAL REPORT ON

AUSTRALIAN AND FORMER YUGOSLAV REPUBLIC OF MACEDONIAN MINERAL ASSETS

FOR

GENESIS RESOURCES LIMITED

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August, 2009

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8. Independent Geologist's Report

1.0 EXECUTIVE SUMMARY

This report is to be included in a prospectus to be prepared in connection with the proposed admission of Genesis Resources Limited ("GES" or "Genesis") to the Australian Securities Exchange ("ASX"). GES holds seven exploration licences ("ELs") or exploration permits for mining ("EPMs") that are granted in the Northern Territory and Queensland, Australia and the right to acquire an interest in the two licences over the Plavica Project in the Former Yugoslav Republic of Macedonia. The total tenement holding is over 1,877km². The projects are at the exploration stage and have yielded significant surface mineralisation and geophysical anomalies from the initial exploration. No JORC compliant reserves or resources have been defined on the licences.

All projects are considered to be sufficiently prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of their economic potential. We are of the opinion that GES has satisfactorily and clearly defined exploration and expenditure programs which are reasonable, having regard to the stated objectives of the company and sufficient exploration work has taken place to justify the budgeted exploration and expenditure.

All budgeted expenditure tables in this Report are based on Genesis raising the minimum subscription of \$3 million pursuant to the prospectus only.

2.0 INTRODUCTION

2.1 Competent Person

This report has been prepared by Brian J. Varndell B.Sc. (Spec Hons Geol), FAus, IMM, a geologist with more than 35 years' experience in mineral exploration and more than 25 years' experience in mineral asset valuation and Allen J. Maynard, B.App.Sc. (Geol) MAusIMM and MAIG, a geologist with 30 years in the industry and 25 years' in mineral asset valuation. The writers hold the appropriate qualifications, experience and independence to qualify as independent "Experts" under the definitions of the Valmin Code.

Al Maynard & Associates ("AM&A") is an independent geological consultancy established 25 years ago that has since operated continuously. Neither AM&A nor any of its directors, employees or associates have any material interest either direct, indirect or contingent in

GES nor in any of the mineral properties included in this report nor in any other asset of GES nor has such interest existed in the past. This report has been prepared by AM&A strictly in the role of an independent expert. Professional fees payable for the preparation of this report constitute our only commercial interest in GES. Payment of fees is in no way contingent upon the conclusions of this report.

2.2 Standard

This report has been prepared in accordance with the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves" -the JORC Code.

2.3 Sources of Information

In the course of the preparation of this report, access has been provided to all relevant data held by GES and various other technical reports and information quoted in section 51: References. We have made all reasonable endeavours to verify the accuracy and relevance of the database. GES has warranted to AM&A that full disclosure has been made of all material in its possession and that information is complete accurate and true. None of the information provided by GES has been specified as being confidential and not to be disclosed in our report. The authors are familiar with the Australian project areas through numerous visits to the Northern Territory and Queensland districts over the previous decade. There has been no significant exploration activity on the Former Yugoslav Republic of Macedonian property since the last documented visit in late 2007 by GES personnel.

2.4 Description of Reserves/Resources

The Projects are at the exploration stage and have yielded significant results from the initial exploration. However, no reserves or resources have been defined on the licences.

3.0 PROJECTS OVERVIEW

3.1 General

This report describes the mineral exploration assets of GES. Seven of the properties are located in Australia's Northern Territory and Queensland, and are primarily focused on manganese and gold and other base-metals with the range from development of grass-roots exploration through to projects with identified mineralised targets. The eighth project is in Former Yugoslav Republic of Macedonia. The areas have been subdivided into eight main project areas

which include the following:

- Gladstone Manganese Project
- McArthur River Manganese-Base Metal Project
- Fenn Gap Manganese Project
- Arltunga Gold Project
- Alice Springs Base-Metal-Uranium Project
- Pioneer Gold Project
- Laura River Gold-Platinum Project
- Plavica High Sulphidation Copper-Gold Project

3.2 Manganese Projects

The main focus of exploration will be concentrated over the Gladstone, McArthur and Fenn Gap Manganese Projects (Fig 1). All projects contain outcropping high grade manganese from surface with historical mining of 21,875t of high grade manganese from the Gladstone Project.

The Gladstone Manganese Project (Fig's 1 & 4) hosts a series of manganese deposits over a strike length of 21.5km close to a major port and includes the strategically located historic manganese mine at Mount Millar (mine average grade: 44-48% Mn). Reconnaissance rock-chip sampling at Mount Millar yielded high grade surface manganese assays ranging from 58.7-61.1% Mn. A detailed geophysical induced polarization ("IP") survey completed over the mine site recorded unique responses over the known mineralisation. Responses of similar magnitude were noted on IP survey lines 100m north and 200m south of the Mount Millar mine. The response on the northern line coincides with the position of manganiferous outcrops noted in mapping. At the Mount Millar mine, a manganiferous outcrop with a coincident IP anomaly represents the first priority drill target with the aim being to define a manganese resource. Six diamond drill holes for a total of 640.9m were drilled between February and March 2009.

The McArthur River Manganese Project (Fig's 1 & 8) has high grade manganese mineralisation averaging 41-51% Mn similar in form and grade to the GEMCO Operations Groote Eylandt deposits in the Northern Territory. The project area has also been shown to contain extensive clusters of electromagnetic ("EM") anomalies that are associated with outcropping high grade manganese mineralisation over several kilometres. Recent reconnaissance sampling in the central portion of the licence has delineated rock-chip assays up to 41% Mn within moderate EM anomalies. Over 7,990m of prospective strike length

8. Independent Geologist's Report

averaging 600m in width with coincident strong EM anomalies remains untested and contains several high priority targets. Strong EM anomalies may be indicative of manganese mineralisation that warrants immediate work. Lead-zinc mineralisation is also widespread throughout the McArthur River region with rock-chip assays up to 35% Zn and 1.9% Pb delineated within the project area that require follow up work.

The Fenn Gap Project (Fig's 1 & 12) is located approximately 25km south west of Alice Springs with iron-manganese mineralisation occurring in the eastern part of the licence area. Historical rock-chip sampling has outlined a strata-bound dolomite-hosted manganese-rich zone over several kilometres in length. Rock-chip sampling has returned manganese grades up to 50.9% MnO₂ and averaging 39% MnO₂. The Fenn Gap manganese prospect area is interpreted to be analogous to the Woodie Woodie manganese deposits in Western Australia. Geological mapping conducted by GES in December, 2008 delineated over 9.9km of outcropping iron mineralisation assaying between 41.6% - 57.7% Fe with moderate grade of manganese assays up to 33.2% Mn (52.6 MnO₂) obtained from the Table Prospect area. A ground gravity survey completed in February, 2009 showed the source bodies have dimensions of 30-40m wide and 100m deep over similar strike extents to the mapped mineralisation. All modelled bodies had dips of 70° to the south and are located to the north of the gravity anomaly; this suggests that the gravity response is due to a down dip component rather than the surface mineralisation.

3.3 Former Yugoslav Republic of Macedonian Gold-Copper Deposit
The Plavica Project (Fig 2) is located in the Kratovo District in the northeast of the Former Yugoslav Republic of Former Yugoslav Republic of Macedonia. The project is situated approximately 65km to the east of the capital Skopje. The project is located in the Carpathian Volcanic Arc which is host to several multi-million ounce gold deposits.

Mineralisation at Plavica is described as high-sulphidation epithermal based primarily on the presence of vuggy silica with Cu-Au mineralisation associated with enargite-bearing silicified zones. Previous exploration and mining dates back to Roman and Ottoman times, was continued through the 1930s then latterly with recent modern day exploration. Several drillhole intersections returned significant intercepts including 290m



Figure 2: Former Yugoslav Republic of Macedonia - Plavica Gold and Copper Project Location Map

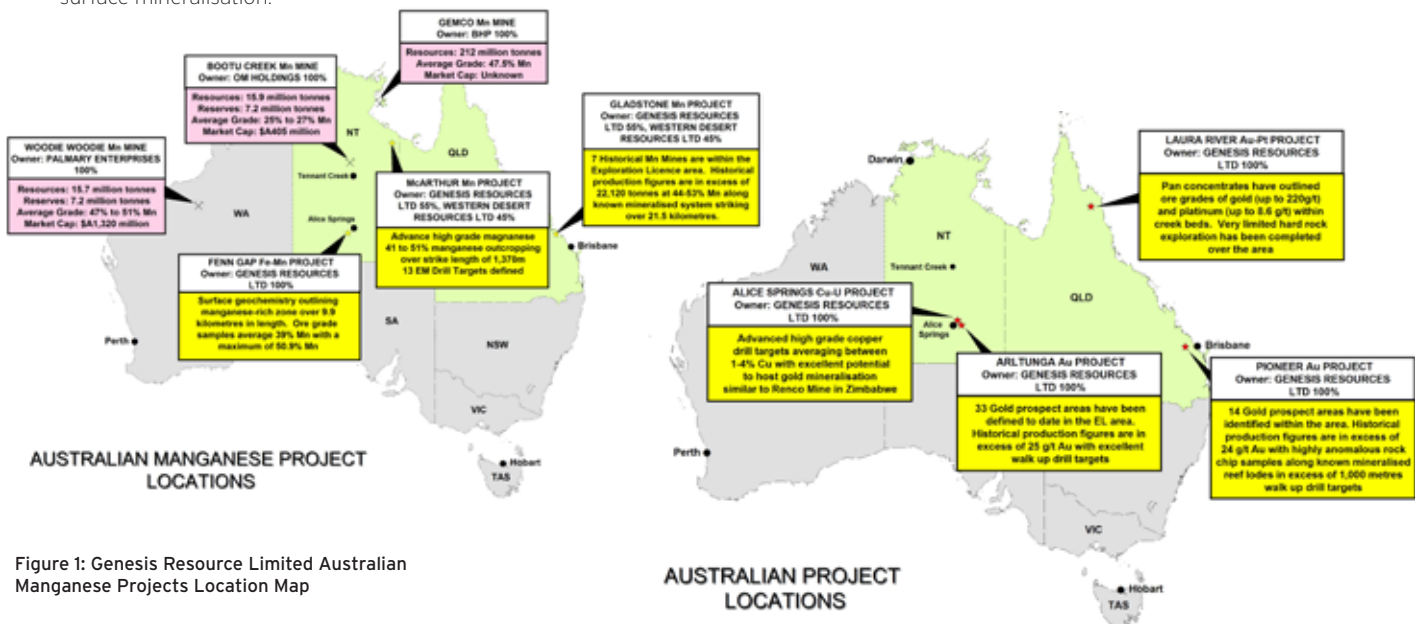


Figure 1: Genesis Resource Limited Australian Manganese Projects Location Map

Figure 3: Australian Gold and Copper Projects Location Map

8. Independent Geologist's Report

at 0.86g/t Au, 10m at 4.1g/t Au, 44m at 1.2g/t Au and 40m at 6.71g/t Au. The GES priority at Plavica is to fully review the extensive database developed over the project that may be sufficient to determine a JORC-compliant resource.

3.4 Australian Gold Projects

The Arltunga Project (Fig's. 3 & 15) is located some 110km north east of Alice Springs and comprises 33 gold prospect areas defined on the licence to date. These prospects fall into two groups: the Claraville and Mount Chapman Vein Camps. The Claraville Vein Camp consists of several workings known as the Claraville, Wipe Out, Jenkins and Round Hill mines. Previous gold production from the Claraville camp indicates production of 754oz of gold at an average grade of 26 g/t Au. The Mount Chapman Vein Camp contains many historical gold workings with three being significant gold producers, the most important including the Wheal Fortune and Magdale mines. Records show gold production of 564 oz at a grade of almost 39 g/t Au. During the 1990s reconnaissance rock-chip samples yielded results up to 27.4 g/t Au. Costean assay results outlined grades up to 41.7 g/t Au. Dump samples from Wheal Fortune have assayed 132 g/t Au. Regional geophysical interpretation has outlined numerous first order "bulls eye" magnetic anomalies that remain untested.

4.0 GLADSTONE MANGANESE PROJECT

The project comprises one granted exploration licence (Fig. 4) with the tenement details summarised in Table 1.

4.1 Location and Access

The Gladstone Manganese Project is located approximately 15km by road west of Gladstone in Queensland (Fig 4). The project comprises one 63.9km² granted EPM that is easily accessed from the Dawson Highway out of Gladstone Township. The EPM area is depicted on the Rockhampton 1:250,000 Geological Sheet Series (SF56-13). The climate of the region is sub-tropical, characterised by a distinct wet and dry season. Winters are warm and dry with most rain falling in the hot summer months. The topography over the licence is dominated by steep terrain in the northern portion where the range is densely forested, with pockets of rainforest remaining in steeply incised gullies draining the NE and SW slopes. The remainder of the area is low and undulating; either lightly wooded with dry sclerophyll forest or cleared land for grazing purposes.

4.2 Regional and Local Geological Setting

The Gladstone Project broadly straddles the Berserker Graben that is a narrow, fault-bound trough. The licence area is dominated by the Devonian-Carboniferous Doonside Formation that makes up the Curtis Island Group (Fig 5). The formation forms a northwest trending series of strike ridges and hills which cut diagonally across the project area. The outcrop width of the formation is about 4km but due to internal folding the true thickness of the unit remains uncertain. The western boundary of the Doonside Formation along with the Berserker, Crana and Calliope beds of basaltic to andesitic (rarely dacitic and rhyolitic) volcanoclastic units intercalated with sandstone and conglomerate, limestone, siltstone, and andesite is faulted by the Boyne River Fault to the west. The Berserker Beds are considered to have been deposited in an actively subsiding marine trough.

Northwest of the licence, portions of the Chalmers Formation of siltstone, lithic sandstone, rhyolitic to andesitic

volcanoclastic breccia, rhyolitic and dacitic tuff and minor andesitic tuff hosts the Mount Warmister (Cu), Mount Chalmer (Au-Cu) and North Star (Au) mineral deposits. The Mount Chalmers mine produced 1,582kg of gold, being worked intermittently from 1896-1943. Several northwest striking manganese ore deposits occur in the Doonside Formation within the tenement area west of Gladstone. The deposits occur as structurally controlled lenses parallel to bedding in the enclosing sediments.

4.3 Previous Exploration and Mining History

The first reported discovery of gold northwest of the licence was in April 1892 at the "Golden Fleece" near Sneaker's Gully. At Spring Creek which drains the southeastern side of Mount Larcom, gold was reported being produced from both hard rock as well as alluvials during 1898. Cherry Creek on the western slope of the Mount Larcom Range also produced alluvial gold, although Gold Fields Exploration refuted this report

Project	Tenement Number	Status	Current Blocks	Area km ²	Current Holder	Grant Date	Expenditure Covenant (\$)
Gladstone	EPM15771	Granted	21	63.93	GES	19/06/07	\$17,300

Table 1: Summary Table of the Gladstone Project Tenement

Area	tMn	% Mn
Above the Little Stope	2,000	40-51
Above the Mullock Stope	500	40
Above the 7.7m Level South	400	42-50
Above the N/S Stope, N of N Shaft	800	37-39
Above the Middle Stope	400	34-36
Above the Big Stope, North End	1,100	42-47
Above the Big Stope, South End	700	47-52
Above the North Stope	600	33-49
South of Mullock Shaft below Surface	400	40-46
North of Mullock Shaft below Surface	400	43
Above the S End, North Stope	200	22-36
Above the S End, Middle Stope	1,200	41-49
Above the S End, No. 1 Level	400	18-39
Below the S End, No. 1 Level	300	18-38
Above No. 2 Level, Southern Part	8,900	40-49
Above No. 2 Level, Northern Part	5,900	36-49
Between South No. 2 Level & No. 2.5 Level	7,800	40-49
Between North No. 2 Level & No. 2.5 Level	2,200	36-50
Between South No. 2.5 & Level No. 3	800	40-45
Below No. 1 Level at Mullock Shaft	100	48-49
Total	35,350	

Table 2: Mount Miller Mine Reserves in 1915

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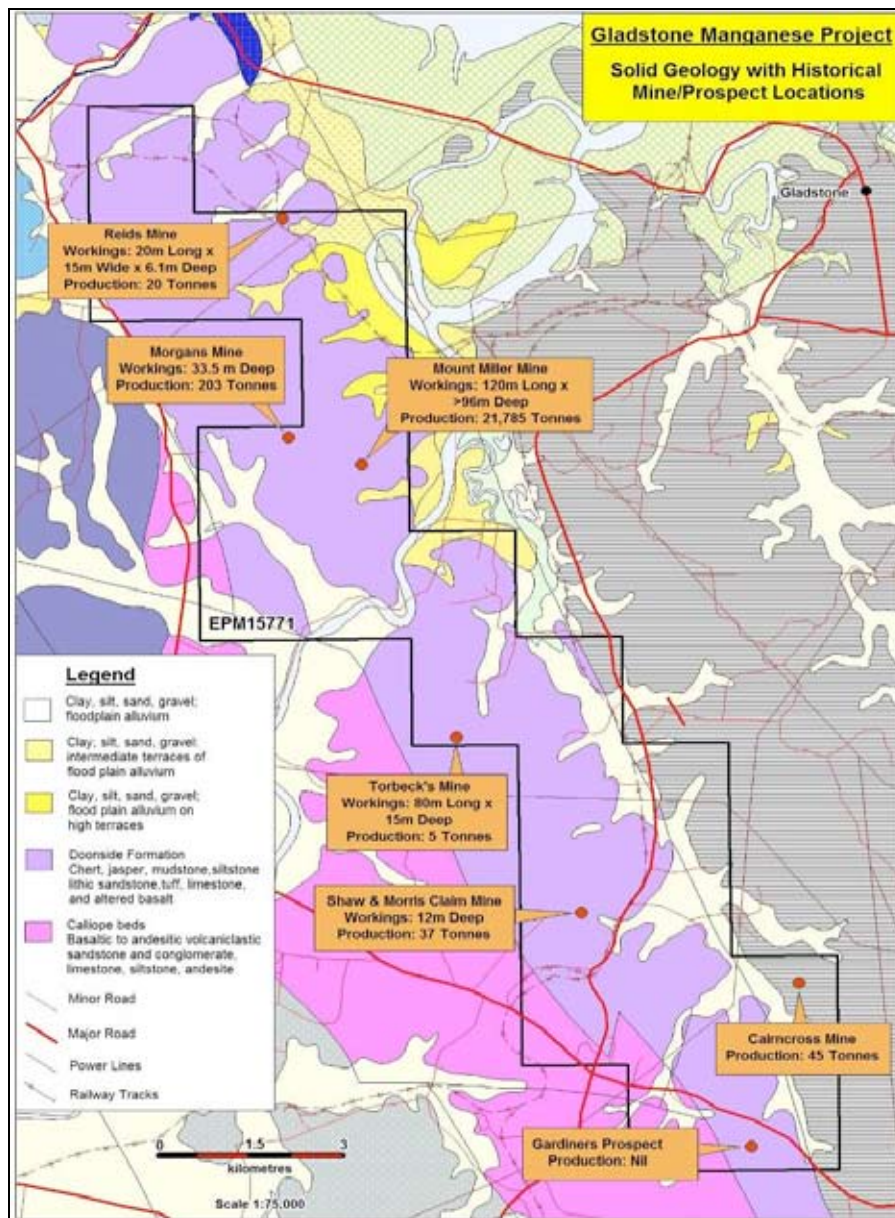


Figure 4: Gladstone Project - Regional Geology with Prospect Location Map

on the basis of low geochemical stream responses from the area. The Targinie Field consisted of the Archer reefs which were worked in 1901 and the field was worked intermittently until 1943. Production records indicate a total of 10,980t of ore mined, yielding 228kg of gold at an average grade of 20.8g/t Au.

The largest mine on the tenements controlled by GES is the Mount Millar manganese mine. The mine opened in 1895 and operated intermittently until 1916 and then again from 1958-60. A total of 21,785t of ore was mined with a grade which ranged from 71-75% MnO₂. Most of the manganese was used for

smelting at Mount Morgan. The deposit at Mount Millar is lensoidal with the long axis paralleling local bedding. It is approximately 70m long, 1-6m wide and mineralisation is reported to have exceeded 40m in depth. There are four other historic workings within the project area but output was very small (<150t). In 1915, L.C. Ball from the Geological Survey of Queensland undertook a detailed review of the historical mining activities over the Mount Millar Manganese Mine.

The high grade manganese contains between 75% and 86% total manganese dioxide (54.38% Mn). The silica levels of the high grade manganese shows 5%,

with the decrease of manganese, there is a constant increase in silica as shown in the table below.

Sample	%Mn	%SiO ₂
Big Stope	54.38	5.2
Mullock Stope	48.6	5.8
Middle Stope (siliceous portion)	48.7	9.1
Mullock Shaft, 18.1m Level	46.4	12.6
Poor Ore thrown over dump	45.5	14.9
Mullock shaft above No. 1 Level	41	15.3

Table 3: Mount Millar Mine - Location of High Grade Mineralisation

At the 22.7m level, connecting the North and Mullock shafts and trending beyond them shows at the northern end, a small body of medium to high grade, and at the southern end, the mullock slope exposes 10.45m width of 40% Mn. The same mineralised body is exposed in the small stope at the 38.6m level, with the assays reaching nearly 50% Mn. Over the 44.5m level the middle stope assays in places 40-47% Mn.

In 1940, K.C. Church and F. Canavan reviewed the existing mine plans over Mount Millar, corrected them where necessary and sampled sections of interest and dumps. Very limited sampling was undertaken as most of the drives and stopes flooded and had unstable underground conditions as all the support timbers had rotted. The manganese mineralisation between Mullock and North Shaft appeared to be high grade over a width of 3.6m. In the Mullock Shaft area, the mineralisation appears to be of encouraging grade over a width of 5m. Assays from this section include:

%Mn	%SiO ₂	%Fe	%P
41.5	17.32	8.10	0.108
50.0	8.63	3.32	0.096

Table 4: - Mullock Shaft Area Stope Grades

Sampling was also undertaken where manganese was exposed in the Main Shaft between the depths of 19.5 - 35.9m. The widths refer to width of sample and

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not to total width of the deposit, which was not exposed at that time:

Depth	%Mn	%SiO ₂	%Fe	%P	Width(m)
19.54-24.54	44.55	11.50	3.95	0.123	2.27
24.54-30.45	45.78	5.68	4.05	0.150	2.09
30.45-35.90	48.70	5.77	2.49	0.148	1.81

Table 5: Mount Millar Mine - Main Shaft Area Stope Grades

Samples from the back of the Little Stope resulted in the following:

%Mn	%SiO ₂	%Fe	%P	Width
46.63	8.20	2.18	0.115	5.00 m
49.93	5.80	3.79	0.138	5.45 m
46.25	10.90	2.08	0.111	8.63 m
45.12	10.70	3.74	0.117	6.36 m

Table 6: Mount Millar Mine - Little Stope Manganese Grades

The topmost section south of the Main Shaft is interpreted as an upward pointing triangular peak. Where visible in the Mullock Stope, the mineralisation appears to be of viable grade and was sampled over a width of 5.45m. Further encouraging grades of manganese are present on the south side of the mullock shaft and this has been sampled over 6.3m at the lower and 2.72m at the upper sections.

BHP conducted both a ground and airborne geophysical survey over the area. The Mina Creek anomaly and the headwaters of Spring Creek were intensively soil sampled. Results from Spring Creek showed only anomalous Cu, Pb and Zn. Two holes were drilled.

4.4 Target Generation at Gladstone

During the first year of tenure, work was restricted to a study of open file information available at the Department of Mines & Energy. The study demonstrated that there was significant potential for manganese along strike and at depth within the EPM area. In September 2007, GES conducted a desktop study over the area and recommended a detailed exploration program during its first year of tenure.

SITE	EAST	NORTH	Mn%	Fe%	Al%	K%	Si%	P%	Ca%	Mg%
Mount Millar 1	314453	7357061	26.3	4.33	0.47	0.77	22.8	0.045	0.08	<0.006
Mount Millar 2	314453	7357061	58.7	0.93	1.01	2.14	0.98	0.088	0.04	<0.006
Mount Millar 4	314453	7357061	23.3	5.78	1.13	0.27	22.8	0.066	<0.01	<0.006
Mount Millar 5	314453	7357061	60.5	0.71	1.02	2.38	0.83	0.083	0.02	<0.007
Mount Millar 6	314453	7357061	61.1	0.197	0.8	1.82	0.13	0.132	<0.01	<0.007

Table 7: Assay Results for Mount Millar Reconnaissance Rock-chip Sampling

During October 2007, a review of re-processed and re-interpreted magnetic data from the Queensland Geological Survey Database was undertaken accompanied by a site visit.

This was conducted for the purpose of identifying exploration targets for manganese. An extensive number of magnetic targets were outlined. In August 2008, a brief rock-chip sampling program was also conducted, concentrating around the Mount Millar Mine area. High grade manganese assay results were obtained and are presented in the Table 7.

In September 2008, detailed geological mapping was conducted by R. Russell in the area surrounding the old Mount Millar manganese mine. The mapping outlined two major and two minor occurrences of manganese. A north-south trending jaspilite outcrop diverges from the major north-northwest trending quartzite ridge in the southwest of the area and extends northward for at least 200m (Fig 6). A shear zone extends along the eastern side of the outcrop and contains manganese in vughs and along internal slickensides. The unit dips to the west.

A north-south trending jaspilite outcrop containing minor manganese mineralisation extends for about 100m immediately to the north of the Mount Millar mine site (Fig 6). The manganese is in vughs and along minor slickensides in the jaspilites. The dip is difficult to measure as the outcrop is poor but the unit is thought to be sub-vertical. Further detailed mapping followed by drilling is recommended at this location.

A minor manganese show was recorded at (Fig 6), to the west of the mine. This occurrence represents a single large jaspilite floating boulder with manganese staining. Outcrop could not be located in the vicinity. However, further examination of the area, particularly along the main northeast trending fault which runs close to the occurrence, should be carried out. A further minor manganese show was recorded at (Fig 6), on the south western flank of the main ridge in the south of the area.

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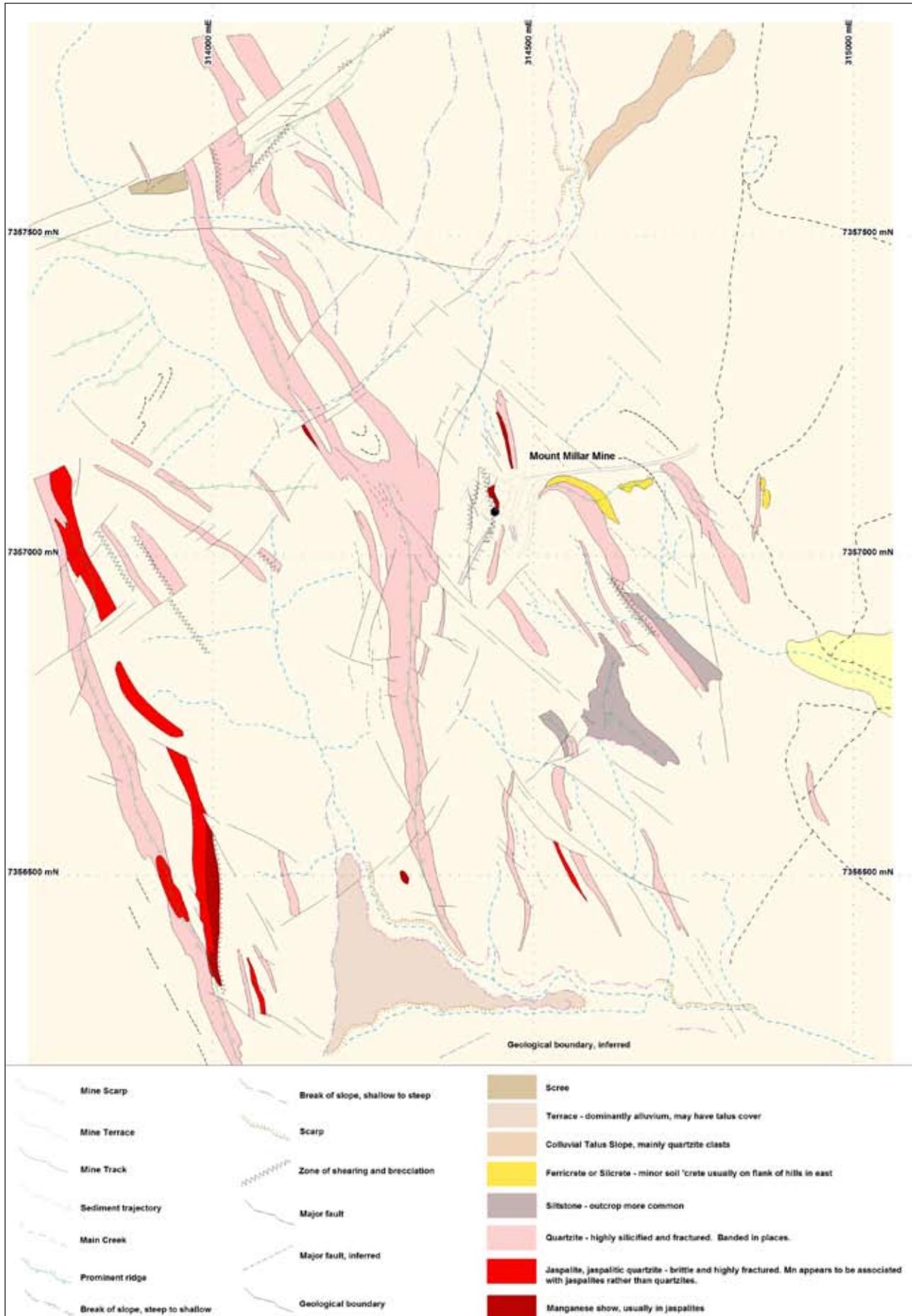


Figure 6: Fact Geology Outlining Mn Mineralisation Proximal to Mount Millar Mine

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Photo 1: Outcropping Manganese Mineralisation at Mount Millar

Geological consultants 'Resource Potentials' were engaged by Western Desert Resources Ltd ('WDR') and GES to assist in the planning, implementation, processing and interpretation of an orientation IP survey to be conducted over the Mount Millar manganese project. The survey was carried out by Zonge Engineering and Research Organisation ('Zonge') from 19th August to the 2nd September 2008.

Four lines of Pole-Dipole IP were completed over the historical Mount Millar manganese mine and surrounds to delineate possible extensions of the manganese mineralisation at depth and along strike from the old workings. All lines highlighted shallow anomalies some

of which can be correlated to the mapped position of the remnant manganese mineralisation at Mount Millar. Additional shallow anomalies were also detected along strike and may represent extensions to Mount Millar mineralisation under cover.

The chargeability values associated with these anomalies were moderate and ranged from 10-15msec, with the strongest response on the southern most line 7356900N approximately 150m to the south of the Mount Millar main shaft. No anomalies representing deeper extensions of the manganese mineralisation at Mount Millar below 75m from surface were detected in this survey. This may be due to a combination

of the terrain and groundwater limiting the effectiveness of the technique to delineate deeper sources of manganese mineralisation.

The manganiferous outcrop and coincident IP anomalies constitute the first priority drill targets towards defining a manganese resource at Mount Millar. GES propose as part of the joint venture with WDR to commence diamond drilling to determine the potential of the manganese mineralisation around the historical Mount Millar manganese mine.

In March, 2009 GES contracted Mr. A. Gillman (a resource specialist) from Odessa Resources to complete a 3-D model of the existing data over Mount Millar (Fig 7). Based on the 3-D Model an approximation of the target mineralisation tonnage envelope was estimated at 200,000t to 210,000t with the mineralisation still open at depth. The grade range is not specified but is understood to be in line with the previous production grades. This estimate included:

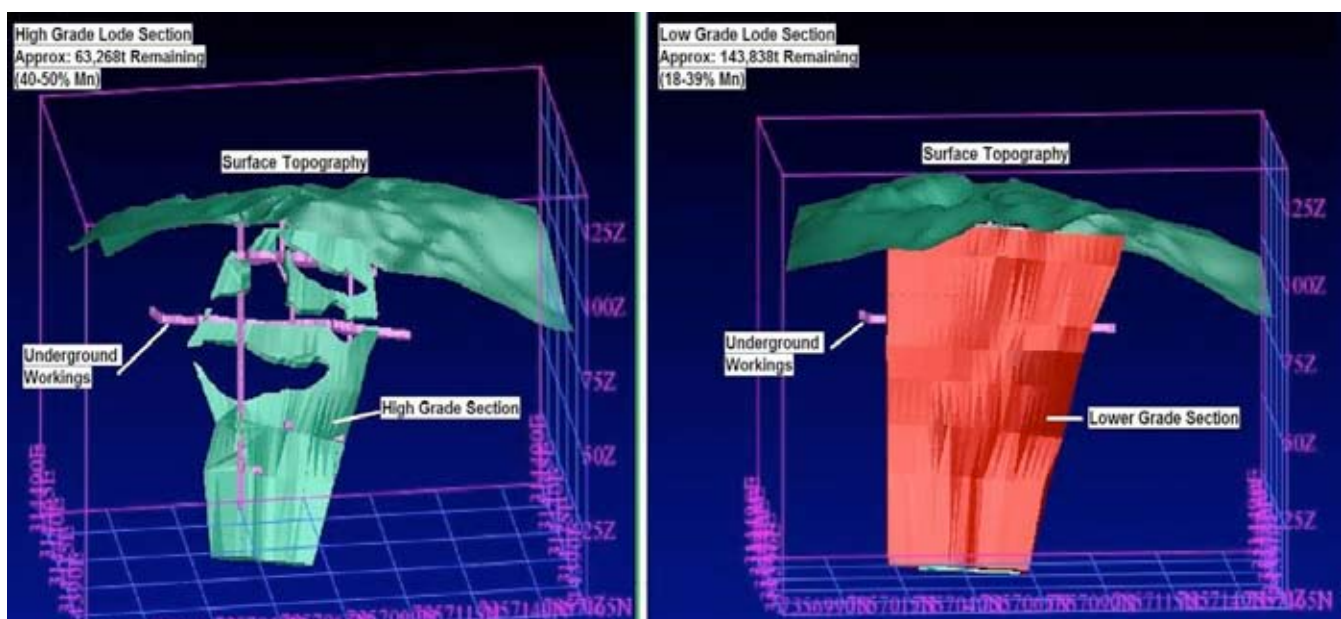
High zone (less stopes):

15,064m³ x 4.2 SG is approx 63,268.80t of High grade

Low grade

44,637m³ x 3.2 SG is approx 142,838.40t of Low grade

It should be noted that this estimate is conceptual in nature and should be treated with caution as subsequent work may or may not define any such target whatsoever.



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4.5 Exploration Potential

The project area has been shown to contain extensive manganese occurrences with extensive IP anomalies over Mount Millar that have never been investigated in detailed. Factors that influence the exploration potential include:

- No systematic exploration has been conducted on the manganese prospects and historical mine areas within the Gladstone project.
- Historical assays have also indicated that the silica, iron and phosphate levels are all within the direct shipping ore parameters which further confirm the economic potential for a stand-alone mining operation.
- Identified potential for the further discovery of manganese throughout the area since the EPM hosts over 21km of untested strike length.
- No systematic exploration has been conducted to delineate any further sub-cropping manganese or deeper mineralised zones.

A maximum budget of \$135,000 is proposed for the first year after Admission and \$160,000 in the following year. All budget figures exceed the minimum annual expenditure commitments as prescribed by the Queensland Department of Industry and Resources.

Activity	Year 1	Year 2	Total
Surface Exploration	\$30,000	\$25,000	\$55,000
RC Drilling	\$100,000	\$130,000	\$230,000
Field support & vehicles	\$5,000	\$5,000	\$10,000
Total	\$135,000	\$160,000	\$295,000

Table 8: Proposed Exploration Budget for EPM15771

5.0 McARTHUR RIVER MANGANESE PROJECT

The McArthur Basin is among the most prospective regions of the North Australian Craton. It hosts the world-class HYC lead-zinc-silver deposit and several smaller uranium and base metal deposits, as well as diamond-bearing kimberlite pipes at Merlin. The GES Project comprises one granted EL (Fig 8) with the tenement details summarised in Table 9.

Project	Tenement Number	Status	Current Blocks	Area km ²	Current Holder	Grant Date	Expenditure Covenant (\$)
McArthur River	EL24814	Granted	154	505.6	GES	18/04/06	\$62,000

Table 9: McArthur River Project - Tenement Summary

5.1 Location and Access

The McArthur River Project is located approximately 850km south east of Darwin in the Northern Territory and 450km north-west of Mount Isa in Queensland. The project comprises the 506km² granted EL that is easily accessed from the Carpentaria Highway and is 265km by road from the working port at McArthur River and 210km from the Borroloola Township. Calvert Hills homestead is located 14km to the west of the prospects area. An airstrip suitable for light aircraft is 10km west of the prospect area.

The tenement covers pastoral ground where cattle are raised. Heading northwest from Calvert Hills, a road connects with Borroloola, then along the Carpentaria Highway, joining the Stuart Highway a few kilometres south of Daly Waters. The central part of the area is rugged hill country accessible only on foot. The remainder consists of relatively low undulating hills and escarpments, and is potentially accessible to 4x4 vehicles.

5.2 Regional and Local Geological Setting

The 1.8-1.5Ga Palaeo to Mesoproterozoic McArthur Basin is exposed over an area of about 180,000km² in the northeastern Northern Territory. It unconformably overlies Palaeoproterozoic metamorphosed and deformed rocks of the Pine Creek Orogen to the west, Murphy Inlier to the south and Arnhem Inlier to the northeast. The Murphy Inlier was probably a palaeogeographical high separating the McArthur Basin from the South Nicholson Basin and Lawn Hill Platform. Phanerozoic strata of the Georgina Basin unconformably overlie the McArthur Basin succession.

The major unconformity between the Masterton Formation and the overlying Karns Dolomite has a highly irregular nature. Jointing is well developed with two major directions of 090° and 110°, with less well developed sets at around 350°. The Bukalara Sandstone is hosted in the western portion of the current tenure which are mainly composed of sandstone and minor conglomerate forming mesas and sinuous ridges that are interpreted as river channel infills of Cambrian age. There are extensive Cainozoic blankets of windblown sand that obscure much of the area. These deposits are only a few metres thick but render most surface geochemistry methods ineffective; however MMI soil sampling can be effective in these terrains.

Copper, lead, zinc and manganese mineralisation are known within the area and the Redbank copper breccia pipes are about 40km to the east. Chamosite and manganese are widespread throughout the dolomites, and chert is a common constituent in the licence area. Lead occurs as galena apparently filling cavities in small areas. Copper occurs as chalcopyrite and is associated with the galena.

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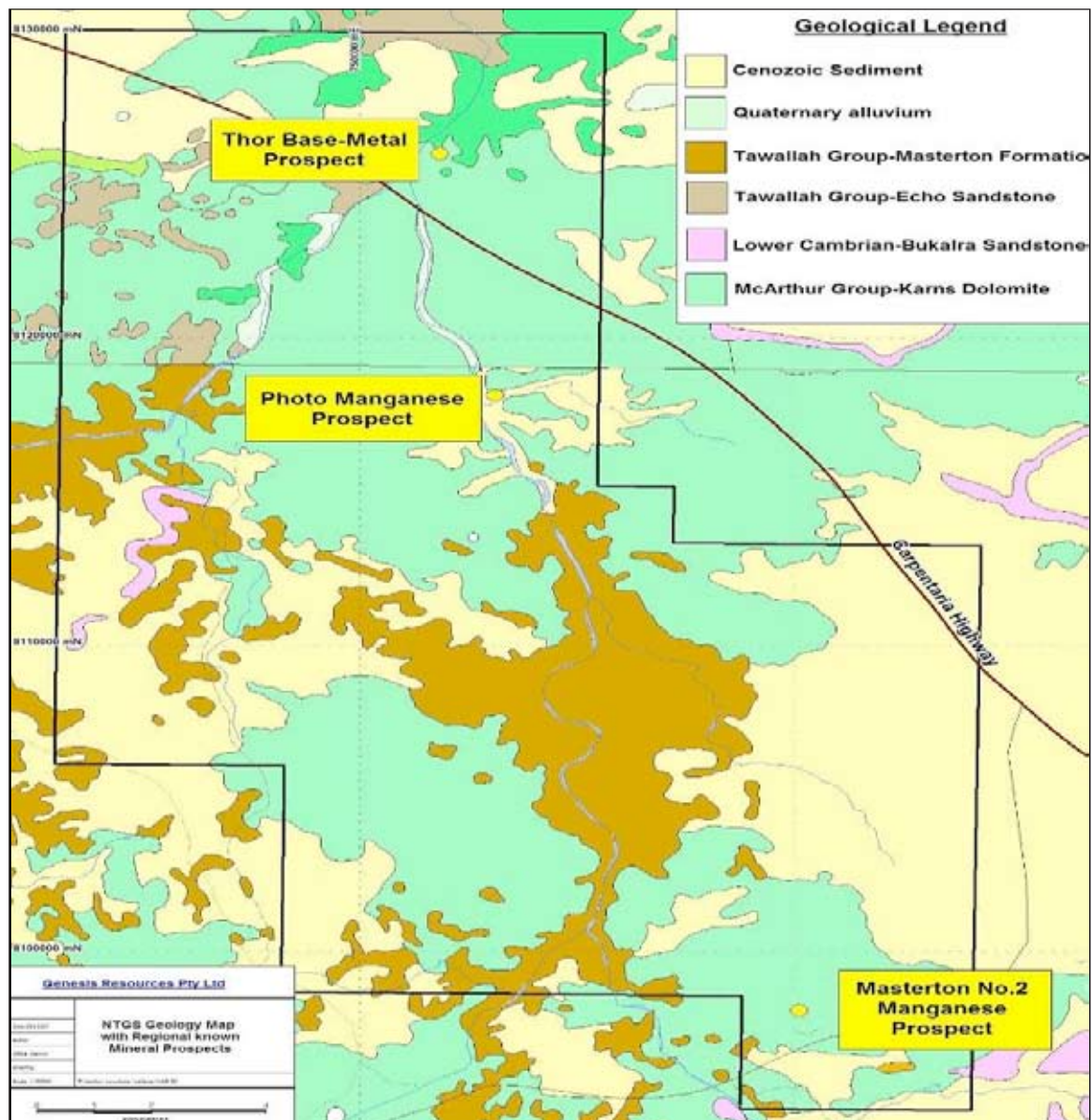


Figure 8: McArthur River Project Geology and Location Map

5.3 Previous Exploration and Mining History

Mining has occurred in the Wollgorang district and around the Redbank copper occurrences which were discovered in 1916. When uranium was discovered at Pandanus Creek in 1955, considerable interest was shown in the area and several mining companies were active in the ensuing four years.

The area was mapped by the BMR in the period 1957-62 with the information published as Calvert Hills 1:250,000 Geological Sheet. The text also briefly mentions that disseminated chalcopyrite occurs in specific beds within the Karns Dolomite. Galena is said to show similar field relationships to the disseminated chalcopyrite. During 1966, Australian Geophysical Pty Ltd conducted stream sediment sampling at a density of 4

samples per square mile assaying for base metals.

In 1971, C.H.C. Shannon mapped three of the manganese prospects in detail and sampled/assayed, though not exhaustively. He considered that the manganese occurrences were formed by the segregation of some of the manganese from the dolomite into joints and also by replacement of other material. The largest manganese pod, known today as Masterton No.2 prospect, was mapped as having eight joints with manganese over an aggregate length of 1,400m and an average width of 6m within an area of about 50ha. Chip sampling across the manganese bodies gave assay results between 40-50% Mn or 60-80% MnO₂. Iron content varied between 1-8%. Psilomelane is

the principal manganese mineral of the outcropping manganese bodies, except for sub-crops which contain pyrolusite as the main manganese mineral.

In 1979, Carpentaria Exploration Company Pty Ltd conducted base metal exploration targeting stratabound copper mineralisation with affinities with the Zambian Copper Belt style deposits. They also recognised the potential for mineralised breccia pipes of the Redbank type copper deposits which occur east of the licence. Exploration activities included open file literature research, geological mapping, petrological studies and stream-sediment sampling. During 1980, work included follow-up of anomalous stream-sediment values, detailed geological mapping and soil sampling over the Thor Prospect.

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Soil results yielded strong lead and zinc anomalies with 3,500ppm Pb and 2,500ppm Zn. The area covered by the Pb-Zn anomaly is approximately 0.27km² and corresponds with outcropping galena and sphalerite in gossanous veins. An IP survey at the Thor Prospect indicated two narrow, steeply dipping chargeable zones. Two diamond holes for 269.3m were drilled to test the chargeable zones, and intersected minor disseminated galena with minor pyrite from 8.8-36m and a similar style of mineralisation in a single narrow band at 82.1 m in the Thor DD4 hole. No assay results of the drilling are mentioned in the report.

In 1982, J. Erickson requested Geonorth Mineral Exploration to review all information regarding the area in the southern portion of the licence. Comparison of the deposits in the licence with other similar occurrences throughout Australia suggests that the deposits may continue to a greater depth than considered previously and, with grades comparable to those at surface, contrary to the Shannon 1971 report. Two deposits in the Pilbara manganese province, Mount Sydney and Woodie Woodie are similar to the Calvert Hills manganese deposits and have been shown to extend to depths of 80m and at least 30m respectively. Similar features of the deposits include Proterozoic age, dolomitic host rocks, structural controls and grades of approximately 50% Mn.

In 1992, Eupene Exploration Pty Ltd ("Eupene") concentrated exploration activities around the Masterton No.2 manganese prospect where manganiferous lenses up to 160m in length and averaging 10m in width assayed up to 63% Mn and averaged approximately 50% Mn. The manganese lenses are interpreted to be flat-lying or shallow-dipping based on drilling completed to date. Adjacent to the manganese, the chert is commonly banded and moderately to steeply dipping, with increasing amounts of secondary manganese minerals towards the massive manganese zone (Photos 2 & 3). Fragments of chert often remain within the deposit forming a distinctive breccia texture. The Masterton No.2 prospect was first mapped and sampled by Enterprise Exploration

Ltd (Murray 1953) and a sample from one of the outcrops assayed 63.3% Mn, 7.3% SiO₂, 1.5% Fe, and 0.43% P.

At Masterton No.2 prospect, the manganese occurs in lenses that contain 10-40% chert bands and fragments that are orientated along two directions; 070° and 100° (Fig 9). The manganese deposits appear to be vertical or steeply dipping; confirmation of structure, depth extents and grade require drilling. In a reef exposed at Block C on the eastern side there is approximately 2-3m of vertical material exposed. Five reverse circulation ('RC') drill holes for 160m have been drilled into three of the largest exposures but only three holes reached the planned depths, with two abandoned due to poor drilling conditions. Only 25% of the proposed drilling was completed. Based on data from these holes an Exploration Target of 40-50,000t grading 48-50% Mn has been estimated. It should be noted that this target estimate should be treated with caution as subsequent work may or may not define any mineralisation whatsoever.

CRA Exploration Pty Ltd ("CRA") conducted base metal exploration over the licence from 1995-96 during which numerous anomalous base metal anomalies were delineated from stream-sediment and rock-chip sampling. Results include:

- Seventeen rock-chip samples collected over the Thor Prospect where gossan results have a highlight of 35% Zn, 1.9% Pb, 10% Fe and 4,800ppm Mn, 880ppm Co and another sample containing 27% Zn, 0.6% Pb, 24% Fe and 4,500ppm Mn.
- The NW Thor Anomaly, located 4km NW of the Thor Prospect, sampled a pyritic gossan mainly composed of limonitic cubes that are probably pseudomorphs after pyrite. Assays returned 2,400ppm Cu, 1,100ppm Pb, 34% Fe and 5,600ppm Mn. Soil sampling results returned low, 'spotty' anomalous values in the vicinity of the gossanous subcrop.

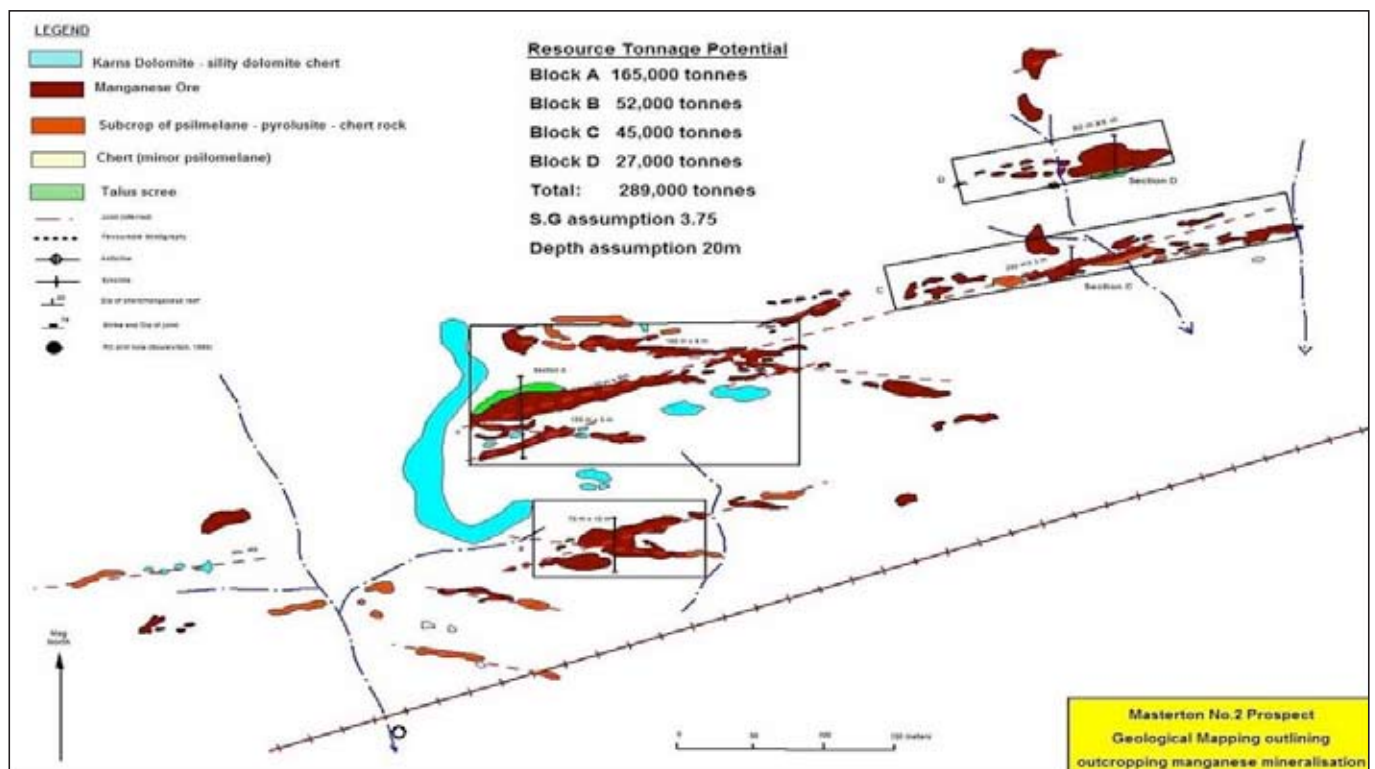


Figure 9: McArthur River Project - Geological Map Showing Outcropping Manganese Mineralisation at the Masterton No.2 Prospect

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5.4 McArthur River Target Generation

During the first year of tenure of the licence, work was restricted to a study of open files available at the Department of Mines & Energy. This study demonstrated that there is significant potential for copper, cobalt, uranium and gold in the area.

During December 2006 to February 2007, a re-interpretation of re-processed magnetic and radiometric data from the Northern Territory Geological Survey Database was undertaken by Asis International Pty Ltd. This was conducted to identify exploration targets for base metals, uranium and manganese. An extensive number of magnetic and radiometric targets were outlined and several first order and second order targets were identified that warrant investigation as no exploration work has been conducted over them.

In 2007, Resource Potentials were engaged by GES to carry out compilation, processing and targeting of all government open file airborne electromagnetic data and secondly to review available gravity data for manganese and base metal mineralisation over the licence. Geophysical surveys completed by previous explorers included IP over the Thor prospect by Carpentaria in 1980 and BHP flew an airborne EM survey over the entire tenement area and surrounds in 1991.

Historical prospects were reviewed and 13 areas that contain anomalous responses have been selected for ground reconnaissance. A priority ranking for each area has also been generated by reviewing the EM responses against the available

government 250,000 scale maps of geology and stream sediment geochemistry. Targets are summarised in Table 10 and Figure 10.

In addition, several North East and North West trending structures have been interpreted from the data that may be a controlling mechanism to manganese and base metal mineralisation within the project area (Fig 10).

In September 2008, a limited rock-chip sampling program was conducted over the previously identified Masterton No.2 prospect. High grade manganese assay results were obtained and are presented in the Table 11. Photos 2 and 3 show two of the manganese outcrops sampled as part of this reconnaissance.

In October 2008, a site visit to the project was completed by M. Cooper of Resource Potentials and C. Gaughan of WDR to validate the location of the Masterton No.2 Manganese occurrence, collect representative samples for assaying, check previous EM high priority targets and observe the form and structure of the manganese occurrences.

Extensive manganese mineralisation was discovered away from the previously mapped historic manganese areas. This is encouraging since it indicates greater potential for manganese mineralisation associated with EM anomalies.

Area	EM Channels	Geology	Ppm Mn Geochem	Priority	Anomaly	East	North
1	1 to 12	Karns Dolomite	up to 26,000	2	1a	744831	8128305
					1b	747979	8128140
					1c	749677	8129299
2	1 to 12	Karns Dolomite	up to 70,000	1	2	750340	8119980
3	1 to 7	Karns Dolomite	N/A	3	3	758003	8112193
4	1 to 12	Recent Cover	up to 13,000	2	4	759950	8111323
5	1 to 12	Recent Cover	N/A	2	5	763802	8109045
6	1 to 9	Recent Cover	N/A	2	6	760861	8106311
7	1 to 12	Recent Cover	up to 84,000	1	7	760488	8104116
8	1 to 7	Recent Cover	up to 10,000	2	8	763056	8102293
9	1 to 10	Recent Cover	up to 43,000	1	9	758050	8101075
10	1 to 10	Karns Dolomite	up to 65,000	1	10	760976	8097713
11	1 to 12	Masterton Sandstone	up to 35,000	2	11a	754441	8101672
		Recent Cover			11b	754524	8099187
12	1 to 12	/Dolomite	up to 6,200	2	11c	750672	8103329
					12b	751541	8102418
					12c	752370	8101713
13	1 to 12	Recent Cover	up to 9,650	2	13a	746198	8106891
		/Dolomite			13b	747565	8108216
					13c	749180	8107554

Table 10: McArthur River Project - EM Target Area Priority Locations.

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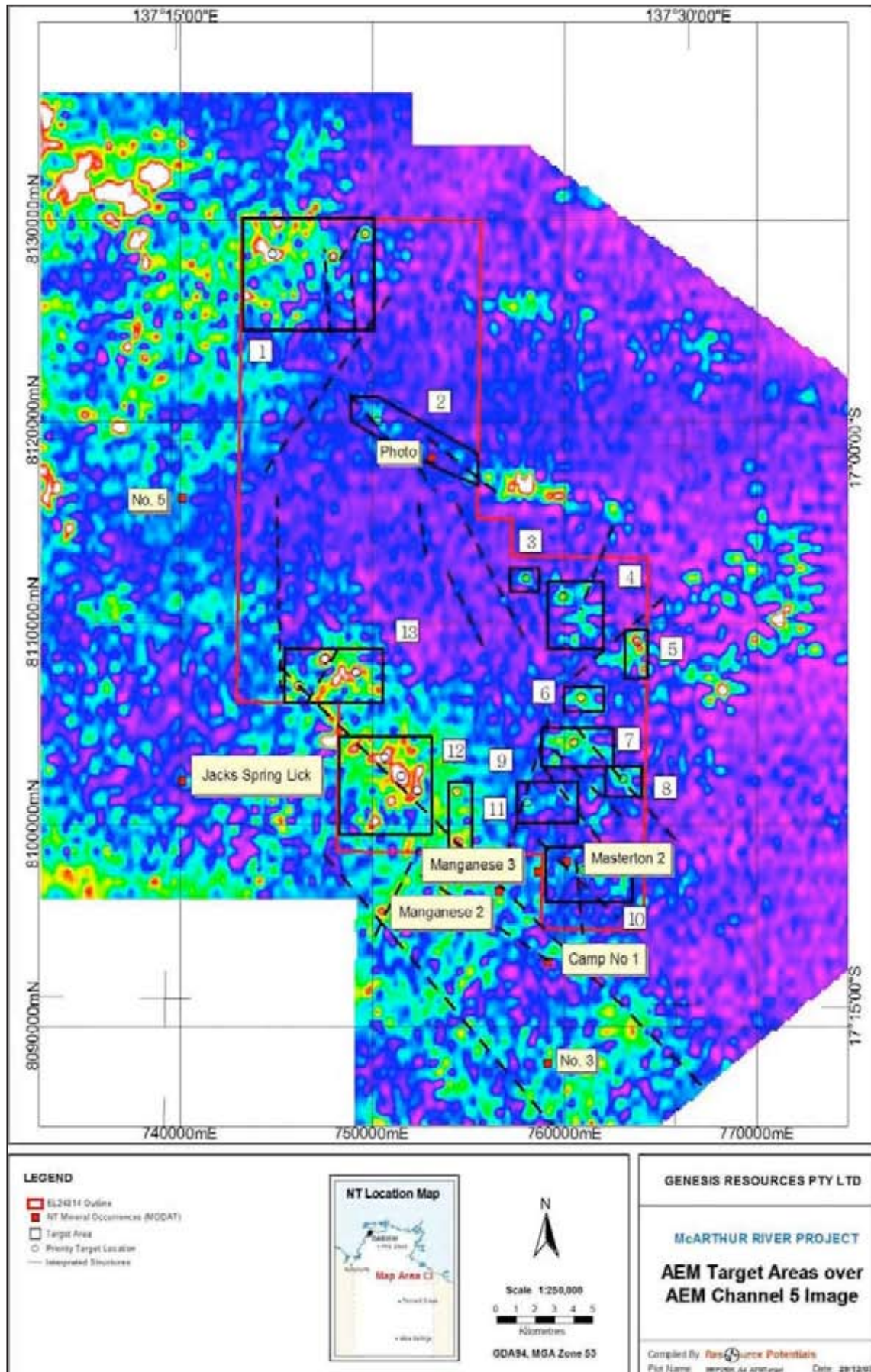


Figure 10: McArthur River Project - Geological Map Showing Outcropping Manganese Mineralisation at the Masterton No.2 Prospect

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Photo 2: Outcropping Manganese Mineralisation at Masterton No.2



Photo 3: Masterton No.2 - Manganese in Outcrop

Sample ID	Easting	Northing	Sample Type	Mn %	Ca %	Fe %	K %	Mg %	P %	Si %
MRO01	751158	8119492	Outcrop	21.2	0.30	3.8	0.24	0.19	0.12	26.7
MRO02	751200	8119482	Outcrop	41.9	0.49	3.71	1.24	0.231	0.05	10.2
MRO03	760013	8098310	Outcrop	44.4	0.18	14.6	0.93	0.091	0.04	1.29
MRO04	760064	8098293	Outcrop	52.1	0.1	5.62	0.15	0.035	0.03	3.13
MRO05	760012	8098316	Outcrop	25.8	0.13	31.7	1.33	0.086	0.1	1.44
MRO07	760166	8098095	Float	15.65	0.1	32.5	0.86	0.048	0.02	6.26
MRO08	760362	8097833	Outcrop	49.3	0.19	2.84	2.05	0.062	0.28	4.66
MRO09	760440	8097850	Outcrop	43.5	0.17	6.16	1.85	0.058	0.41	6.22
MRO10	760687	8097933	Outcrop	44.0	0.25	2	3.01	0.066	0.23	8.39
MRO11	760659	8097895	Outcrop	53.0	0.26	0.766	3.21	0.042	0.51	1.9
MRO12	760719	8097825	Outcrop	45.4	0.21	8.04	1.81	0.084	0.31	3.11
MRO13	760728	8097902	Outcrop	53.1	0.21	1.9	2.36	0.056	0.221	2.35
MRO14	761087	8098105	Outcrop	45.6	0.25	3.25	3.08	0.081	0.16	5.97
MRO15	761081	8098019	Outcrop	51.1	0.26	2.47	2.28	0.096	0.23	3.11
MRO16	761185	8098025	Outcrop	49.5	0.34	0.6	3.81	0.066	0.42	4.56
MRO17	761206	8098030	Outcrop	48.3	0.29	2.52	1.95	0.133	0.17	4.97

Table 11: McArthur River Project - Rock-chip Assay Results.

5.5 Exploration Potential

Regional geochemical sampling in the 1970s indicated that some dolomite zones within the Karns Dolomite are relatively manganese-rich with rock-chip samples averaging 2,000ppm Mn. These anomalies have not been followed-up effectively and no systematic exploration has been conducted to delineate any further sub-cropping manganese or deeper mineralised zones on the project such as at the Photo Manganese Prospect.

Drilling of targets in Phase 1 will use RC drill holes on four section lines through Section A-D (Fig 9) to test the wide and high grade areas. This program will involve 600-800m of drilling and should define a JORC compliant Inferred Resource.

If the results in Phase 1 clearly indicate continuity then follow-up Phase 2 drilling of 1400-1800m will infill to sixteen 40m spaced sections. The Phase 2 program should be sufficient to define a JORC compliant Indicated resource.

Additional encouragement includes:

- Excellent potential for the further discovery of manganese throughout the area

- No systematic exploration has been conducted to delineate any further sub-cropping manganese or deeper mineralised zones
- All elements required for the formation of dolomite hosted, high grade manganese deposits are present in the area
- The best surface indications of manganese occur in a structural zone. Numerous drill targets could be developed with a limited electromagnetic survey
- Testing, refinement and successful deployment of helicopter borne EM surveys for direct detection of blind manganese deposits is useful for regional to prospect scale exploration, and is suitable for relatively rapid coverage
- The target areas within the dolomite are interpreted to be analogous to the Woodie Woodie Deposit in Western Australia. A maximum budget of \$155,000 is proposed for the first year after Admission and \$260,000 in the following year. All budget figures exceed the minimum annual expenditure commitments as prescribed by the Northern Territory Department of Industry and Resources.

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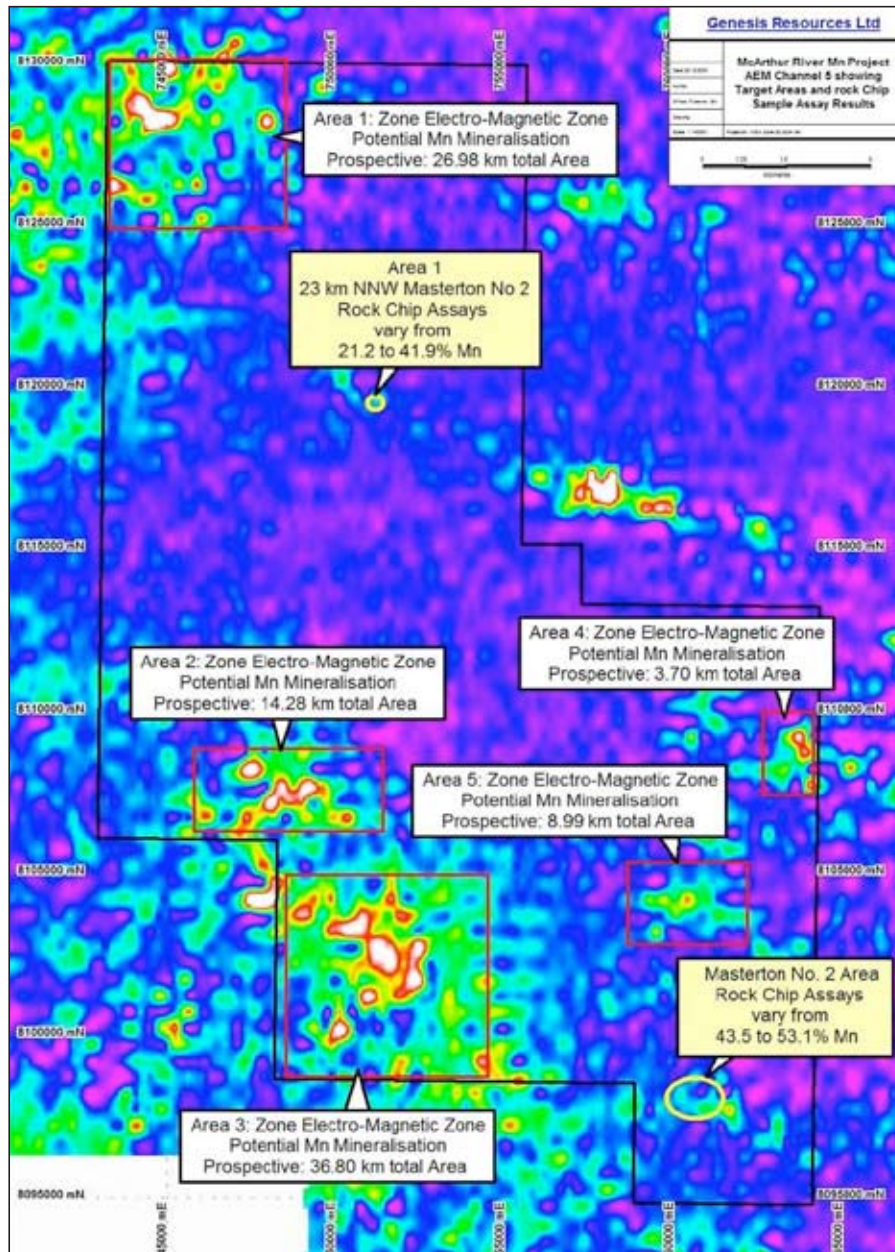


Figure 11: EM Target Map with High Grade Manganese Rock-chip Areas

Activity	Year 1	Year 2	Total
Geophysical surveys/consultants	\$35,000	\$65,000	\$100,000
Surface Exploration	\$35,000	\$45,000	\$80,000
RC Drilling	\$75,000	\$140,000	\$215,000
Field support & vehicles	\$10,000	\$10,000	\$20,000
Total	\$155,000	\$260,000	\$415,000

Table 12: Proposed Exploration Budget for EL24814

6.0 FENN GAP MANGANESE PROJECT

The Fenn Project comprises one 98.82km² granted EL (Fig 12) with the tenement details summarised in Table 13.

Project	Tenement Number	Status	Current Blocks	Area km ²	Current Holder	Grant Date	Expenditure Covenant (\$)
Fenn Gap	EL24839	Granted	61	98.82	GES	06/05/08	\$47,000

Table 13: Fenn Gap Project - Tenement Summary.

6.1 Location and Access

The Fenn Gap Project is located approximately 25km south west of Alice Springs in the Northern Territory. The project is 25km from major infrastructure such as the Stuart Highway and the Alice Springs to Adelaide Railway.

6.2 Regional and Local Geological Setting

The Amadeus Basin hosts commercial petroleum fields at Mereenie and Palm Valley and has significant potential for further discoveries. The basin also contains gold, evaporates, sandstone-type uranium deposits and a number of small base-metal occurrences.

The Renner Springs deposits are hosted in siltstone and dolomite near the base of the Palaeoproterozoic Shillinglaw Formation. A Key Resources NL RC hole intersected 9m at 36.7% Mn including 3m at 42.4% Mn from 63m depth. The resource potential for this manganese horizon remains essentially untested. Manganese mineralisation at Wangatiya also in the Amadeus Basin consists of a series of massive bedding-concordant lenses averaging about 44% Mn.

The EL covers part of the Missionary Syncline which is a large structural feature along the northern margin of the Amadeus Basin where sediments range in age from Precambrian to Palaeozoic.

Known manganese prospects are located within sandstone, siltstone and dolomite units. R. Russell mapped the area and identified the main units situated within an alteration package.

The goethite and manganese alteration occurs in the Bitter Springs Formation that dips steeply to the south (Fig 12). It forms a broad strike-parallel valley, termed the 'Bitter Springs Valley' in this report, lying to the south of a major cuesta formed from Heavitree Quartzite now termed the 'Heavitree Quartzite Ridge'. In the project area, the Bitter Springs Formation is dominated by carbonates (mainly dolomite) that are thought to represent the Loves Creek Member. Minor clastic units occur lower in the sequence near to the contact with the underlying Heavitree Quartzite and could represent remnants of the Gillen Member. Numerous chert lenses are enclosed by dolomite within the carbonate sequence.

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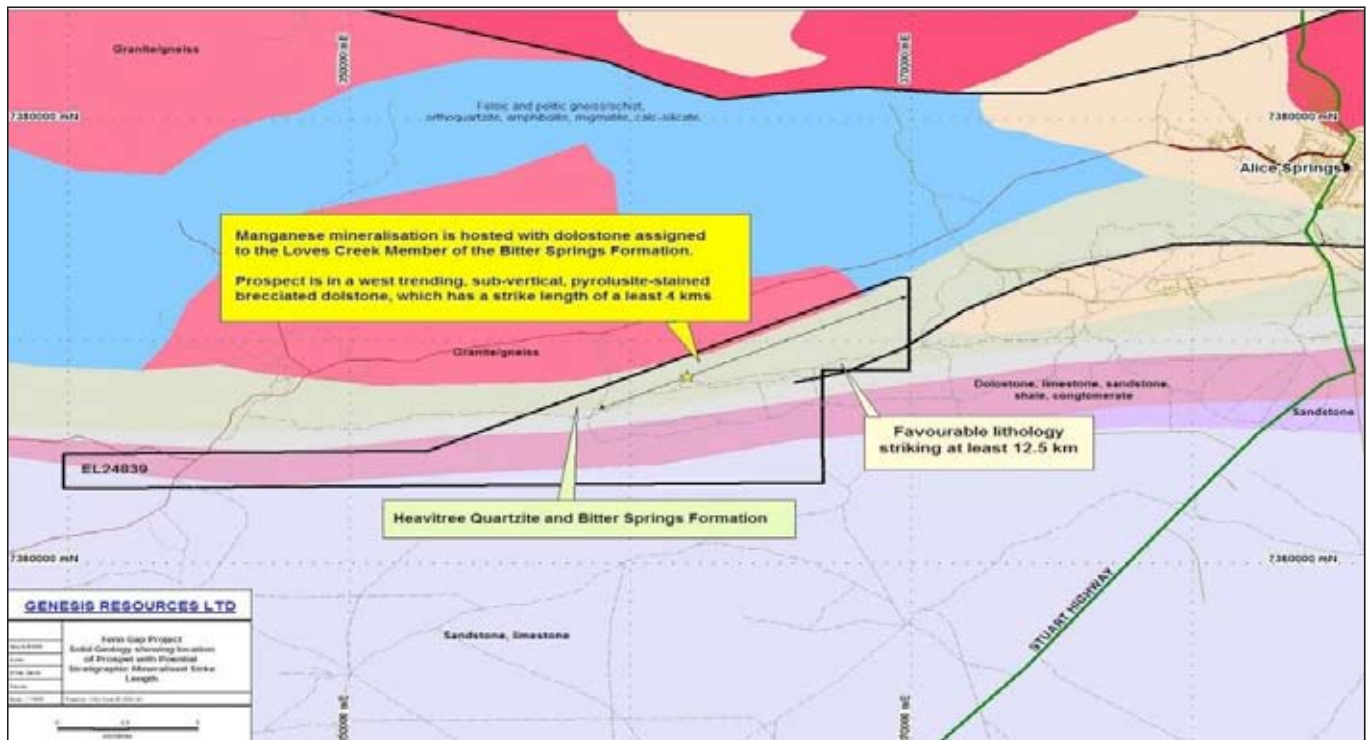


Figure 12: Fenn Gap - Regional Geology and Tenement Map



Photo 4: Manganese Alteration at the east end of the 'Table Prospect'.

The alteration zones in the Fenn Gap area consist of goethite with secondary manganese. The alteration is complex. It occupies individual altered beds of carbonate, it forms lenses in chert breccias or it may run along the trend of cross faults. The mineralisation extends for about 9km in an east-northeast direction parallel to the strike of the beds. The focus of the present work is a major zone of alteration near the centre of the Bitter Springs Valley which occurs in a unit of chert breccia of the Bitter Springs sequence. The main zone is about 9.9km long while the width varies from 0.5-100m but probably averages 2-3m on the surface.

It is possible that the chert breccia represents a so called 'salt weld' resulting from the extrusion of the Gillen Salt Member on the edge of the Amadeus Basin. Following the extrusion of the salt, the breccia has been left behind as a residual deposit with goethite probably the primary form of mineralisation. The manganese may have been leached out of the surrounding carbonates and scavenged by the goethite. It appears to represent a later phase of supergene enrichment. In many places the manganese has invaded the fissures and vughs in the goethitic breccia. Conjugate faults produced by north-

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Photo 5: Manganese Alteration at the east end of the 'Table Prospect'.

south orientated compression have displaced the salt weld and possibly acted as conduits for the mineralised fluids. The mineralised zone is in a favourable position to receive fluids charged with other base metals exhaled from the Amadeus Basin. Although no sulphides or relic sulphide fabrics have been recorded in the rock-chip samples they will be assayed for base metals and manganese.

6.3 Previous Exploration and Mining History

The known manganese mineralisation occurs in the eastern part of the licence area and rock-chip sampling has outlined a strata-bound dolomite-hosted manganese-rich zone over several kilometres in length. Rock-chip sampling has returned manganese grades up to 50.9% Mn and averaging 39% Mn. The Fenn Gap manganese prospect area is interpreted to be analogous to the Woodie Woodie manganese deposits in Western Australia.

6.4 Fenn Gap Target Generations

In September and December 2008 a detailed geological mapping and rock-chip sampling program was conducted over the previously identified Fenn Gap prospect. The work concentrated around the outcropping manganese-goethite area within the Project. High grade manganese assay results were obtained and are presented in Table 14. The photographs below show typical outcropping iron-manganese areas sampled during program.

Numerous minor lenses of goethite and manganese alteration have been mapped throughout the project area. Most of the chert breccia lenses in the carbonates contain some form of goethite alteration. The goethite may invade the breccia or be located on one of the contacts with the surrounding carbonates. The manganese is much less common than the goethite. Most of the smaller alteration zones are likely to be sub-economic.

Significant alteration zones only occur in the 'main zone' in the centre of the mapped area. This zone is 4.8km long and runs parallel to strike at 070°. The zone is intersected by northeast trending right lateral strike slip faults which may have originally controlled the emplacement of the mineralised fluids. The overall pattern of the targets is goethite alteration of chert breccia on the south side and manganese in the carbonate units on the north side.

6.5 Exploration Targets

The alteration forms pods and lenses, and even in the 'main zone', the mineralisation is not continuous over a strike length of more than about 200m. The larger zones of alteration form 'exploration targets' and these are discussed in this section.

6.5.1 Western targets

Goethite with minor manganese enrichment occurs to the west of Fenn Gap where two main zones of alteration are identified. They are the 'West' prospect and the 'Gap' prospect

respectively. Neither is very large and additional work will be dependent on sample assay results.

The alteration in the 'West' prospect occurs in narrow carbonate horizons in steeply dipping Bitter Springs Formation to the west of Alby's Gate. The alteration is mainly goethitic and the enriched units are generally less than 2m wide. The 'Gap' prospect is situated on the right bank of Laura Creek about 300m southwest of Fenn Gap where two units have been enriched. The southern unit is about 0.5-1m wide in chert breccia while the northern unit is somewhat wider in carbonates on the north flank of a breccia unit. Quartzite debris from the Heavitree Ridge to the north covers the area and the western parts of the altered horizons are buried under cover in this direction.

6.5.2 Main Zone targets

Five main zones of alteration are identified along the 'main zone' trend. Essentially, the targets are lenses in an altered breccia horizon of the Bitter Springs Formation. From west to east, the significant alteration zones on the main zone are 'Knob Hill', 'Black Ridge', 'Table', 'Knob' and 'Round Hill'. The main zone continues for a further 1.6km to the east of 'Round Hill' where it becomes goethite dominant.

At Knob Hill a prominent hill of goethite and manganese alteration in chert breccia forms the western end of the 'main zone'. The western end of the alteration is terminated by a northeast trending fault and the units are overturned against this structure. The

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alteration zone is wide and appears to have invaded the carbonates on the north side of the chert breccia unit. The outcrop is shedding thick prisms of colluvial rubble so the width of the alteration zone is difficult to assess, however mapping indicates a width of nearly 200m. Most of the manganese occurs on the northern flank of the target while the goethite occupies the crest of the hill and the southern dip slope.

Further northeast trending dextral strike-slip faults displace the units to the north

of Knob Hill. East of these faults the alteration forms a 'Black Ridge' extending for about 800m. The western end of the ridge contains only goethite while some manganese pods occur in the central and eastern parts of the ridge. The altered unit generally dips at 60-80° south. Locally the dip may reverse and steep dips to the north are measured in places. The thickness of the unit varies between 2-20m.

East of 'Black Ridge' is a gap in the main zone of alteration of about 1km where

major northeast trending faults cross the trend. The alteration continues at a prominent hill with a distinctive natural goethite arch called 'Hole Hill' in this report. The hill is mantled in goethite rubble so detailed mapping is difficult. However, the pattern of alteration appears to be the same as at Knob Hill with a sheet of goethite following a chert breccia unit down dip on the south side of the hill while manganese pods occur on the north side of the hill hosted in breccia lenses and carbonates.

Sample No.	Easting	Northing	Lithology	Fe%	Mn%	Al%	Ca%	K%	P%	Si%
GF01	358960	7367802	Goethite, secondary Mn	44.5	0.0892	0.725	0.029	0.0377	0.149	11.75
GF02	358954	7367789	Goethite, secondary Mn	52.2	0.172	0.808	0.043	0.0141	0.409	5.35
GF03	358867	7367751	Goethite, secondary Mn	48.6	0.0882	0.587	0.094	0.016	0.233	8.46
GF04	358998	7367771	Goethite, secondary Mn	57.7	0.0678	0.54	0.197	0.0095	0.239	1.695
GF05	359326	7367937	Goethite	20.2	4.99	0.282	13.15	0.124	0.0622	1.375
GF06	359290	7367815	Goethite, secondary Mn	45.4	0.1705	0.875	5.35	0.0073	0.1815	3.87
GF07	359220	7367873	Goethite, secondary Mn	55.4	0.295	0.564	0.446	0.115	0.1205	3.53
GF08	360150	7367702	Sst, secondary Fe, Mn	15.15	2.08	2.14	1.605	1.11	0.0436	28.6
GF09	360234	7367914	Mn, Fe	28	6.16	3.52	0.463	2.8	0.0626	15.25
GF10	360300	7367894	Goethite, secondary Mn	9.4	0.16	1.17	0.13	0.126	0.212	37.4
GF11	361000	7367750	Fe, Mn	41.6	4.71	0.849	3.55	0.31	0.16	5.88
GF12	361004	7367989	Mn, Fe	30.7	0.576	0.487	5.32	0.142	0.0834	15.9
GF13	361492	7367908	Fe, Mn	51.4	5.68	0.513	0.395	0.37	0.223	2.87
GF14	361505	7368206	Fe, Mn	45.8	0.861	1.955	1.345	1.325	0.107	7.49
GF15	362416	7368425	Goethite, secondary Mn	48.2	0.18	0.716	0.201	0.0647	0.1655	8.72
GF16	362507	7368396	Mn, Fe	46.3	0.436	0.688	0.064	0.058	0.1665	10.25
GF17	362582	7368412	Mn	44	0.521	1.3	0.072	0.151	0.0786	11.25
GF18	362600	7368427	Mn	34.7	3.84	1.77	0.072	0.398	0.0486	14.85
GF19	363089	7368311	Goethite, minor Mn	46.7	0.223	0.577	0.064	0.0415	0.116	11.2
GF20	363183	7368380	Goethite, secondary Mn	52.6	0.147	1.13	0.293	0.135	0.48	5.13
GF21	363320	7368416	Goethite, secondary Mn	41.8	0.39	1.245	0.1	0.143	0.1035	13.65
GF22	364721	7368718	Fe, Mn	47.3	0.158	0.627	0.029	0.041	0.1295	9.94
GF23	364765	7368750	Mn	28.1	4.96	0.666	0.138	0.238	0.1665	20.2
GF24	365437	7368767	Mn	41.6	6.34	0.422	0.102	0.275	0.0688	11.45
GF25	365299	7368731	Mn	11.95	33.2	0.895	0.684	1.44	0.1475	9.35
GF36	365459	7368766	Mn	54.8	1.385	0.927	0.108	0.1505	0.0746	4.71
GF26	365679	7368797	Mn, secondary goethite	35.9	1.415	1.145	0.08	0.1765	0.088	17.55
GF27	365909	7368871	Mn	50.3	2.21	1.245	0.187	0.162	0.192	6.95
GF28	366018	7368907	Goethite, minor Mn	32.7	1.955	0.922	0.101	0.1765	0.0494	20.3
GF29	366501	7368983	Goethite, secondary Mn	45.7	0.343	0.261	0.079	0.0328	0.104	11.85
GF30	366779	7369004	Goethite, secondary Mn	53.8	0.569	0.564	0.057	0.0867	0.0886	5.34
GF31	367394	7369104	Goethite, secondary Mn	36.7	0.236	1.545	4.65	0.725	0.186	10.5
GF32	368149	7369264	Goethite	47.1	0.209	0.884	0.163	0.322	0.272	8.77
GF33	368274	7369314	Goethite, minor Mn	23.1	6.02	0.925	0.043	0.209	0.0728	23.2
GF34	370692	7369636	Goethite, secondary Mn	42.4	0.0859	1.66	0.367	0.1495	0.0954	12.35
GF35	367962	7369870	Goethite	34.8	1.68	1.18	4.1	1.09	0.0723	10.45

Table 14: Reconnaissance Rock-chip Assay Results - Fenn Gap

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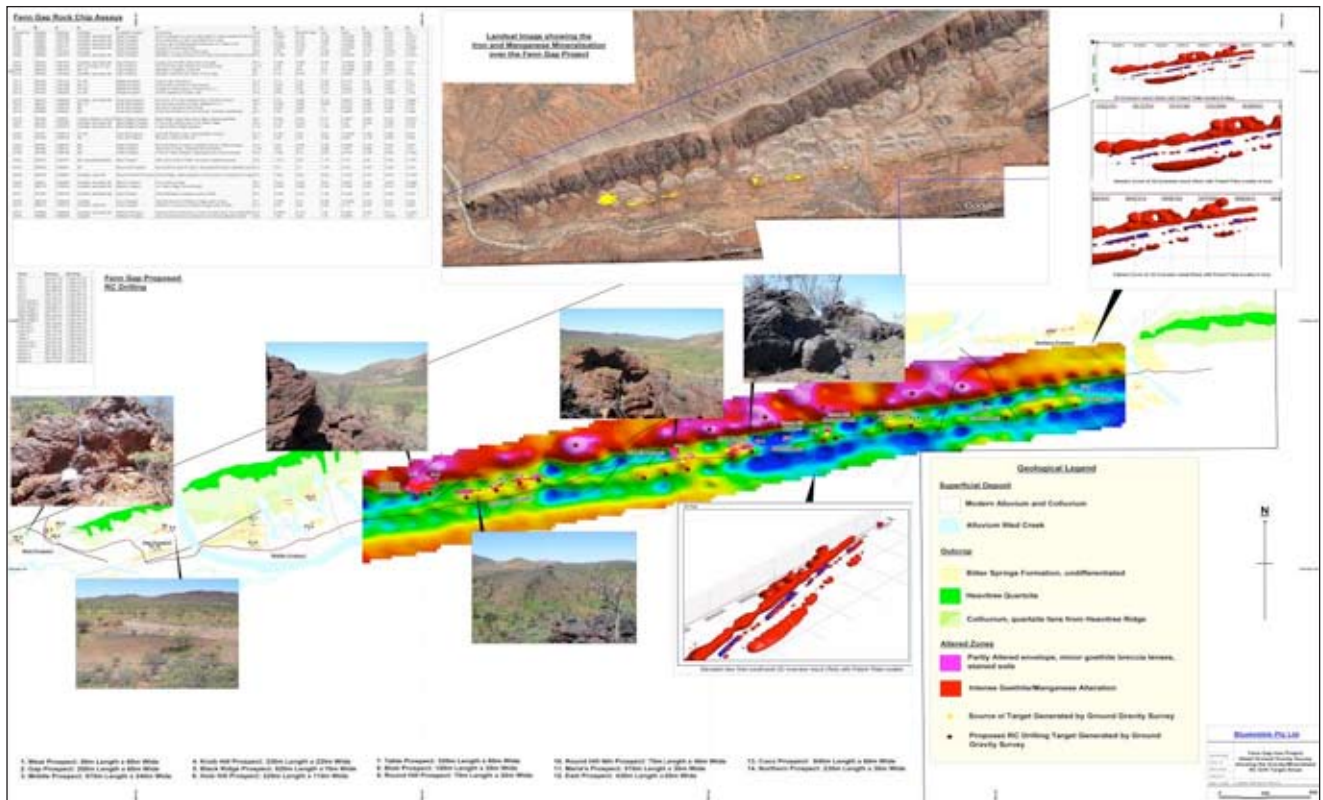


Figure 13: Gravity Results with Photos showing Mineralisation over Fenn Gap.

'Hole Hill' is displaced either dextrally or possibly down-thrown to the east by northeast trending faults in almost exactly the same orientation as at 'Knob Hill'. For about 300m east of 'Hole Hill' little alteration occurs in the main zone. Here, the zone consists of a low ridge of chert breccia lenses and carbonates. Further east the carbonates and chert breccias are again altered in a zone nearly 400m long and up to 40m wide. This zone is termed the 'Table' prospect in this report and is thought to represent the most prospective target for manganese in the project area. The alteration is likely to have originated as goethite in a southward-dipping unit of chert breccia. The goethite appears to have scavenged manganese and this mineral becomes dominant in the carbonates on the north side of the prospect and towards the east. Minor faults trending north-northwest transect the prospect.

Two further manganese prospects are identified to the east of 'Table' along the main alteration zone. They are named 'Blob' and 'Round Hill' respectively in this report. The mineralised style is similar to the other main alteration zones with goethite alteration of chert breccia on the south side of the prospect and manganese pods in the carbonates on the north side. The 'Blob' runs for about 70m along strike while the 'Round Hill' is much

larger with two lobes covering 200m of strike length.

6.5.3 Gravity targets

During the course of February 2009, GES completed a ground gravity survey over 7km around the main outcropping mineralisation that may represent large zones of iron mineralisation required for mining. The survey has been successful in defining broad-scale gravity anomalies that can be correlated in most instances to mapped outcrop and goethite/manganese mineralisation. The residual filtering and modelling has highlighted local areas of gravity anomalism that indicate areas of higher density that warrant drill testing.

The modelling showed that source bodies with widths of 30-40m, 100m depth extents and similar strike extents to the mapped mineralisation, provided a good correlation to the gravity anomaly. All modelled bodies had dips 70° to the south and are located to the north of the gravity anomaly, which suggests that the gravity response is due to a down-dip component rather than the surface mineralisation. A review of the geology and potential for mineralisation corresponding to the strong gravity anomalies in the north of the survey area should be undertaken to determine if these are due to a more silicified and dense stratigraphic unit of

the Bitter Springs Formation or if it may potentially represent mineralisation at depth.

A summary and ranking of the exploration targets defined by R. Russell and others and covered by the gravity survey are provided below:

- **Black Ridge Prospect - Rank 1** - A discrete 0.1-0.4mgal gravity anomaly immediately to the south of the surface mineralisation and running parallel to strike for 700m. The offset between the gravity response and mineralisation is likely due to terrain and the dip.
- **Table Prospect - Rank 1** - a coincident 0.6mgal gravity anomaly associated with the mapped mineralisation that extends for 250m, and is on the same trend as Black Ridge. Modelling indicates a source up to 90m wide.
- **Round Hill Prospect - Rank 1** - a 0.3mgal coincident gravity anomaly associated with the mapped mineralisation that extends for 180m and is on the same trend as Black Ridge.
- **Knob Hill Prospect - Rank 2** - There is no discrete gravity anomaly associated with the surficial mineralisation at this location; however a bulge in the gravity response of 0.15mgal occurs between two geophysical lines. The surface mineralisation lies on the side of a prominent ridge which may have reduce the observed gravity response.

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- **Eastern Ridge Prospects - Rank 2** - a prospect not defined by R. Russell as it consists of many small, mineralised outcrops 30m to 150m in length, contained within the same horizon spread over a distance of 1.6km. Subtle gravity anomalies of 0.1-0.2mgal are present where the traverses coincide with the mineralised outcrops indicating the possibility for a large continuously mineralised horizon.
- **Blob Prospect - Rank 3** - is a small occurrence 80m in strike that falls between gravity traverses so no gravity anomaly is evident.
- **Hole Hill Prospect - Rank 3** - gravity traverses straddled eastern and western extents with no stations immediately on the mapped material. A weak intra-line bulge of 0.2mgal in the gravity response is evident, but no discrete anomaly is present indicating that any mineralisation is limited in strike to <200m.

6.6 Exploration Potential

No systematic exploration has been conducted at the Fenn Gap Iron-Manganese Prospect. Surface geochemical sampling indicates that meta-sedimentary rocks host moderate to high iron grade with manganese in some prospect areas. The ground gravity suggests that the mineralisation occurs to 100m in depth extent and similar strike extents to the mapped mineralisation provided a good correlation to the gravity anomaly.

A maximum budget of \$155,000 is proposed for the first year after Admission and \$205,000 in the following year. All budget figures exceed the minimum annual expenditure commitments as prescribed by the Northern Territory Department of Industry and Resources

Activity	Year 1	Year 2	Total
Geophysical surveys /consultants	\$25,000	\$35,000	\$60,000
Surface Exploration	\$25,000	\$35,000	\$60,000
RC Drilling	\$100,000	\$130,000	\$230,000
Field support & vehicles	\$5,000	\$5,000	\$10,000
Total	\$155,000	\$205,000	\$360,000

Table 15: Proposed Exploration Budget for EL24839

7.0 PLAVICA GOLD-COPPER PROJECT

The project comprises two granted ELs (Fig 2) with tenement details summarised in Table 16.

Project Name	Location	Licence	Status	Target Commodity	Ownership	Area km ²
Plavica	Former Yugoslav Republic of Macedonia	08-8614	Pending Renewals from Former Yugoslav Republic of Macedonian Government	Cu-Au	100% Sileks Genesis earning 62%	111
Crn Vrv	Former Yugoslav Republic of Macedonia	08-8615	Pending Renewals from Former Yugoslav Republic of Macedonian Government	Cu-Au	100% Sileks Genesis earning 62%	99

Table 16: Plavica Project - Tenement Summary.

7.1 Location and Access

The Plavica Deposit is located in the Kratovo District in the northeast of Former Yugoslav Republic of Macedonia. The deposit is situated approximately 65km to the east of the capital Skopje and the travel time on sealed roads from Skopje is approximately two hours. The nearest international airport is at Skopje.

The Kratovo area is characterised by mountainous topography covered by stunted oak, birch and beech forests. Elevation ranges from approximately 650m in the town of Kratovo to 1300m at Plavica Peak. The physiography of the immediate deposit area is characterised by rounded hills with moderate to locally steep sided valleys. Vertical relief through the Plavica deposit is in the order of several hundred metres. Drill access roads and pads will need to be constructed at almost all locations.

7.2 Regional Geological Setting

The Kratovo-Zletovo district is located within the Miocene Kratovo-Zletovo Volcanic Complex that comprises shallowly eroded strata-volcanoes with calderas and covers an area of approximately 1250km². The district is located in the Probistip Graben, a north-northwest to south-southeast trending extensional zone between the Vardar and Serbo-Former Yugoslav Republic of Macedonian massifs.

A large number of exposed hydrothermal centres have been identified at Tursko, Rudare, Plesenci, Plavica, Crni Vrv, Strmosh, Spanchevo, Strojmanici, Polica, Beljakovce, Bajlovce, Costomar, Babino and Kremenik. The area is also well endowed with vein type Pb-Zn mineralisation as in the Zletovo and Blizanci deposits, disseminated, vein and stockwork Cu-Au mineralisation as at Plavica, Borovik and Tursko Rudari and high sulphidation Au-Cu mineralisation as at Plavica.

The volcanoclastic sequence of the Kratovo-Zletovo region is over 1000m thick and comprises a Late Oligocene to Middle Miocene basal Zletovo Formation that is over 800m thick. The Zletovo Formation consists of an intercalated sequence of dacitic and andesitic ignimbrites, volcanic breccias and lava flows. The overlying Middle Miocene Probistip Formation is approximately 300m thick. It comprises a lower sequence of interbedded andesitic tuffs, tuffaceous sandstones, siltstones and claystones, bituminous coal beds, and an upper sequence of andesitic tuffs and volcanic breccias. The area is still geo-thermally active and hot springs at 50°C are probably related to deeply buried intrusions at greater than 2km depth.

7.3 Plavica Local Geology and Mineralisation

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The Plavica deposit is hosted in a sequence of andesitic to dacitic volcanoclastics of mixed sub-aerial and sub-aqueous nature that dip at approximately 30° to the south-southwest. The volcanic stratigraphy is cut by steeply dipping vughy silica bodies that are up to 500m long and between 100-150m wide. Four silicified bodies are recognised and form prominent ridges with broadly east-west and northwest to southeast orientation.

The Plavica deposit occurs within the remnants of a 20km² caldera that is dissected by a series of northwest and northeast trending faults. The mineralisation at Plavica is described as high sulphidation type based primarily on the presence of vughy silica and Cu-Au mineralisation associated with enargite-bearing silicified zones. Rio Tinto Zinc plc ('RTZ') drilled four holes but did not discuss the styles of mineralisation and did not attempt to establish either key controls to mineralisation or paragenetic relationships.

A review of the existing literature and Sileks Joint Venture ("JV") data indicate that there are five main mineralisation styles. Gold mineralised vughy silica is described from rock-chip sampling at 25m intervals on 50m spaced lines over the vughy silica ridges and silicified zones conducted by RTZ. Assay results indicate areas with elevated geochemistry associated with each of the silicified

ridges where peak gold values of up to 10g/t Au were recorded. Serafimovski and Tasev (2003) suggested that enargite-bearing veins and silicified zones comprise targets for the underground development conducted by British Selection Mines ('BSM'). One vein was described as between 0.7-5.0m wide and up to 200m long.

Stockworks with disseminated copper-gold mineralisation was identified in some of the Sileks JV drillholes. Mineralisation is dominated by veinlet and fracture fill pyrite with lesser chalcopyrite that also occurs as disseminations in the surrounding clay-altered wallrocks. Cross-sectional interpretations suggest that stockwork and disseminated mineralisation is best developed proximal to faults and fractures, but is also partly stratigraphically controlled. Lead-zinc veins with disseminations of galena and sphalerite filled fractures with associated disseminated zones were intercepted in drill holes marginal to the Plavica deposit.

There is evidence of stratigraphic controlled mineralisation noted throughout the core at various scales. This observation is consistent with the E-W long-section drawn by Sileks which indicates that the volcano-sedimentary sequence at Plavica dips moderately southwestwards. The economic significance for this style of mineralisation depends upon the host rock in which the fracture and veinlet fill

occurs. For example, a moderately to strongly silicified, fine grained tuffaceous sandstone with minor disseminated enargite, and fracture-fill selvage pyrite and minor chalcopyrite assayed 0.47g/t Au and 0.43% Cu in PLV002 from 149-150m. A brecciated, weakly to moderately silicified tuff with enargite-tetrahedrite fracture-fill assayed 1.07 g/t Au and 0.10% Cu in from 125-126m. It is likely that this style of mineralisation could be an economic target when it occurs proximal to better mineralised structures. Sulphide healed breccias are also robust targets.

Massive pyrite-quartz-enargite-tetrahedrite mineralisation occurs with lesser quartz, enargite-tetrahedrite and later clay as observed towards the base of PLV002 between 220-221m and is associated with a high grade 1m at 8.0 g/t Au vein intercept. This style of mineralisation likely occurs as structurally controlled shear veins and is almost certainly representative of the material mined by the BSM. The grades encountered in PLV002 could be high enough to sustain underground development. Targeting of this style of mineralisation will be part of the focus of future exploration. The grade of lead mineralisation in hole PLV003 is not economic but vein-style lead mineralisation may be a target at the margins of Plavica.

7.4 Previous Exploration

Roman and ancient mining for gold was



Photo 6: Historic Roman workings below silicified outcrops

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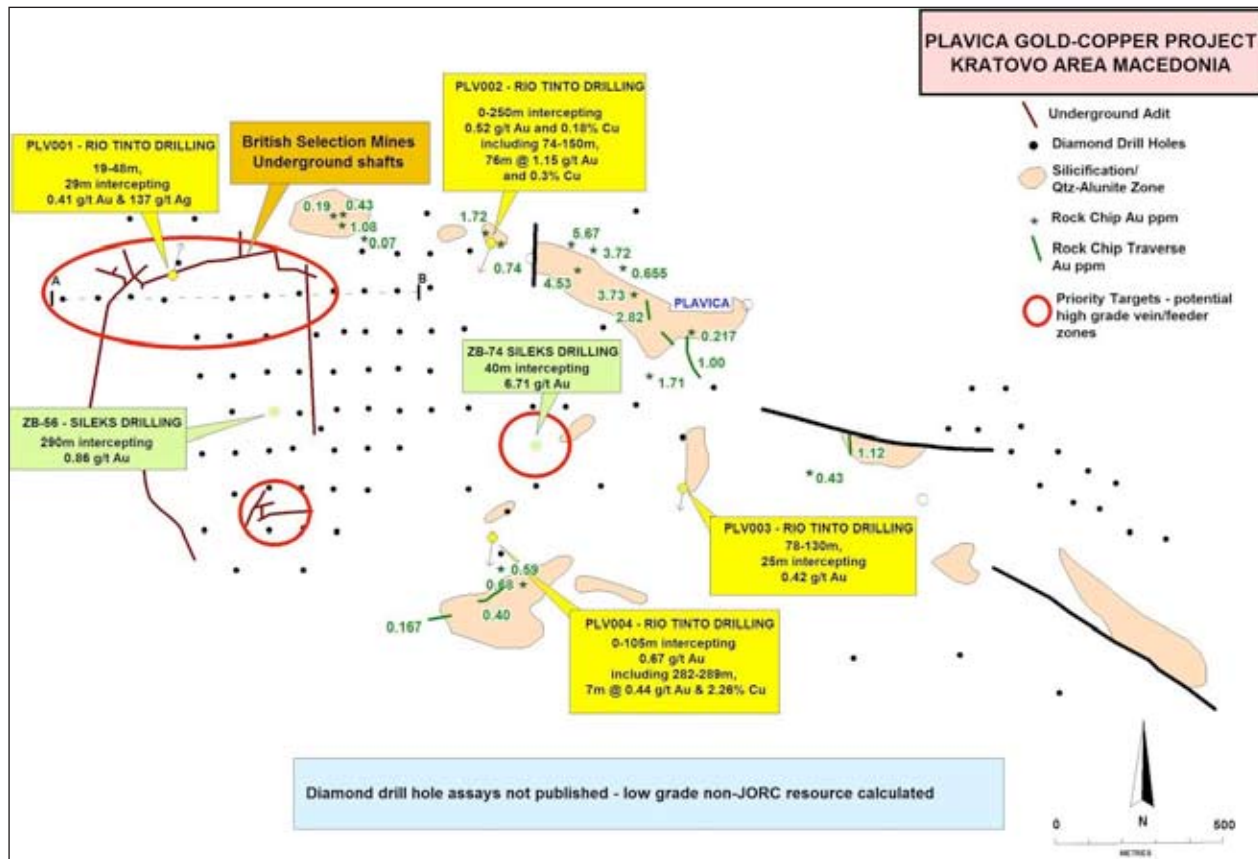


Figure 14: 1997 Cyprus Amax Map showing the Sileks JV drilling, BSM Underground Development and Main Vughy Silica Ridges (pink)

originally conducted within the rivers and streams of the Kratovo-Zletovo region. A significant area of near surface mineralisation south of the Plavica and Northern ridges was also mined in Roman times (Photo 6). Mining was chiefly conducted by development of shallow pits and shafts in oxidized and possible supergene-enriched areas. Limited mining of silicified areas at Maricanski Ridge and Plavica Peak is recorded and several supposedly Roman adits have been driven from the lower levels of some streams.

Evidence of Roman workings has been noted across the deposit but overall the extent of Roman activity was limited in comparison to areas such as Lece in Serbia and Rosia Montana and Baia Mare in Romania. Medieval mining continued through the middle Ages and was revived by the Sassians in areas such as Osogovo, Kratovo-Zletovo and Sasa-Tarinci. The Kratovo area was an important source of gold during the period of Ottoman rule.

In the 1930s BSM developed two adits northwards beneath the main area of Roman mining and towards the depth extension of the northern Ridge (Fig 14). The adits were joined by an east-west trending drive that provided the main access for cross drives and other limited

development. The mine was closed towards the end of the 1930's and the owners concentrated on the Dobrevi Pb-Zn mine to the immediate southeast. BSM ceased all activity in 1939 due to the start of the World War II.

In the late 1970s and early 1980s Plavica was explored through a 50:50 JV between the Yugoslav Government and Sileks ('Sileks JV'). Sileks have indicated that they have no outstanding obligation to the Government with regard to this JV. The Sileks JV drilled 100 vertical diamond holes on 100x100m centres over an area of approximately 1.0km². Most holes were drilled between the Northern and Southern silica ridges in the area of old Roman workings.

All holes were assayed for copper but only approximately 50% of holes were assayed for gold. RTZ concluded that gold samples had been retrospectively assayed from pulp rejects whereby the reject material from the original 2m intercepts had been composited into 10m intervals. The analytical procedures used by Bor Mine for these assays are not known.

The historical "geological resource" calculated by Bor Mine was based on an average grade for all 100m centre holes

of 0.178g/t Au and an average grade of 0.156g/t for holes drilled on 200m centres. Using a cut-off of 0.15g/t Au a total resource of 29t of gold was cited. It should be noted that several holes returned significant intercepts including 290m at 0.86g/t Au in ZB56, 10m at 4.1g/t Au in ZB59, 44m at 1.2g/t Au in ZB74 and 40m at 6.71g/t Au in ZB19. For current reporting purposes this is treated as "Target Mineralisation" with the aim of defining a JORC compliant resource in this area in the future.

RTZ re-assayed selected intervals of Sileks JV core using strict QA/QC procedures. A total of 187 samples and in-house standards were assayed at Alex Stewart Assayers facility at Omac in Ireland. RTZ concluded that at best, the Sileks JV data provided an indication of actual grade and at worst may over-estimate gold grades significantly in some places. RTZ did not find any evidence that the Sileks JV consistently under-reported grades. Based on the re-sampling by RTZ no further sampling is recommended since much of the Sileks JV core is in a poor state of preservation that would impact negatively on any attempt to re-assay the core.

Overall the results of the Sileks JV drilling program were poor and suggest that

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Plavica is unlikely to sustain a bulk target that can be mined in a shallow open pit. The vertical orientation and density of the holes probably provided a fair test of the bulk mining potential of this area, especially given the gently dipping nature of the volcano-sedimentary sequence and possible stratigraphic control to some mineralisation. However, this drilling campaign did not adequately target the silicified zones of Northern Ridge, Plavica and Maricanski Ridge, nor the high grade zones mined by the British in the 1930s. Cyprus Amax conducted limited surface rock-chip sampling of the Northern Ridge in 1997 which was followed by a single RC hole. The hole was drilled without the licence holders permission and no data could be located from the Cyprus Amax campaign.

A three year exploration program was conducted by RTZ at Plavica and in the immediately surrounding areas from 1997-2000. Sileks indicated that RTZ left in 2000 citing the imminent civil war as the main reason for their departure. However, a review of their reports indicates that they also felt that Plavica and the surrounding exploration areas had not yielded sufficiently encouraging results to warrant further work. RTZ drilled four angled diamond holes at Plavica for a total of 1,028 metres and targeted the down dip extension of anomalous rock-chip geochemistry in each of the four silicified vughy silica ridges (Northern, Plavica, Eastern and Maricanski). It is argued that this sparse density of drilling was too low to adequately test the area of alteration and potential mineralisation at Plavica.

Intercepts from the RTZ drilling include:

- PLV001: 29m from 19-48m at 0.41g/t Au and 137g/t Ag.
- PLV002: 249.9m from 0-249.9m at 0.52g/t Au and 0.18%Cu including 76.0m from 74-150m at 1.15g/t Au and 0.30% Cu and 9.0m from 114-123m at 1.93g/t Au and 1.25% Cu.
- PLV003: 25m from 78-103m at 0.42g/t Au.
- PLV004: 105m 0-105m at 0.67g/t Au including 7m from 282-289m at 0.44g/t Au and 2.3% Cu.

RTZ also completed an extensive exploration program including a thorough review of existing Sileks JV drill data. The exploration program comprised a helicopter-borne magnetic and radiometric survey that covered an area of 632km² (241km² at a 100m line spacing and 391km² at a 500m line spacing), alteration and structural interpretation of Landsat 7 imagery, surface sampling and geological mapping. A total of 39 targets were generated by this program and areas of known mineralisation were visited in 1998.

Geophysics (I.P. and airborne magnetics) undertaken in 1999 by Rio Tinto defined a large chargeability anomaly 3.2 km by 1.5 km coincident with a highly magnetic feature 1.6 km diameter. The anomalies were interpreted as a potential blind copper porphyry system, as no associated geochemical signature was identified in the regional soil sampling undertaken over the area.

7.5 Exploration Potential

An initial phase of drilling will test targets of known high grade mineralisation in the area mined by English Selection Mines and the high grade intercept in hole PLV002. Genesis has inherited data which has enabled it to rapidly select and drill test two high grade targets which were never properly tested by previous companies. It may be possible to drill some holes from underground if the adits and mine workings of the English Selection Mines can be rehabilitated for a reasonable cost.

The ability of Plavica to be mined as an open pit largely depends upon the number of high grade zones required to raise the average grade above an economic threshold. Nevertheless, the grades and styles of mineralisation indicate that Plavica is an attractive target for an underground mine focused on steeply dipping high grade veins and feeder zones.

It is likely that Crn Vrv represents the most distal expression of the Plavica mineralised system. Although the grades encountered were low in the area drilled, there is likely to be an improvement of grade to the east of Crn Vrv and approaching Plavica, particularly if structurally controlled zones of mineralisation can be delineated. This represents an opportunity for new exploration in the area.

The budgeted expenditure is conditional on the renewals of the Permits being granted by the Ministry of Economics. A maximum budget of \$205,000 is proposed for the first year after Admission and \$135,000 in the following year. All budget figures exceed the minimum annual expenditure commitments as prescribed by the Former Yugoslav Republic of Macedonian Ministry of Economics.

Activity	Year 1	Year 2	Total
Geophysical consultants	\$15,000	\$15,000	\$30,000
Resource consultants	\$35,000	\$15,000	\$50,000
RC Drilling	\$150,000	\$100,000	\$250,000
Field support & vehicles	\$5,000	\$5,000	\$10,000
Total	\$205,000	\$135,000	\$340,000

Table 17: Proposed Exploration Budget for Plavica Project

8.0 ARLTUNGA GOLDFIELDS PROJECT

The project comprises one granted EL (Fig 15) with the tenement details summarised in Table 18.

Project	Tenement Number	Status	Current Blocks	Area km ²	Current Holder	Expenditure Covenant (\$)
Arltunga	EL25238	Granted	244	95.34	GES	\$20,000

Table 18: Arltunga Project - Tenement Summary

8.1 Location and Access

The Arltunga tenement is located some 110km north east of Alice Springs in close proximity to the Alice Springs to Adelaide Railway. After 70km of sealed road along the Ross Highway, there is a formed gravel road that leads northeast for 33km to the Arltunga Historical Reserve. The reserve preserves the historical mining area of Arltunga which was officially Central Australia's first town and was founded on the basis of the late 1880's gold rush. The GES tenement is immediately to the north of the reserve boundary and access is possible through the reserve via a formed gravel track which services the local arable and livestock farmsteads.

The main route into the tenement is well maintained and utilised by the local farmsteads. This track is in the far west of the tenement and runs approximately north to south linking Arltunga to the Claraville farmstead. Access into the more remote parts of the tenement is possible along several unmaintained and rarely used dirt tracks. Large parts of the tenement are inaccessible to motor vehicles and can only be accessed on foot or horseback.

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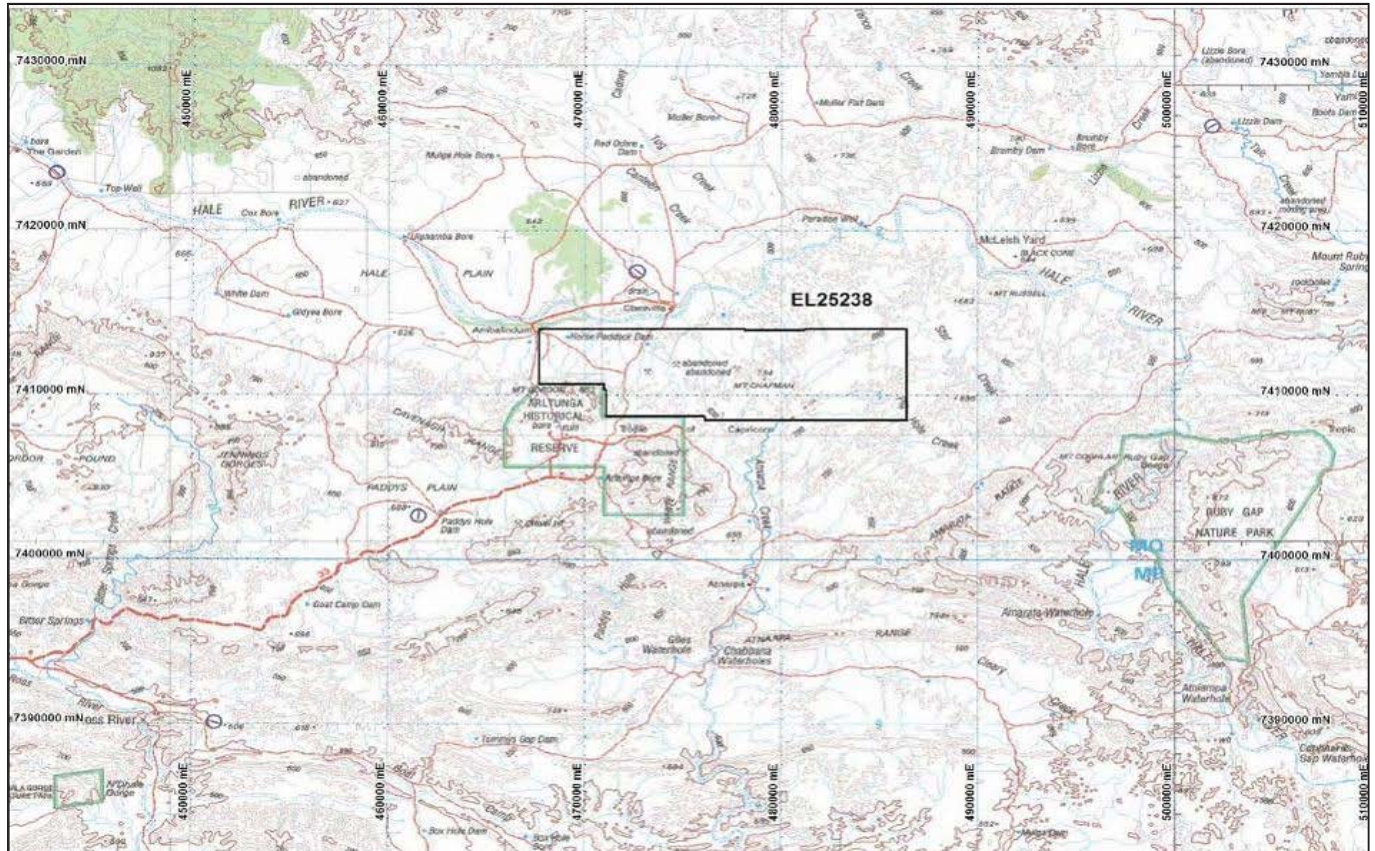


Figure 15: Arltunga Gold-Copper Project – Topographic Map

8.2 Regional and Local Geological Setting

The greater part of the tenement is formed by the supracrustal package in the eastern Arunta region, the Ongeva package. This comprises the lower part of the Strangways Metamorphic Complex (Lower and Middle SMC only, but excludes the Cadney Metamorphics) and Bonya Schist, Deep Bore Metamorphics, Cacklebery Metamorphics, Kanandra Granulite and Mount Bleechmore Granulite further to the east. Geochronological data from the Strangways Metamorphic Complex, Bonya Schist and Deep Bore Metamorphics indicate ages between 1.81-1.8Ga for this package. Lithologically, the Ongeva package consists of metapelitic and metapsammitic rocks with subordinate calcsilicate, marble, and felsic and mafic orthogneiss (Huston *et al*, 2006).

The Upper SMC Cadney package which includes marbles and calc-silicates of the Cadney Metamorphics, has been interpreted to have an age of 1.78-1.76Ga. However, the age of this unit is poorly known, with an age constrained between ~1.8- ~1.73Ga by the underlying Strangways Metamorphic Complex and the overprinting at ~1.73Ga by the Strangways metamorphic event. It is possible that the Cadney package may

have been deposited shortly after the Ongeva package, with a depositional age of ~1.8Ga. The Arltunga Goldfield occurs within the ~0.43-0.30Ga Alice Springs Arltunga Nappeby Complex. The Arltunga Nappeby Complex was formed when a south-directed thrusting event resulted in the current structural duplex arrangement of the Amadeus Basin and the Palaeoproterozoic Basement.

The Harts Range Group comprises a complex assemblage of granite gneiss, marble, calc-silicate, amphibolite, psammites and pelites that have been metamorphosed to upper amphibolite-to granulite-facies. Detrital zircon data from these rocks indicate that they are the high-grade metamorphic equivalents of sedimentary rocks in the adjacent Amadeus and Georgina Basins (Maidment, 2005). Comparison of detrital zircon data from the high-grade metamorphic and un-metamorphosed successions indicates that the Harts Range Group was deposited between ~0.85- ~0.50Ga.

Of these units, only the Atnarpa Igneous Complex has been reliably dated at ~1.77Ga (Zhao and Bennett, 1995). There are several areas of well documented mineralisation within and adjacent to

the GES Arltunga licence (Fig 12). The gold bearing veins vary in thickness from several tens to hundreds of centimetres and consists of white quartz, that is variably iron stained, with limonite, and locally contains malachite and other trace sulphides.

8.3 Previous Exploration and Mining History

Once the Alice Springs Telegraph Station was established in 1872 it became a staging point for exploration into the surrounding country and the development of pastoralism. The area around Arltunga first became part of a pastoral lease in 1881 and was considered stocked by 1884.

Charles Winnecke and, later in 1886, David Lindsay reported the discovery of rubies in the Harts and east MacDonnell Ranges. These reports started a rush to the 'ruby' fields. The 'rubies' eventually were found to be only garnets but by that time gold had been found at Arltunga and the miners' attention turned to this precious mineral.

Alluvial gold was first discovered about April 1887 near Paddy's Rockhole just outside the southern boundary of the Arltunga Historical Reserve. Later in the same year reef gold was discovered

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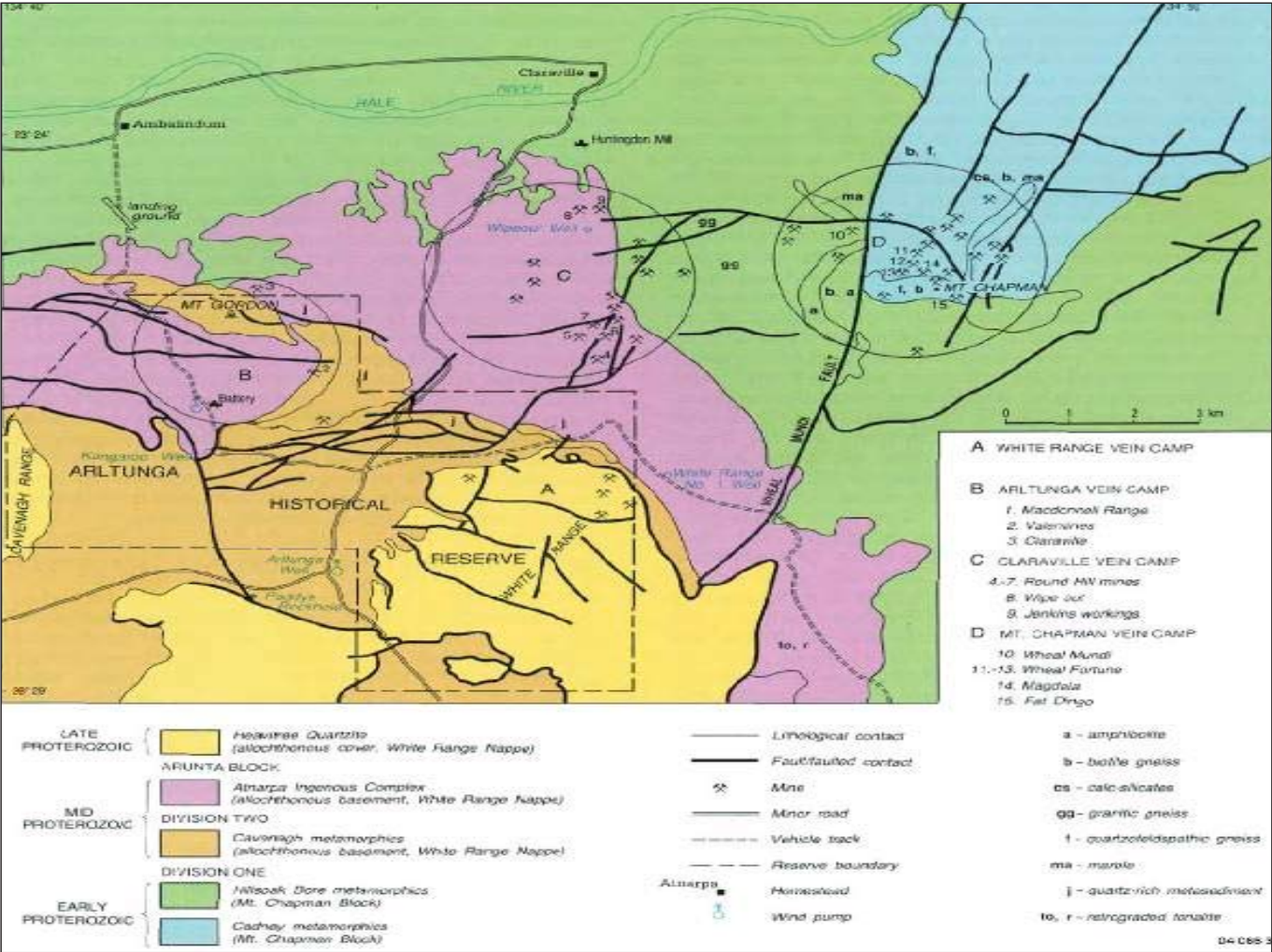


Figure 16: Regional Geology of the Arltunga Area with Historical Sites and Prospects

nearby. By 1888, the Wheel Fortune Reef was being worked on the north-east of the goldfield at Mount Chapman. When the rich reefs of the White Range were discovered in 1897, most mining transferred to this field. This coincided with the 1898 opening of the 10-head government battery and cyanide works. These were operated by the government manager, assayer and machinery operators, who had residences and offices on the goldfields. Activity on the goldfields was sporadic due to problems caused by climatic extremes of heat, drought and flood; the lack of sufficient water supplies to run equipment and supply the domestic needs of miners and their stock; and the isolation of the goldfields. As the nearest railhead was Oodnadatta, 600km to the south, there were often extended delays in replacing failed equipment and obtaining supplies.

Historical mining around Arltunga was most active between 1896 and 1913, with peak production in 1903 corresponding to the peak in population at over one hundred miners. To date, thirty-three

gold prospect areas have been defined within the GES Arltunga tenement (Fig's. 15 & 16). These prospects fall into two groups:

8.3.1 Claraville Vein Camp

The vein camp is centred on Wipe-Out Well, 4.5km south of the Claraville homestead. The most important mines at this camp were Round Hill, Wipe-Out and Jenkins mine (Table 16).

Mine	Period	Ore (t)	Gold (oz)	Avg Au g/t	Reference
Round Hill	1890-1908	193.50	160.49	25.81	Battery Records
Wipe-Out	1890-1900	125.39	86.81	21.46	Battery Records
Wipe-Out	1935	10	9	27.99	Admin Report
Jenkins	1935-1939	252.67	281.87	34.7	Admin Report

Table 19: Recorded Gold Production at Claraville Vein Camp

The main working at the Wipe-Out Mine is a large open-cut about 60m long and 9m deep. The quartz reef strikes at 5° and is up to 0.5m wide. Veins typically contain pyrite as oxidised boxworks with minor

amounts of malachite (Hossfeld, 1937). The reef appears to be an infilling of a north trending shear within retrograde tonalite of the Atnarpa Igneous Complex.

The Jenkins workings comprise a series of semi-parallel, close spaced, narrow quartz veins and leaders of 0.1-0.3m in width and up to 15m long hosted in basic gneiss. The workings are up to 12m deep. The veins consist of well-jointed, vughy

quartz with limonite after oxidised pyrite, calcite and siderite and free gold. Many veins do not outcrop but their presence is manifest on the surface by calcrete deposits derived from the calcite contained in the veins (Hossfeld, 1937). The veins are steeply dipping and trend at about 010°.

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The Round Hill workings are a series of shallow open cut pits and costeans that extend for approximately 1km in a north-northwesterly direction close to the northern boundary of the Historical Reserve. Thin sulphide quartz reefs and leaders up to 0.15m thick are developed within an extensive, well defined 020° trending shear zone. The host rocks are strongly foliated tonalite and granite of the Atnarpa Igneous Complex. The major foliation in the tonalite dips to the northwest, normal to the trend of the mineralised shear zone.

8.3.2 Mount Chapman Vein Camp

The Mount Chapman Vein Camp is centred on Mount Chapman that is located about 6.5km southeast of Claraville (Fig 16). The three most significant producing mines were: Wheal Fortune, Wheal Mundi and Magdala, see Table 20.

The Wheal Fortune Mine is one of the oldest mines on the field and is referred to in reports of 1888, 1890 and 1896. After 1898 it supplied ore to the Arltunga Historic Battery almost continuously until 1910 and was the largest producer in the field.

The main workings were centred on a narrow 0.3-0.5m quartz reef striking 018° and dipping 80° west. An inclined shaft was sunk to 36m to test the reef at depth. According to Matthews (1905) the reef at that point appeared to be "almost solid iron pyrite". The vein camp is bounded to the east by the Wheal Mundi fault, a major lineament that strikes at 015° for about 10km. The major workings are located on a number of parallel quartz reefs that are off-set relative to one another forming a typical en echelon configuration which follows the same trend as the Wheal Mundi fault.

The reefs are further interpreted as the infilling of structurally controlled dilation zones that transgress at a high angle to well foliated, thinly bedded gneisses, calc-silicates and marbles of the Cadney Metamorphics. Ore taken from a nearby ore dump assayed 132g/t Au a value markedly greater than any grade registered for the Wheal Fortune ore at the battery. Another parallel reef, off-set 70m to the southeast was opened by stoping. A tunnel was driven to intersect the reef below the northern end of the open cut. The vein was intersected but it was less than 0.15m wide. The Wheal Fortune workings averaged 38.25g/t Au for ore treated at the Huntingdon mill and the battery near to the present day Claraville homestead. This grade is considerably higher than any other mine outside the White Range vein camp.

8.4 Target Generation at the Altrunga Tenement

There has been continuous intermittent activity in the area, including several phases of work under the Northern Territories Geological Survey and several scientific studies. During the 1990s, reconnaissance rock-chip samples have yielded gold results up to 27.4g/t Au.

Mine	Period	Ore (t)	Gold (oz)	Avg Au g/t	Reference
Wheal Fortune	1890-1910	388.49	479.19	38.25	Battery Records
Magdala	1904-1910	66.25	84.68	39.50	Battery Records
Wheal Mundi	1898	-	479	-	Hossfield, 1937

Table 20: Recorded Gold Production of the Mount Chapman Vein Camp

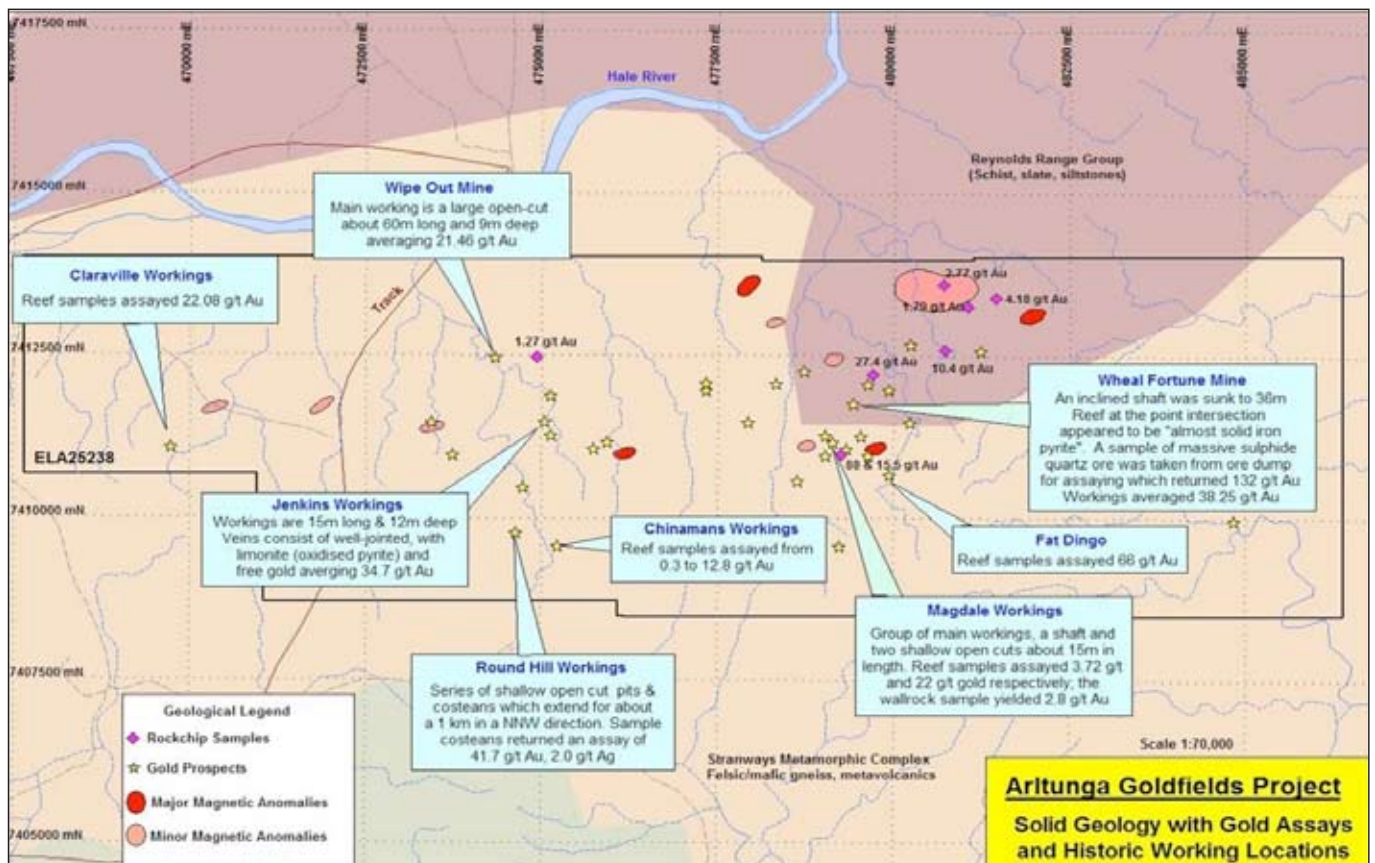


Figure 17: Arltunga Regional Geology with Historical Sites

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Costean assay results also realised gold grades up to 41.7g/t Au. Regional geophysical interpretation has been utilised in conjunction with GIS resources to identify numerous first-order “bulls eye” magnetic anomalies that remain untested and will be followed up (Fig 18). Four rock-chip samples were collected around the Magdale and Wheal Fortune old workings which yielded significant gold assays with associated highly anomalous copper values (Table 21).

Sample No.	Lithology	Au ppm	Ag ppm	As (ppm)	Bi (ppm)	Cu (ppm)	Fe (%)
S003	Quartz Vein	8.51	5.4	38	96	988	2.22
S005	Quartz Vein	1.23	3.7	11	32	4280	2.64
S011	Quartz Vein	12.85	2.1	53	135	835	3.98
S012	Quartz Vein	12.1	3.6	95	94	3510	10.55

Table 21: Rock Chip Assay Results from Arltunga Project



Photo 7: Magdale workings



Photo 8: Wheal Fortune, Open cut

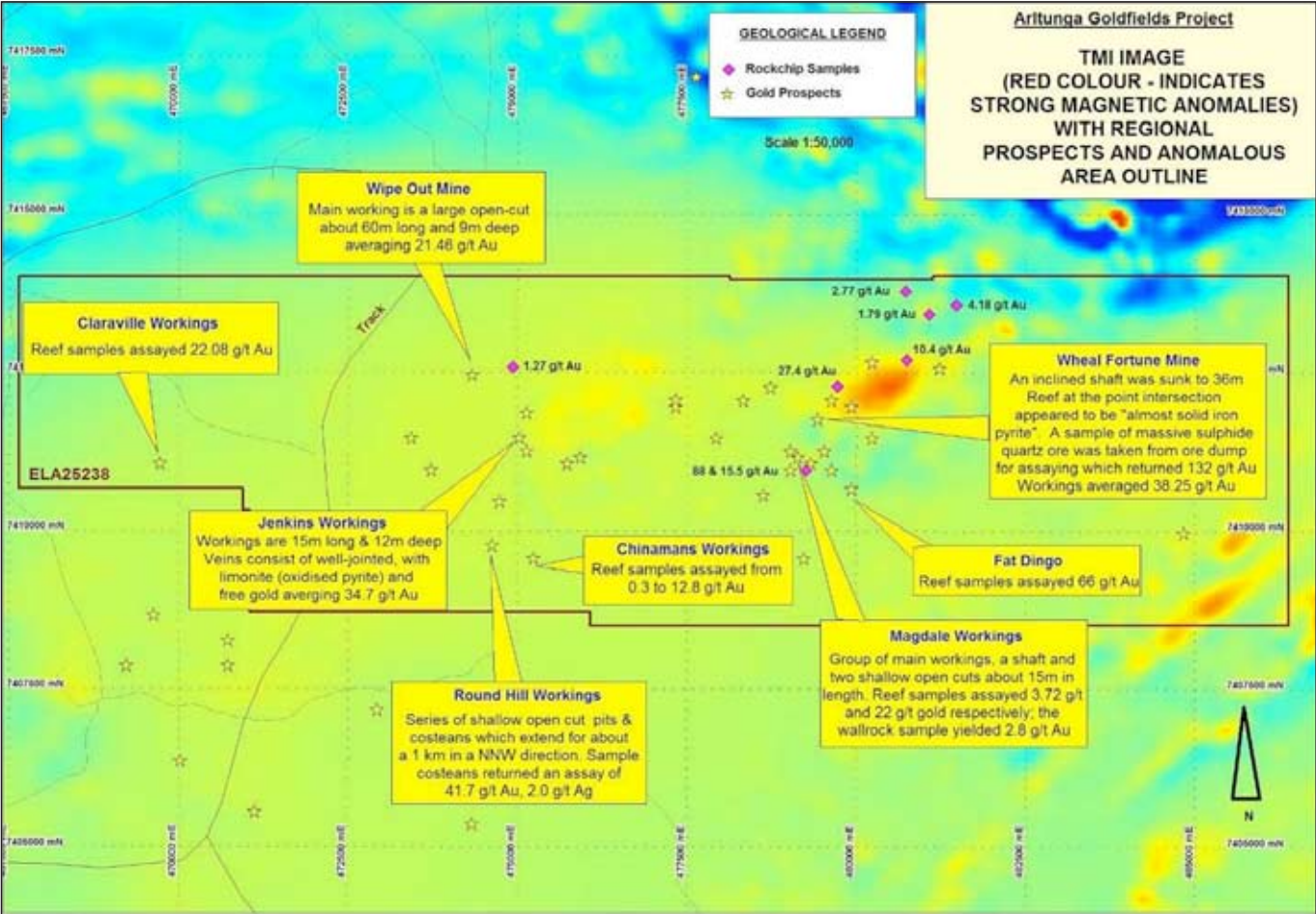


Figure 18: Arltunga Historical Sites overlain on TMI Image

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8.5 Exploration Potential

The area has yet to be fully understood and subjected to the full suite of modern exploration tools so additional exploration work is warranted at almost all of the historical mining heritage areas alone. There is also the possibility that the mineralisation mined to date may only be the near-surface exposure of more extensive, deeper mineralisation that has yet to be subjected to deep drilling. The most critical aspect of any future exploration will be to establish a more accurate mineralisation model and assessing whether the smaller historical mine workings are part of deeper and larger mineralised system.

A maximum budget of \$140,000 is proposed for the first year after Admission and \$105,000 in the following year. All budget figures exceed the minimum annual expenditure commitments as prescribed by the Northern Territory Department of Industry and Resources.

Activity	Year 1	Year 2	Total
Geophysical surveys/ consultants	\$30,000	\$25,000	\$55,000
Surface Exploration	\$30,000	\$25,000	\$55,000
RAB Drilling	\$75,000	\$50,000	\$125,000
Field support & vehicles	\$5,000	\$5,000	\$10,000
Total	\$140,000	\$105,000	\$245,000

Table 22: Proposed Exploration Budget for EL25238

9.0 LAURA RIVER Au-Pt-Pd PROJECT

The project comprises one granted EPM (Fig 19) with the tenement details summarised in Table 23.

Project	Tenement Number	Status	Current Blocks	Area km ²	Current Holder	Expenditure Covenant (\$)
Laura River	EPM15242	Granted	100	330.7	GES	\$47,000

Table 23: Laura Exploration Mineral Permit

9.1 Location and Access

The Laura River project area is centred on the Cape York Peninsular township of Laura that is located 210km north-west of Cairns and 88km west of Cooktown in North Queensland. Access from Cairns is via the Peninsula Development Road for a distance of 320km via Mount Molloy, Mount Carbine and Lakeland. The northern 130km of road from Cairns is mostly unsealed; but is generally in good condition with only limited areas of potholing. This road is closed during the wet season which means the area can be isolated to road transport for up to three months during January to March. Cooktown is 140km from Laura via Lakeland.

The township of Laura grew from a rail camp on the planned Cooktown to Maytown railway, this railway was not developed past Laura and little remains of the former line today. The town of Laura has a well maintained gravel airstrip which provides access year-round. Topographically the project area is mostly flat to gently rolling hills covered with eucalyptus bush. To the east around Kennedy Creek the ground rises distinctly to form a number of steep sandstone pediments, some of which contain

sites sacred to the local indigenous population with important Quinkan artwork. In the visited areas there is little to no bedrock exposure save for the riverbeds of Kennedy Creek and Laura River. The soil is loose and sandy.

The issue of land ownership in the area is sensitive. There is aboriginal reserve land in the extreme south and north east of the permit area, the right of access or to take rock or soil samples is not clear and needs to be resolved prior to undertaking any work in these areas.

9.2 Regional and Local Geological Setting

The stratigraphy of the project area ranges from Silurian-Devonian to Recent. The oldest rocks in the area belong to the Silurian-Devonian Hodgekin Formation and in the far west to the Chillagoe Formation. Limestone, chert, arenite and basalt are characteristic of the Chillagoe Formation whereas micaceous quartz siltstone, slaty mudstone, black phyllite, greywacke, greywacke-conglomerate, and sandstone predominate in the Hodgekin Formation. Minor limestone, chert and basalt also occur in the Hodgekin Formation.

These older formations are of economic importance as they host the reef-gold deposits of Maytown on the Palmer River and in the Byerstown Range on the West Normanby River. In addition they host the gold mineralisation of the Hodgkinson, Mulgrave, Russell, and Jorden Creek Goldfields further south.

Throughout the project area these older units are metamorphosed to lower Greenschist facies. Immediately overlying these older units in an unconformable manner is a sequence of terrestrial sandstones, siltstones and mudstones of late-Jurassic to early Cretaceous age. This Mesozoic sequence is comprised of the basal Dalrymple Sandstone, the median Gilbert River Formation and the upper Rolling Downs Group. The succession forms the exposed basal section of the Laura Basin which extends north from Laura to Prince Charlotte Bay and includes the Bathurst Range Coalfield.

Along the Great Dividing Range at the head of the Mosman River, gold was worked from a conglomerate at the unconformity on the base of the Dalrymple Sandstone late in the 19th century. Although no significant production is recorded from this source, the presence of this gold establishes the older rocks as the primary source of the gold and indicates an early stage of alluvial gold concentration in the area. Successive erosion/concentration episodes may have progressively enhanced the grade in latter alluvial deposits. Scattered outliers of the Mesozoic rocks around Kennedy, Quartz and Ruth Creeks, south-east of Laura, and around the North Palmer River attest to the more extensive distribution of these lithologies in former times and add credence to the possibility that gold and other precious metals concentrated in the base of the Dalrymple Sandstone may have been reconcentrated in the present drainage system.

The Fairview Gravel consists of quartzose conglomerate, minor sandstone and silicrete while the Lilyvale Beds consists of poorly consolidated deposits of clayey quartzose sand, conglomerate and interbedded sandy clay. The older terrace deposits of the Laura River are included in this unit. The Lilyvale Beds could be expected to include major buried channels of the palaeo-Laura River that could have the potential to be of economic significance with regard to alluvial gold and platinum. The Recent (0-1my) sediments in the area, which include quartz sand, minor gravel, silt, clay, ferricrete and ironstone gravel overlie all older units and are both residual and of current fluvial origins. The Recent fluvial deposits contain most

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of the gold and platinum discovered in the area to date and so are considered the most economically important formations.

9.2.1 Alluvial Deposit Nature

Previous pitting work in the Laura River has highlighted two important aspects of alluvial mineralisation in the Laura River. Gold, and to a lesser extent platinum, occurs from the top to the bottom of the alluvial profile. Generally the best gold concentrations are found in the coarser gravel beds.

There is a complex distribution of coarse gravel beds. The most prospective layer is the thick 1.7m basal gravel layer that overlies the basement sandstone and which is in turn overlain by finer gravels, sand and silts of varying thickness. This layer is not found in all pits, in places it is substituted by medium gravels, though these also host gold and platinum concentrations.

The next most important thick gravel beds form the nose of major alluvial islands or beaches; these pinch out and fine to finer gravels then sands downstream, so are less extensive. Finally, there are thin layers of coarse gravel over fine gravels and sands particularly around waterholes and adjacent to the deepest parts of the water channel, along the entire length of the River. These are generally only 0.5-1m thick and appear to form as an erosional, rather than depositional feature, i.e. the gravel forms by gradual concentration of larger boulders as finer interstitial material is swept away. The gravel layer progressively settles in-situ to lower and lower relative levels but at all times remaining at the top of the alluvial profile.

Previous work in the Mosman River determined that in the lower parts of the River, the basal gravels consistently yielded very fine grained gold that would offer little mining potential, whereas the gold from the coarse gravels in the upper stretches of the river was coarser and offered more potential. Upon further investigation it was found that the nature of the gravels varies rapidly laterally, from predominantly medium, through coarse to predominantly very fine. The majority of the good panning results further downstream were only found in small 50-60m³ pockets of coarse basal gravel in traps in the sandstone basement. Panning, trenching and pitting have occurred in the two branches of the Kennedy Creek. In the east branch

panning returned good gold results over its full 9km length. In the west branch both gold and platinum were panned in the lower 6km of the river, while gold occurs further upstream. Gold and platinum were also panned from a western tributary of this branch. Five trenches in this area showed that medium and coarse gravels reach up to 6m thickness in some places but average 2-3m, and were exposed for widths of 60-90m.

Gold from the Kennedy Creek was found, in general, to be more coarse than the more flaky grains in the Laura and Mosman Rivers. Exploration panning along Pine Tree Creek failed to detect any gold or platinum, though it is reported that other prospectors have found evidence of both metals in panning.

9.2.2 Hard Rock

The previous alluvial exploration work uncovered several quartz reefs and veins, as well as several zones of cherty siliceous material. The chip and grab samples taken returned negative results. An intrusive body of quartz-porphyry is present about half way along Pine Tree Creek, the porphyry itself did not appear to be of economic interest, and the common ferruginous quartz veins hosted within the Hodgkinson Formation meta-sediments adjacent to the porphyry returned negative assay results.

Meta-basalts and meta-dolerites occur on the west branch of Kennedy Creek. Analytical results were generally negative apart from anomalous levels of chromium in the siliceous material.

9.2.3 Dalrymple Basal Conglomerates

In the headwaters of the Mosman River, to the south of the GES Laura permit area, gold has been historically worked from the narrow zone at the bottom of the Dalrymple Sandstone basal conglomerates and the top few centimetres of the underlying Hodgkinson Formation. The gold is always confined to the base of the conglomerate which can reach up to 6m thick. These gold bearing 'gutters' have been interpreted as being part of a complex braided stream system trending in a general northerly direction with numerous, often ill-defined branches and tributaries, not all of which are gold bearing. Due to the problems of following the conglomerates below the sandstones, inconsistent grades and lack of water supply, mining was sporadic and on a small scale. Streams close to

the conglomerate outcrops were also worked for alluvial gold, sometimes on a rich leaders; the gold was thought to have been conglomerate derived.

9.3 Previous Exploration and Mining History

The discovery of payable alluvial gold deposits, to the south of Laura, at the Palmer River in 1873 by James Venture Mulligan sparked a huge gold rush drawing prospectors from around the world.

No previous history of mining is known from within the GES Laura Concession, however, gold was mined in the headwaters of the Mosman River including Chinky Creek, Kennedy Creek and Yamba Creek before 1900 after the main Palmer River gold rush of the 1860-1880 period. The Mosman River and several tributaries of the Palmer River; the Fish, Cradle and Jessops Creeks, North Palmer River share a common watershed in the Great Dividing Range.

Gold from the Mosman River side of the divide was reportedly won from active alluvial and colluvial gravels as well as from the basal conglomerates of the Mesozoic Dalrymple Sandstone that blankets the area. No accurate production figures exist, though trial mining in the late 1930's reportedly yielded 3g/t Au from alluvium in the Mosman River area.

Four gold and platinum group element prospect areas have been defined on the project at Laura River, Di, Mosman River and Kennedy Creek. Reconnaissance panning of alluvial sediments has returned excellent results for gold and platinum group elements in the Mosman River and Kennedy Creek areas. No hard rock exploration has been conducted on the project to date, however some early work yielded up to 19g/t Au in rock-chips from quartz veins in shear zones.

In 1971-72 Horizon Explorations Ltd carried out a helicopter reconnaissance survey for uranium over the southern part of the Laura basin. The follow-up ground inspection was limited to a ground scintillometer survey and rock-chip sampling, the results of which did not justify further work. In 1982 Lamorna Mines Pty Ltd conducted reconnaissance sampling of the alluvium along the Mosman River but failed to outline any prospective gravel. Pan concentrates of 71 samples contained between 0 to 120 specks of gold per dish, but generally less than 10 specks. The gold was fine and erratically distributed.

8. Independent Geologist's Report

In 1985 exploration of the Laura River area recommenced when the presence of gold and platinum group elements was noted by geologists from Gold Copper Exploration Ltd, who were investigating the river gravels near Laura. After a

loose cubic metre. Trenches and pits near the crossing confirmed that there are pockets of rich gravel giving 75 gold specks per dish, but the work failed to prove the lateral consistency necessary to support a mining operation. Gold Copper

In 1986, Western Mining Corporation Ltd undertook exploratory drilling within and to the west of the current GES permit area. In 1896, R.L. Jack reported on the auriferous conglomerates which occur at the base of the middle Jurassic Dalrymple

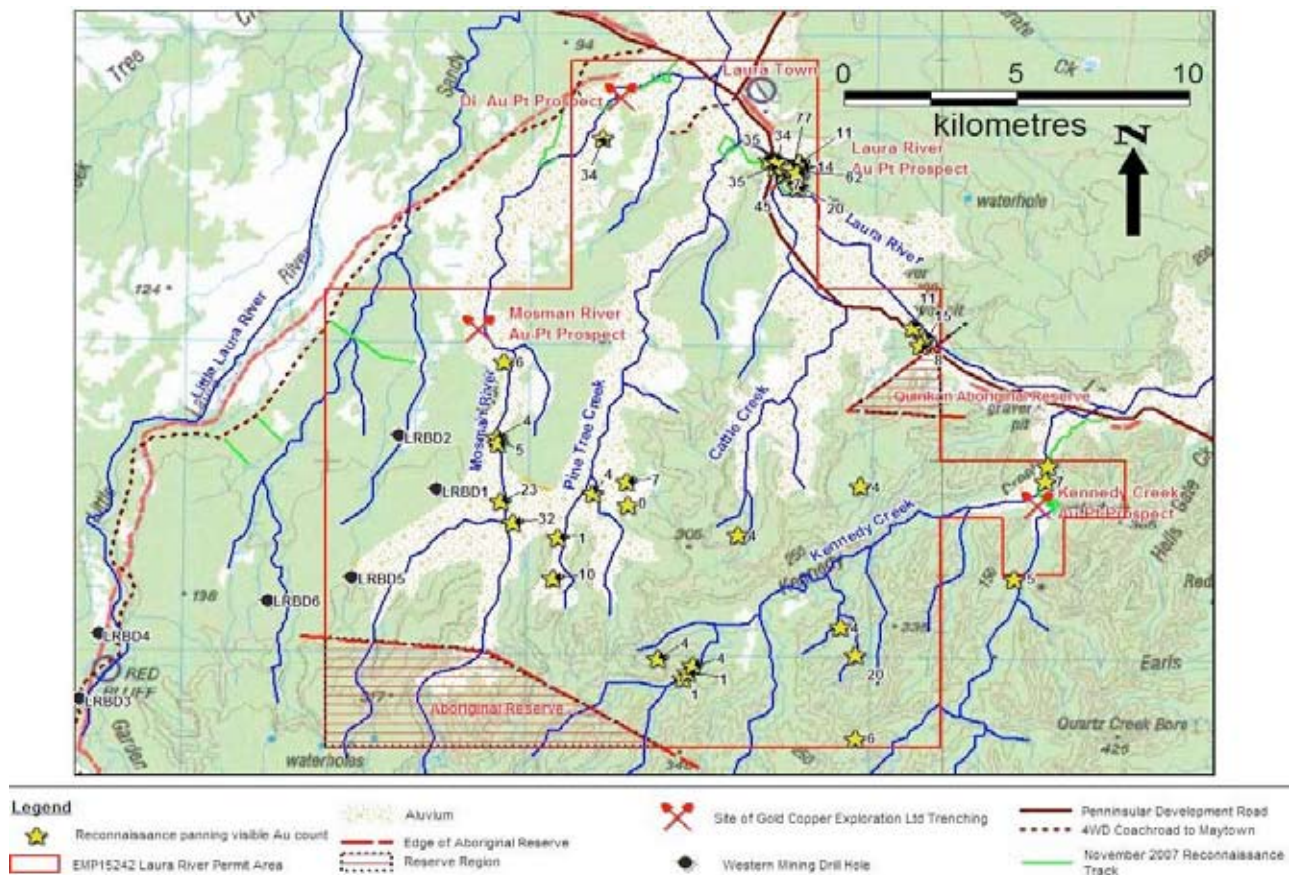


Figure 19: Laura Prospect Topography with Panning Visible Gold Particle Count

regional geology review, exploration prospecting applications were granted for an area from the Kennedy River east to the Laura River. From 1985-1987 initial ground reconnaissance led to bulk alluvial sampling.

Reconnaissance panning returned good results from the Laura River near Laura, the upper part of the Mosman River and the east branch of Kennedy Creek. Minor gold and platinum was discovered in most other areas along the Laura River and in most of the tributaries draining from the south. Traces of gold and platinum were found in the Little Laura, St. George and Kennedy Rivers. Along the Laura River the highest grades occurred in a 10km stretch upstream from the crossing southeast of Laura where the richest hand pan concentrate sample from 0.05m³ assayed 1,858.9g/t Au, 69.8g/t Pt and 2.8g/t Pd equivalent to around 300mg of precious metal per

Exploration estimated a resource target of 1.0 to 1.3 Mm³ with a grade range from 4.0 to 4.2g/t Au. Future exploration may or may not outline this target in whole or in part.

At Mosman River, 18km SSW of Laura, two bulk samples returned 0.25-0.4g/m³ Au and high-grade Pt concentrates in 1986. In 1987 a further 1,400m³ of bulk sample material returned overall grades of 0.047-0.303g/m³ recoverable Au and Pt. The Pt:Au ratio was around 1:100.

At Kennedy Creek, 18km SSE of Laura, trenches were excavated across the rivers' eastern branch. Gold bearing gravels of various ages, distributed across the entire width of the valley were indicated to run a length of 8-10km. Six bulk samples, totalling 1,380m³ gave recovered grades of 0.093-0.102g/m³ Au with some minor Pt and cassiterite. Gold Copper Exploration decided that this deposit was also sub-economic.

Sandstone in a deeply dissected plateau along the southern edge of the Laura Basin immediately to the north of Maytown. Several of these occurrences had been mined intermittently in the past. The down-dip extensions of these lie within an Aboriginal Reserve, Western Mining undertook to examine whether they continue northwards beyond the limits of the Reserve.

The possibility of mineralisation in the Hodgkinson Formation below the Dalrymple Sandstone was a secondary objective. Western Mining originally planned to drill 20 holes, but due to drilling problems only seven were completed. Of the 675m drilled 518m were cored and 157m drilled by RC. Five of the seven holes intersected basement at depths ranging from 38-140m, standing water varied from 1.5-18m. Three of these holes are within the current GES permit area and none of the holes targeted the areas of greatest importance.

8. Independent Geologist's Report

9.4 Target Generation at Laura River

Work has been restricted to a desk study review, acquisition of digital magnetic and radiometric geophysical data for the area and limited field reconnaissance. SRK Exploration Services Ltd ('SRK') was contracted by GES to spend two days on the Laura River tenement. Access to the area was facilitated by the old Laura to Maytown 4WD coach road to the western side of the property, by a disused cattle station track and on foot to the eastern Kennedy Creek side of the property.

With limited time it was not possible to make a full reconnaissance to the centre of the area and the upper Mosman River, so the observations were restricted to Kennedy Creek and Laura River. At the time of the visit all of the river beds and creeks encountered were dry, apart from a few small isolated pools on the outskirts of Laura.

A visit to the former 'Di' prospect site failed to establish any extensive activity, sand as opposed to gravel prevailed in the vicinity. There are a number of alluvial islands and distinct terraces. The area appears to have been worked as indicated by perpendicular gullies to the main channels, but the river is obviously highly active in times of flood and is reworking many of the features. The former Kennedy Creek prospect area was easier to interpret, with coarse gravel and sand channels braided

across a 90m wide valley bottom. The remains of pits and one trench were located.

9.5 Exploration Potential

Well organised and thorough exploration work carried out in the 1980s proved the existence of variable quantities of gold in Kennedy Creek and the Mosman and Laura Rivers, but failed to identify any resource extensive enough to support mining on a commercial scale. However, there is clearly potential for further work as much of the ground was not investigated in detail, many palaeo-river channels and terraces remain untested and previous workers have failed to find a nearby hard-rock source for the gold.

GES have acquired magnetic geophysical data that appears to show strong variations in the underlying basement, these could link with variations in basement topography that could have promoted the formation of palaeo-trap sites. Ground investigation of these sites is warranted.

A maximum budget of \$135,000 is proposed for the first year after Admission and \$60,000 in the following year. All budget figures exceed the minimum annual expenditure commitments as prescribed by the Queensland Department of Industry and Resources.

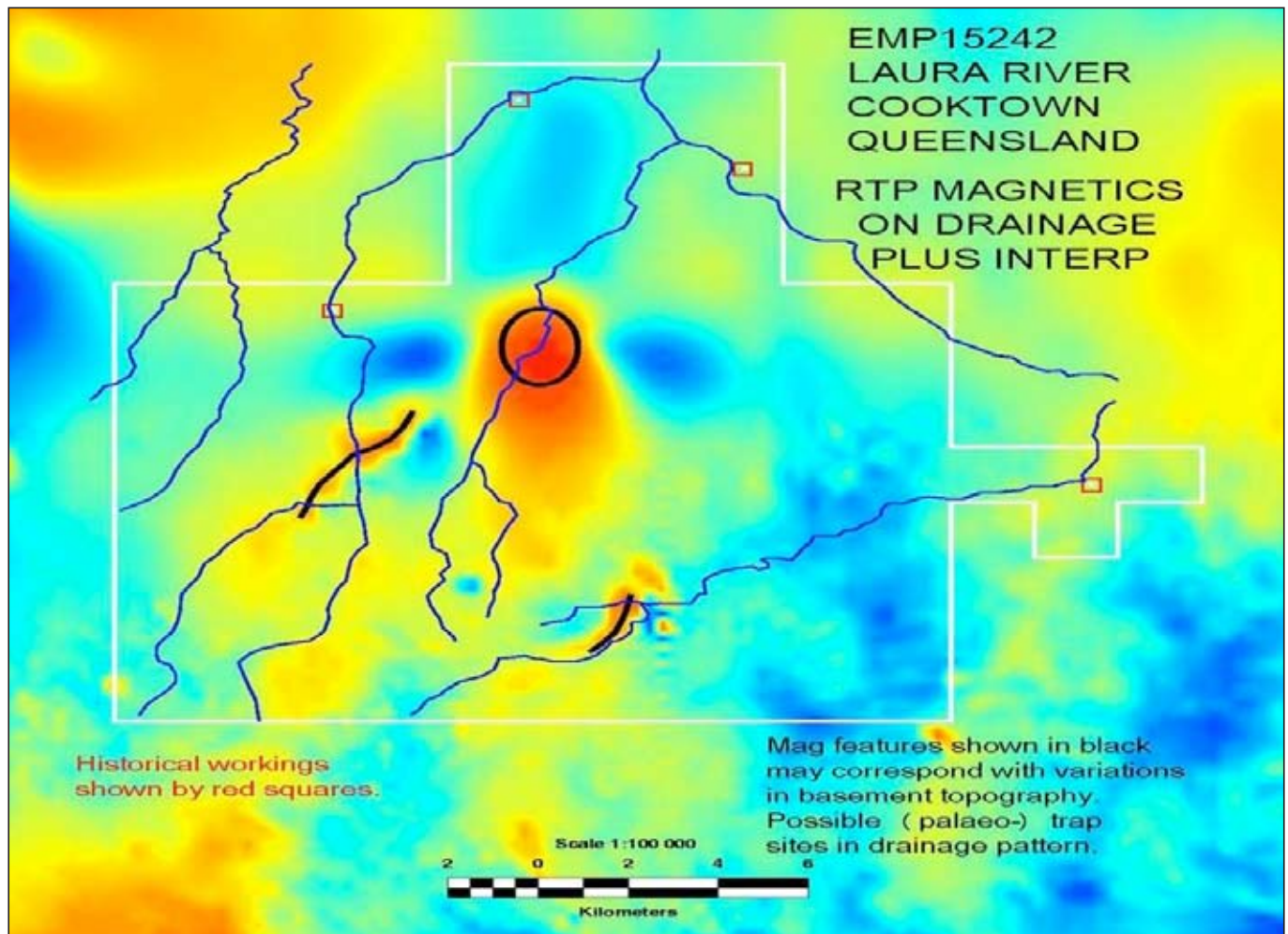


Figure 20: Laura River Area Magnetics and Drainage

8. Independent Geologist's Report

Activity	Year 1	Year 2	Total
Geophysical surveys/ consultants	\$25,000	\$10,000	\$35,000
Surface Exploration	\$35,000	\$25,000	\$60,000
RAB Drilling	\$70,000	\$20,000	\$90,000
Field support & vehicles	\$5,000	\$5,000	\$10,000
Total	\$135,000	\$60,000	\$195,000

Table 24: Proposed Exploration Budget for EPM15242

10.0 PIONEER PROJECT

The project comprises one granted EPM (Fig 21) with the tenement details summarised in Table 25.

Project	Tenement Number	Status	Current Blocks	Area km ²	Current Holder	Expenditure Covenant (\$)
Pioneer	EPM15619	Granted	4	12.47	GES	\$10,393

Table 25: Pioneer Project - Tenement Summary.

10.1 Location and Access

The Pioneer Project includes 4 sub-graticular blocks with a total area of 12.47km² situated some 70km by road from Bundaberg via the Bruce Highway. The area is strategically located in

proximity to major infrastructure such as the Bruce Highway, regional townships and the North Coast Railway line. The Gaeta Goldfield is a historic gold producing area located about 40km northwest of the township of Gin Gin and near existing road, rail, and telecommunication infrastructure. Land tenure over the Goldfield is privately owned freehold title.

Much of the project is drained by the north flowing Two Mile Creek, a tributary of the Kolan River, and the eastwards-flowing Walily Creek systems. The surrounding topography is quite subdued, ranging from open grasslands used by pastoralists to lightly-timbered higher ground rising about 50m above the grassy flats in the Gaeta Glen. Where the area of interest impinges upon the Burnett Range in the far southwest, the topographic expression is one of densely forested, rugged terrain; the local high point of Mount Gaeta at 542m incorporates stands of sub-tropical rainforest.

10.2 Regional and Local Geological Setting

The licence area is within the Gaeta Goldfield which forms part of the Miriam Vale Granodiorite which is an extensive north-north-west trending polyphase igneous complex emplaced as a series of coalescing plutons during the Late Permian - Early Triassic eras. Both major intrusive pulses took place between 255-239Ma. A major intrusive phase, of older foliated biotite-granodiorite and a younger hybrid porphyritic biotite-hornblende-cummingtonite-quartz diorite are exposed in the vicinity (Fig 22) of the now-revoked goldfield. J.E. Siemon (1970) suggested that the subordinate Triassic dioritic phase has been responsible for the Gaeta district's gold-silver-base metal mineralisation.

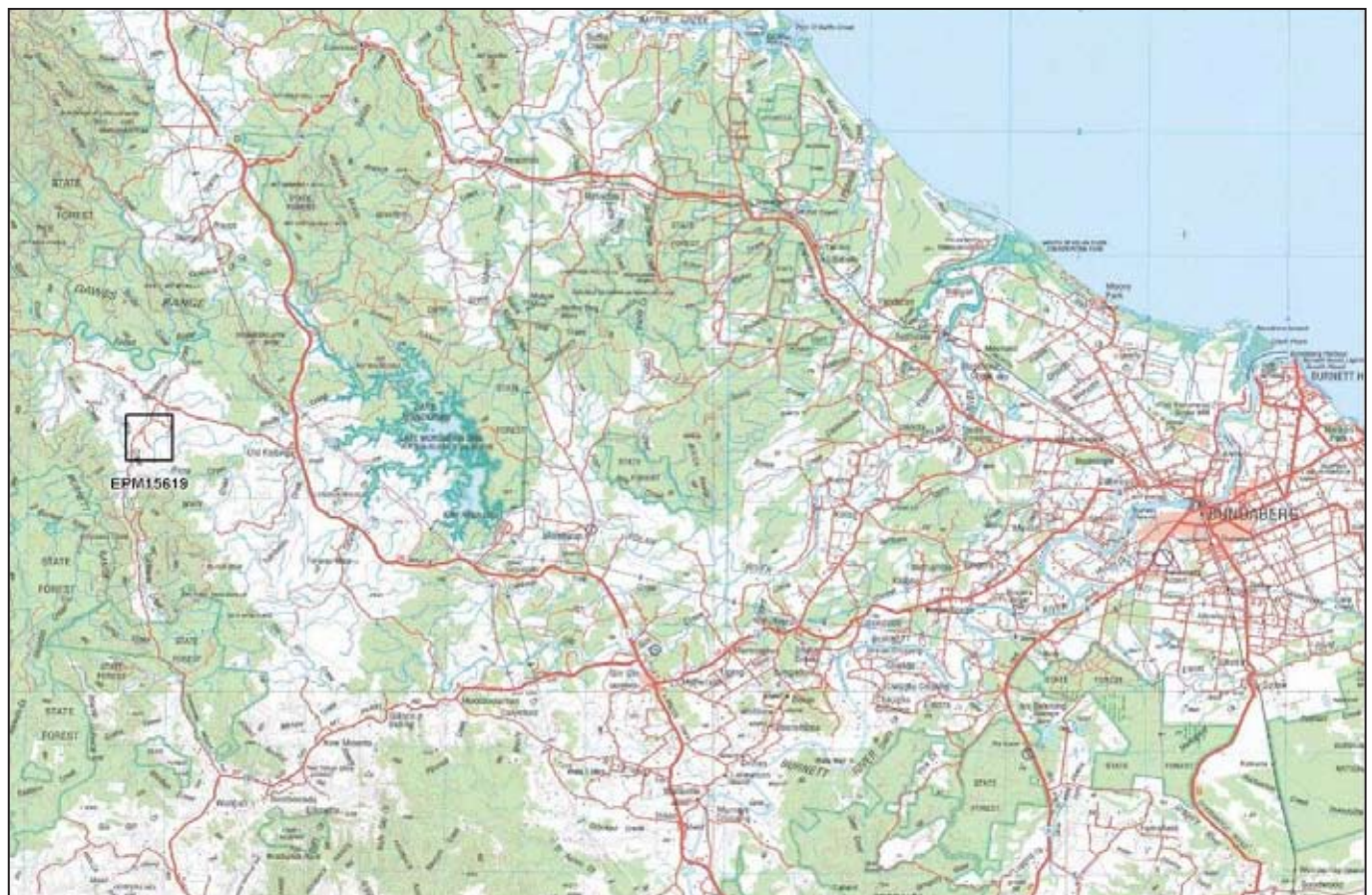


Figure 21: Pioneer Project - Topographic Map

8. Independent Geologist's Report

The sub-vertically disposed Pioneer Reef is a typical quartz-carbonate fissure which trends east-south eastwards in the Millar Shaft - Main Shaft sector (Fig 30) and north-eastwards in the less-productive faulted block alongside.

It was the understanding of L.C Ball (1903) that the hanging-wall reef, which was barren and cut out in depth, was 0.91m or more in thickness and was separated by 30cm of 'formation' from the footwall reef that varied from 0.6-1.21m in thickness. The oxidised portion of the reef yielded over one ounce of gold per ton and the whole 2.43m is believed locally to grade 15g/t Au. Departmental drilling along the Pioneer line-of-reef served to confirm that pyrite, pyrrhotite, minor magnetite and chalcopyrite, with very fine-grained gold and some silver occur in a gangue of milky quartz with some calcite. Disseminated pyrite and magnetite occur as primary minerals in the quartz diorite.

10.3 Previous Mining and Exploration

The initial discovery of gold in the Gaeta district seems to have been made in 1880 and the Pioneer Reef, the first reef found, was opened up that same year. It was not until 1898, that a goldfield was proclaimed. The Pioneer Reef was originally worked in a number of claims and the oxidised zone was mined at intervals over a length of 800m. In 1900 a shaft was sunk and levels driven and a battery of 13 stamps erected. In 1907 after crushing 1,800t of material, the company ceased operations. The recorded production was 2,400t of ore milled for a yield of 57kg of gold, this represents an average recovered grade of 23.3g/t Au. Unofficial estimates place overall production at some 3,000t for the recovery of about 62kg of gold. In 1947 underground mining operations along the Pioneer Reef was attempted and it was not until 1968 that a five drillhole program was undertaken completing 519.3m.

Most of the drill holes were targeted beneath the Millar Shaft and Main Shaft workings (Fig's. 23 & 24). The narrow lode channel intersected was beneath the lowermost 55m level with narrow veins over 58cm grading 5.5g/t Au and 4.0g/t Ag.

10.4 Target Generation at Pioneer Project

During the first year of tenure, GES work was restricted to a study of open files available at the Northern Territory's Department of Mines & Energy. This study demonstrated that there is some significant potential for copper, cobalt, uranium and gold in the area. In December 2006,

Kastellco was contracted by GES to conduct a desktop study over the area and to make recommendations for follow-up exploration the next year.

During July 2007 a review of re-processed and re-interpreted magnetic and radiometric data from the Queensland Geological Survey Database was undertaken accompanied by a brief geological rock-chip sampling program

with 26 surface rock-chip samples collected. The auriferous vein system at Pioneer can be discontinuously traced at surface for over 700m. Gold production was obtained from numerous shafts spaced over the entire vein length. Most of these shafts were identified and mapped by Planet Resources Group NL (Fig 23 in Pertzel, 1984). This map proved to be very useful during the surface rock-chip sampling program.

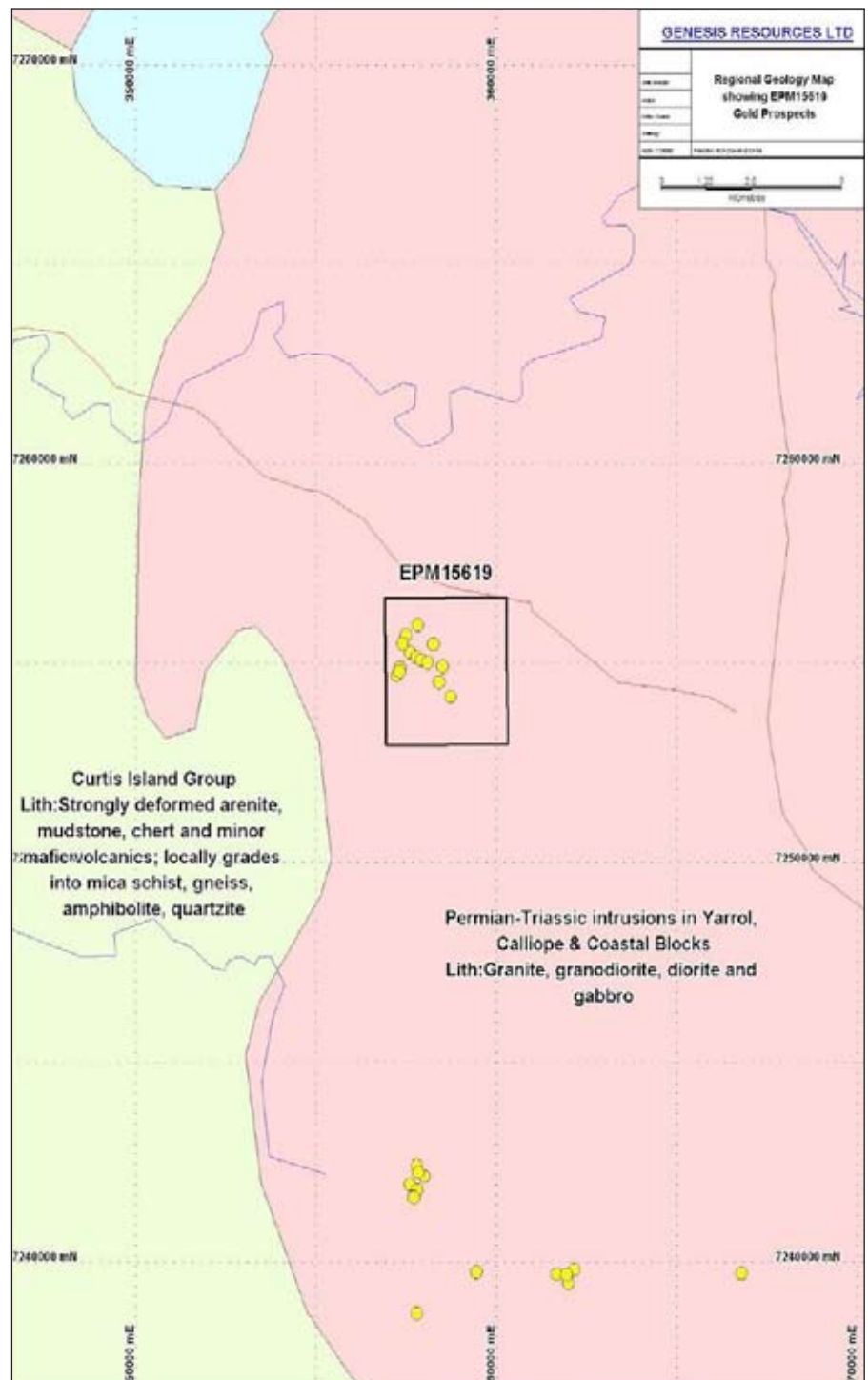


Figure 22: Pioneer Project - Regional Geology with Prospect Location Map

8. Independent Geologist's Report

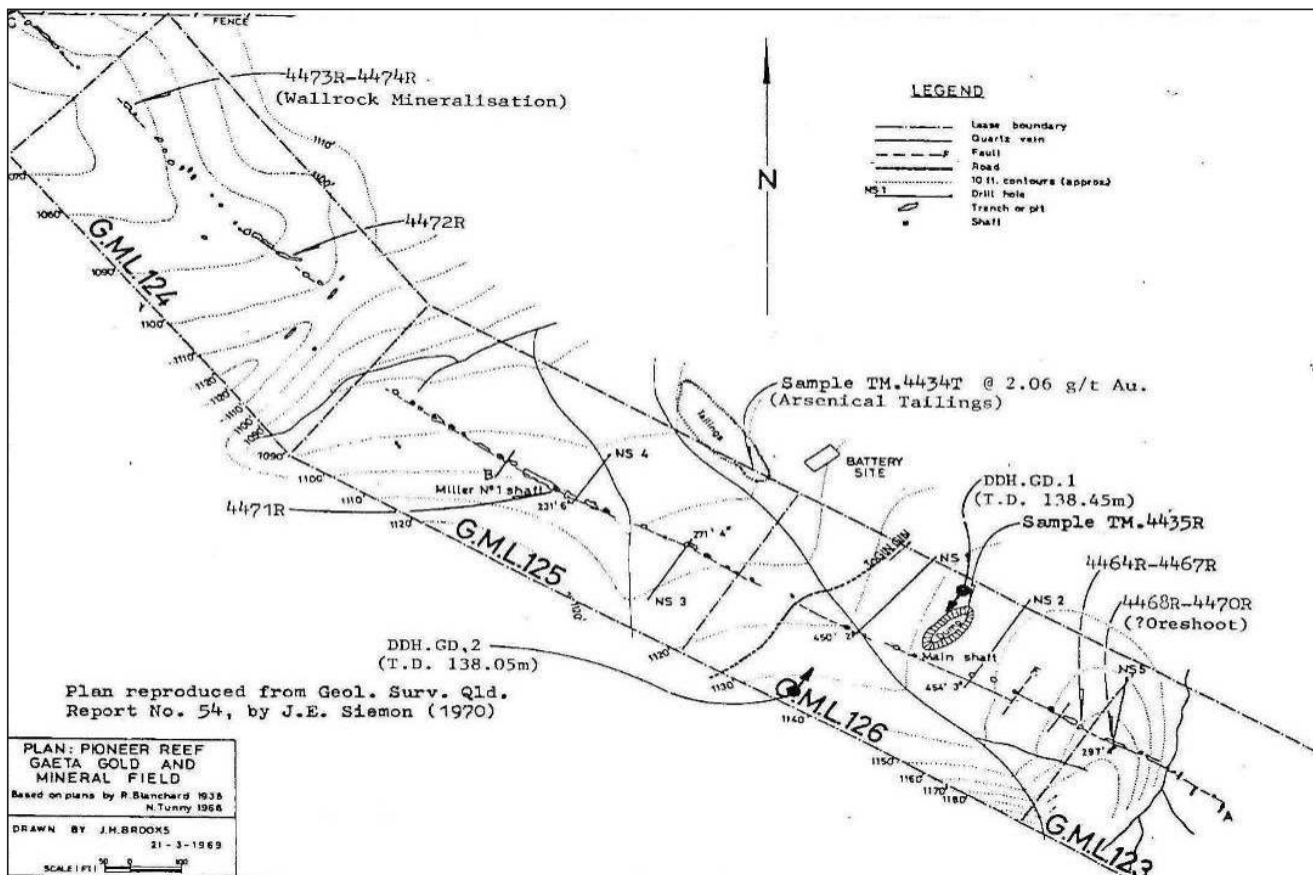


Figure 23: Pioneer Project - Plan of Pioneer Reef

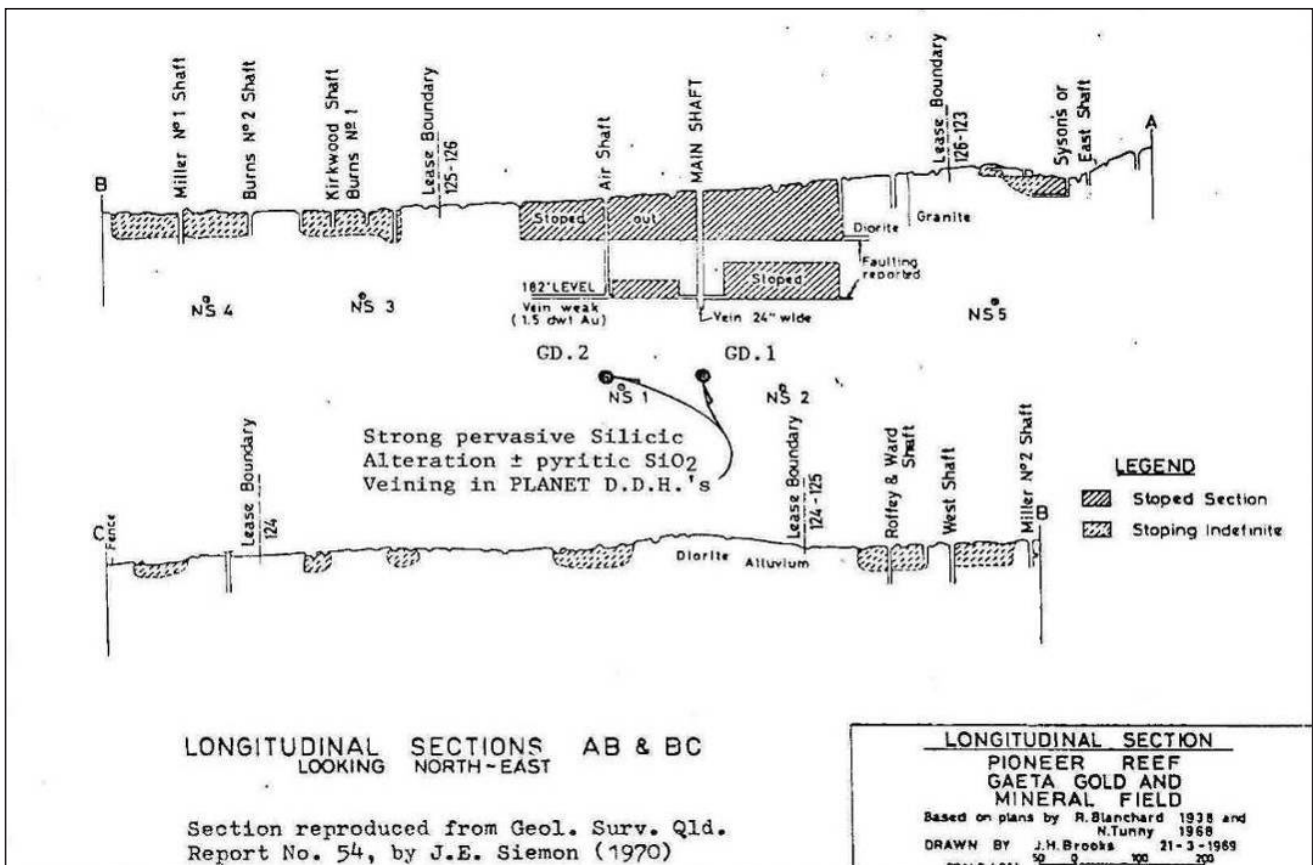


Figure 24: Pioneer Project - Longitudinal Sections

8. Independent Geologist's Report

Year	Company	Interest	Methodologies employed
1962	BHP	Non-specific	Brief report mentioning drilling and IP, outside the EPM area
1967 to 1970	Noranda	Porphyry Cu	Stream sediment sampling, with no anomalism detected
1970 to 1975	Anglo American	Porphyry Deposits	Regional stream sediment sampling, with no anomalism detected
1980 to 1982	West Coast & Command	Volcanogenic Au/Ag	Regional stream sediment sampling, with no anomalism detected
1984 to 1988	Planet Resources	Gold	Two diamond hole completed in the northern part of Pioneer with GD-1 intersecting 1m @ 1.2 g/t Au. GD-2 intersecting 1.9m @ 2.12 g/t Au confirming gold was confined to quartz veins
1988 to 1989	Transit Mining	Gold	Reconnaissance -80# drainage, near Pioneer Reef, mapping of Reef outline 1000 strike length. GSQ drilling intersecting 4.17m @ 2.2 g/t Au, 6.9 g/t Ag and 0.05% Cu. Rock-chip sampling from vuggy pyritic quartz vein returned 113.2 g/t Au
1988-1989	J.R. Bruce & J.H. Mules in JV with PanContinental Mining Ltd (EL6105)	Unknown	Unknown
1991-1992	Clarence River Finance Group Pty Ltd (EL6940 + EL6941)	Cu	Soil, rock-chips
1996	PNC Exploration Australia	U	Gridding, rock-chips, mapping and costeaning

Table 26: Historical exploration activity

SAMPLE DESCRIPTION	Easting (AGD66)	Northing (AGD66)	Site	Au ppm	Ag ppm	As ppm	Cu ppm	Fe %	Pb ppm	Zn ppm
PGO601	358300	7255500	Main Dump (east end)	0.242	<0.2	816	60	2.38	4	7
PGO602	358350	7255410	Burn's Shaft No3	2.96	0.3	168	21	1.4	8	4
PGO603	358370	7255390	Open Stope dump	13.5	0.7	570	7	1.1	6	2
PGO604	358400	7255370	Burn's Shaft No4	32.8	2.2	85	18	1.11	11	3
PGO605	358400	7255370	Burn's Shaft No4	0.047	<0.2	5	29	2.56	7	59
PGO606	358430	7255310	Shaft 6 dump	1.59	<0.2	13	12	1.24	4	6
PGO607	358220	7255580	Old Battery site dump	0.927	0.5	2010	160	6.94	12	27
PGO608	357910	7255800	Shaft No1 dump	0.8	0.2	891	16	1.08	7	5
PGO609	357810	7255950	Main Shaft dump	5.05	0.4	216	132	4.34	6	46
PGO610	357810	7255950	Main Shaft dump	0.057	<0.2	25	24	5.73	5	66
PGO611	357240	7254680	Small pit	0.017	<0.2	16	5	0.65	<2	<2
PGO612	357330	7254800	Mine remnants	69.7	1.3	42	18	1.32	<2	2
PGO613	357780	7255150	20m west of pit	0.19	0.2	4	13	0.6	5	<2
PGO614	357600	7255270	Exposed in shaft wall	0.026	<0.2	<2	2	0.49	2	<2
PGO615	357600	7255270	Shaft dump	1.16	<0.2	5430	59	2.25	<2	9
PGO616	357520	7255680	East Shaft dump	1.35	<0.2	9	22	1.4	3	7
PGO617	357500	7255690	Main Shaft dump	17.3	0.6	5	29	0.95	3	<2
PGO618	357500	7255690	Main Shaft dump	0.58	<0.2	63	7	0.94	<2	4
PGO619	357500	7255690	Main Shaft dump	1.19	<0.2	2	37	2.47	2	29
PGO620	357400	7255490	Mine remnants	0.9	<0.2	<2	4	0.73	<2	<2
PGO621	358280	7255480	Main Dump (west end)	3.98	0.5	204	31	1.55	8	10
PGO622	358250	7255520	Air Shaft dump	44.5	5.4	29	85	2.22	17	4
PGO623	358520	7254920	Rubble on hill side	0.068	<0.2	<2	26	2.2	<2	26
PGO624	358420	7254520	Rubble in grass	0.07	<0.2	5	5	0.84	<2	2
PGO625	358730	7254140	Mine remnants	1.49	0.2	803	106	5.35	57	22
PGO626	358730	7254140	Mine remnants	1.25	0.3	2450	235	3.26	4	5

Table 27: Rock-chip Assay Results from Pioneer Project

8. Independent Geologist's Report

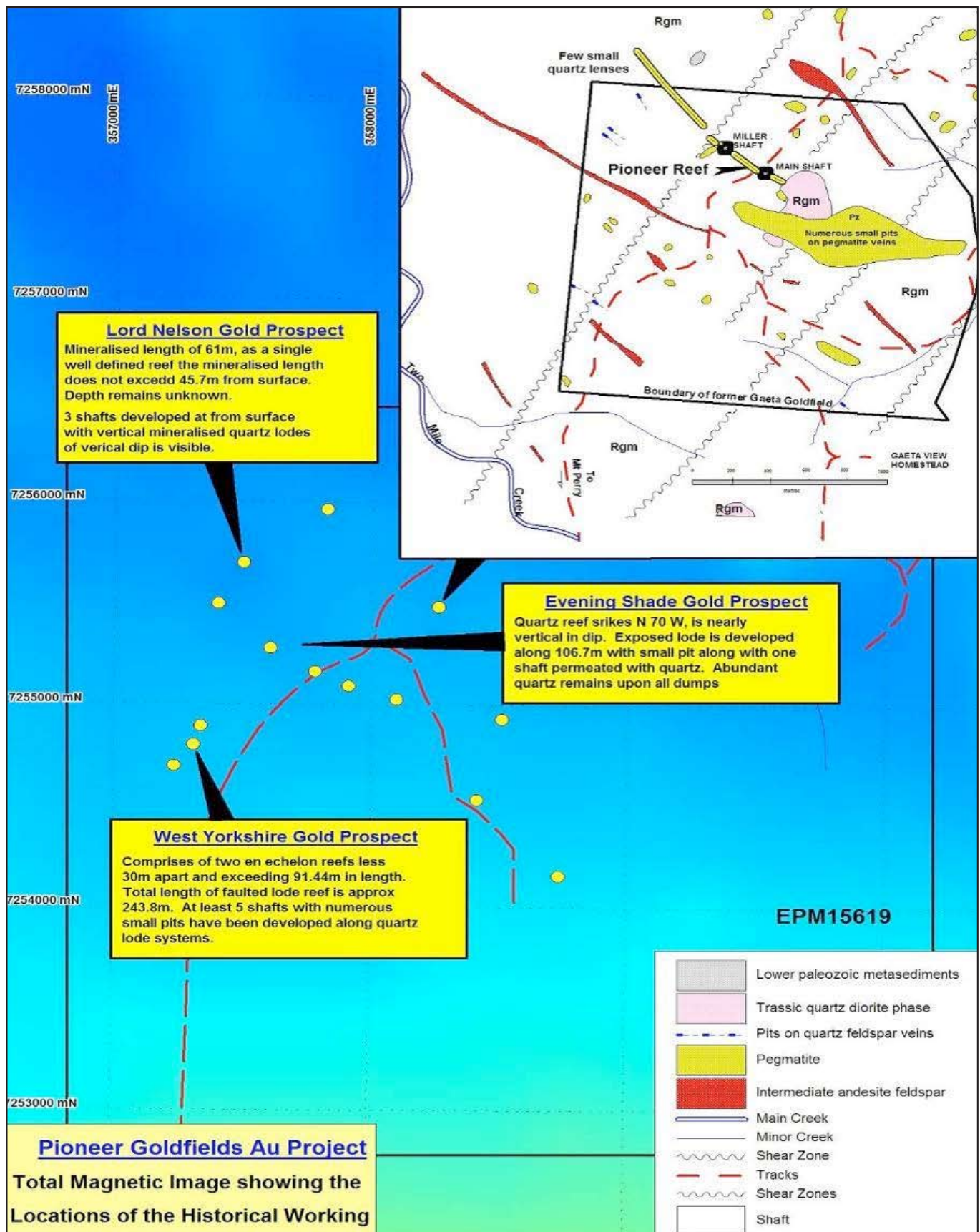


Figure 25: Pioneer Project - TMI over Historical Mines Area

8. Independent Geologist's Report

10.5 Exploration Potential

High grade gold mineralisation is considered likely to be present along a 700m section at Pioneer as indicated by the existence of old workings and surface rock-chip sampling. Gold mineralisation is present within a central 0.2-1.2m quartz-sulphide vein and adjacent altered wallrock producing high grade assay results (>5g/t Au) over 0.5-1.5m widths. The northern extent of the gold-bearing Pioneer vein system lies within 100m of the very similar 240m strike length Gympie gold-bearing vein system. If gold mineralisation averaging 1.0m in width can be outlined over the 1.0km combined strike length to a depth of 100m then a conceptual Target Mineralisation is estimated from 250,000t to 270,000t grading approximately 4.5 to 5g/t Au. It must be realised that future exploration may or may not outline this target in whole or in part.

The further investigation of previous wallrock sample results, a review of drilling results and the extent of drill core sampling is necessary. Shallow drilling may also delineate significant strike extensions to the Pioneer, Gympie and West Yorkshire gold vein systems hidden beneath soil and regolith. Field re-checking of the West Yorkshire site and #579551 is also required. It is possible that the Evening Shade gold mineralisation may link to #578552, #579551 and #581550 that have similar 290o vein orientations. If this can be established the gold-bearing vein system would have a strike length of some 600m.

A maximum budget of \$75,000 is proposed for the first year after Admission and \$70,000 in the following year. All budget figures exceed the minimum annual expenditure commitments as prescribed by the Queensland Department of Industry and Resources.

Activity	Year 1	Year 2	Total
Geophysical surveys /consultants	\$15,000	\$15,000	\$30,000
Surface Exploration	\$25,000	\$20,000	\$45,000
RAB Drilling	\$30,000	\$30,000	\$60,000
Field support & vehicles	\$5,000	\$5,000	\$10,000
Total	\$75,000	\$70,000	\$145,000

Table 28: Proposed Exploration Budget for EPM15619.

11.0 ALICE SPRINGS PROJECT

The project comprises one granted EL (Fig's. 3 & 26) with the tenement details summarised in Table 29.

Project	Tenement Number	Status	Current Blocks	Area km ²	Current Holder	Expenditure Covenant (\$)
Alice Springs	EPM24817	Granted	244	770.5	GES	\$50,000

Table 29: Alice Springs Project - Tenement Summary.

11.1 Location and Access

There are many tracks across the tenement, largely present to support local agriculture and stock farming. Settlements are limited to a few small farm homesteads with a very low overall population density. Communications are limited to radio and satellite links. There are airstrips scattered across the region, mainly adjacent to homesteads. There are no known security problems in the tenement area.

Accommodation is available at the Ross River Resort. This establishment has been used in recent times by mineral companies as an exploration and logistical camp.

The Alice Springs tenement topography is generally rugged hill country with steep creeks and escarpments but transitions to low lying river flood plains and grassland in the south and to the east of the tenement (Fig 26). The area is subject to monsoonal rains between November and March, during which ground work is extremely difficult. During the wet season, a number of southeast flowing creeks offer significant obstacles to cross-country vehicular progress.

Extensive flooding can occur and should be regarded as a potential hazard during this period. Fine "dry season" conditions prevail throughout the rest of the year. The major portion of the area is covered by flat sandy spinifex, sparse scrub plains and denser, hilly scrub thickets.

11.2 Regional and Local Geological Setting

The greater part of the tenement is formed by the supracrustal package in the eastern Arunta region, the Ongeva package. This comprises the lower part of the Strangways Metamorphic Complex ('SMC') (Lower and Middle SMC only, but excludes the Cadney Metamorphics) and Bonya Schist, Deep Bore Metamorphics, Cacklebery Metamorphics, Kanandra Granulite and Mount Bleachmore Granulite further to the east. Geochronological data from the SMC, Bonya Schist and Deep Bore Metamorphics indicate ages between 1.81-1.80Ga for this package. Lithologically, the Ongeva package consists of metapelitic and metapsammitic rocks with subordinate calcsilicate, marble, and felsic and mafic orthogneiss (Huston et al, 2006).

The Harts Range Group comprises a complex assemblage of granite gneiss, marble, calc-silicate, amphibolite, psammmites and pelites that have been metamorphosed to upper amphibolite- to granulite-facies. Detrital zircon data from these rocks indicate that they are the high-grade metamorphic equivalents of sedimentary rocks in

the adjacent Amadeus and Georgina basins (Maidment, 2005). Comparison of detrital zircon data from the high-grade metamorphic and unmetamorphosed successions indicates that the Harts Range Group was deposited between ~850--500Ma.

Mineral deposits in the Arunta region vary in commodity, style and age. Although base-metal and gold deposits in the Arunta are relatively widespread and geologically interesting, these deposits have been generally deemed as being economically insignificant although several abandoned mines are shown on mapping to exist to the north of the tenement area.

The economically most important deposits are industrial minerals: vermiculite associated with the weathered rocks in the Mud Tank Carbonatite Complex, and garnet-amphibole-rich sands concentrated by aeolian and alluvial processes to the north of the Harts Ranges. The oldest deposits in the eastern Arunta are base-metal and gold deposits hosted by the SMC, Bonya Schist and Cadney Metamorphics.

Historically, these deposits have been classed as 'Oonagalabi-type' and were Volcanic-Hosted Massive Sulphide ('VHMS') in origin. However, more recent work (Hussey et al, 2005; Huston et al, 2006) has identified systematic differences that have divided the known deposits into three sub-types:

- the Utnalanama-type, which GES interpret as VHMS deposits
- the Johnnies-type, which GES interpret as IOCG deposits
- the re-defined Oonagalabi-type, which GES interpret as either carbonate-replacement or VHMS deposits

8. Independent Geologist's Report

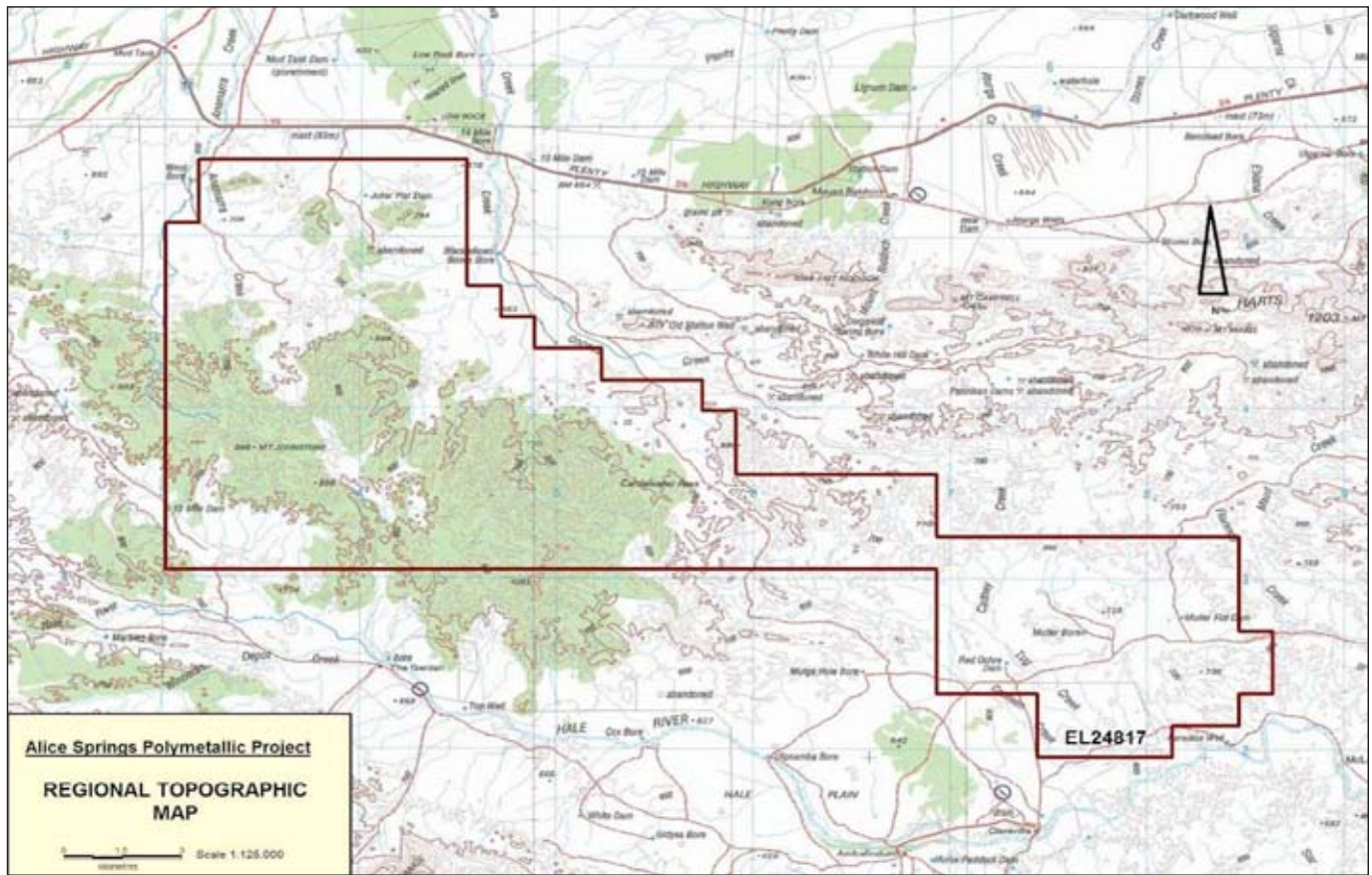


Figure 26 Alice Springs Project - Topographic Map

Type	Metal assemblage	Other elements	Host	Alteration assemblages	Interpreted age (Ma)
Utnalanama	Mineralised marble: Zn-Pb- Cu(Ag-Au) Calc-silicate: Pb-Zn	Mineralised marble: Bi-Cd Calc-silicate: Sn, HFSE, REE	Marble and calc-silicate after carbonate rocks.	Quartz-cordierite± orthopyroxene rock > massive amphibole± spinel±clinopyroxene rock. Both are concentrated in the footwall to mineralised marble lens.	1810-1800 (age of host); calc-silicate may be younger
Johnnie's	Lode rock: Cu- Pb(Zn-Ag-Au) Footwall Garnetiferous zone: Au(Cu)	Lode rock: Mn-Ca-HFSE-REE Footwall garnetiferous zone: Bi± Mo	Lode rock: magnetite diopside-amphibole± quartz rock (after marble). Footwall garnetiferous zone: Quartz-biotitegarnet ± magneite gneiss.	Quartz-biotite-garnet gneiss in structural footwall to lode rock.	1795-1770 (Pb isotope model age)
Oonagalabi	Zn-Cu-Pb (Ag- Au)	Bi	Marble → calc-silicate → massive anthophyllite schist.	Quartz-garnet rock symmetrically developed about host marble lens.	1765 (?) (age of host)

Table 30: Characteristics of Palaeoproterozoic Zn-Cu-Pb-Ag-Au deposits in the Eastern Arunta

8. Independent Geologist's Report

Utnalanama-type deposits are Zn-Pb-Cu-(Ag-Au) and constitute the majority of known Palaeoproterozoic deposits in the SMC, are characterised by the extensive development of asymmetric alteration zones dominated by quartz-cordierite $\pm$ orthopyroxene $\pm$ biotite $\pm$ orthoamphibole $\pm$ garnet gneiss. Johnnies-type deposits, which include Johnnies Reward and Gumtree in the Strangways Metamorphic Complex and the base-metal-Au deposits of the Jervois district in the Bonya Schist further to the east, are Cu-Au-(Pb-Zn-Ag) deposits characterised by a close association with abundant magnetite, and an asymmetric quartz-biotite-garnet $\pm$ feldspar alteration assemblage.

These deposits are closely associated with magnetite, either in a magnetite-diopside $\pm$ amphibole skarn assemblage (e.g. Johnnies Reward) or in an iron formation (amphibole-quartz-magnetite rocks, e.g. Gumtree). Although base-metals are most concentrated in magnetite-rich zones, Au is concentrated in the structural footwall of these deposits. Gold values are typically one or two orders of magnitude higher in the Johnnies-type than the Utnalanama-type. Moreover, at Johnnies Reward, Mn and some high field strength elements (HFSE) and REE are highly enriched in places within the lode. Based on these characteristics, Johnnies-type deposits are more likely to be equivalent to IOCG deposits rather than VHMS deposits (Hussey et al., 2005).

Oonagalabi-type deposits, which are represented by the Oonagalabi deposit and two nearby prospects, are hosted by the ~1.765Ga Oonagalabi assemblage of the Ledan package. Like the Utnalanama-type deposits, Oonagalabi-type deposits are not associated with abundant magnetite and are characterised by a Zn-Cu-Pb-(Ag-Au) metal assemblage. However, unlike the Utnalanama-type deposits, the main alteration assemblage outside of the host marble is a quartz-garnet-feldspar rock: quartz-cordierite gneiss is rare. Carbonate in the ore host is progressively replaced by calc-silicate and then massive anthophyllite rock. All three rock types are mineralised. These characteristics are most consistent with a carbonate replacement origin, although a VHMS origin cannot be ruled out (Hussey et al., 2005).

Garnet-rich para-amphibolites of the Harts Range Group are the source of the other major industrial mineral deposit in the eastern Arunta region. Olympia Resources Limited planned to commence mining in 2008 on the Harts Range Abrasives Project. The Project is based on resources of industrial garnet and alumino magnesio hornblende ('AMH') with proven and probable reserves of approximately 2.3Mt of recoverable garnet and approximately 6.2Mt of recoverable AMH making the Harts Range deposit one of the largest abrasive

deposits in the world. AMH, although lower in hardness and density than garnet, when mixed with a proportion of garnet produces results similar to garnet in applications such as blast cleaning. Olympia intends to sell AMH in a product called Garnetblende consisting of approximately 80% AMH and 20% garnet (Olympia Resources website, Nov 2007).

11.3 Previous Exploration and Mining History

Several programs of work have been undertaken at the licence as summarised in Table 31.

radiation and secondly for coarse unconsolidated sand horizons. Results did identify two anomalous horizons within unconsolidated sand units but both returned economically insignificant uranium mineralisation. An oxidation front associated with anomalous uranium was outlined in the lower confined sand horizon. It is possible that the drilling and sampling methods led to a downgrade in the assay results, however this is unsubstantiated.

In 1989 during the first year of tenure C.K. Bogie undertook reconnaissance stream-

Period	Company	Interest	Methodologies employed
Unknown	NT Mines Department	Non-specific	Review/research on existing mines
Unknown	Arsarco	Base metals	Stream sediment sampling
Unknown	Stockdale Prospecting	Diamonds	Unknown
Unknown	Kawane Australia Pty Ltd	Cu-Pb-Zn	Stream sediment sampling
1979	Alcoa Australia Ltd	U	RAB drilling
1988 to 1992	G.K. Bogie (EL6013 - Cattlewater Pass)	Cu/Co (Fe), REE, U	Stream sediment sampling, rock-chips, panning, scintillometer
1988-1989	J.R. Bruce & J.H. Mules in JV with Pancontinental Mining Limited (EL6105)	Unknown	Unknown
1991-1992	Clarence River Finance Group Pty Ltd (EL6940 + EL6941)	Cu	Soil, rock-chips
1996	PNC Exploration Australia	U	Gridding, rock-chips, mapping and costeaning

Table 31: Historical Exploration activity

The NT Mines Department conducted research on the mines at an unknown date and Arsarco conducted stream-sediment sampling for base metal mineralisation. Stockdale Prospecting also conducted diamond exploration in the area. During this period, Kawane Australia Pty Ltd was exploring for Cu-Pb-Zn in stream sediments and suggested that a copper anomaly exists in the area corresponding to the southwest corner of the tenement. In 1979, Alcoa Australia Ltd ('Alcoa') commenced RAB drilling exploration for sandstone uranium roll front deposits in the Garden Sub-Basin that covers the southern portion of the licence. Results from the drilling program were favourable, outlining both oxidised and un-oxidised sand units with a transitional zone containing anomalous uranium (currently excised from the tenure area).

A follow up exploration program was initiated to appraise the uranium potential throughout the transitional zone utilising aerial photography, ground resistivity surveying and rotary mud drilling. Sample selection for assaying of drill samples was based on gamma logs and lithology. Initially uranium was the only element analysed for, with samples being selected from primarily intersections of high background or anomalous

sediment sampling, prospecting, rock-chip sampling and panning in the centre of the current licence area. Two magnetite-bearing units were identified at 'Magnetite Hill' and 'Camp Hill Copper Mine' that also demonstrated Cu and Co enrichment. An area of REE enrichment in Ce, Nb and Zr was also identified close to Magnetite Hill.

1990 was largely spent following up anomalies generated in the stream-sediment sampling program. Scintillation counter work around the prominent granite northeast of Cattlewater Pass located a high number of lanthanum-niobium anomalies in the order of 10-20 times the background readings. Heavy mineral concentrations in the drainages and inspection of those catchments revealed surface accumulations of radioactive minerals mainly monazite and biotite associated with small zones of bleaching and post-tectonic muscovite formation and small radioactive areas associated with allanite and monazite enrichment in granite and pegmatite.

In 1991, Clarence River Finance Group Pty Ltd conducted soil and rock-chip sampling targeting copper mineralisation (Fig 28). Their priority target was the previously discovered Camp Hill Copper Mine Prospect which consists of a number of small mineralised quartz veins that were

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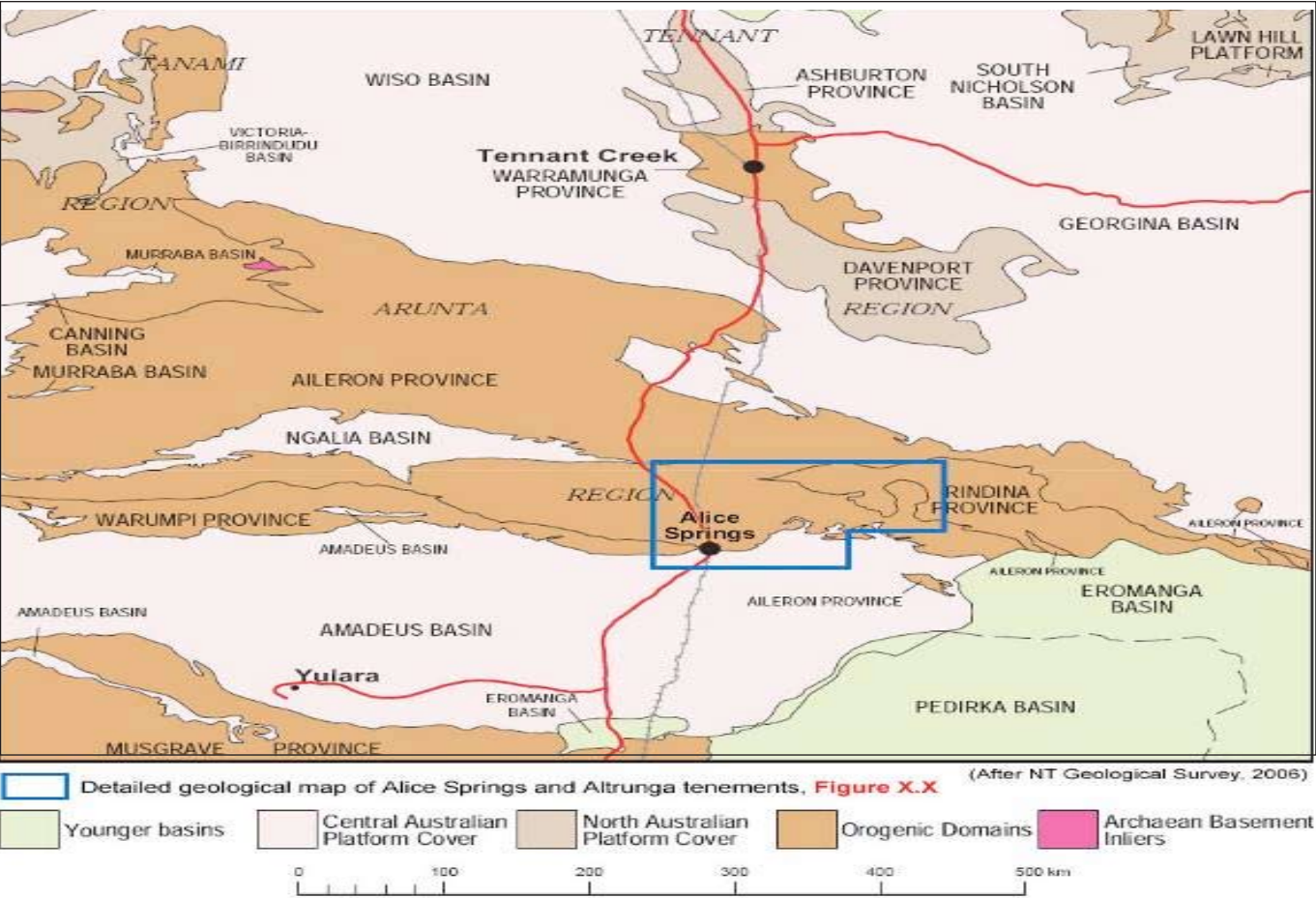


Figure 27: Alice Springs Project – Regional Geology with Prospect Location Map

generally associated with a basic intrusive and two narrow zones containing quartz and gossans. Malachite and azurite trace mineralisation was evident around several costeans. Rock-chip sampling on a 25x25m grid and soil sampling at 150x100m programs were conducted over the Camp Hill Copper Mine Prospect giving anomalously high values for copper. Numerous additional copper prospects, similar to Camp Hill were identified along with evidence of historical attempts at mining (Fig 34). The Mount Johnstone Dam pegmatite prospect known as the U, Th, Nb, Ta, Sn, Be Ciccones Radioactive Find was located within an old mica mine where the REE samarskite is associated with the mica. The pegmatite outcrop is approximately 24x10m in size with evidence of historical small-scale open cut mining.

In 1996, PNC Exploration Australia conducted uranium exploration over the eastern portion of the tenement. Work included surface gridding, rock-chip sampling, geological mapping and costeaning. Numerous uranium anomalies were defined with rock-chip samples ranging from 32-590 ppm U. Their exploration model was based on the Yambla Type which is defined by the presence of primary macroscopic uraninite mineralisation.

The uraninite occurs most frequently as mm-cm sized crystals, crystal aggregates and intergrown with xenotime. This style is identified at the Ryoma and Casper prospects located to the east on the southern end of EL24735 (Thor Mining Ltd ground). PNC Australia defined four distinctive styles of mineralisation that could potentially be found in the tenement area.

Type	Definition
Yambla	Primary macroscopic uraninite mineralisation. The uraninite occurs most frequently as mm-cm sized crystals, crystals aggregates and intergrown with xenotime. This style is identified at the Ryoma and Casper prospects.
Pegmatite	Primary multiple uranium bearing rare earth oxides present in Entia Pegmatites, prospects include the SNAF and Kelly. All known occurrences are in predominantly east west trending pegmatites in the Entia gneiss.
Moondyne	Intense epidote alteration along calc-silicate horizons within gneiss. This style is identified at the Haddock prospect which occurs along the outer margins of the Entia Dome as a series of disjointed epidote belts.
Garnet	Garnet (+/- biotite) alteration in pegmatites with a uranium bearing Y/Nb oxide mineralisation present at the Garnet prospect. The amount of uranium is proportional to the amount of garnet. All known occurrences are below the Bruna Gneiss in Entia Gneiss.

Table 32: Uranium Mineralisation Types – PNC definitions (1979)

11.4 Target Generation at Alice Springs Project

During the first year of tenure GES work was restricted to a study of open files available at the Northern Territories

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Department of Mines & Energy. This study demonstrated that there is some significant potential for copper, cobalt, uranium and gold in the area. In December 2006, Kastellco was contracted by GES to conduct a desktop study over the area and to make recommendations on a follow-up exploration program for the next year.

During January 2007, a re-interpretation of re-processed magnetic and radiometric data from the Northern Territory Geological Survey Database was undertaken. The geophysical images were processed by Asis International Pty Ltd for use in identifying exploration targets for iron ore, base metals, gold and uranium. Several first-order and second-order magnetic and radiometric targets were identified that had not been examined by historical field programs.

Historical regional data was also reviewed to determine the

effectiveness of previous exploration and evaluate remaining potential. A summary of the targets identified is presented in Table 33 and illustrated in Figures 29-30 for magnetic and radiometric targets respectively.

In November 2007, SRK visited the Alice Springs tenement on two occasions. Access was achieved from the south, via the historical Arltunga Reserve and GES Arltunga tenement. During the first visit, SRK travelled to the northern boundary of the tenement via the tourist 4WD trails in reasonable condition. Due to the limited access and time constraints it was only possible to make general observations along the route. There were several sections of the track that were in poor condition but this was due to the track intermittently following creek beds. Aside from this track there was no other obvious vehicular access and therefore fieldwork in the area will need to be conducted on foot.

Order	Quantity	Anomaly length (km)	Anomaly width (km)	Geological Setting	Mineralisation model
Magnetic Anomalies					
First Order	10	Min - 0.72 km Max - 5.80 km	Min - 0.52 km Max - 1.55 km	Strongly metamorphosed units of the Cadney Metamorphics	Poly-metallic vein style & massive stratiform sulphides
Second Order	2	Min - 4.25 km Max - 5.14 km	Min - 1.10 km Max - 2.20 km	Ongeva Granulite	Poly-metallic, vein-style & massive stratiform sulphides
Radiometric Anomalies					
First Order	3	Min - 0.60 km Max - 6.14 km	Min - 0.57 km Max - 1.41 km	Gough Dam Schist Zone & Cadney Metamorphics	Pegmatite/vein hosted related uranium deposit/ PNC Classification
Second Order	4	Min - 0.67 km Max - 1.57 km	Min - 0.52 km Max - 2.81 km	Strongly metamorphosed units	Pegmatite/vein hosted related uranium deposit/ PNC Classification
Third Order	1	Max - 0.63 km	Max - 0.38 km	Quaternary Sediments	Pegmatite/vein hosted related uranium deposit/ PNC Classification

Table 33: Alice Springs Project GES Exploration Targets

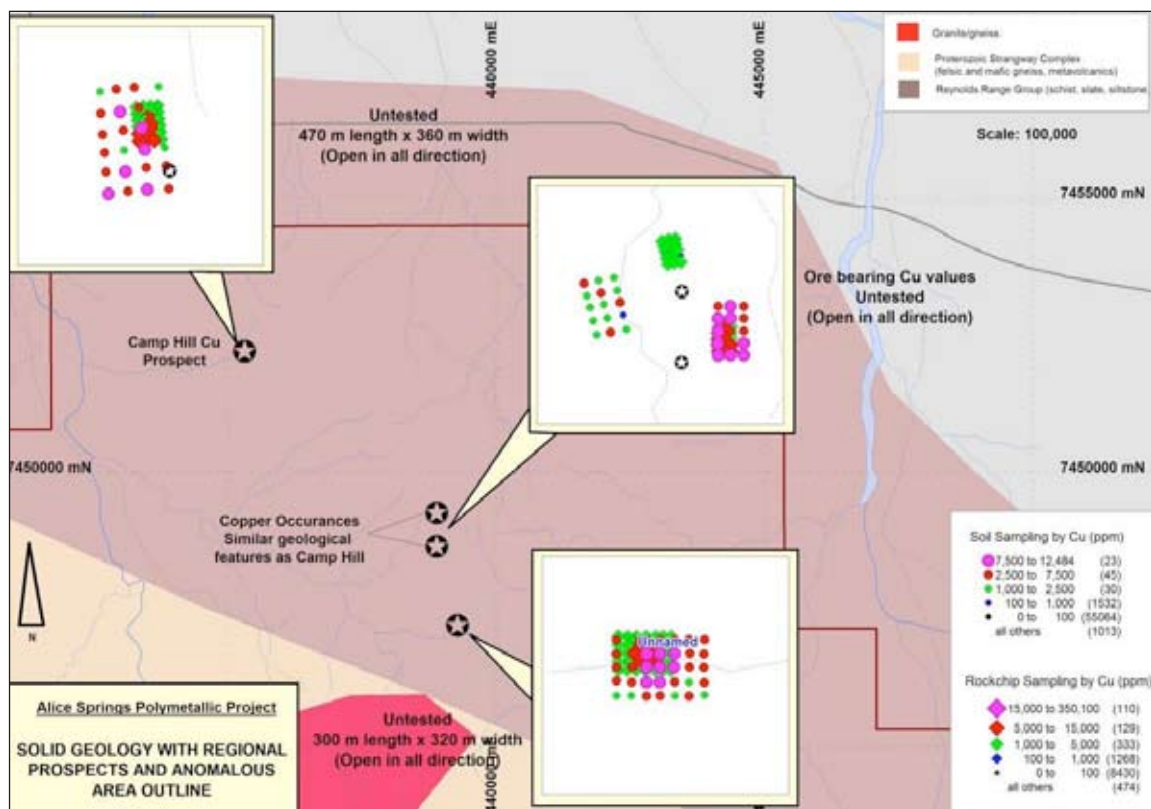


Figure 28: Alice Springs Project - Regional Geology with Prospect Location Map

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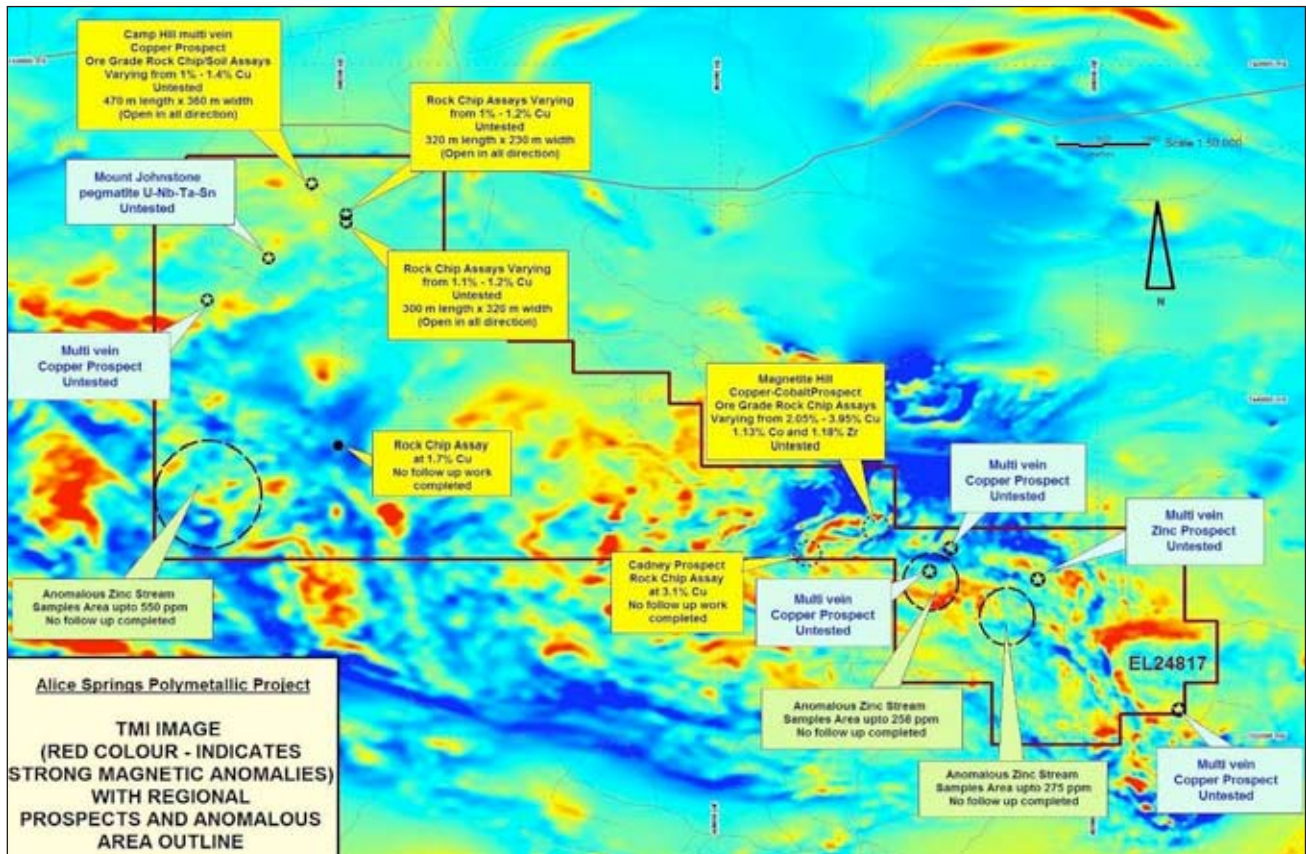


Figure 29: Alice Springs Project - Regional Geology with Prospect Location Map

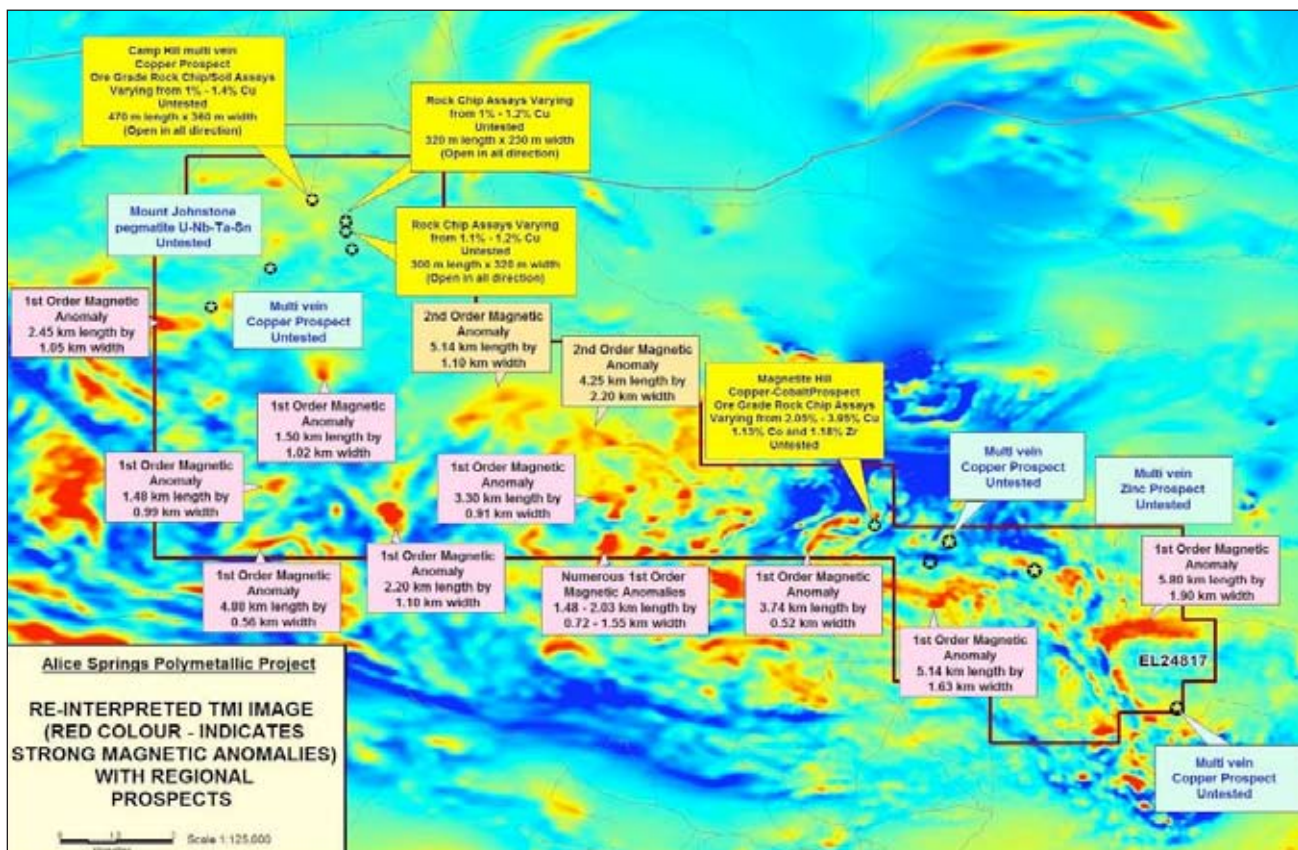


Figure 30:- Regional Re-Interpretation TMI Showing Potential Exploration Targets

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11.5 Exploration Potential

The Alice Springs exploration tenement is situated in an area that is known to host a variety of mineral deposits. Aside from the current and planned mining activity, there has only been small-scale, isolated and artisanal historical mining throughout the area. Several phases of exploration have been completed over the past 20 years but none have succeeded in identifying mineral deposits large enough to sustain an economically viable mine. In addition, the reduction of exploration industry activity during the turn of the century contributed to the lack of modern exploration. The current interest in the mining sector and the advancement of modern techniques in the fields of geochemistry, geophysics and remote-sensing GIS based target generation may yet provide a new lease of life to this region.

Historical prospecting and exploration has identified several areas that are prospective for uranium mineralisation and have demonstrated stratigraphic and structural similarities with the Harts Range Uranium Field located approximately 32km east of the tenement. However, a lack of any systematic exploration has resulted in a lack of understanding about the mineral potential of the area. For example, no regional gravity surveys have been conducted to explore for Tertiary palaeo-channel uranium targets.

However, potential does exist for following up on the limited success of the 1979 Alcoa exploration in delineating uranium roll front deposits in the southern portion of the exploration licence area, provided a more suitable drilling methodology can be utilised.

Additional uranium occurrences in the area may be associated with anomalous magnetic linear trends identified by the regional wide-spaced aeromagnetic-radiometric survey flown by the Northern Territory Geological Survey. It is suggested that the radiometric anomalies are associated with the favourable lithologies that have hosted uranium deposits in the Pine Creek region. The magnetic trends are possible hosts for redox gradient boundaries which may include disseminated pyrite.

The project area also has the potential to host gold mineralisation as most of the eastern portion of the licence is hosted within the Cadney Metamorphics similar to that which hosts the Mount Chapman vein camp goldfields hosted by gneiss, schist and calc-silicate rocks. Mount Chapman located about 8.5km south of the southern portion of the licence is part of the Arltunga Goldfields project. There are many old workings in the area with several being significant gold producers; the most important being the Wheal Fortune and Magdale mines.

A maximum budget of \$140,000 is proposed for the first year after Admission and \$110,000 in the following year. All budget figures exceed the minimum annual expenditure commitments as prescribed by the Northern Territory Department of Industry and Resources.

Activity	Year 1	Year 2	Total
Geophysical surveys/ consultants	\$30,000	\$10,000	\$40,000
Surface Exploration	\$25,000	\$25,000	\$50,000
RAB Drilling	\$80,000	\$70,000	\$150,000
Field support & vehicles	\$5,000	\$5,000	\$10,000
Total	\$140,000	\$110,000	\$250,000

Table 34: Proposed Exploration Budget for EL24817

Yours faithfully,



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12.0 Glossary

Acid volcanic Volcanic rock with high silica and light coloured minerals dominant.

Actinolite A metamorphic mineral of the amphibole group.

Aeromagnetic survey A geophysical survey method conducted from an aircraft that measures the magnetic intensities of the rock units below.

Alluvial Result of waterborne process.

Alluvium Sediment deposited by river or stream in relatively recent time.

Alteration Change in mineralogical composition of a rock; commonly caused by hydrothermal Solutions.

Amphibole A ferromagnesian silicate mineral.

Amphibolite A medium-grade metamorphic rock containing significant amounts of the mineral Amphibole.

Andesite A volcanic rock of intermediate colour and composition.

Anticline Rock strata folded in a convex upward manner.

Archaean The oldest rocks of the Precambrian Era; older than about 2,500 million years.

Au The chemical symbol for the metallic element gold.

Auriferous Gold bearing.

Basalt Dark coloured, fine-grained volcanic rock formed by the cooling of a mafic lava.

Base metal A relatively common metallic element; especially copper, lead, zinc, or nickel.

Batholith A large body of rock formed by the cooling of magma at depth within the Earth's crust.

Biotite A common rock-forming mineral of the mica group, black in colour.

Breccia A rock composed of angular rock fragments cemented by a finer-grained matrix.

Cainozoic An era of geological time, from the Beginning of the Tertiary Period (about 65 million years ago) to the present.

Chalcopyrite A copper iron sulphide mineral

Chlorite A platy green monoclinic metamorphic mineral.

Carbonate A mineral compound containing the radical CO₃ anion; especially calcium carbonate (calcite).

Carboniferous The period of geological time between about 295 and 355 million years ago.

Carlin style A style of gold mineralisation characterised by very fine-grained gold deposited in carbonate rocks.

Cataclasis Rock deformation generated in a dynamic metamorphic event.

Chert Very fine-grained rock composed of silica.

Chlorite A pale-green platy hydrous silicate mineral related to mica.

Clastic A sedimentary rock composed of grains or fragments derived at a different locality.

Conglomerate A sedimentary rock containing rounded to sub-angular granules, pebbles, cobbles, and / or boulders set in a finer grained matrix.

Craton A part of the earth's crust that has been stable and undeformed, except perhaps by faulting, for a long period of time .

Cretaceous The final period of the Mesozoic Era; from about 135 to 65 million years ago.

Cu The chemical symbol for the metallic element copper.

Dacite A fine-grained, light coloured extrusive igneous rock .

Devonian The period of geological time between about 355 and 410 million years ago

Diorite An intrusive igneous rock of intermediate colour and composition.

Dip Inclination of a geological feature from the horizontal.

Dolomite The mineral CaMg(CO₃)₂, or the rock composed of the mineral.

Dolostone A rock composed of the mineral dolomite.

EM Electro-magnetic; a geophysical exploration method.

Epidote A calcium iron aluminium silicate mineral.

Eu geosyncline A geosyncline in which volcanism is associated with sedimentary rocks.

Feldspar A silicate mineral; formed in igneous and metamorphic rocks; light coloured.

Felsic Light coloured igneous rock; containing abundant potassium feldspar and quartz.

Feldspathic Said of a rock containing the alkali aluminium silicate minerals of the feldspar group.

Flysch A marine sedimentary facies found in Mio- geosynclines.

Fold A bend in rock strata or structure.

Foliation The laminated structure resulting from segregation of different minerals into layers.

g/t Grams per tonne.

Garnet A group of silicate minerals which are used as a gem and as an abrasive, typically reddish brown in colour.

Gabbro A dark coarse-grained igneous rock formed by the cooling a large body of basic magma within the Earth's crust.

Galena The common sulphide mineral of lead.

Geochemistry The study of the abundance of elements in rocks and soil by chemical methods.

Geomorphology The science of the study of landforms.

Geophysics The study and measurement of the physical properties of rocks and geological formations.

Gneiss High-grade metamorphic rock composed of alternating bands respectively rich in light and dark coloured minerals.

Gossan A rock formed from the weathering of a rock containing sulphide minerals; characterised by hydrated iron oxides.

Granite A light coloured, relatively coarse-grained igneous rock formed at depth beneath the Earth's surface; comprises large sections of continental crust.

Granitoid A field term for a coarse-grained rock resembling granite.

Granulite A rock of equi granular mineral composition with little or no preferred orientation formed in the highest grade of regional metamorphism.

Granodiorite A coarse-grained plutonic rock; contains quartz, feldspar, and mafic minerals.

Graphite A black to steel-grey, very soft mineral composed of carbon.

Hornblende The most common mineral of the amphibole group.

Hydrothermal A mineral forming or altering geological process involving hot water-bearing fluids.

Indicated Resource That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade, and mineralogy can be estimated with a reasonable level of confidence.

Isoclinal Dipping in the same direction.

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IP Induced polarisation: an electromagnetic geophysical survey exploration method.

Ironstone A rock composed predominantly of iron minerals.

Jurassic The middle period of the Mesozoic Era, between about 140 and 205 million years ago.

Laterite An iron oxide-rich rock formed near the Earth's surface by weathering processes.

Lava Extrusive molten rock; or the rock formed when it cools.

Lcm Loose cubic metre ("swollen" volume of mined material).

Limestone A sedimentary rock composed principally of the mineral calcium carbonate.

Lineament A linear geological feature.

Lineation Any linear structure within or on a rock resulting from flowage shown by rotation of mineral grains or other bodies, intersection of planes, slippage along glide planes and growth of crystals.

Lithic A rock composed principally of smaller rock fragments - OR - a rock fragment that was originally part of another rock.

Lithostratigraphic Stratigraphic description based only on the physical and petrographic features of rocks occurring in a given lithological sequence.

Lode A tabular, potentially-economic deposit, with more or less definite boundaries, within rock; especially an economic vein.

Ma Million years ago; the time of formation of a rock unit.

Mafic A mnemonic adjective describing igneous rocks with an abundant ferro-magnesium (dark) mineral content.

Malachite A green hydrated copper carbonate mineral; formed by the weathering of copper sulphide minerals.

Mesoproterozoic The middle of the three Proterozoic eras; between about 1,000 and 1,600 million years ago.

Meta- The prefix used to describe the original nature of a metamorphic rock, e.g. a metamorphosed sediment can be described as a metasediment.

Metabasite A metamorphosed basic igneous rock.

Metamorphic A term used to describe a rock which has undergone alteration of its composition, texture or internal structure by conditions and forces related to pressure, heat and the introduction of new chemical substances.

Metamorphosed A rock that has been altered by physical and chemical processes involving heat, pressure, and, fluids (Most of the sedimentary and volcanic bedrocks described in the report have been metamorphosed to varying degrees - for simplicity the prefix meta- has not always been used)

Metasomatism Chemical alteration of rocks by an invading fluid or gas on a constant volume principal.

Metasediment A metamorphosed sediment.

Mineralisation The concentration of metals and their minerals within a body of rock.

Mio geosyncline A geosyncline in which there is no volcanism associated.

Mudstone A sedimentary rock composed predominantly of approximately equal proportions of clay and silt.

Orogen An orogenic belt.

Oxidised A rock that has been exposed to air and water causing its minerals to change by the addition of oxygen (and perhaps carbon and water).

Palaeo A geological term denoting great age or remoteness in time.

Palaeozoic The era of geological time from the end of the Proterozoic to the beginning of the Mesozoic; between about 580 and 250 million years ago.

Palaeoproterozoic The oldest of the three Proterozoic eras; between about 1,600 and 2,500 million years ago.

Percussion A method of drilling in which rock is broken by the hammering action of a drill bit.

Permian The period of geological time between about 250 and 300 million years ago.

Permo-Carboniferous The time spanning the Permian and Carboniferous geological periods; between about 250 and 355 million years ago.

Phyllite A fine-grained, low-grade metamorphic rock formed from the metamorphism of clay rich rock.

Plunge The inclination from the horizontal of a fold axis or lineation.

Pluton A relatively large body of igneous rock formed beneath the earth's surface.

Porphyry Igneous rock containing conspicuous phenocrysts (large crystals) in a fine-grained groundmass; usually intrusive.

Proterozoic A geological era of between 2.5 to 0.6 Ga.

Ppb Parts per billion (109).

Pyrite A mineral composed of iron sulphide (FeS₂); "fools gold".

Pyroclastic Detrital volcanic material that has been explosively ejected from a volcanic vent.

Pyrrhotite A magnetic iron sulphide mineral.

Quartz A mineral composed of silicon and oxygen; forms as hard colourless crystals; a common component of sand.

Quartzite A granular metamorphic rock composed predominantly of quartz; derived from quartz sandstone.

Quaternary The period of geological time from about 2 million years ago to the present.

RAB "Rotary Air Blast", a rotary drilling technique in which compressed air returns the sample to surface outside the drill-rod string.

Radiometric A geophysical survey exploration method that measures the radioactive properties of rock units.

RC "Reverse Circulation"; a percussion drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.

Reconnaissance A general examination or survey of a region with reference to its main features, usually as a preliminary to a more detailed survey .

Reserve That portion of a mineral resource on which technical and economic studies have been carried out to demonstrate that it can justify extraction at the time of the determination and under specified economic conditions.

Resource A tonnage or volume of rock or mineralisation or other material of intrinsic economic interest, the grades, limits and other appropriate characteristics of which are known with a specified degree of knowledge.

Sandstone A sedimentary rock composed primarily of sand sized grains sediment rock formed by the deposition of solids from water.

Schists A medium to coarse-grained metamorphic rock with sub-parallel orientation of the micaceous minerals which dominate its composition.

Sericite A white fine-grained potassium mica occurring as an alteration product.

Shale A very fine-grained sedimentary formed by the lithification of layers of mud and clay.

Shear A set of fractures in rock that both distort (shear out) the rock, primarily in a ductile manner, and displace the rocks on its sides, as would a fault.

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Silicified A rock that has been altered or replaced by silica.

Siltstone A fine-grained sedimentary formed by the lithification of layers of silt.

Slate A low grade metamorphic rock with a strong cleavage formed as a result of regional metamorphism of shale.

Stratigraphy The branch of geology to do with the formation, composition, sequence, and correlation of stratified rocks.

Sub-outcrop The near-surface position of bedrock or strata on a palæo-surface under an overlying cover of detritus and soil.

Sulphide A mineral compound containing sulphur and metal.

Syncline A set of rock units folded into a concave-up shape.

Tuff A rock formed from the deposition of volcanic ash.

U The chemical symbol for the metallic element uranium.

Vein A thin sheet-like body within older rock; often within fractures; commonly dominantly quartz.

Volcanic Descriptive of rocks originating from volcanic activity.

Volcaniclastic A clastic rock comprised of fragments derived from volcanic activity.

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9. Financial Information

9.1 Introduction

This Section sets out the Historical Financial Information and Pro Forma Financial Information. The basis for preparation and presentation is set out below.

The Financial Information has been prepared by management and adopted by the Directors. The Directors are responsible for the inclusion of all Financial Information in the Prospectus. Grant Thornton has prepared an Investigating Accountant's Report in respect of the Historical and Pro Forma Financial Information. A copy of the report is set out in Section 10 of the Prospectus.

The Historical Financial Information and Pro Forma Financial Information has been prepared in accordance with measurement and recognition criteria of Australian Accounting Standards and the significant accounting policies set out in Note 1 to the financial information. The Historical and Pro Forma Financial Information comprises financial information of the Company. The Historical and Pro Forma Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act.

9.2 Historical Financial Information

The Historical Financial Information for Genesis Resources set out on the following pages comprises:

- The unaudited Balance Sheet as at 30 April 2009; and
- Selected notes to the unaudited Balance Sheet.

The Historical Financial Information has been prepared on the basis detailed, and in accordance with the accounting policies set out in Note 1. The Historical Financial Information has been compiled from the financial information provided by management of Genesis Resources for the period ended 30 April 2009. Historical Financial Information does not include an Income Statement or Statement of Cash Flows. During the period ended 30 April 2009 the Company incurred minimal expenditure and therefore presentation of the Income Statement and Statement of Cash Flows is not considered appropriate.

9.3 Pro Forma Financial Information

The Pro Forma Financial Information set out on the following pages comprises:

- The unaudited Pro Forma Balance Sheet as at 30 April 2009; and
- Notes to the unaudited Pro Forma Balance Sheet;

The unaudited Pro Forma Balance Sheet has been derived from the unaudited Balance Sheet as at 30 April 2009 adjusted for the following transactions as if they had occurred at 30 April 2009:

- The issue of 15,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$3,000,000 (minimum subscription), before expenses of the Offer. Oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 per Share to raise an additional \$1,000,000 may be accepted (maximum subscription). The minimum and maximum pro forma adjustments assume that the Offer is fully subscribed. All Shares issued pursuant to this Prospectus will be issued as fully paid and will rank equally in all respects with the Shares already on issue;
- Total costs expected to be incurred directly recognised in equity in connection with the preparation of the Prospectus of approximately \$830,000. This amount includes fees payable for capital raising under a Professional Services Agreement entered into between Tigermoth Investment Ltd and the Company, of \$100,000 cash and the issue of 2,500,000 Shares discussed in Section 13.3 of this Prospectus; and
- The repayment of loans of \$5,571 out of the proceeds from the Share issue under the Prospectus.

9. Financial Information

GENESIS RESOURCES LIMITED BALANCE SHEETS

The Pro Forma Balance Sheet as at 30 April 2009 represents the unaudited Balance Sheet as at that date adjusted for the transactions discussed in Section 9.3 of this Prospectus. The Balance Sheets are to be read in conjunction with the notes set out in this section.

	Notes	Historical Financial Information 30 April 2009 \$	Pro Forma Financial Information 30 April 2009 \$ Minimum Subscription	Pro Forma Financial Information 30 April 2009 \$ Maximum Subscription
ASSETS				
Cash and cash equivalents	2	338,711	3,003,140	4,003,140
Receivables		41,191	41,191	41,191
Investments classified as available-for sale		453,626	453,626	453,626
TOTAL CURRENT ASSETS		833,528	3,497,957	4,497,957
Exploration and evaluation expenditure	3	157,832	157,832	157,832
TOTAL NON-CURRENT ASSETS		157,832	157,832	157,832
TOTAL ASSETS		991,360	3,655,789	4,655,789
LIABILITIES				
Accruals		148,563	148,563	148,563
Loans and borrowings		5,571	-	-
TOTAL CURRENT LIABILITIES		154,134	148,563	148,563
TOTAL LIABILITIES		154,134	148,563	148,563
NET ASSETS		837,226	3,507,226	4,507,226
EQUITY				
Share capital	4	1,140,531	3,810,531	4,810,531
Accumulated losses		(303,305)	(303,305)	(303,305)
TOTAL EQUITY		837,226	3,507,226	4,507,226

9. Financial Information

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1) SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of the Historical and Pro Forma Historical Financial Information (collectively referred to as the “financial information”) are:

a) Statement of Compliance

The financial information has been prepared in accordance with the measurement requirements, but not the disclosure requirements, of the Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standard Board (AASB), Australian Accounting Interpretations and the Corporations Act 2001.

b) Basis of measurement

The financial information has been prepared on a historical cost basis except for financial instruments classified as available-for-sale.

c) Functional and presentation currency

The financial information is presented in Australian dollars, which is the Company's functional currency.

d) Use of estimates and judgements

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

e) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

9. Financial Information

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Income Tax (continued)

A deferred tax asset is recognised to the extent that it is probable the future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

f) Exploration, Evaluation and Development Expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- i) The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- ii) Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- i) Sufficient data exists to determine technical feasibility and commercial viability; and
- ii) Facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation assets to mining property and development assets within property, plant and equipment.

g) Site rehabilitation provision

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Given the level of exploration on tenements to date the Company does not have any restoration commitments at present.

9. Financial Information

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortised cost in foreign currency translated at the foreign exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit and loss.

i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

j) Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, investments in equity and debt securities, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits.

The Company's investments in equity and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in a separate component of equity. When the investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

k) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

9. Financial Information

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

i) Trade and other receivables

The fair value of trade and other receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

iii) Share-based payment transactions

The fair value of equity-settled share-based payment transactions is measured as the fair value of the goods and services received.

iv) Investments in equity securities

The fair value of investments in equity securities classified as available-for-sale financial assets are determined by reference to their quoted closing bid price at the reporting date. The fair value of investments in debt securities classified as available-for-sale financial assets are determined by reference to their face value.

9. Financial Information

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2) CASH AND CASH EQUIVALENTS

	Historical Financial Information 30 April 2009 \$	Pro Forma Financial Information 30 April 2009 \$ Minimum Subscription	Pro Forma Financial Information 30 April 2009 \$ Maximum Subscription
Cash at bank	338,711	3,003,140	4,003,140

Adjustments arising in the preparation of the pro forma cash balance are summarised as follows:

Balance as at 30 April 2009		338,711	338,711
Proceeds from issue of 15,000,000 Shares pursuant to this Prospectus (minimum subscription)		3,000,000	-
Proceeds from issue of 20,000,000 Shares pursuant to this Prospectus (maximum subscription)		-	4,000,000
Payment of estimated costs of the offer (including cash portion of fees payable to Tiger moth)		(330,000)	(330,000)
Repayment of loan		(5,571)	(5,571)
Pro forma balance as at 30 April 2009		3,003,140	4,003,140

3) EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditure	157,832	157,832	157,832
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The ultimate recoupment of the costs carried forward of the areas of interest in the exploration and evaluation phase is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective area of interest.

There may exist, on the exploration properties, areas subject to claim under native title or containing sacred sites or sites of significance to Aboriginal people or areas subject to reserves. As a result, exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

9. Financial Information

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4) SHARE CAPITAL

Share Capital		Historical Financial Information 30 April 2009 \$	Pro Forma Financial Information 30 April 2009 \$ Minimum Subscription	Pro Forma Financial Information 30 April 2009 \$ Maximum Subscription
Fully paid ordinary Shares and Options (i)		1,140,531	3,810,531	4,810,531
Adjustments arising in the preparation of the pro forma share capital are summarised as follows:				
	Number	\$	Number	\$
Balance as at 30 April 2009	30,580,752	1,140,531	30,580,752	1,140,531
Issue of Shares pursuant to this Prospectus (Minimum Subscription)	15,000,000	3,000,000	-	-
Issue of Shares pursuant to this Prospectus (Maximum Subscription)	-	-	20,000,000	4,000,000
Issue of Shares to Corporate Adviser taking Company to Listing for no consideration	2,500,000	500,000	2,500,000	500,000
Payment of estimated costs of the offer	-	(830,000)	-	(830,000)
Pro forma balance as at 30 April 2009	48,080,752	3,810,531	53,080,752	4,810,531

(i) 500,000 options have been issued as attaching options to seed capital providers. The options have an exercise price of \$0.20 and expire three years from the date of listing on ASX.

Terms and Conditions of issued capital

Ordinary Shares

Ordinary Shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on Shares held. Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Escrow Period

In accordance with the Appendix 9B of the ASX Listing Rules, certain groups of shareholders and option holders are subject to escrow periods during which Shares and/or options held by them will be treated as restricted securities.

9. Financial Information

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5) RELATED PARTY DISCLOSURES

a) Directors

The Directors in office at the date of this Prospectus are:

Pedro Kastellorizos (Appointed 27 March 2006)
Peter Gordon Hepburn-Brown (Appointed 15 August 2006)
Ahmet Kerim Sener (Appointed 27 March 2006)
Eddie Lung Yiu Pang (Appointed 6 March 2009)

a) Directors' interests in Shares

Director	Historical Financial Information
	30 April 2009 Number
	Shares
Pedro Kastellorizos	9,250,002
Peter Gordon Hepburn-Brown	1,620,750
Ahmet Kerim Sener	4,250,000
Eddie Lung Yiu Pang	1,000,000
Anthony Scott Veitch (Resigned 14/11/2008)	333,333
Total	16,454,085
	Options
Anthony Scott Veitch (Resigned 14/11/2008)	166,666
Total	166,666

Directors and their related entities are not precluded from applying for Shares pursuant to the Prospectus.

Pro forma shareholdings and option holdings have not been disclosed.

b) Directors' transactions with the Company

Loans from Specified Directors and Executives

Pedro Kastellorizos has loaned funds to the Company through payment of expenses from time to time. The balance of the loan to the Company amounted to \$5,571 at 30 April 2009. Interest is charged on this loan at a rate of 9.00% per annum, and it is unsecured and payable on demand.

There have been no related party transactions to 30 April 2009 other than in the normal course of business. All transactions took place at commercial rates.

9. Financial Information

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5) RELATED PARTY DISCLOSURES (CONTINUED)

c) Directors' transactions with the Company (continued)

Consulting fees paid to Specified Directors and Executives

Key management personnel hold positions in other entities that result in them having control or significant influence over the financial operating policies of those entities.

These entities transacted with the Company during the period ended 30 April 2009. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised as expenses during the year relating to key management personnel and their personally related entities are set out below:

Director	Historical Financial Information 30 April 2009 \$
Pedro Kastellorizos - Executive and geological services (i)	260,563
Ahmet Kerim Sener - Geological services (ii)	10,400
Total	270,963

(i) - Provision of geological consulting and tenement management services as well as general company management services at normal commercial rates.

(ii) - Provision of geological consulting services at normal commercial rates.

d) Proposed annual Directors' remuneration

Director	Pro forma Financial Information 30 April 2009 \$
Pedro Kastellorizos	180,000
Ahmet Kerim Sener	30,000
Peter Gordon Hepburn-Brown	30,000
Eddie Lung Yiu Pang	30,000

Remuneration amounts stated have been approved by the Board and exclude superannuation. For more information relating to Directors' remuneration refer to Section 14.4 of this Prospectus.

9. Financial Information

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6) COMMITMENTS

In order to maintain an interest in the exploration tenements in which the Company is involved, the Company is committed to meet the conditions under which the tenements were granted and the obligations of the Company are subject to minimum expenditure commitments and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

The expenditure commitments of the Company's properties are as follows and are not provided for in the balance sheet:

	Historical Financial Information 30 April 2009 \$
Minimum exploration expenditure year 1 (30 April 2010)	253,693
Minimum exploration expenditure years 2 to 5 (30 June 2011 to 30 June 2014)	621,491
Total	875,184

7) SUBSEQUENT EVENTS

Subsequent to 30 April 2009 the following event has occurred:

On 12 June 2009, the Company resolved to cancel the 2,500,000 Class A Performance Shares issued by the Company under the terms of an agreement with Allegra Capital Pty Ltd.

With the exception of the events disclosed in this prospectus and explained above, no other material events have occurred.



10. Investigating Accountant's Report



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The Directors
Genesis Resources Limited
Unit 8
52 Marina Boulevard
CULLEN BAY NT 0820

5 August 2009

Dear Sirs,

INVESTIGATING ACCOUNTANT'S REPORT ON UNAUDITED PRO-FORMA HISTORICAL FINANCIAL INFORMATION

Grant Thornton (WA) Partnership ("Grant Thornton") has been engaged by Genesis Resources Limited ("Genesis Resources") to prepare this Investigating Accountant's Report ("report") for inclusion in a Prospectus dated on or about 5 August 2009, to be issued by Genesis Resources, in relation to the proposed issue of a minimum of 15,000,000 shares and a maximum of 20,000,000 shares at an Issue Price of \$0.20. Expressions defined in the Prospectus have the same meaning in this report.

Background Information

Genesis Resources was incorporated on 16 June 2005 to pursue exploration opportunities in northern Australia and converted to a public company on 24 November 2006.

Genesis Resources has assembled a portfolio of five 100%-owned exploration licences and two 55%-owned exploration licences covering more than 1,877 km² in Queensland and the Northern Territory and entered into a joint venture agreement giving it the right to earn the majority position in gold and copper projects in Macedonia.

Scope

Grant Thornton has been requested to prepare a report covering:

1. the historical financial information incorporating:
 - a. the balance sheet as at 30 April 2009;
 - b. the selected notes thereto; and
2. the pro-forma balance sheet as at 30 April 2009.

The above information is disclosed in Section 9 of the Prospectus.

Grant Thornton (WA) Partnership ABN 17 735 344 518, a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389.

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd. Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

Liability limited by a scheme approved under Professional Standards Legislation.

10. Investigating Accountant's Report

Review of Historical Financial Information

The directors of Genesis Resources are responsible for the preparation and fair presentation of the historical financial information and have presented it in an abbreviated form which does not include all the disclosures required by Australian Accounting Standards applicable to an interim financial report prepared in accordance with the Corporations Act 2001.

We have reviewed the historical financial information of Genesis Resources as at 30 April 2009 in order to report whether anything has come to our attention which causes us to believe that the historical financial information, as set out in Section 9 of the Prospectus, does not present fairly the balance sheet of Genesis Resources as at 30 April 2009 prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including Australian Accounting Interpretations), and accounting policies adopted by Genesis Resources and disclosed in Section 9 of the Prospectus.

Our review has been conducted in accordance with Auditing Standard on Review Engagements ASRE 2405 Review of Historical Financial Information Other than a Financial Report.

We performed the procedures and made enquiries which we, in our professional judgement, considered reasonable in the circumstances. The procedures and enquiries included:

- a review of the work papers, accounting records and other supporting documents;
- analytical procedures on the historical financial information;
- enquiry of directors, senior management, consultants and others; and
- comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including Australian Accounting Interpretations), and the accounting policies adopted by Genesis Resources disclosed in Section 9 of the Prospectus.

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.

Review of Pro Forma Balance Sheet

The pro forma balance sheet, as set out in Section 9 of the Prospectus, has been derived from the historical financial information after adjusting for the pro forma transactions described in Section 9 of the Prospectus.

The directors of Genesis Resources are responsible for the preparation and fair presentation of the pro forma balance sheet, including determining the pro forma transactions, and have presented it in an abbreviated form which does not include all the disclosures required by Australian Accounting Standards applicable to an interim financial report prepared in accordance with the Corporations Act 2001.

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10. Investigating Accountant's Report

We have reviewed the pro forma balance sheet of Genesis Resources for the period ended 30 April 2009 in order to report whether anything has come to our attention which causes us to believe that the pro forma balance sheet, as set out in Section 9 of the Prospectus, does not present fairly the balance sheet of Genesis Resources as at 30 April 2009, on the basis of the pro forma transactions described in Section 9 of the Prospectus and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including Australian Accounting Interpretations), and accounting policies adopted by Genesis Resources and disclosed in Section 9 of the Prospectus.

Our review has been conducted in accordance with Auditing Standard on Review Engagements ASRE 2405 Review of Historical Financial Information Other than a Financial Report. We performed the procedures and made enquiries which we, in our professional judgement, considered reasonable in the circumstances. The procedures and enquiries included:

- a review of the work papers, accounting records and other supporting documents;
- a review of the pro forma transactions adjusted against the historical financial information;
- enquiry of directors, senior management, consultants and others; and
- comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including Australian Accounting Interpretations), and the accounting policies adopted by Genesis Resources disclosed in Section 9 of the Prospectus.

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.

Conclusion

Review statement on historical financial information

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the historical financial information, as set out in Section 9 of the Prospectus, does not present fairly the balance sheet of Genesis Resources as at 30 April 2009 prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including Australian Accounting Interpretations), and accounting policies adopted by Genesis Resources and disclosed in Section 9 of the Prospectus.

Review statement on pro forma balance sheet

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the pro forma balance sheet, as set out in Section 9 of the Prospectus, does not present fairly the balance sheet of Genesis Resources as at 30 April 2009, on the basis of the pro forma transactions described in Section 9 of the Prospectus and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including Australian Accounting Interpretations), and accounting policies adopted by Genesis Resources and disclosed in Section 9 of the Prospectus.

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10. Investigating Accountant's Report

Subsequent events

Apart from the matters dealt with in this report, and having regard to the scope of our report, to the best of our knowledge and belief, no material transactions or events outside of the ordinary business of Genesis Resources have come to our attention that would require comment on, or adjustment to, the information referred to in our report or that would cause such information to be misleading or deceptive.

Responsibility

Grant Thornton has consented to the inclusion of this report in the Prospectus in the form and context in which it is so presented but has not authorised the issue of the Prospectus. Accordingly, Grant Thornton makes no representation regarding, and takes no responsibility for, any statements or material in, or omissions from, the Prospectus.

Independence or Disclosure of Interest

Grant Thornton does not have any interest in the outcome of this issue other than in our capacity as investigating accountants for which normal professional fees will be received. In our capacity as investigating accountants we have prepared this report and participated in due diligence procedures.

Yours faithfully
GRANT THORNTON (WA) PARTNERSHIP



J W VIBERT
Partner

Grant Thornton (WA) Partnership ABN 17 735 344 518, a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389.

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11. Report On Tenements

This report is prepared for inclusion in a prospectus to be issued by Genesis Resources Limited (ACN 114 787 469) (**Genesis or Company**).

The Company has interests in exploration tenements and mineral rights in Australia (Queensland and the Northern Territory) and Macedonia (**Tenements**). A schedule of the Tenements is attached to and forms part of this report (**Schedule**). Part I of the Schedule contains a list of the Tenements. Part II of the Schedule contains a summary of the status of the native title claims existing over the Tenements.

On the basis of the Tenement searches conducted at the relevant government departments in each jurisdiction, the information set out below provides an accurate statement as to the status of the Tenements at the date the relevant searches were obtained.

1. AUSTRALIAN TENEMENTS

1.1 Queensland Tenements

The Company is the registered holder of three mineral exploration permits (**EPM**) in Queensland granted under the Mineral Resources Act 1989 (Qld) (**Queensland Tenements**).

Rights: An EPM allows the holder to carry on any activity authorised by the EPM with or by such vehicles, vessels, machinery and equipment as may be necessary or expedient for the purpose of exploring for any mineral to which the EPM applies and enables the EPM holder to enter any part of the land that is not the surface of a restricted area for the purposes of facilitating the exploration for minerals to which the EPM applies.

Minerals: The Company has the rights to explore for all minerals other than coal on the Queensland Tenements.

Term: The initial term of an EPM shall be for a period not exceeding five years from the commencement date. The EPM holder is able to apply for a renewal of the EPM not more than six months and not less than three months prior to the expiration of the current term for a renewal of the EPM.

Area: The area of an EPM must be reduced by 50% at the end of the first two years after its grant and by 50% of the remaining area at the end of each subsequent year.

Rent: The holder is required to pay rent for each sub-block of an EPM on each anniversary of the date of grant of the permit. Under the legislative regulations, the current rent payable on each sub-

block of an EPM is \$124.60.

Reports: The holder of an EPM must provide the responsible government Minister with progress, relinquishment and final reports which are accompanied by maps, sections, charts and other data giving full particulars and results of exploration programs, including details of costs incurred for specified periods within the term of the exploration permit and all other materials obtained because of the holder's activities under the exploration permit.

General Conditions: EPMs are granted subject to general conditions prescribed by the Mineral Resources Act 1989 (Qld). The conditions include: that the holder shall carry out exploration programs and studies for the purpose for which the EPM was granted and for no other purpose; that the holder must carry out improvement restoration to the EPM; that the holder shall remove all plant and equipment prior to termination of the term of the EPM; and that the holder shall not obstruct or interfere with any third party right of access to the EPM.

Aboriginal Heritage Sites: The Aboriginal Cultural Heritage Act 2003 (Qld) applies to the Queensland Tenements. Pursuant to the Act, a person carrying out an activity on Crown land (including an EPM) owes a duty of care not to cause harm to an area or object of Aboriginal cultural heritage. A person is required to exercise due diligence and reasonable precaution before undertaking an activity which may cause harm.

The Queensland Tenements will also be subject to the Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth) (**Commonwealth Heritage Act**) which is aimed at the preservation and protection of any Aboriginal areas or objects that may be located on the Australian tenements. Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities.

The Queensland Tenements may contain sites of Aboriginal cultural significance and the Company will need to ensure that it exercises due care and diligence in its operations on the tenements and comply with the Queensland and Commonwealth legislation.

1.2 Northern Territory Tenements

The Company is the registered holder of four exploration licences in the Northern

Territory granted under the Mining Act 1980 (NT) (**NT Tenements**).

Rights: The holder of an exploration licence is authorised to conduct exploration activity on the tenement with any equipment as may be necessary for the purpose of exploring for minerals.

Term: An exploration licence may be granted for a term not exceeding six years and may be renewed for two further periods of two years at the Minister's discretion.

Area: The area of an exploration licence must be reduced by 50% after two years from the date of the grant of the exploration licence, and for each year after that, a further 50% of the remaining area must be relinquished.

Rent: The holder is required to pay rent in respect of the blocks to be retained in the licence area for the ensuing 12 months within one month before the expiration of each anniversary of the licence.

Report: The holder shall, within one month after the expiration of each period of 12 months of the licence, lodge with the Department of Minerals and Energy a report on the exploration activities carried out on the licence area during that period. The report must include details of total expenditure on exploration activities and all geological, geochemical and geophysical survey reports, and all drilling and other reports completed by the holder in relation to its exploration activities on the licence area. The report must also include an estimate of proposed expenditure on exploration activities for the ensuing 12 month period of the licence.

Royalty Rate: The Mineral Royalty Act 1982 (NT) levies a royalty at a rate of 18% of the net value of mineral commodities sold or removed from a mine, regardless of the type of mineral commodity or whether the mine is situated on Crown, freehold, leasehold or Aboriginal land.

General Conditions: An exploration licence is granted subject to certain standard conditions under the Mining Act 1980 (NT), including obligations relating to rehabilitation, payment of rent, minimum expenditure and reporting requirements.

Aboriginal Heritage Sites: The Northern Territory Aboriginal Sacred Sites Act (NT) applies to the NT Tenements. Pursuant to the Act, any explorer or miner is required to work within the sacred site protection regime

11. Report On Tenements

set by the Aboriginal Areas Protection Authority. There may be some sites located on the NT Tenements registered on the Register maintained under the Northern Territory Aboriginal Sacred Sites Act (NT). The Company is also subject to the Commonwealth Heritage Act detailed above.

2. NATIVE TITLE ON AUSTRALIAN TENEMENTS

2.1 Background

This section of the Report examines the effect of native title on the Australian tenements.

On 3 June 1992, the High Court of Australia held in *Mabo v. Queensland (no.2)* (1992) 175 CLR 1 (**Mabo no. 2**) that the common law of Australia recognises a form of native title which reflects the entitlements of Aboriginal people to their traditional lands in accordance with their traditional laws and customs. As a result of *Mabo no. 2*, the Native Title Act 1993 (Cth) (**NTA**) was passed to:

- (a) provide a process for indigenous people to lodge claims for native title rights over land, for those claims to be registered by the National Native Title Tribunal (**NNTT**) and for the Courts to assess native title claims and determine if native title rights exist. Where a Court completes the assessment of a native title claim, it will issue a native title determination that specifies whether or not native title rights exist;
- (b) provide (together with associated State or Territory legislation) that any land tenures granted or renewed before 1 January 1994 were valid despite *Mabo no. 2*. This retrospective validation of land tenure was subsequently extended by the NTA to include freehold and certain leasehold (including pastoral leases) granted or renewed before 23 December 1996; and
- (c) provide that an act that may affect native title rights (such as the grant or renewal of a mining tenement) carried out after 23 December 1996 (**a Future Act**) must comply with certain requirements for the Future Act to be valid under the NTA. These requirements are called the **Future Act Provisions**.

2.2 Future Act Provisions

The Future Act Provisions vary depending on the Future Act to be carried out. In the case of the grant of a mining tenement, typically there are three alternatives: the Right to Negotiate, an Indigenous Land Use Agreement (**ILUA**) and the Expedited Procedure. These are summarised below.

Right to Negotiate

The Right to Negotiate involves a formal negotiation between the State or Territory, the applicant for the tenement and any registered native title claimants and holders of native title rights. The aim is to agree the terms on which the

tenement can be granted. The applicant for the tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title.

ILUA

An ILUA is a contractual arrangement governed by the NTA. Under the NTA, an ILUA must be negotiated with all registered native title claimants for a relevant area. An ILUA must set out the terms on which a tenement can be granted and will also specify conditions on which activities may be carried out within the tenement. The applicant for a tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title in return for the grant of the tenement being approved.

The Queensland Tenements and the NT Tenements are subject to the ILUAs listed in Part I of the Schedule. Due to the confidentiality of the terms of the ILUAs, we have reviewed only the extract provided to us by the NNTT (not the entire ILUA). The extracts set out the terms of the ILUAs, being, generally, that the native title parties consent to the grant of the relevant tenement, the conduct of exploration activities on the tenement and renewal of the term of the tenement provided that:

- (a) the tenement conditions protect native title rights and interest, including the protection of sacred sites;
- (b) the holder complies with native title conditions; and
- (c) the holder pays compensation to the native title parties.

Expedited Procedure

The NTA establishes a simplified process for the carrying out of a Future Act that is unlikely to adversely affect native title rights (**Expedited Procedure**). The grant of a tenement can occur under the Expedited Procedure if:

- (a) the grant will not interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land;
- (b) the grant is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of native title in relation to the land; and
- (c) the grant is not likely to involve major disturbance to any land or waters concerned.
If the State or Territory considers the above criteria are satisfied, it commences the Expedited Procedure by giving notice of the proposed grant of the tenement in accordance with the NTA. If there is no

objection lodged by a registered native title claimant or a native title holder within four months of the notification date, the State or Territory may grant the tenement.

If one or more registered native title claimants or native title holders object within that four month notice period, the NNTT must determine whether the grant is an act attracting the Expedited Procedure. If the NNTT determines that the Expedited Procedure applies, the State or Territory may grant the tenement. Otherwise, the Future Act Provisions (i.e. Right to Negotiate or ILUA) must be followed before the tenement can be granted.

2.3 Native Title Claims

Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court. The Court will then refer the application to the Native Title Registrar for the registration test.

If the Native Title Registrar is satisfied that the lodged claim meets the registration requirements set out in the NTA (**Registration Test**), it will be entered on the Register of Native Title Claims maintained by the NNTT (**Register**). Claimants of registered claims are afforded certain procedural rights including access to the Future Act procedures.

Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. If a claim fails to meet the Registration Test, this only means that the native title claimants do not have access to the Future Act procedures under the NTA. It does not mean that the claim has been dismissed or discontinued. An unregistered claim must still be heard and determined by the Federal Court.

Some of the Queensland Tenements and NT Tenements are subject to the registered native title claims listed in Part I of the Schedule. The status of the native title claims is summarised in Part II of the Schedule.

2.4 Validity of the Australian Tenements

All of the Queensland Tenements and the NT Tenements were granted after 23 December 1996. On the basis that the procedural requirements of the NTA were complied with prior to their grant, each of those Tenements is valid so far as native title is concerned.

11. Report On Tenements

3. MACEDONIAN TENEMENTS

3.1 Background

The Company has entered into a joint venture agreement with Rik Sileks Ad Kratovo (**Sileks**) pursuant to which it has the right to earn up to a 62% participating interest in the concession and exploration rights for detailed geological researches over the Plavica and Crn Vrv projects in the Former Yugoslav Republic of Macedonia (**Macedonian Tenements**). A summary of the joint venture agreement is set out in Section 13.2 of this Prospectus.

3.2 Exploration Concessions

The Macedonian Tenements comprise concessions for detailed geodetical researches in respect of raw minerals, including gold, silver, cuprum and molybdenum.

Sileks became the holder of the concession and exploration rights on the above stated locations in 1999 for a term of eight years. The rights expired in December 2007. The joint venture agreement provides that Sileks shall apply for the renewal of the rights or obtain new concession and exploration rights over the projects for a further period of up to 8 years in accordance with the laws of the Former Yugoslav Republic of Macedonia as soon as practicable.

On 30 June 2009, the government of the FYR of Macedonia approved the process for issuing a renewal of the term of the Macedonian Tenements. The proposed renewal was announced in the gazette on the 3rd July 2009 where it shall remain for a period of 50 days. At the completion of the 50 day period, and subject to there being no objections to the proposed renewal, the renewal will be formally ratified and the term of the Former Yugoslav Republic of Macedonia Tenements will be extended by two years.

3.3 Legislative Regime

The law on raw minerals is in force from 9 March 2007. This law was amended in July 2008 and April 2009.

The right to conduct detailed geological researches is obtained on the basis of a granted concession. The concessions can be granted only if such research is included in the annual program for detailed geodetical researches made by the government of the Former Yugoslav Republic of Macedonia.

The initiative for the commencement of a procedure for granting the concession for detailed geological researches can be made by any interested legal or natural entity. The concession for detailed geological researches shall be granted by the government of the Former Yugoslav Republic of Macedonia on the basis of a public call.

Any domestic legal or natural entity and any foreign legal entity that has registered a branch office in the relevant FYR Macedonian register and fulfills relevant legal requirements can apply for a concession for detailed geological researches.

The concession is granted on the basis of a decision for granting the concession and concluded concession agreement between the concedent, i.e. the government of the Former Yugoslav Republic of Macedonia

The duration of a concession for detailed geological researches is up to six years with a possibility for extension for two additional years. The surface for detailed geological researches may be up to 30 km² for raw energy; 30 km² for raw metallic minerals; 5 km² for raw non-metallic minerals; 2 km² for architectural-esthetic stone and construction-technical stone; and 2 km² for mineral and geothermal waters.

3.4 Conditions

The detailed geological researches can commence if the concessionaire delivers to the relevant governmental authorities a project for detailed geological researches and an estimate of influence on the environment. In addition, the concessionaire is obliged to obtain written consents of owners or users of the land on which exploration will take place.

PART I TENEMENT SCHEDULE

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD BY GENESIS	GRANT DATE	EXPIRY DATE	AREA SIZE	ANNUAL RENT	MINIMUM ANNUAL EXPENDITURE	ENCUMBRANCES/ DEALINGS	NATIVE TITLE CLAIMS (TRIBUNAL NUMBER)	EXCLUSIONS	NOTES
EPM 15242	Genesis Resources Limited	100%	23/08/2007	22/08/2012	100 BL	\$12,460	\$47,000	-	QC99/12 QI2004/064 (ILUA) QI2005/009 (ILUA)	-	1, 3, 5
EPM 15619	Genesis Resources Limited	100%	02/08/2006	01/08/2011	4 BL	\$498	\$10,393	-	QC01/29	-	2, 4
EPM 15771	Genesis Resources Limited	55%*	19/06/2007	18/06/2012	21 BL	\$2,785	\$17,300	-	QC01/29 QI2006/051 (ILUA)	Sterile Land 1488, National Park. Restriction area 101, Clinton Industrial Estate.	3, 5, 6
EL 24814	Genesis Resources Limited	55%*	18/04/2006	17/04/2012	154 BL	\$3,388	\$62,000	Caveat (D92823) lodged by WDR Base Metals Pty Ltd	DC00/16 DC01/32	-	6
EL 24817	Genesis Resources Limited	100%	18/04/2006	17/04/2012	244 BL	\$5,368	\$50,000	-	DI2003/008 (ILUA) DI2002/001 (ILUA)	-	-
EL 24839	Genesis Resources Limited	100%	06/05/2008	05/05/2014	61 BL	\$671	\$47,000	-	-	-	-
EL 25238	Genesis Resources Limited	100%	08/11/2006	07/11/2012	31 BL	\$341	\$20,000	-	DI2002/001 (ILUA) DI2004/027 (ILUA)	-	-
Plavica	Rik Sileks Ad Kratovo	0%	24/12/1999	24/12/2007	111 km ²	-	-	-	-	-	-
Crn Vrv	Rik Sileks Ad Kratovo	0%	24/12/1999	24/12/2007	99 km ²	-	-	-	-	-	-

Key to Tenement Schedule EPM - Exploration Permit EL - Exploration Licence BL - Sub-blocks

* - Refer Note 6

11. Report On Tenements

ILUA - Indigenous Land Use Agreement

All of the native title claims listed in the Schedule have been accepted and entered on the Register of Native Title Claims. Please refer to Part II of this Report for the status of the native title claims.

Notes:

- 1 This permit is exclusive of other than all Mining Claims, Mineral Development Licenses and Mining Leases at the time of lodgement, in accordance with section 132 of the Minerals Resources Act 1989.
- 2 This permit is exclusive of other than the following:
 - (a) land over which previous exclusive possession acts have been granted as defined under s.23B of the Native Title Act 1993 (Cth). (Land where previous exclusive possession acts have been granted and is now held or currently set aside for the benefit of Aboriginals or Torres Strait Islanders or unallocated State land, and is occupied by Aboriginal People or Torres Strait Islanders, is not included); and
 - (b) all validly dedicated roads (including stock routes and esplanades where dedicated as roads) that are previous exclusive possession acts.
3. NTPCs Version 1.1(a).
4. General Conditions Version 1.
5. General Conditions Version 2.
6. Tenement is subject to the joint venture agreement with WDR Base Metals Pty Ltd (**Base Metals**). Base Metals has the right to earn a 45% participating interest on EPM 15771 and EL 24814 (**Tenements**) by spending, in aggregate, \$500,000 on the exploration for minerals on the Tenements by 26 September 2010. Base Metals notified Genesis on 18 June 2009 that it has fulfilled the expenditure commitment under the Agreement. Genesis has confirmed that the expenditure commitment has been satisfied and is currently in the process of transferring the 45% joint venture interest in the Tenement to Base Metals.

PART II

STATUS OF NATIVE TITLE CLAIMS

TRIBUNAL NUMBER	FEDERAL COURT NUMBER	APPLICATION NAME	REGISTERED	IN MEDIATION	STATUS
QC01/29	QUD6026/01	Port Curtis Coral Coast	Registered	Yes	Active
QC99/12	QUD6008/99	Western Yalanji People #4	Registered	Yes	Active
DC00/16	NTD6019/00	Woologorang	Registered	No	Active
DC01/32	NTD6032/01	North Calvert Hills	Registered	No	Active

ILUAs

TRIBUNAL NUMBER	NAME	TYPE	SUBJECT
QI2004/064	Western Yalanji & Cook Shire Council	Area Agreement	Development
QI2005/009	Western Yalanji People	Area Agreement	Mining
QI2006/051	Enertrade - PCCC CQGP Agreement	Area Agreement	Pipeline
DI2002/001	Tanami Exploration NL / CLC - Harts Range	Area Agreement	Mining
DI2003/008	Olympia Resources Limited / Central Land Council	Area Agreement	Mining
DI2004/027	Arltunga Historical Reserve	Area Agreement	Development



12. Risk Factors

12.1 Introduction

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

RISKS SPECIFIC TO THE COMPANY

12.2 Exploration Success

The Tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Tenements, a reduction in the cash reserves of the Company and possible relinquishment of the Tenements.

The exploration costs of the Company described in the Independent Geologist's Report are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

12.3 Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

12.4 Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

12.5 Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

12.6 Environmental Risks

The operations and proposed activities of the Company are subject to State and Territory and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

12.7 Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State and Territory legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Further to this, it is possible that an Indigenous Land Use Agreement (**ILUA**) may be registered against one or more of the tenements in which the Company has an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

In respect of the Tenements located in Former Yugoslav Republic of Macedonia the concession and exploration rights expired in December 2007. Sileks (the joint venture partner) has applied for the issue of new concession and exploration rights over these Tenements for a further period of up to eight years. On 30 June 2009, the process for issuing a renewal of the concession and exploration rights was approved by the government of Former Yugoslav Republic of Macedonia and is subject to a gazettal period of 50 days. At the conclusion of the gazettal period, and subject to their being no objection, the renewal will be approved. There is a risk of objection by a third party during this period which may ultimately result in the Company being unable to earn an interest in these Tenements. Please refer to Section 13 of this Prospectus for further details of this joint venture agreement.

12. Risk Factors

12.8 Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under this Prospectus. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes.

12.9 Contract Risk

The Company has entered into the joint venture agreements as summarised in Section 13 of this Prospectus. The Company will be reliant on the cooperation and compliance of the other parties to these joint venture agreements in order to achieve its objectives. Should these other parties breach the terms of these joint venture agreements or the conditions attaching to the projects, the Company's rights may be adversely affected.

Further, if a third party defaults in the performance of its obligations it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

12.10 Competition Risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

12.11 Sovereign Risk

The Company is party to a joint venture in respect of tenements located in Former Yugoslav Republic of Macedonia. This introduces both sovereign and Former Yugoslav Republic of Macedonian domestic economic risks to investing in Shares. Sovereign risks include, without limitation, changes in the terms of mining tenements, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may in the future adversely affect the Company's interests in Former Yugoslav Republic of Macedonia and the market price of Shares.

GENERAL RISKS

12.12 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

12.13 Market Conditions

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

12.14 Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

12.15 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.



13. Material Contracts

13. MATERIAL CONTRACTS

13.1 Gladstone and McArthur River Joint Ventures

On 1 July 2008, the Company entered into an agreement with WDR Base Metals Pty Ltd (**Base Metals**), a wholly owned subsidiary of ASX listed Western Desert Resources Limited (**WDR**), pursuant to which the Company agreed to grant to Base Metals the right to earn a 45% participating interest in the Gladstone project in Queensland (EPM 15771) and the McArthur River project in the Northern Territory (EL 24814) (**Agreement**). The material terms and conditions of the Agreement are as follows:

- (a) (**Consideration**): Base Metals was required to procure the issue of 5,000,000 shares in WDR to Genesis at a deemed issue price of \$0.20 per share. The WDR shares were issued to Genesis on 25 September 2008 (**Commencement Date**).
- (b) (**Farm-in**): Base Metals has the right to earn a 45% participating interest in EPM 15771 and EL 24814 (**Tenements**) by spending, in aggregate, \$500,000 on the exploration for minerals on the Tenements. Base Metals notified Genesis on 18th June 2009 that it has fulfilled the expenditure commitments under the Agreement. Genesis has confirmed that the expenditure commitment has been satisfied and is currently in the process of transferring the 45% joint venture interest in the Tenements to Base Metals.
- (c) (**Joint Venture**): The parties have formed an unincorporated joint venture in respect of each Tenement for the purpose of exploring the Tenement for minerals and, if warranted, the development of mining operations on the Tenement.
- (d) (**Manager**): The party with the majority interest is the manager of the joint venture. The parties will form an operating committee to supervise and direct the manager and to approve exploration programs and expenditure budgets.
- (e) (**Dilution**): A party's interest in the joint venture will dilute if it does not contribute to agreed expenditure budgets and exploration programs. If a party's interest in the joint venture reduces to less than 10%, then its interest will be assigned to the other party and it will become entitled to a 1.5% net smelter royalty in respect of the Tenements.
- (f) (**Warranties**): Each party provides warranties to the other party which are standard in agreements of this nature.
- (g) (**Formal joint venture agreement**): In due course, the parties will enter into a separate joint venture agreement in a form which will be more comprehensive and precise, but will not have different effect from the Agreement.

13.2 Sileks Joint Venture

On 19 July 2007, the Company entered into an agreement with Rik Sileks Ad Kratovo (**Sileks**), a company incorporated in the Former Yugoslav Republic of Macedonia, pursuant to which Sileks agreed to grant to the Company the right to earn a 62% participating interest in the Plavica and Crn Vrv projects (**Projects**) in Former Yugoslav Republic of Macedonia (**Agreement**). The material terms and conditions of the Agreement are as follows:

- (a) (**Renewal of permits**): The concession and exploration rights over the Projects expired in December 2007. Sileks has applied for the issue of new concession and exploration rights over the Projects for a further period of up to eight years. On 30 June

2009, the process for renewing the concession and exploration rights was approved by the government of Former Yugoslav Republic of Macedonia and is subject to a gazettal period of 50 days. At the conclusion of the gazettal period, and subject to there being no objections, the renewal will be approved.

- (b) (**Term**): The joint venture relationship established between the parties shall commence on the date of renewal of the concession and exploration rights over the Projects and subsist for so long as the parties hold an interest in the Project, subject to the right of Genesis to withdraw from the joint venture prior to completion of the final feasibility study.
- (c) (**Farm-in**): The Company will earn a 62% participating interest in the Projects by funding all work expenditure on the Projects up to the completion of a final feasibility study.
- (d) (**Management committee**): The parties shall establish a management committee to determine the objectives, procedures, programmes and budgets under the agreement. Each participant may appoint two members to the committee and shall have a vote on the committee in proportion to its then participating interest in the joint venture, except that during the period of Genesis funding all work expenditure up to the completion of a final feasibility study, Genesis shall determine the decisions of the management committee. Genesis shall be the manager of the joint venture with overall management responsibility for operations.
- (e) (**Dilution**): A party's interest in the joint venture will dilute if it does not contribute to agreed expenditure budgets and exploration programs. If either party's joint venture interest is diluted to less than 10% it will be deemed to have withdrawn from the joint venture and will receive a royalty of 4% of the value of minerals extracted and sold from the Projects (in the case of Sileks) or the return of moneys expended on the Projects (in the case of Genesis).
- (f) (**Loan**): The Agreement provides that the Company will loan to Sileks an amount to fund the outstanding concession fees over the Projects. Genesis and Sileks entered into a separate loan agreement on 25 September 2007 pursuant to which Genesis advanced to Sileks €35,000. The loan is repayable in the event the concession and exploration rights are not renewed. In the event the concession and exploration rights are renewed, the loan will not be repayable and shall become qualifying expenditure for the equity account of the Company under the Agreement.
- (g) (**Warranties**): Each party provides warranties to the other party which are standard in agreements of this nature, including warranties from Sileks that it is the registered holder of all licences and concession rights in respect of the Projects which are held free of encumbrances and third party claims and that it holds exclusive rights to minerals on the Projects.

13.3 Corporate Advisory Agreement

The Company has engaged Tigermoth Investments Ltd (**Tigermoth**) as corporate adviser and manager to capital raisings undertaken by the Company, including pursuant to this Prospectus. Tigermoth is required to procure subscriptions for capital raisings and assist with identifying opportunities for the Company to increase its asset base and market value. In consideration for the provision of these services, the Company will pay to Tigermoth \$4,000 per month and issue 2,500,000 Shares at a deemed issue price of \$0.20 each to Tigermoth upon the successful listing of the Company on ASX.

13. Material Contracts

13.4 Consultancy Agreement

The Company has entered into a consultancy agreement with Kastellco – Geological Consulting and Tenement Management (**Kastellco**) and Mr Pedro Kastellorizos pursuant to which Mr Kastellorizos will be engaged as Managing Director of the Company from the date that the Company is admitted to the official list of ASX. The initial term of the agreement is three years and it may be extended by mutual agreement between the parties.

Under the terms of the agreement, Kastellco will be paid a fee of \$180,000 per annum plus GST. Kastellco will also be reimbursed for all out of pocket expenses incurred by Mr Kastellorizos in the performance of his engagement. Mr Kastellorizos will be responsible for managing the business of the Company and will use his best endeavours to achieve the corporate objectives of the Company.

The agreement is terminable by either the Company or Kastellco giving the other party three months' notice. The agreement may also be terminated by the Company in the event of misconduct by Mr Kastellorizos.

13.5 Director's Deeds of Indemnity

The Company has entered into a deed of indemnity, insurance and access with each of its Directors (**Deeds**). The Deeds provide that the Company agrees to indemnify each Director to the extent permitted by the Corporations Act against certain liabilities incurred by the Director while acting as an officer of the Company, and to insure the Director against certain risks to which the Director is exposed to as an officer of the Company. The Deeds also grant to the Director a right of access to certain records of the Company for a period of up to seven years after the Director ceases to be an officer of the Company.



14. Additional Information

14.1 Rights Attaching to Shares

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

At general meetings of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share.

(c) Dividend Rights

Subject to any rights or restrictions attached to a class of shares, the Company may pay dividends to Shareholders as the Directors resolve but only out of profits of the Company. The method of payment of a dividend may include any or all of the payment of cash, the issue of shares, the grant of Company options or other Company securities, the transfer of shares or any other securities in any other body corporate or units in any trust or the transfer of any other assets.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, distribute among the Shareholders the whole or any part of the property of the Company and decide how to distribute property as between the Shareholders or different classes of shareholders.

(e) Transfer of Shares

Subject to the Constitution, a Shareholder may transfer one or more Shares held by:

- (i) ASTC transfer;
- (ii) an instrument of transfer in compliance with the Constitution; or
- (iii) any other method permitted by the applicable law.

(f) Variation of Rights

The Company may vary or cancel rights attached to Shares or convert Shares to another class by a special resolution of the Company and:

- (i) a special resolution passed at a meeting of Shareholders; or
- (ii) the written consent of Shareholders who are entitled to at least 75% of votes that may be cast in respect of the Shares on issue.

14.2 Options

The terms and conditions of the Options on issue in the Company are as follows:

- (a) Each Option gives the Option holder the right to subscribe for one Share. To obtain the right given by each Option, the Option holder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will be exercisable at any time on or before the date that is 3 years after the listing date of Genesis on ASX (**Expiry Date**). Options not exercised on or before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The exercise price of each Option will be \$0.20 (**Exercise Price**).
- (d) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Option holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice).

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

14. Additional Information

(m) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(n) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.

14.3 Disclosure of Interests

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in Shares as set out in the table below:

Director	Shares held directly	Shares held indirectly
Mr Eddie Pang	1,000,000	
Mr Pedro Kastellorizos	3,000,000	6,250,002 ¹
Dr Kerim Sener	1,750,000	2,500,000 ²
Mr Peter Hepburn-Brown	1,620,750	

Notes:

- Shares are held indirectly through Bluekebble Pty Ltd, an entity controlled by Mr Kastellorizos' wife.
- Shares are held indirectly through Aslan Capital Ltd, an entity controlled by Dr Sener's wife.

14.4 Remuneration

The Company's constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting, or until so determined, as the Directors resolve. The Company has resolved in general meeting that the aggregate remuneration for non-executive Directors shall not exceed \$200,000 per annum.

The remuneration of executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee.

The Company will pay to each of its non-executive Directors \$30,000 per annum (excluding superannuation).

Mr Kastellorizos, the managing director of the Company, will be remunerated in accordance with the consultancy agreement summarised in Section 13.4. In addition, the Company owes Mr. Kastellorizos \$160,000 for past services to the Company in his capacity as Managing Director. The Board (absent Mr. Kastellorizos) has agreed to satisfy this amount by payment of \$10,000 per month from the date of listing on ASX.

14.5 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no:

- Director of the Company;
- person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company, has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or
- the Offer, and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the Offer.

Al Maynard & Associates Pty Ltd has acted as the Independent Geologist and has prepared an Independent Geologist's Report which has been included in Section 8 of this Prospectus. The Company estimates that it will pay Al Maynard & Associates Pty Ltd a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Al Maynard & Associates Pty Ltd has not received any other fees from the Company.

Grant Thornton (WA) Partnership has acted as Investigating Accountant and has prepared an Investigating Accountant's Report which has been included in Section 10 of this Prospectus. The Company estimates it will pay Grant Thornton (WA) Partnership a total of \$11,625 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Grant Thornton (WA) Partnership has received Auditors remuneration based on normal commercial terms.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer, has prepared a tenure report on Australian tenements which has been included in Section 11 of this Prospectus and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay Steinepreis Paganin \$40,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin expects to receive approximately \$25,000 (excluding GST) for legal services provided to the Company.

14.6 Consents

Each of the parties referred to in this section:

- does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Al Maynard & Associates Pty Ltd has given its written consent to being named as the Independent Geologist to the Company in this Prospectus and to the inclusion of the Independent Geologist's Report in Section 8 in the form and context in which the report is included. Al Maynard & Associates Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Grant Thornton (WA) Partnership has given their written consent to being named as Auditors and Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 10 in the form and context in which the report is included. Grant Thornton (WA) Partnership has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

14. Additional Information

Steinepreis Paganin has given its written consent to being named as the solicitor to the Company in this Prospectus and to the inclusion of the tenure report on Australian tenements in Section 11 in the form and context in which the report is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has given its written consent to being named the share registry to the Company in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

14.7 Expenses of the Offer

The total expenses of the Offer (assuming the Offer is fully subscribed to raise \$3,000,000) are estimated to be approximately \$230,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Amount (\$)
ASIC fees	2,010
ASX fees ¹	42,675
Advisers' fees	247,000
Printing	20,000
Miscellaneous	18,315
TOTAL	330,000

1. In the event the Company accepts the full amount of oversubscriptions of \$1 million an additional amount of \$1,516 will be payable in ASX fees. This additional cost in ASX fees will be absorbed in the miscellaneous expense category so estimated expenses of the Offer will remain at approximately \$230,000 (excluding GST).

14.8 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

14.9 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus and electronic Application Form on the basis of a paper Prospectus lodged with the ASIC, and the publication of notices referring to an electronic Prospectus or electronic Application Form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please email the Company at: info@genesisresourcesltd.com.au and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at: www.genesisresourcesltd.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

14.10 Taxation

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

14.11 Forecasts

The Company is an exploration company with the intention to become a manganese producer in the medium term. Given the speculative nature of exploration, mineral development and production, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that reliable forecasts can not be prepared and accordingly have not included forecasts in this Prospectus.



15. Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Pedro Kastellorizos
Managing Director
For and on behalf of
Genesis Resources Limited



16. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

A\$ or \$ means an Australian dollar.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange as the context requires.

Board means the board of Directors as constituted from time to time.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

Company or Genesis means Genesis Resources Limited (ACN 114 787 469).

Closing Date means the closing date of the Offer as set out in Section 4.3 of this Prospectus (subject to being extended or the Offer being closed early).

Constitution means the constitution of the Company at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

CST means Central Standard Time, as observed in Darwin, Northern Territory.

Directors means the directors of the Company at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Listing Rules means the official listing rules of ASX.

Offer means the offer of Shares pursuant to this Prospectus as outlined in Section 5 of this Prospectus.

Official List means the Official List of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Option means an option to acquire a Share having the terms set out in Section 14.2 of this Prospectus.

Prospectus means this prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Sileks means RIK Sileks AD Kratovo, a company incorporated in the country of the Republic of Macedonia.

Tenements means the tenements set out in tenure report in Section 11 of this Prospectus.



Genesis Resources Limited

ABN 22 114 787 469

Registry Use Only

Broker Code

Adviser Code

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the prospectus.

A I/we apply for

Number of Shares in Genesis Resources Limited at \$0.20 per Share or such lesser number of Shares which may be allocated to me/us

B I/we lodge full Application Money

A\$

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name	Given Name(s)	Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter your postal address - Include State and Postcode

Unit	Street Number	Street Name or PO Box / Other Information

City / Suburb / Town

State

Postcode

E Enter your contact details

Contact Name

Telephone Number - Business Hours / After Hours

()

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Payment details – Please note that funds are unable to be directly debited from your bank account

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A\$

Make your cheque or bank draft payable to Genesis Resources Limited

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines

I P O



How to complete this form

A

Shares Applied for

Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares. Applications for greater than 10,000 Shares must be in multiples of 1,000 Shares.

B

Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the price per Share.

C

Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D

Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E

Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F

CHES

Genesis Resource Ltd (the Company) will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited. In CHES, the company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G

Payment

Make your cheque or bank draft payable to Genesis Resource Ltd in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account.**

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read this prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares in Genesis Resource Ltd is upon and subject to the terms of the prospectus and the Constitution of Genesis Resource Ltd, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited Perth by no later than 5:00 pm CST on 18 September 2009. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box D182
Perth WA 6840

Neither Computershare nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 557 010.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

I P O

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How to complete this form

A

Shares Applied for

Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares. Applications for greater than 10,000 Shares must be in multiples of 1,000 Shares.

B

Application Monies

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C

Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

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Postal Address

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Before completing the Application Form the applicant(s) should read this prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares in Genesis Resource Ltd is upon and subject to the terms of the prospectus and the Constitution of Genesis Resource Ltd, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

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GPO Box D182
Perth WA 6840

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If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 557 010.

Correct forms of registrable title(s)

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Type of Investor	Correct Form of Registration	Incorrect Form of Registration
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Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund