



## GENESIS RESOURCES LIMITED

(ASX: GES)

28 March 2012

### Pro-Rata Non-Renounceable Rights Issue Offer Information Statement

As announced to the market on 27 March 2012, the Company is undertaking a 1 for 2 (with 1 free attaching Option for every share subscribed) Pro-Rata Non-Renounceable Rights Issue to raise approximately \$1.19 million.

Attached is an Offer Information Statement which sets out:

- 1 **Contact details for the Offer**
- 2 **Key dates for the Offer**
- 3 **General information in relation to the Offer**
- 4 **Information in relation to rights and rights trading**
- 5 **The purpose and effect of the Offer**
- 6 **Investment and business risks**
- 7 **Treatment of ineligible shareholders**
- 8 **Additional information relevant to the Offer**

1 <b>Contact details for the Offer</b>
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For further information on your entitlement please contact the share registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.00pm (Melbourne time) Monday to Friday

If you have any queries or questions in relation to the details of the Company's pro-rata non-renounceable rights issue (the **Offer**), you should contact the Company Secretary of Genesis Resources Limited ACN 114 787 469 (**Genesis** or the **Company**), as follows:

Sophie Karzis  
**Company Secretary**

T + 61 3 9665 0460  
F + 61 3 9650 5571  
M + 0409 540 827  
E + sk@ccounsel.com.au

## 2 Key dates for the Offer

EVENT	DESCRIPTION	PROPOSED DATE (2012)
<b>Announcement date of Rights Issue (the Offer)</b>	The Offer will be announced to ASX and the market	Tuesday 27 March
<b>Lodging of Offer information documents and Appendix 3B with ASX</b>	The Offer information documents and Appendix 3B will be lodged with ASX. A letter to option holders must also be sent.	Wednesday 28 March
<b>Sending of notice of the Offer to shareholders</b>	Letters to ineligible and eligible shareholders will be sent notifying them of the Offer.	Thursday 29 March
<b>“Ex” date</b>	Existing shares commence trading without the entitlement to participate in the Offer	Friday 30 March
<b>Record date</b>	The date for determining entitlements to new shares under the Offer	7:00pm (Melbourne time) on Thursday 5 April
<b>Offer information documents despatch date</b>	Offer information documents lodged with ASX and despatched to eligible shareholders	Thursday 12 April
<b>Opening date</b>	The Offer opens	Thursday 12 April
<b>Closing date</b>	The Offer closes	5:00pm (Melbourne time) on Friday 27 April
<b>Securities quoted on a deferred settlement basis</b>	Deferred settlement trading commences	Monday 30 April
<b>Shortfall notification date</b>	ASX is notified of any shortfall	Wednesday 2 May
<b>Despatch date</b>	New securities applied for under the Offer are issued and entered onto shareholders' uncertificated security holdings	Friday 4 May
<b>End of deferred settlement trading</b>	Deferred settlement trading ends and normal (T+3) trading commences the next Business Day.	Friday 4 May
<b>Holding statement mail-out date</b>	Holding statements for both shares and options are despatched to participating shareholders.	Tuesday 8 May

Genesis reserves the right, subject to the ASX Listing Rules, the agreement of the underwriters (see section 8.4), the *Corporations Act 2001 (Cth)* (**Corporations Act**) and other applicable laws to, without notice, vary any or all of the dates of the Offer (whether or not they are key dates), including extending the Offer, closing the Offer early, accepting late applications either generally or in particular cases, or withdrawing the Offer.

## 3 General information in relation to the Offer

### 3.1 What is the structure of the Offer?

The Offer is a 1 for 2 non renounceable rights issue at A\$0.045 per new share, with one free attaching option for every new share subscribed in Genesis to raise approximately \$1.19 million (less the costs of the Offer). It is open to shareholders who had a registered address in Australia or New Zealand on the record date of 7:00pm (Melbourne time) on Thursday 5 April 2012.

Genesis currently has 53,080,752 fully paid ordinary shares on issue. It will issue up to 26,540,376 new shares under the Offer (**New Shares**), and if all of these are issued, Genesis will then have 79,621,128 shares on issue. Genesis also has on issue 500,000 unlisted options to subscribe for shares. If all or some of these options are exercised prior to the record date, this will impact the maximum number of New Shares that may be issued under the Offer. However, Genesis does not anticipate that any options will be exercised as the exercise price of the options is A\$0.20, which is above the Offer price. Each New Share will be issued with one free attaching option, exercisable at 10 cents each and expiring 2 years from the date of their issue (**Attaching Options**), such that a maximum of approximately 26,540,376 Attaching Options are to be issued.

The Offer opens on 12 April 2012 and closes at 5:00pm (Melbourne time) on 27 April 2012. The Offer is underwritten by Tigermoth Investments Limited (**Underwriter** or **Tigermoth**), a shareholder in the Company, with the result that the Offer will raise approximately A\$1.19 million.

### 3.2 Is this document a prospectus?

No it is not. There is no prospectus in relation to the Offer, and this document does not contain all of the information that would ordinarily be contained in a prospectus. The Offer is being made under provisions of the Corporations Act which allow Genesis to offer shares to existing shareholders after providing certain confirmations to the market. As a result, it is important that you read and understand the information on Genesis which is publicly available, prior to accepting all or part of your entitlement to New Shares or applying for additional New Shares. In particular, please refer to:

- Genesis' annual reports and other announcements made available at [www.genesisresourcesltd.com.au](http://www.genesisresourcesltd.com.au) or [www.asx.com.au](http://www.asx.com.au); and
- the 'cleansing notice' Genesis will lodge with ASX 24 hours prior to the Offer opening, (i.e. on **11 April 2012** based on the current timetable). A copy of the 'cleansing notice' will accompany the Offer documentation to be despatched to all shareholders.

Neither ASX nor ASIC takes any responsibility for the content of this document.

### 3.3 What is your entitlement under the Offer?

Your entitlement to New Shares under the Offer is set out in the Application Form which will be sent to you on 12 April 2012, and will be calculated by dividing the number of Genesis shares you held as at the record date by 2 (**Full Entitlement**). Any fractional entitlements to a New Share will be rounded up to the nearest whole New Share. In addition, for every New Share you subscribe for, you will be entitled to one free Attaching Option. The number of Attaching Options to which you are entitled as an Eligible Shareholder will also be shown on the Acceptance Form.

If you have more than 1 holding of Genesis shares you will receive more than 1 set of Offer documents and you will have a separate entitlement for each holding.

### 3.4 Can you apply for extra shares in addition to your entitlement?

Yes you can. The Application Form will allow you to apply for New Shares in addition to your entitlement (**Shortfall Facility**). Genesis, in consultation with the Underwriter, has discretion under the Shortfall Facility to issue all, none or part of any additional shares you may apply for.

Additional shares will be issued at the same time as shares applied for under your entitlement or at the time the Underwriter meets its obligations under the Underwriting Agreement. Subscription moneys for any additional shares you apply for but which are not issued to you will be refunded without interest. Genesis will only issue up to the aggregate number of New Shares that are offered under the Offer, therefore it may be necessary to scale-back applications for additional shares if applications exceed this number.

Genesis, in conjunction with the Underwriter, intends to honour all applications for additional shares where possible. This will reduce any shortfall which may otherwise be issued to the Underwriter (see section 8.4).

### **3.5 Can you apply for less than your entitlement?**

Yes you can. The Application Form will allow you to apply for less new shares than your entitlement.

### **3.6 What will the New Shares in Genesis be?**

New Shares issued under the Offer will be fully-paid ordinary shares ranking equally with Genesis ordinary shares currently on issue.

Genesis will apply to ASX for quotation of the New Shares to be issued under the Offer. If ASX does not grant permission for the quotation of the New Shares within 3 months of the date the Offer opens, Genesis will refund all application moneys without interest, as soon as possible.

If you sell New Shares issued under the Offer before you receive a holding statement, you do so at your own risk.

No brokerage or stamp duty is payable on the issue of New Shares under the Offer.

The Attaching Options will have an exercise price of 10 cents and an expiry date of 2 years from the date of issue. The full terms and conditions of the New Shares and Attaching Options are set out in sections 9.1 and 9.2 respectively.

### **3.7 Will the Genesis directors be taking up any of their entitlements?**

Yes they will. Each Genesis director that holds shares in the Company intends to participate in the Offer.

### **3.8 Is the Offer being underwritten?**

The Offer is fully underwritten. Further details on the Underwriter and the terms of the underwriting are included in section 8.4.

### **3.9 How can I participate in the Offer?**

The Offer is expected to close at 5:00pm (Melbourne time) on 27 April 2012.

To participate in the Offer, you can make your payment, including payment for any additional New Shares you wish to apply for, either via BPAY or by returning your cheque, bank draft or money order payment with your completed Application Form to Genesis' share registry, Computershare Investor Services Pty Limited.

To pay by BPAY, make your payment using the Biller Code and Customer Reference Number set out in your personalised Application Form. You do not need to complete and return your personalised Application Form if you pay by BPAY.

You should be aware that your own financial institution may implement earlier cut-off times for electronic payments and it is your responsibility to ensure that your payment is submitted through

BPAY so that it will be received by no later than 5.00pm (Melbourne time) on the closing date of Friday 27 April 2012.

To pay by cheque, bank draft of money order, complete your personalised Application Form and attach your payment which must be drawn on an Australian bank or an Australian branch of a financial institution and be made payable in Australian currency to '**Genesis Resources Limited - Offer Account**' and should be crossed '**Not Negotiable**' and return them by no later than 5.00pm (Melbourne time) on the closing date of Friday 27 April 2012 to:

**Genesis Rights Issue**

c/- Computershare Investor Services  
GPO Box 505  
MELBOURNE VIC 3001  
AUSTRALIA

Neither Computershare nor the Company accepts any responsibility if you lodge your Application Form and payment at any other address or by any other means.

## **4 Information in relation to rights and rights trading**

### **4.1 What is non-renounceable?**

The Offer is 'non renounceable' which means that you cannot not sell or transfer your rights to apply for New Shares that you do not wish to exercise yourself. Any of your entitlement that is not accepted by you will revert to the Underwriter or lapse.

## **5 The purpose and effect of the Offer**

### **5.1 What is the purpose of the Offer?**

Genesis is making the Offer to raise funds. After payment of the costs and expenses of the Offer, the proceeds from the Rights Issue will be used to provide working capital and to enable the Company to focus on its Australian and Macedonian projects. In particular, the Company intends to use the funds raised to undertake additional resource definition drilling and a scoping study for its Plavica Project in Macedonia, and further drilling programs for its Gladstone and Alice Springs Projects in Australia.

It is also the Company's intention to identify and pursue other exploration opportunities both locally and internationally.

### **5.2 What is the effect of the Offer on shareholder dilution and the control of Genesis?**

If you exercise your full entitlement under the Offer you will not be diluted. If you do not exercise your full entitlement under the Offer you will be diluted. Ineligible shareholders will have their holdings diluted by the Offer. The extent of any dilution will depend on the level of participation in the Offer and the extent to which the underwriting is called upon.

The effect of the Offer on the control of Genesis will depend upon a number of factors including:

- the level of shareholder participation (including both the taking up of entitlements and applications for additional new shares), and
- which shareholders participate.

If every shareholder was to take up their full entitlement, there would be no effect on the control of Genesis, as the Offer is made pro-rata and in that case there would not be any scope for any

shareholder to apply for additional New Shares under the Offer and there would be no shortfall for the Underwriter (see section 8.4).

If no shareholder other than the Underwriter was to take up any of their entitlement and no rights were exercised (**Lack of Shareholder Subscription**), the following would result (before the effect of the underwriting):

Party	Current Holding	Current Percentage Of Genesis' Issued Capital (%)	Total Holdings After Taking Up Full Entitlement	Percentage of Genesis' Issued Capital After Taking Up Full Entitlement (%)
Tigermoth Investments Limited	2,500,000	4.71	3,750,000	4.71

The Underwriter will be bound to subscribe for all New Shares which are not taken up under the Offer or under the Shortfall Facility. If no shareholder, other than the Underwriter, was to take up any of their entitlement and no rights were exercised, the Underwriter would therefore be bound to subscribe for 25,290,376 shares at a total price of A\$1,138,666.92. The Underwriter is a major shareholder. The final shareholding interests of the Underwriter upon completion of the Offer in the event of Lack of Shareholder Subscription will be as follows:

Current Holding	Current Percentage Of Genesis' Issued Capital (%)	Full Entitlement Under The Offer	Maximum Under Written Shares	Maximum Number Shares Acquired Under The Offer	Total Maximum Holding	Maximum Percentage Of Genesis' Issued Capital
2,500,000	4.71	1,250,000	25,290,376	26,540,376 (inclusive of Full Entitlement and maximum underwritten shares)	29,040,376 (being the total of current holding and maximum shares acquired under Offer)	36.47

The following can be said about the effect of the Offer on the control of Genesis:

- currently, the Underwriter does not control Genesis;
- as noted above, if every shareholder was to take up their full entitlement, there would be no effect on the control of Genesis following the Offer;
- the Offer, as a result of Lack of Shareholder Participation could result in the Underwriter increasing its holding in Genesis by 31.76%, giving it significantly increased voting power;
- The Underwriter has advised Genesis that it does not currently intend to change its existing relationship with Genesis (other than the number of shares it holds directly); and
- in addition to the shares that may be issued to the Underwriter as a result of the underwriting, the Underwriter will also receive the underwriting fee as set out in section 8.4.

## **6 Investment and business risks**

An investment in Genesis shares is subject to investment and other known and unknown risks, including possible loss of income and principal invested. Genesis had implemented strategies, actions, systems and safeguards for known risks, however, some risks are beyond its control. Consequently, the prevailing price or value of New Shares issued under the Offer may be more or less than the Offer price.

In any event, Genesis does not guarantee any particular rate of return, the performance of Genesis, the payment of any dividends, the repayment of capital from Genesis, any price for Genesis shares or any particular tax treatment.

### **6.1 General risks**

General risks that may impact significantly on Genesis, its performance and the price of its shares include:

- economic conditions in Australia and internationally;
- investors' sentiment and share market conditions;
- changes in fiscal and monetary policy by governments;
- changes in relevant taxation and other legal regimes;
- default of customers and suppliers;
- natural disasters; and
- availability of credit.

### **6.2 Business specific risks**

Business specific risks that may impact significantly on Genesis, its performance and the price of its shares include:

- the overall performance of management and the ability of senior management to manage business operations;
- the loss of one or more of Genesis' key managers or executives;
- there is no assurance that funds expended by Genesis on exploration activities at its Macedonian and Australia projects will result in discoveries or development prospects that will be economically viable;
- the metallurgical characteristics of mineral deposits being explored and developed by the Company may be such as to prevent commercial exploitation;
- changes to government regulations, policy (including the proposed Minerals Resource Rent Tax) and royalty regimes may have adverse impacts upon the development options available to the Company at any of its projects;
- additional funding may be required for further exploration, appraisal and development, and there is no assurance that Genesis will be able to raise such funding;
- fluctuations in metal prices may adversely impact on Genesis' exploration and future development;
- national and local environmental and heritage laws and regulations may impact adversely on exploration and future development at any one of its projects; and
- unexpected circumstances may arise at any time which may have such as adverse impacts on the Company's exploration and development activities.

The above risks should not be taken to be exhaustive of the risks faced by Genesis or its shareholders. Those risk factors, and others not specifically referred to above, may materially affect the financial performance of Genesis and the value of its shares in the future.

## **7 Treatment of ineligible shareholders**

Genesis has decided that it is unreasonable to extend the Offer to any shareholder with a registered address outside Australia or New Zealand, having regard to:

- the small number of shareholders with addresses in such other countries;
- the number and value of the shares they hold; and
- the cost to Genesis of complying with applicable legal and regulatory requirements in such other countries.

## **8 Additional information relevant to the Offer**

### **8.1 No financial product advice**

This document and any document which accompanied it is not, and may not be taken to be, financial product advice or a recommendation to acquire Genesis shares. They have been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision you should consider all relevant information having regard to your own objectives, financial situation and needs, and consult your stockbroker, accountant or other independent financial adviser.

### **8.2 Authorised and unauthorised information and representations**

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this document or in any document that accompanied it, or in any release by Genesis to ASX.

Any information or representation in relation to the Offer which is not contained in this document or in any document that accompanied it may not be relied upon as having been authorised by Genesis or any of its officers.

### **8.3 No tax advice**

There may be tax consequences associated with being issued New Shares under the Offer. None of Genesis, its officers, employees or advisers is giving or is able to give you advice about the specific tax consequences for you. You should consult your own independent professional tax adviser.

### **8.4 What are the details of the underwriting arrangements?**

Genesis has entered into an agreement with the Underwriter, a major shareholder of the Company.

The Underwriter has agreed to fully underwrite the Offer.

Under the underwriting agreement entered into between the Company and the Underwriter, the Underwriter is committed to subscribe or procure subscriptions for any shortfall between the number of shares actually subscribed for under the Offer and a number of shares that if subscribed for would raise A\$1.19 million (**Underwritten Amount**).

In line with similar underwritings in offers similar to the Offer:

- Genesis gives a range of traditional warranties and both positive and negative undertakings in favour of the Underwriter;
- The Underwriter has the right to deal with the Shortfall Facility to the extent of the Underwritten Amount in its absolute discretion;

- The Underwriter is required to meet its obligations under the underwriting agreement within 7 days of receiving notification from the Company of the underwriting shortfall amount.
- an Underwriter may terminate its underwriting agreement and thereby be released from its obligations on the occurrence of certain traditional events, including if:
  - there is an event, material change or development affecting Genesis or its industry which would have a material adverse effect on Genesis or the Offer; and
  - an outbreak of new hostilities or significant act of terrorism occurs which involves Australia or the USA; or
  - the S&P/ASX 200 Index or S&P/ASX Small Ordinaries Index closes at least 25% below its closing level on the day before the date of the agreement and remains at or below that level for 3 consecutive trading days.
- The Underwriter will be paid an underwriting fee of 5% of the amount to be raised under the Offer; together with an administration fee of 1% of the amount to be raised under the Offer;
- Genesis will be responsible for all costs of the Underwriter.

The potential impact of the underwriting arrangements on shareholder dilution and the control of Genesis is explained in section 5.1.

Amounts received under the Shortfall Facility may be used to reduce the amount which would otherwise be taken by the Underwriter.

## 8.5 Foreign securities laws

None of this document, any document that accompanied it, or any document that is related to any of them constitutes an offer in any jurisdiction in which, or to any person to whom it would not be lawful to make such an offer and no action has been taken to register Genesis shares or otherwise permit a public offering of those shares in any jurisdiction. Lodgement of the Application Form or payment by BPAY will be taken by Genesis to constitute a representation by you that there has been no breach of any such law. Eligible shareholders who are nominees, trustees or custodians should seek independent advice as to how to proceed.

The distribution of this document, any document that accompanied it, or any document that is related to any of them outside Australia may be restricted by law. In particular, this document and any document that accompanied it or any copy of any of them must not be taken into or distributed or released in the United States or distributed or released by any U.S. Person or to any person acting for the account or benefit of a U.S. Person. Any person who comes into possession of this document, any document that accompanied it, or any document that is related to any of them should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws, and Genesis disclaims any liability in relation to any such violation.

## 8.6 What discretions does Genesis have?

Without limiting the other powers and discretions set out in this document, the directors of Genesis may:

- implement the Offer in the manner they think fit; and
- settle any difficulty, anomaly or dispute which may arise either generally or in a particular case in connection with, or by reason of, the operation of the Offer or a matter in this document as they think fit, whether generally or in relation to any shareholder or any shares, and the determination of the directors is conclusive and binding on all relevant shareholders and other persons to whom the determination relates.

## 8.7 What is the governing law of the Offer?

This document and the documents that accompanied it, the Offer and the contracts formed on acceptance of applications made under the Offer are governed by the law applicable in Victoria, Australia. Each person who applies for New Shares under the Offer submits to the jurisdiction of the courts of Victoria, Australia.

## 9 Rights Attaching to Securities

### 9.1 Terms and Conditions of Shares

The following is a general description of the more significant rights and liabilities attaching to the New Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, the Listing Rules and the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

- At the date of the Offer, all New Shares are of the same class and rank equally in all respects. Specifically, the New Shares issued pursuant to the Offer will rank equally with existing shares on issue.
- Subject to any special rights or restrictions (at present there are none), at any meeting each member present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each Share held.
- Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.
- The rights attaching to the Shares may only be varied by the consent in writing of the holders of a majority of the Shares of the affected class, or with the sanction of an ordinary resolution passed at a meeting of the holders of the Shares of the affected class.
- Subject to the Company's Constitution, the Corporations Act or any other applicable laws of Australia and the Listing Rules, the Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Company has a lien on those Shares.
- Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.
- The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable law and provided a notice is given to the minority shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.
- If the Company is wound up, the liquidator may, with the sanction of a special resolution:
  - divide among the Shareholders the whole or any part of the Company's property; and
  - decide how the division is to be carried out between the Shareholders.
- Subject to any special rights (at present there are none), any surplus assets on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

### 9.2 Terms and Conditions of Options

The material terms and conditions of the Attaching Options offered pursuant to the Offer are as follows:

- Each Attaching Option entitles the holder (**Option Holder**) to subscribe for one (1) share in the Company at the exercise price of 10 cents.
- The Attaching Options are exercisable up until 5.00pm (Melbourne time) on the date that is two (2) years from the date of issue of the Attaching Options (**Expiry Date**). Any Attaching Options not exercised on or before the Expiry Date will automatically lapse.
- The Option Holder may at any time during the exercise period give an exercise notice to the Company requiring the Company to issue shares on exercise of the Attaching Options, accompanied by payment of the exercise price for each Attaching Option exercised.
- If any Attaching Options are duly exercised, the Company shall issue to the Option Holder one (1) fully paid share for each Attaching Option exercised within 30 days from the date of receipt by the Company of payment of the exercise price in cleared funds.
- All shares in the Company allotted on the exercise of Attaching Options will rank equally in all respects with the then existing shares.
- Unless the Directors of the Company determine otherwise, Attaching Options shall not be assignable or transferable other than by operation of law.
- The Company will not be applying to ASX for quotation of the Attaching Options.
- If the Company's shares are quoted on the ASX, the Company shall apply for quotation on the ASX of all shares issued pursuant to the exercise of Attaching Options as soon as reasonably practicable after their issue, but in any case within the time limit prescribed by the ASX Listing Rules.
- Option Holders may only participate in new issues (**Issue**) of securities to holders of shares in the Company if the Attaching Options have been exercised and shares are allotted in respect of the Attaching Options before the record date for determining entitlements to the Issue.
- The Company must give Option Holders at least 7 Business Days' notice of any Issue before the record date for determining entitlements to the Issue in accordance with the ASX Listing Rules.
- There will be no change to the exercise price of the Attaching Options or the number of Shares over which the Attaching Options are exercisable in the event of the Company making a pro-rata issue of shares or other securities to the holders of shares in the Company (other than a bonus issue).
- If there is a bonus issue (**Bonus Issue**) to the holders of shares in the Company, the number of shares over which the Attaching Options are exercisable will be increased by the number of shares which the Option Holder would have received if the Attaching Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares on issue as the date of issue of the Bonus Shares.
- If prior to the Expiry Date, there is a re-organisation of the issued capital of the Company, the Attaching Options are to be treated in the manner set out in the ASX Listing Rules.