



GENESIS

RESOURCES LTD

ASX ANNOUNCEMENT

14 June 2012

Target's Statement in response to CLY's Bidder's Statement

As required by item 14 of section 633(1) of the *Corporations Act 2001* (Cth), Genesis Resources Limited (the **Company**) attaches a copy of the Target's Statement dated 14 June 2012 which was served today by the Company on Clancy Exploration Limited (ASX:CLY) in response to its Bidder's Statement dated 16 May 2012.

The Company confirms that the Target's Statement was lodged with the Australian Securities and Investments Commission earlier today.

For further information, please contact:

Eddie Pang

Chairman

Genesis Resources Limited

Tel: +61 3 9665 0403

info@genesisresourcesltd.com.au

Genesis Resources Limited is an Australian company with a portfolio (over 1,501 km²) of quality iron, manganese, gold and base metal projects in the highly prospective Proterozoic and Palaeozoic metallogenic provinces of Australia.

Genesis has also signed a Joint Venture over the Plavica Project: an advanced project within Macedonia. The Plavica Project is highly prospective for gold, copper, silver, molybdenum, lead and zinc mineralisation.

Genesis is an exploration company committed to the creation of shareholder value through successful mineral exploration and development.

Registered Office

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Australia

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ABN: 22 114 787 469

Directors and Management

Mr Eddie Pang Chairman

Mr Peter Kong Managing Director

Dr John Parker Non-Executive Director

Mr Patrick Volpe Non-Executive Director

Deric Wee Non-Executive Director

Mr John Zee Non-Executive Director

Ms Sophie Karzis Company Secretary

ASX Code: GES

Issued Capital: 79,621,128 shares



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GENESIS RESOURCES LIMITED

ACN 114 787 469

TARGET'S STATEMENT

of Genesis Resources Limited in response to the Offer by Clancy Exploration Limited (ACN 105 578 756) to acquire all of your Shares in Genesis Resources Limited

The Directors of Genesis Resources Limited unanimously recommend that you REJECT Clancy Exploration Limited's inadequate and unsolicited Offer

This document contains important information and requires your immediate attention. This document should be read in its entirety. If you do not understand it or are in doubt as to how to deal with it you should consult your professional advisers without delay.

IMPORTANT NOTICES

Nature of this document

This Target's Statement is dated 14 June 2012 and is given under Part 6.5 of the Corporations Act 2001 (Cth) by Genesis Resources Limited ABN 22 114 787 649 (**Genesis**) in response to the Bidder's Statement and Offer dated 16 May 2012 from Clancy Exploration Limited ABN 65 105 578 756 (**Bidder**).

You should read this Target's Statement in its entirety.

Australian Securities and Investments Commission (ASIC) and ASX

A copy of this Target's Statement was lodged with ASIC and provided to the ASX on 14 June 2012. Neither ASIC, ASX nor any of their officers takes any responsibility for the content of this Target's Statement.

Investment Decision

This Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of each Genesis shareholder. You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Genesis Shares.

Maps and Diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available as at the date of this Target's Statement.

Interpretation

Terms used in this Target's Statement are defined in Section 11 of this document.

Further Information

If you have any questions in relation to the Offer or this document, please call the registered office on +61 3 9665 0403.

Announcements relating to the Offer can be obtained from Genesis's website: www.genesisresourcesltd.com.au.

Disclaimer as to information

The information on the Bidder and the Bidder's business contained in this Target's Statement has been prepared by Genesis using publicly available information. The information in this Target's Statement concerning the Bidder and its assets and liabilities, financial position and performance, profits and losses and prospects, has not been independently verified by Genesis.

Accordingly, Genesis does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Forward Looking Statements

This Target's Statement contains forward looking statements. Such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Genesis is involved as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of Genesis, any of its officers, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of any forward looking statement, and you should not place undue reliance on these statements.

Forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Privacy

Genesis has collected your information from the register of Genesis Shareholders for the purpose of providing you with this Target's Statement. The type of information Genesis has collected about you includes your name, contact details and information on your security holding in Genesis. Without this information, Genesis would be hindered in its ability to issue this Target's Statement.

The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Genesis' related bodies corporate and external service providers (such as the share registry of Genesis and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Genesis, please contact Computershare Investor Services Pty Limited at 452 Johnston Street, Abbotsford, Victoria.

The registered address of Genesis is Level 3, 1 Collins Street, Melbourne VIC 3000, Australia.

KEY DATES

Date of the Offer	16 May 2012
Date of this Target's Statement	14 June 2012
Scheduled close of the Offer (unless extended)	2 July 2012

1 Chairman's Letter

14 June 2012

Dear Shareholder

You will have recently received from Clancy Exploration Limited (**CLY**) its unsolicited and conditional Offer to acquire all your shares in Genesis Resources Limited (**Genesis** or the **Company**).

This Offer would involve you receiving 3 CLY Shares for every 1 Genesis Share you currently own. This equates to approximately \$0.087 per Genesis Share, based on the closing price of Clancy shares on the ASX on 12 June 2012 of \$0.029.

The Genesis Board has reviewed the Offer in detail and recommends unanimously that you **REJECT** CLY's inadequate Offer. Your Directors intend to reject the Offer for all the Genesis Shares they hold.

RSM Bird Cameron Corporate Pty Ltd (*Independent Expert*), as Independent Expert, has stated that the Offer is neither fair nor reasonable to the Genesis Shareholders and well below its preferred value of \$0.305 per Genesis Share.

The Genesis Board has already announced a strategic plan to "unlock" the potential that the Genesis Board believes the Plavica Project has and to deliver growth to all Genesis Shareholders.

This Target's Statement sets out the reasons why you should **REJECT** CLY's inadequate Offer and we encourage you to read it in its entirety, including the Independent Expert's Report in Annexure B.

To **REJECT** CLY's Offer, simply ignore all acceptance forms sent to you by CLY.

If you have any queries in relation to CLY's Offer, please consult your independent professional adviser or contact the registered office on +61 3 9665 0403.

Yours sincerely,



Eddie Pang

Non-Executive Chairman

Genesis Resources Limited

TABLE OF CONTENTS

1	Chairman’s Letter	3
2	Reasons why Genesis Shareholders should REJECT the Offer	6
3	Frequently asked questions about the Offer	8
4	Important information about the Offer	12
5	Recommendation of the Directors of Genesis	15
6	Genesis and its strategic plan	16
7	Risks	24
8	Other information regarding the Offer	29
9	Additional Information	34
10	Consents	37
11	Glossary and Interpretation	39
12	Authorisation	43
13	Corporate Directory	44
Annexure A	ASX Announcements in relation to Genesis	45
Annexure B	Independent Expert’s Report	47

How to REJECT the Bidder's Offer

1. To REJECT the Bidder's Offer, **TAKE NO ACTION.**
2. You should read this Target's Statement in full. This Target's Statement contains your Directors' recommendation to **REJECT** the Offer and the reasons for this recommendation.
3. If you have any queries concerning the Offer please contact the registered office from 9 a.m. to 5 p.m. EST weekdays on +61 3 9665 0403.

2 Reasons why Genesis Shareholders should REJECT the Offer

(a) The Offer is inadequate and conditional

(i) The Offer is inadequate

The Independent Expert has concluded that the Offer is **neither fair nor reasonable to the Genesis Shareholders**.

The key reason for this conclusion is the preferred value of a GES Share (\$0.305) is in excess of the value of the consideration offered by Clancy for each GES Share.

Genesis Shareholders should read the Independent Expert's Report (attached in Annexure B) in its entirety before deciding whether to accept the Offer.

As at the date of this Target's Statement, the offer of 3 CLY Shares for every 1 Genesis Share represents an implied offer price of 8.7 cents (based on 2.9 cents, being the last price at which CLY Shares traded on ASX on 12 June 2012, being the last trading day before the date of this Target's Statement).

(ii) The Offer is conditional and its outcome is uncertain

- (A) The Offer contains a number of defeating conditions. Clancy has to gain a Relevant Interest in more than 90% of Genesis and there is no certainty that Clancy will gain this level of acceptances.
- (B) You may be eligible for CGT roll-over relief if you exchange your Genesis Shares for Bidder Shares in certain circumstances. However, to be eligible for CGT roll-over relief, Clancy must increase its holding in Genesis to at least 80% by the close of the Offer. There is no certainty that you will receive CGT roll-over relief, as Clancy may waive the minimum acceptance condition of 90%.
- (C) Should you accept the Offer, you may not be able to deal with your Genesis Shares while the Offer remains open, for instance, you will not be able to sell them on ASX, and you will not have the ability to accept a competing higher offer should one arise. However, in the event that Clancy increases its Offer you would receive that higher consideration.
- (D) Even if you accept the Clancy Offer, you will not be issued shares in Clancy unless and until after all of Clancy's conditions are satisfied or waived.

(b) Clancy is offering you shares in a company that has a number of risks

(i) There are risks concerning Clancy's assets and prospects.

The projects in which Clancy has an interest are Australian based and are in the very early stages of development. Clancy has no "flagship" project. The more advanced projects in which Clancy has an interest are subject to a joint venture in which Clancy has a minority interest.

(ii) Clancy's share price has uncertainties and is subject to change.

Clancy is offering you Bidder Shares as payment for your Genesis Shares. This means that:

- (A) the implied price of the Offer will fluctuate with movements in the CLY Share price (which has declined since the date the Offer was announced); and
- (B) if the Offer is successful and a number of Genesis Shareholders intend to sell the Bidder Shares issued to them to receive cash then this may create a potential oversupply of Clancy's shares in the market. Depending on the extent of such oversupply, this could impact on the

price of Bidder Shares following the Offer for the period of such potential oversupply.

(c) The Plavica Project is a quality resource. If the Offer is successful, you will have to share any potential upside from this project with Clancy shareholders

The Plavica Project's resources were recalculated on 30 May 2012 to include copper and silver as a Gold Equivalent and Genesis now estimates the Inferred Resource to be 3.66 million ounces of gold at 0.75 g/t gold at a cut off of 0.5 g/t gold or 6.37 million ounces Gold Equivalent at 1.31 g/t Gold Equivalent including copper and silver credits.

Pursuant to the terms of a joint venture agreement entered into by Genesis and its joint venture partner Rik Sileks Ad Kratovo, upon completion of the final feasibility study for the project, Genesis will acquire a 62% interest in the Plavica Project. Clancy has stated that if the Offer is successful, Genesis Shareholders will own approximately 60% of Clancy.

Clancy has acknowledged that the Plavica Project would be an attractive "flagship" project. If the Offer is successful you will have to share any potential upside from this project with Clancy shareholders.

(d) Genesis has put a strategic plan in place to grow the Company to its full potential

(i) Genesis has an exciting asset base with substantial potential

The Board is confident that Genesis' assets have substantial potential and is now working to "unlock" that potential and deliver growth to all Genesis Shareholders given:

- (A) the significant potential that the Board believes there is at the Plavica Project; and
- (B) the exploration potential that exists in the Company's Australian projects.

The Board believes that it is best placed to exploit the significant potential of these assets, in particular given the recent bolstering of the Company's board and the Company's management.

(ii) Genesis has developed a strategic plan intended to extract the full potential of its assets

On 14 May 2012, Genesis announced an update to the company's strategic plan following completion of the recent \$1.19m rights issue. Further details regarding the strategic plan are set out in Section 6.3 of this Target's Statement.

3 Frequently asked questions about the Offer

	Question	Answer	Further Information
1.	<i>Who is the Bidder?</i>	Clancy Explorations Limited (ACN 105 578 756), an ASX listed company.	-
2.	<i>How many Shares does the Bidder hold in Genesis?</i>	The Bidder has stated in its Bidder's Statement that (as at the date of that Bidder's Statement) it had a Relevant Interest in 6,375,000 of all Genesis Shares on issue representing Voting Power of 8.01%.	Section 10.2 of the Bidder's Statement
3.	<i>What is the Offer?</i>	The Bidder has made an inadequate and unsolicited Offer of 3 Bidder Shares for every 1 Genesis Share held by you. If you are a Foreign Genesis Shareholder, you will not be entitled to receive Bidder Shares (see question 24 below).	Sections 4 and 8 of this Target's Statement
4.	<i>Is the Offer conditional?</i>	Yes. The Offer is subject to a number of conditions identified in the Bidder's Statement, including that the Bidder has a Relevant Interest at the expiry of the Offer Period of not less than 90% of the Genesis Shares then on issue. The Offer is also conditional on: <ul style="list-style-type: none"> ▪ Genesis not undertaking certain actions, such as acquiring, offering to acquire or agreeing to acquire one or more companies, businesses or assets for an amount in aggregate greater than \$250,000; and ▪ no person having, or being entitled to have, as a result of any change in control in respect of Genesis or any of its controlled entities, any right to terminate or alter any contractual relations. If these conditions are not satisfied or waived before the Offer closes, the Offer will lapse.	Sections 4.3 and 8.1 of this Target's Statement
5.	<i>What are my alternatives?</i>	You can either: <ul style="list-style-type: none"> ▪ reject the Offer by doing nothing. The Directors unanimously recommend that you REJECT the Offer; ▪ sell your Genesis Shares on the ASX at the prevailing market price; or ▪ accept the Offer. 	Section 4.2 of this Target's Statement
6.	<i>What do the Directors recommend?</i>	The Directors unanimously recommend that you REJECT the Offer. If there is a change to this recommendation or any material development in relation to the Offer, Genesis will inform you.	Section 5 of this Target's Statement
7.	<i>Why should I REJECT the Offer?</i>	The Directors are unanimously recommending that you REJECT the Offer because: <ul style="list-style-type: none"> ▪ the Independent Expert considers that the Offer 	Section 2 of this Target's Statement

	Question	Answer	Further Information
		<p>is neither fair nor reasonable to Genesis Shareholders;</p> <ul style="list-style-type: none"> ▪ the Offer will dilute Genesis Shareholders' potential interest in the Plavica Project; ▪ Genesis has put a strategic plan in place with the intention of growing the Company to its full potential; and ▪ the Bidder is offering you shares in a company that has a number of risks and limited exploration success. 	
8.	<i>What do your Directors intend to do with their Genesis Shares?</i>	Each Director who has a relevant interest in Genesis Shares intends to REJECT the Offer in relation to those Genesis Shares he owns or controls.	Section 5.4 of this Target's Statement
9.	<i>What does the Independent Expert conclude?</i>	The Independent Expert has concluded that the Offer is neither fair nor reasonable to Genesis Shareholders .	Annexure B of this Target's Statement
10.	<i>What should I do?</i>	To follow your Directors' unanimous recommendation to REJECT the Offer you should do nothing. If you are in any doubt as to what to do you should seek professional advice in relation to the Offer.	Section 4.2 and 5 of this Target's Statement
11.	<i>How do I REJECT the Offer?</i>	To REJECT the Offer, you do not need to do anything. Do not respond to any calls or correspondence from the Bidder.	Section 4.2 of this Target's Statement
12.	<i>What are the risks of not accepting the Offer?</i>	If you do not accept the Offer you will be exposed to the risks associated with being a continuing shareholder in Genesis. Some of these risks are described in section 7 of this Target's Statement.	Section 7 of this Target's Statement
13.	<i>When does the Offer close?</i>	The Offer closes at 7.00pm (Sydney time) on 2 July 2012 unless extended or withdrawn.	Section 8.3 of this Target's Statement
14.	<i>How do I accept the Offer?</i>	<p>You can accept the Offer by:</p> <ul style="list-style-type: none"> ▪ if you hold your Genesis Shares in an issuer sponsored holding – signing and returning the acceptance form in the Bidder's Statement; or ▪ if you hold your Genesis Shares in a CHESS holding – either signing and returning the acceptance form in the Bidder's Statement or instructing your broker or other controlling participant to accept the Offer for you. 	Section 4.2 of this Target's Statement
15.	<i>What happens if I accept the Offer?</i>	Unless circumstances arise which allow you to withdraw your acceptance of the Offer, you will be bound to sell your Genesis Shares to the Bidder in accordance with the Offer and you will be prevented from selling your Genesis Shares on the ASX or accepting any superior proposal.	Section 8.6 of this Target's Statement
16.	<i>If I accept the Offer, how can I withdraw my acceptance?</i>	You can only withdraw your acceptance in limited circumstances where the Offer has unsatisfied conditions and the terms of the Offer are varied such	Section 8.7 of this Target's Statement

	Question	Answer	Further Information
		that the period for the Bidder to meet their obligations under the Offer is extended by more than 1 month.	
17.	<i>Can I accept the Offer for only part of my Genesis Shares?</i>	No. You must accept the Offer in relation to all of your Genesis Shares.	Clause 5.1 of Appendix A of the Bidder's Statement
18.	<i>Can the Bidder vary the Offer?</i>	Yes, but only to extend the Offer Period or increase the offer of consideration.	Section 8.9 of this Target's Statement
19.	<i>Can the Bidder withdraw the Offer?</i>	Yes, but only in limited circumstances with the consent of ASIC.	Section 8.5 of this Target's Statement
20.	<i>What happens if there is a superior proposal?</i>	The Board will consider the merits of any competing proposal. If an offer is a superior proposal then the Genesis Directors will send you a supplementary Target's Statement advising you of this offer and of any change to their recommendation (if any). If you have already accepted the Offer, you will be unable to participate in any other offer for Genesis Shares.	Section 8.6 of this Target's Statement
21.	<i>Can I be forced to sell my Genesis Shares?</i>	If the Bidder acquires 90% of the Genesis Shares issued, it will be entitled to compulsorily acquire the remaining Genesis Shares. Otherwise, you cannot be forced to sell your Genesis Shares.	Section 8.11 of this Target's Statement
22.	<i>What are the tax implications of accepting the Offer?</i>	There may be tax implications from the sale of your Genesis Shares. Each shareholder's position will be different. You should obtain independent advice from your professional adviser or tax adviser in this regard.	Section 8.12 of this Target's Statement
23.	<i>Will I need to pay brokerage if I accept the Offer?</i>	The Bidder's Statement says that you do not pay brokerage or stamp duty if you accept the Offer. If you hold your Genesis Shares in a CHESS Holding or through another custodian arrangement, you should ask your broker or custodian if any fees or charges are payable.	Sections 1.4 and 9.4 of the Bidder's Statement
24.	<i>What if I am a Foreign Genesis Shareholder?</i>	<p>Any Genesis Shareholder whose address (as recorded in the register of members of Genesis provided by Genesis to the Bidder) is in a place outside Australia or its external territories to whom it is unlawful for the Bidder to make the Offer or for whom it is unlawful to accept the Offer will not be entitled to receive Bidder Shares under the Offer.</p> <p>Instead, the relevant Bidder Shares (that would otherwise be transferred to such Foreign Genesis Shareholders) will be allotted to a nominee approved by ASIC who will offer those securities for sale and will distribute to each of those Foreign Genesis Shareholders their proportion of the proceeds of sale net of expenses.</p> <p>See clause 7.3 of Appendix A of the Bidder's Statement for further details.</p>	Section 4.5 of this Target's Statement

	Question	Answer	Further Information
25.	<i>What if I have other questions about the Offer?</i>	If you have any queries in relation to the Offer, please consult your independent professional adviser or contact the registered office on +61 3 9665 0403.	-

4 Important information about the Offer

4.1 The Offer

The Bidder is offering to acquire all of your Genesis Shares. The consideration under the Offer is 3 Bidder Shares for each Genesis Share.

The Offer is subject to a number of conditions. Those conditions are set out in full in clause 8 of Appendix A of the Bidder's Statement.

4.2 Your choices as a Genesis Shareholder

The Directors unanimously recommend that you REJECT the Offer.

However, as a Genesis Shareholder you have three choices currently available to you:

(a) REJECT the Offer

Genesis Shareholders who do not wish to accept the Offer or sell their Genesis Shares on market should **DO NOTHING**.

If you do not wish to accept the Offer, do not take any action in relation to documents sent to you by the Bidder.

(b) Sell your Genesis Shares on market

You can still sell your Genesis Shares on market for cash if you have not already accepted the Offer.

The latest price for Genesis Shares and Bidder Shares may be obtained from the ASX website www.asx.com.au.

Genesis Shareholders who sell their Genesis Shares on market:

- (i) will lose their exposure to Genesis' projects, including the Plavica Project;
- (ii) may be liable for CGT or income tax on the sale;
- (iii) may incur a brokerage charge; and
- (iv) will not receive the benefits of any potential higher competing offer for their Genesis Shares than has been currently made by the Bidder.

Genesis Shareholders who wish to sell their Genesis Shares on market should contact their broker.

(c) Accept the Offer

Genesis Shareholders who accept the Offer:

- (i) will not receive the Offer consideration unless and until each of the conditions of the Offer are satisfied or waived. You should be aware that there is a material risk that all of the conditions will not be satisfied or waived (see Sections 4.3 and 8.1 of this Target's Statement for further details);
- (ii) will not be able to withdraw their acceptance and sell their Genesis Shares, meaning that they would not be able to accept a higher price from a competing bidder if such a bid eventuates, except in certain limited circumstances (see Section 8.7 of this Target's Statement); and
- (iii) may be liable to pay CGT or income tax on the disposal of their Genesis Shares which may have financial consequences for some Genesis Shareholders (see Section 8.12 of this Target's Statement for further details of the tax consequences of the Offer).

Genesis Shareholders who wish to accept the Offer should refer to the Bidder's Statement for how to do so.

4.3 Conditions of the Offer

The Offer is subject to a number of conditions which are set out in full in Section 8.1 of this Target's Statement.

If all of these conditions are not satisfied, or waived by the Bidder, before the end of the Offer Period, then the Offer will lapse and no consideration will be received by Genesis Shareholders who have accepted the Offer. Furthermore, Genesis Shareholders who accept the Offer will, in the meantime, lose the ability to deal with their Genesis Shares or accept any potential higher competing offer, except in certain limited circumstances.

When considering how these conditions might affect the prospects of success of the Offer, you should be aware of the following information:

- (a) Many of the conditions are wholly or partly out of Genesis' control. These conditions include the 90% minimum acceptance condition, there being no restraining orders issued by a public authority in connection with the Offer, no material adverse events and no material litigation or arbitration proceedings against Genesis. These conditions also include a requirement that counterparties to material contracts do not seek to exercise any rights they have that arise as a result of the Offer.

There is no certainty whether these conditions will be satisfied or not. Genesis is not currently aware of any litigation, restraining orders or material adverse events which it considers would be likely to result in a breach of the applicable conditions above. Genesis is not aware of any material contracts where counterparties have any rights of this type arising as a result of the Offer.

- (b) Many of the conditions require Genesis to refrain from taking various actions, where satisfying those conditions may not be in the best interests of Genesis Shareholders. These conditions include not entering into any new material transactions (such as acquisitions, disposals or new commitments such as capital expenditure, but subject to various exclusions that allow "ordinary course of business" transactions).

Given the extent to which these conditions unduly restrict Genesis' activities over a potentially lengthy period, it is possible that by pursuing opportunities in the interests of Genesis Shareholders one or more of these conditions could be breached in the future. For example, it may be unclear whether capital expenditure required to be incurred would fall within the "ordinary course of business" exceptions. There may also be other opportunities which Genesis may wish to pursue during the Offer Period. Genesis would make a decision to pursue any such opportunity, or take any other action, having regard to the best interests of Genesis Shareholders, the fiduciary duties of Directors and the applicable policies of the Takeovers Panel.

- (c) One of the conditions seeks to impose an obligation on Genesis to disclose specific information if Genesis provides information to any person for the purposes of soliciting, encouraging or facilitating, amongst other things, a competing proposal or superior proposal.

Genesis has no obligation to provide information to the Bidder, other than in accordance with its standard disclosure obligations. Having regard to the best interests of Genesis Shareholders, the fiduciary duties of Directors and the applicable policies of the Takeovers Panel, Genesis may make a decision to provide information to another person for the purposes of soliciting, encouraging or facilitating a competing proposal or superior proposal.

4.4 Consequences of the Bidder acquiring less than 90% of Genesis

The Offer is presently subject to a 90% minimum acceptance condition which, if fulfilled (and all the other conditions are fulfilled or freed), will entitle the Bidder to compulsorily acquire all Genesis Shares. The Bidder has the right to free the Offer from the 90% minimum acceptance condition, although it has not yet indicated whether it will do so. If the Bidder frees the Offer from the 90% minimum acceptance condition and acquires more than 50% but less than 90% of the Genesis Shares then, assuming all other conditions to the Offer are fulfilled or freed, the Bidder will acquire a majority shareholding in Genesis without having paid a takeover premium. In such

circumstances, Genesis Shareholders who do not accept the Offer will be minority shareholders in Genesis. This has a number of possible implications, including:

- (a) the Bidder will be in a position to cast the majority of votes at a general meeting of Genesis. This will enable the Bidder to control the appointment of Directors of Genesis. Any replacement directors would continue to be subject to a duty to continue to act in the best interests of Genesis Shareholders;
- (b) the liquidity of Genesis Shares may be lower than at present; and
- (c) if the number of Genesis Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing then Genesis may be removed from the official list of the ASX.

In addition, if the Bidder acquires 75% or more of the Genesis Shares it will be able to pass a special resolution of Genesis. This will enable the Bidder to, among other things, change the Constitution.

If the Offer lapses, or if the Bidder acquires less than 50% of Genesis Shares and waives the 90% minimum acceptance condition, the trading price of Genesis Shares may be higher or lower than the Offer price. If you remain a Genesis Shareholder in this circumstance, you will continue to enjoy the risks and rewards of being a Genesis Shareholder.

4.5 Treatment of Foreign Genesis Shareholders

Any Genesis Shareholder whose address (as recorded in the register of Genesis Shareholders) is in a place outside Australia and its external territories to whom it is unlawful for the Bidder to make the Offer or for whom it is unlawful to accept the Offer, is not entitled to be issued with Bidder Shares under the Offer.

Instead, the relevant Bidder Shares (that would otherwise be transferred to such Foreign Genesis Shareholders) will be allotted to a nominee approved by ASIC. The nominee will sell the Bidder Shares as soon as reasonably practicable after the end of the Offer Period in such a manner, at such a price and on such other terms and conditions as are determined by the nominee, and will distribute to each of those Foreign Genesis Shareholders their proportion of the proceeds of sale net of expenses.

See Clause 7.6 of Appendix A of the Bidder's Statement for further details.

4.6 Further information

Further information regarding the Offer is set out in Section 8 of this Target's Statement.

4.7 Assessment of the Offer

Before making a decision whether to accept or reject the Bidder's Offer for your Genesis Shares, you should read this Target's Statement carefully and seek independent financial and taxation advice.

Genesis Shareholders should also consider the risks associated with the Offer which are set out in Section 7 of this Target's Statement.

4.8 Enquiries

If you have any questions in relation to the Offer, you can call the registered office on +61 3 9665 0403, Monday to Friday between 9:00am to 5:00pm (Melbourne time).

5 Recommendation of the Directors of Genesis

5.1 The Directors

The following are Directors of Genesis as at the date of this Target's Statement:

- Mr Eddie Lung Yiu Pang (Non Exec. Chairman)
- Mr Peter Kong (Managing Director)
- Dr John Parker (Non Exec. Director)
- Mr Patrick Volpe (Non Exec. Director)
- Mr Deric Wee (Non Exec. Director)
- Mr John Zee (Non Exec. Director)

5.2 Directors' Recommendation

After taking into account each of the matters in this Target's Statement and the Bidder's Statement, each of your Directors recommends that you **REJECT** the Offer.

In considering whether to accept the Offer, your Directors encourage you to:

- (a) read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement;
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- (c) consider the reasons for the Directors' recommendations noted in this Target's Statement; and
- (d) obtain financial advice from your broker or financial adviser upon the Offer and obtain taxation advice on the effect of accepting the Offer.

To **REJECT** the Offer you should **DO NOTHING** and take **NO ACTION** in relation to all documents sent to you by the Bidder.

5.3 Reasons for the Directors' Recommendation

The reasons that the Directors recommend that you **REJECT** the Offer are outlined in Section 2 of this Target's Statement and in summary are:

- (a) the Independent Expert considers that the Offer is **neither fair nor reasonable to Genesis Shareholders**. The Independent Expert has valued the Genesis Shares at **between \$0.225 and \$0.395 with a preferred value of \$0.305** which represents a significant premium to the implied value of the Offer of \$0.087 based on the closing price of CLY Shares on 12 June 2012;
- (b) the Offer will dilute Genesis Shareholders' potential interest in the Plavica Project;
- (c) Genesis has put a strategic plan in place with the intention to grow the Company to its full potential; and
- (d) the current Board believes that it is best placed to "unlock" the value of its assets, particularly the Plavica Project.

5.4 Directors intend to REJECT the Offer

Each of your Directors who has a Relevant Interest in Genesis Shares presently intends to **REJECT** the Offer in relation to those Genesis Shares.

The Directors' current Relevant Interest in Genesis Shares is set out in Section 9.1 of this Target's Statement.

6 Genesis and its strategic plan

6.1 Background

The principal activities of Genesis are the exploration for and evaluation of gold, manganese and base metals. Genesis' overall exploration strategy has been to add significant value to its portfolio of tenements held in Australia and Europe by cost effective techniques. Genesis' portfolio of tenements consists of the following:

Project	Tenement Number	Commodity	Company's Interest	Current Area (km2)	Current Holder	Country / State
Alice Springs	EL24817	Copper-Iron-Gold	100%	495.7	Genesis	NT
Arltunga	EL25238	Gold-PGE	100%	95.34	Genesis	NT
Fenn Gap	EL24839	Iron-Manganese	100%	52.43	Genesis	NT
Laura River	EMP15242	Gold-PGE	100%	165.35	Genesis	QLD
Pioneer	EMP15619	Gold	100%	12.47	Genesis	QLD
McArthur River	EL24814	Manganese-Base Metals	100%	505.6	Genesis	NT
Gladstone	EPM15771	Manganese	100%	9.3	Genesis	QLD
Mt Miller	MLA80166 (application)	Manganese	100%	32.24 Ha	Genesis	QLD
Plavica	19-6077/1	Gold-Silver-Copper	62% *	26.35	Sileks AD Kratovo	FYROM
Plavica	19-6648/1	Gold	62% *	17.41	Sileks AD Kratovo	FYROM
Plavica	19-6082/1	Gold	62% *	26.4	Sileks AD Kratovo	FYROM
Plavica	19-6070/1	Gold	62% *	27.61	Sileks AD Kratovo	FYROM
Plavica	19-6083/1	Gold	62% *	28.07	Sileks AD Kratovo	FYROM
Plavica	19-6078/1	Gold	62% *	29.11	Sileks AD Kratovo	FYROM
Plavica	19-6081/1	Gold	62% *	29.99	Sileks AD Kratovo	FYROM

* This interest will be acquired on completion of the final feasibility study for the Plavica Project.

A description of each project is set out below. Further details are also set out in the Technical Expert's Report that accompanies the Independent Expert's Report.

(a) Plavica Project (gold, silver, copper) – GES 62%

Since 2011, the Company's main exploration focus has been at Plavica, within the Former Yugoslav Republic of Macedonia (**FYROM**). Genesis' interest in this project is derived from the joint venture agreement it has entered into with Rik Sileks Ad Kratovo, pursuant to which Genesis will acquire 62% upon completion of a final (bankable) feasibility study. Prior to the completion of the final (bankable) feasibility study, Genesis must contribute all work expenditure associated with the project and is the manager of the joint venture with overall responsibility for operations.

The Plavica Project is located in the Kratovo District in the north-east of Macedonia and is situated approximately 65 kilometres to the east of the Macedonian capital, Skopje. The project consists of 7 concession licences granted by the Ministry of Economics in

FYROM covering over 184.94 square kilometres. The project is located within an intermediate volcanic complex in the Kratovo-Zletovo region of northeast Macedonia. It represents the remains of a volcanic caldera which covers an area of approximately 20 square kilometres. A series of NW and NE trending faults cut across the structure, some of which host epithermal gold mineralisation, copper, silver and/or lead-zinc mineralisation.

In addition, sub-vertical vuggy silica bodies that can be traced to approximately 100-150m depth, run along the crests of ridges in a horseshoe shaped morphology surrounding the main Plavica resource.

The dimensions of the Plavica resource area as defined by historic drilling is over 1.5km in length, 500m in width and with mineralisation delineated to a depth of 800m from surface. The project is the site of historic mining activity back in Roman times then again during the 1930s. More recently the Plavica Project has been the subject of substantial exploration by the Yugoslav Government, Rio Tinto, European Minerals and Genesis, confirming the significant potential of the project.

As announced as part of Genesis' updated strategic plan (refer to Section 6.3 of this Target's Statement for further details), on 30 May 2012, a recalculation of the resource estimate for the project to include copper and silver as Gold Equivalents was generated by Mr Alfred Gillman of Odessa Resources Pty Ltd in compliance with the guidelines of the JORC Code. The recalculated resource estimate is an Inferred Resource of 3.66 million ounces of gold at 0.75 g/t Au at a cut off of 0.5 g/t Au or 6.37 million ounces Gold Equivalent at 1.31 g/t AuEq including copper and silver credits.

The resource estimate was prepared using historic diamond drilling data in addition to the recent drilling data produced from the Genesis exploration programme that was completed in 2011. The resource estimate is based on the results of 108 diamond drill holes, totalling 34,408 metres. The resource has been classified as an Inferred Resource due primarily to the 100 x 100 drill spacing of the majority of historic holes.

A total of 8,043 gold assays and 12,845 silver and 15,707 copper results were used in the grade estimation. It should be noted that complete assay information for all three elements is not consistently available for all holes and that the historic sampling and assaying were not completed in a manner that provided consistent gold, silver and copper determinations for all samples. Assay methodology for the drilling completed by Genesis involved fire assay and ICP-MS methods for gold and other elements respectively.

Wireframes for the Plavica resource model were constructed by producing grade domains or iso-surfaces using Leapfrog modelling software. The resource wireframe for gold is defined by a 0.2 g/t Au iso-surface and wireframes were constructed in a similar way from grade iso-surfaces for silver and copper.

The resource wireframes form a complex east-west trending mineralised zone that dips approximately 45 degrees towards the south.

Within the constraining domains defined by the wireframes, grades were interpolated using the inverse distance squared method using assay data composited to 1m. Following univariate statistical analysis of the composited assay data, top cuts of 2.5 g/t Au, 50 g/t Ag and 0.5% Cu were applied prior to grade interpolation.

A conservative bulk density of 2.4 g/cm³ was used for the tonnage calculations in the absence of any relevant data. No mining, metallurgical, marketing, economic or environmental studies are or have been considered to date to determine the economic viability of the project, particularly the relevant economic factors concerning mining along the estimated strike and depth of the resource.

The tabulated resource estimate is split into three commodities and is reported on an estimated in-situ grade and tonnage basis (Tables 1 and 2).

Table 1: Classifies summary JORC resource statement for the Plavica Project, with grade and tonnage reported separately for gold (Au), silver (Ag) and copper (Cu) based on domains established for each element individually.

Element	Cut Off (ppm)	Tonnes	Grade	Au (oz)	Ag (oz)	Cu (kg)	Classification
Au*	0.75	55,465,647	1.0 g/t	1,858,611			Inferred
Ag**	20	22,638,978	29.7g/t		21,614,007		Inferred
Cu***	4,000	7,975,180	0.43%			33,921,304	Inferred

* reported from within the gold defined domain

** reported from within the silver defined domain

*** reported from within the copper defined domain

Table 2: Classified JORC Inferred Resource statement for the Plavica Project but including Au, Ag and Cu grades and gold equivalents (AuEq) for each of the gold, silver and copper (Cu) domains notes above and for additional cutoff values.

Gold Domain								
Cut Off	Tonnes	Grade (g/t Au)	Ounces Au	Grade (g/t Ag)	Ounces Ag	Grade (% Cu)	kg Cu	AuEG Grade (g/t) #
0.5 g/t	151,046,457	0.75	3,662,333	11.43	55,486,281	0.24	360,133,182	1.31
0.75 g/t	55,465,647	1.04	1,858,611	11.26	20,072,713	0.23	127,237,533	1.58
1.0 g/t	27,170,206	1.23	1,072,328	11.87	10,368,822	0.22	60,782,612	1.77
Silver Domain								
15 g/t	34,766,222	0.55	619,887	25.26	28,232,352	0.25	86,800,803	1.37
20 g/t	22,638,978	0.59	431,780	29.70	21,614,007	0.26	58,590,013	1.50
Copper Domain								
3000 ppm	39,066,271	0.43	538,727	8.81	11,063,735	0.36	138,955,380	1.11
4000 ppm	7,975,180	0.41	105,348	9.53	2,443,870	0.43	33,921,304	1.21

The Gold Equivalent is based on gold (US\$1,587 per ounce), silver (US\$28 per ounce) and copper (US\$7,600 per tonne) prices as at 20 May 2012. The gold equivalent calculation represents the total metal value of each metal, multiplied by a price-based conversion factor, summed and expressed in equivalent gold grams per tonne ($AuEq\ g/t = (Ag\ g/t * Ag\$/oz / Au\$/oz) + (Cu\% * 10000 * (Cu\$/t / 1000000) / (Au\$/oz / 31.1035))$). These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result nor for metallurgical flowsheet considerations. Nevertheless, it is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered. The gold equivalent calculation is intended as an indicative value only.

In a similar way to the calculation for Gold Equivalence outlined above, the copper equivalence for the copper domain in Table 2 is 0.81% CuEq for 4000 ppm Cu cutoff including gold and silver (note comments above in regard to no allowance for recovery losses nor for flowsheet considerations). Copper equivalence is intended as an indicative value only.

In 2010-11, Genesis bulk sampled selected sections of historic drillcore for metallurgical testwork to better constrain the geological model and potential for beneficiation. Based on initial metallurgical testwork, it has been demonstrated that gold and copper can be successfully recovered for both the oxide and sulphide material types using standard and accepted processing techniques:

- Recovery of gold from direct leaching of oxide material over 14 days reached 95.4% and 97.9% on -12.5mm and -3.35mm fractions respectively; and
- Sulphide material can be upgraded by froth flotation followed by leaching of flotation tailings, providing overall recovery of 83.5% gold and 97.1% copper.

These initial results strongly suggest that the most effective processing route with which to treat the oxide mineralisation will be by direct leaching. Furthermore, the fact that the gold recovery levels achieved at the coarser particle sizes are actually higher than that achieved at the fine size, albeit after a longer leach time, suggests that this mineralisation could be successfully treated using a coarse ore leach methodology such as conventional heap leaching.

(b) Gladstone-Mount Miller Project (Manganese) – GES 100%

The Gladstone-Mount Miller Project is located approximately 15 kilometres by road from the port of Gladstone on the east coast of central Queensland. The largest mine on the tenements controlled by Genesis is at Mount Miller. The 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 up to 75% MnO₂.

An application for a Mining Lease (MLA80166) over the historical Mount Miller Manganese Mine has been made and an Environmental Authority (number MIN201115110) has been granted for the Company's Mining Lease Application at the Mount Miller Mine. This now enables a mining lease to be granted subject to establishment of appropriate compensation agreements with landowners and compliance with standard environmental conditions

Recent mapping at Mount Miller revealed that the brecciated and massive manganese ore was located in deformed, vertically-dipping pelitic and cherty sediments; with some volcanoclastic units; quartz and carbonate veining is associated with the ore. The tabular manganese mineralisation may be coincident with the orientation of the sediments and was mined over a strike length of 90 m and thickness of between one and ten meters.

In 1915, the Geological Survey of Queensland undertook a review of the historical mining activities over the Mount Miller Manganese Mine. Through estimation of the ore reserves in the various parts of the mine it was concluded that over 35,000 tonnes of high grade manganese was still available for mining and extraction.

In 2009, Genesis contracted a study to complete a 3D model of the existing data over Mount Miller. Based on the 3D Model combined with the 1915 estimates, the total amount of ore remaining is estimated to represent an Exploration Target of 35,000t to over 206,000t at an average grade of 35-50% Mn with the mineralisation still open at depth.

A preliminary economic estimate of possible returns on mining manganese at Mount Miller, by Golder Associates, was based on the implied manganese mineralisation remaining as calculated from historical records. They concluded that an open cut mine can be profitable. Should a larger, deeper tonnage be defined by drilling, then an option to mine underground will also be considered.

A diamond drilling program consisting of five drill-holes is planned to define the tonnage of manganese available. A second phase of drilling will follow if results of the first phase are favourable. The commencement of the drilling program is dependent on the successful negotiation of compensation agreements with the landholders and the outcome of an appeal against Gladstone town zoning plans.

(c) Pioneer Project (Gold) – GES 100%

The Pioneer Project covers 12.47 square kilometres approximately 70 kilometres by road from Bundaberg via the Bruce Highway in Queensland. The project lies within the Gaeta Goldfield and has undergone previous exploration for gold, uranium and base metals, with numerous historical hold workings located throughout the area. Historical mining was primarily focused on the Pioneer Reef which was the largest producer, but

mining activities also included several other reefs including Gympie, Lord Nelson, West Yorkshire and Happy Jack. Samples of vein quartz, volcanic and altered host rocks have been analysed to test for the association of gold with magnetite, pyrite, pyrrhotite and arsenopyrite. Results indicate that gold is associated with pyrrhotite, pyrite and arsenopyrite.

A petrological study on two samples from the Main Shaft on Pioneer Reef showed that sulphide-rich granitoid with sericite-clay alteration contains pyrite and arsenopyrite, and therefore the size potential of the Pioneer reef gold mineralised systems may be enhanced beyond the narrow veins. Further exploratory work is planned.

(d) Alice Springs Project (Copper, Gold, Iron) – GES 100%

The Alice Springs Project consists of one granted Exploration Licence (EL24817) and is located approximately 155 km by road from Alice Springs via the Stuart Highway.

Chip samples taken by Genesis geologists revealed that significant grades of copper, gold, silver, bismuth and lead occur in a long shear zone associated with the Cadney Fault. This zone, which consists of quartz-carbonate veins in sheared gneiss, has a strike-length of over 10 km in an east-southeast direction across most of the licence and represents good potential for a multi-commodity discovery.

Two prospects on this shear zone revealed strong anomalism in Cu, Bi, Ag and Au in recent sampling grading up to 5.8% Cu, 4.6% Bi, 27 g/t Ag and 0.7g/t Au, which confirms historical results of 13% Cu, 0.5g/t Au, high Pb (4320ppm) and iron (28%).

Prospects on cross-cutting northeast-striking faults carry significant mineralisation, including magnetite iron stringers, with up to 0.7% Cu and 1.7g/t Au, confirming historical anomalism of 15% Cu and 2.6g/t Au in the area.

Follow-up work will focus on rock-chip and soil sampling on the shear zones, especially at points of intersection, prior to drilling. Management plans have been prepared and submitted to the Northern Territory Government for approval to drill, and negotiations are in progress in regard to Aboriginal heritage.

Iron grades up to 59.3% and 57% Fe respectively have been recorded from Triple Iron Hill and “Diana’s Block 8”.

(e) Arltunga Project (Copper, Gold) – GES 100%

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

Recent Genesis field work confirmed high-grade gold from widespread historical workings, which indicated that gold-pregnant solutions were generated locally, probably in igneous intrusive rocks evident on magnetic images. Although generally associated with very thin quartz veins, which are of restricted interest in themselves, an excellent gold value of 29.2g/t (sample number G00133) was discovered in chlorite schist which cross-cuts the lines of lode. The possibility of larger scale, shear-hosted gold deposits will be investigated.

Some electrical, gradient-array-induced-polarisation anomalies investigated were found to be associated with pyrite in association with quartz veins. Since a previous investigation found that massive pyrite at Wheal Fortune Mine contained 134 g/t Au, some electrical anomalies will be further investigated.

Management plans have been prepared and submitted to the Northern Territory Government for approval to drill, and negotiations are in progress in regard to Aboriginal heritage.

(f) McArthur River Project (Manganese, Lead, Zinc) – GES 100%

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) that covers a total area of 505.6 square kilometres that is easily accessible from the Carpentaria Highway.

The project contains the Masterton No2 manganese occurrence. Previous reviews of the available geophysical and geological data including a Genesis VTEM survey and subsequent reconnaissance rock chip sampling has confirmed the location and tenor of the manganese mineralisation. However, historical drilling information acquired in mid-2011 revealed that the main massive occurrences of manganese did not extend below about 5m in depth. However, the quality of the outcropping mineralisation was confirmed by channel samples across the mineralisation. More substantial, buried deposits are considered possible.

Results of a detailed gravity survey undertaken over a small surrounding area indicate the possibility of buried massive manganese. Petrophysical data has highlighted a gravity contrast between outcropping manganese mineralisation and surrounding limestone and will be used to model the gravity targets for further investigation. Unexplained gravity anomalies offer potential for the discovery of new manganese deposits.

The Company is seeking a joint venture partner for this project.

(g) Laura River Project (Gold, Platinum, Palladium) – GES 100%

The Laura River Project is centred on the township of Laura, 210 kilometres north-west of Cairns in north Queensland. The project comprises one granted exploration permit which covers a total area of 165.35 square kilometres.

The Company intends to seek a joint venture partner for the Laura River Project.

(h) Fenn Gap Project (Iron Ore, Manganese) – GES 100%

The Fenn Gap Project is located approximately 25 kilometres 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 with a total area of 52.43 square kilometres.

A Genesis drilling programme undertaken in 2010 investigated the iron and manganese potential but did not identify significant mineralisation. Apart from rehabilitation work on the Genesis RC drill holes, no recent work has been carried out on this licence.

The Company intends to seek a joint venture partner for the Fenn Gap Project.

6.2 Competent Person Statements

The information in this Target's Statement that relates to mineral resources is based on information compiled by Mr. Alfred Gillman who is a fellow of the Australasian Institute of Mining and Metallurgy. Mr Gillman is a consultant to Genesis and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code. Mr Gillman consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.

The information in this Target's Statement that relates to exploration activity and results was compiled under the guidance of Dr A. John Parker who is a Member of the Australasian Institute of Geoscientists. Dr Parker is a non-executive director of Genesis and has sufficient experience relevant to the styles of mineralisation and to the activities which are being reported to qualify as a Competent Person as defined in the JORC Code. Dr Parker consents to the inclusion of the information in this Target's Statement in the form and context in which it appears.

6.3 Strategic Plan

Following the successful completion of the Rights Issue pursuant to which Genesis raised \$1.19 million (before costs), on 14 May 2012, Genesis provided the market with an update of the Company's forward strategy. The key focus of the strategy is to advance the Plavica Project. In particular:

- (a) appointing additional experienced members to the Genesis Board;

- (b) reviewing current resources at the Plavica Project; and
- (c) putting steps in train to commence a scoping study and preliminary environmental impact study in readiness for preparation of a bankable feasibility study for the Plavica Project.

So far the Company has undertaken the following:

- (a) appointed three additional directors to the Board; Mr Peter Kong (Managing Director), Mr Patrick Volpe (Non-executive Director) and Mr John Zee (Non-executive director) (as announced on 14 May 2012). The Board considers that each new director has the skills and experience to assist the Company in executing its forward strategy. Specifically:
 - (i) Mr Peter Kong is a chartered accountant by profession and has been active in audit, finance, management, fund raising and corporate finance for over 30 years. He has advised on many new initial public offerings in Australia and has been instrumental in procuring capital raisings to support them, particularly with funds from internationally based investors. Peter brings a wealth of experience and skill to the board both in corporate finance and general management and investor relations. He has gained a reputation for excellence in the Malaysian corporate market and has successfully completed more than 10 IPOs on the Malaysian Stock Exchange with total capital raised of over MYR 100 million. Peter is very active in the Australian corporate sector since moving here in 2005, and is currently the Chairman of Voltage IP Limited (ASX:VIP). Peter is a current shareholder in Genesis and represents other founding shareholders of Genesis mainly from Asia;
 - (ii) Mr Patrick Volpe is currently Chairman of Botswana Metals Limited and Cardia Bioplastics Limited, both public companies listed on the ASX. Mr Volpe brings to the role of director of Genesis his skills and experience gained from 12 years in the stockbroking industry after holding management positions with the National Australia Bank Ltd, Ansett Transport Industries Ltd and Pacific Dunlop Limited. Mr Volpe also has a strong financial background and is a member of CPA Australia. Mr Volpe is experienced in capital raisings and has raised funds globally from institutions, private wealthy investors and the retail market. He has raised monies from the USA, Canada, the UK and Europe. He has a good investor and broker networks globally as a result of his previous experience as a stock broker in the equity and capital markets from 1988 to 1998. He is known in the mining and investment community with several successes including founding A-Cap Resources Limited that now has a Uranium resource classified in the world's top 10 discoveries where he remains a founding and major shareholder, and recently through Botswana Metals Limited has made at least three new discoveries for Copper-Silver and Nickel-Cu. He also has been involved in direct negotiations with vendors for mining tenures in countries that include China, Argentina, Brazil, Papua New Guinea, Australia and Botswana; and
 - (iii) Mr John Zee has worked in the financial services industry in stockbroking, corporate advisory and capital raisings in Australia for over 30 years. His expertise in deal structuring and capital raisings for start-ups or enterprises in their various lifecycles is well-known. His current roles include serving as the Responsible Manager for FoxFire Capital AFSL 390210 in the provision of financial services in securities dealing and corporate advisory. These roles have included exposure to an extensive amount of customer contact. He has a well-established extensive network of investors across Asia for the purpose of introducing investment opportunities and corporate transactions;
- (b) engaged an interim exploration manager, Mr Chris Large to facilitate the 2012 Plavica exploration program until a full-time exploration or project manager can be found. Mr Large is the principal geologist of Cam Bow Holdings Limited (which holds uranium exploration assets in Botswana) and was previously the exploration manager of A-Cap Resources Limited that now has a Uranium resource classified in the world's top 10

discoveries. Mr Large will be responsible for the day to day operational management of the Company to ensure exploration and development work on the Company's projects continues effectively and efficiently. He will also be responsible for setting up and managing the Company's operations in the FYROM, including identifying and appointing a local exploration team;

- (c) appointed the Independent Expert to determine the value of Genesis's portfolio of resource assets;
- (d) commenced a tender process to engage a suitable geological and metallurgical consultant(s) to undertake the planned 2012 drilling programs and follow-up analytical and metallurgical testwork and reporting; and
- (e) commenced a tender process to undertake the scoping study and preliminary environmental impact study for the Plavica Project with the objectives being to:
 - (i) determine the conceptual net present value and internal rates of return of the Plavica Project;
 - (ii) determine the drilling required to advance the resource to an indicated and/or mining reserve status for the bankable feasibility study;
 - (iii) determine with confidence the mineralogy and metallurgical makeup of the deposit for metals recovery and mining processing;
 - (iv) examine the various metallurgical processing options and flow sheets including conceptual design;
 - (v) review infrastructure requirements and engineering modules for mining designs, processing and transport;
 - (vi) determine estimates of operating and capital costs for a mining model, including the scale and type of mining operation (e.g. open pit or underground) and conceptual process plant and equipment to support a potential export market;
 - (vii) determine indicative costs of production in accordance with regional industry standards;
 - (viii) carry out an environmental impact assessment study to ensure compliance with local requirements; and
 - (ix) do all things necessary to advance the Plavica Project to bankable feasibility study stage; and
- (f) reviewed and recalculated the mineral resource estimate for the Plavica Project (as announced on 30 May 2012).

As noted in the 14 May 2012 announcement, in order to be in a position to undertake a bankable feasibility study for the Plavica Project, the Company will require additional funds. In addition, the Offer by Clancy has resulted in the Company incurring unplanned costs, such as the costs associated with the commissioning of the Independent Expert's Report, legal and advisory costs. Accordingly, the Genesis Board will continue to assess the Company's funding requirements to meet its forward strategy and intends to update the market regarding a funding proposal in the near future.

7 Risks

7.1 Introduction

In considering the Offer, Genesis Shareholders should be aware of the risks relating to Genesis, its business and assets. These risks include those specific to the industry in which Genesis operates and general economic conditions, which may affect the future operating and financial performance of Genesis. Many of the risks are outside the control of Genesis and the Directors, and there can be no certainty that Genesis' objectives or anticipated outcomes will be achieved. These risks have been previously disclosed by Genesis. However, set out below is a list of some of the risks that may affect Genesis' objectives or prospects, or any cash flow available for distribution.

If the Offer is successful, there may be risks associated with a combined Genesis and the Bidder entity (**Combined Group**) in addition to those risks associated with your investment in Genesis which are detailed in section 8 of the Bidder's Statement.

The list of possible risks noted below is not intended to be exhaustive, and there may be other risks that may have a material adverse affect on Genesis or the Combined Group of which Genesis is not aware. Genesis Shareholders should read this Target's Statement in its entirety and carefully consider it in light of their own personal circumstances.

7.2 Risks specific to Genesis

(a) *Plavica Project interest*

Genesis does not currently have a legal or beneficial interest in the concession licences that relate to the Plavica Project. Instead, Genesis has a contractual right pursuant to a joint venture agreement entered into with its Macedonian joint venture partner to acquire a 62% legal and beneficial interest in the concession licences upon completion of a final feasibility study for the project. There is a risk that Genesis may not ever obtain a legal or beneficial interest in the project if either it or its joint venture partner fails to meet their obligations under the joint venture agreement.

(b) *Plavica Project topography*

The Plavica Project is located in the Kratovo District in the northeast of FYROM. This 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 Plavica Project is characterised by rounded hills with moderate to locally steep sided valleys. Vertical relief through the Plavica Project is in the order of several hundred metres. Drill access roads and pads are required to be constructed at almost all locations.

Accordingly, there is a risk that recovery of the potential resources at the Plavica Project may be relatively expensive or may not be commercially viable. The scoping study proposed to be commissioned in the short term will assist the Company in assessing this.

(c) *Title risks and Native Title*

The Plavica Project is located in the FYROM. Interests in tenements in the FYROM are governed by legislation and are evidenced by the granting of concession licences. The concession licences in respect of the Plavica Project are currently due to expire on 19 April 2014.

Genesis also has an interest in several Australian exploration tenements. These are primarily governed by State-based legislation and are evidenced by the granting of exploration licences. Each exploration licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance.

Genesis may lose title to 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 Genesis has an interest in or will in the future acquire such an interest, there may be areas over which legitimate native title rights exist. If native title rights do exist, the ability of Genesis 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. The Directors will closely monitor the potential effect of native title claims involving tenements in which Genesis has or may have an interest.

(d) *Additional requirements for capital*

The Company will require further financing, in particular to advance the Plavica Project, further explore the Company's Australian projects and obtain a bankable feasibility study for the Plavica Project. 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.

(e) *Profitability*

Genesis is not presently profitable and may never be so.

(f) *Resource and Reserve estimates*

There is a risk that the mineral resources and ore reserves of Genesis, which are estimated and published on a regular basis by Genesis in accordance with ASX Listing Rules and the JORC Code, are incorrect. If those estimates are materially in excess of the recoverable mineral content of the tenements, the production and financial performance of Genesis would be adversely affected.

(g) *Discovery risk*

Any discovery by Genesis may not be commercially viable or recoverable: that is no resources within the meaning of the JORC Code may be able to be established and it may be that consequently no reserves can be established.

(h) *Operating risk*

The nature of exploration, mining and mineral processing involves hazards which could result in Genesis incurring uninsured losses and liabilities to third parties, for example arising from pollution, environmental damage or other damage, injury or death. These could include rock falls, flooding, unfavourable ground conditions or seismic activity, ore grades being lower than expected and the physical or metallurgical characteristics of the ore being less amenable to mining or treatment than expected.

(i) *Government regulation*

The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of Genesis.

Changes to government regulations, policy (including the Minerals Resource Rent Tax proposed to be effective from 1 July 2012) and royalty regimes may have an adverse impact upon the development options available to Genesis at its projects.

(j) *Environmental risks*

Genesis' projects are subject to various environmental laws. Many of the activities and operations of Genesis cannot be carried out without prior approval from and compliance with all relevant authorities. Resource activities can be environmentally sensitive and give rise to substantial costs for environmental rehabilitation, damage control and losses.

Genesis may be:

- (i) subject to potential liability related to the exploration, mining and extraction of metals; or
- (ii) prevented from exploration and mining due to the environmental impact of its activities on an area.

Any such developments might impact adversely on Genesis' share price.

It is Genesis' intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(k) *Regulatory risk*

Operations by Genesis may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to Genesis. While Genesis has no reason to believe that all requisite approvals will not be forthcoming and whilst Genesis' obligations for expenditure will be predicated on any requisite approvals being obtained, Genesis Shareholders should be aware that Genesis cannot guarantee that any requisite approvals will be obtained. A failure to obtain any approvals would mean that the ability of Genesis to develop or operate any project, or possibly acquire any project, may be limited or restricted either in part or absolutely.

The regulatory environment for Genesis' operations could change in ways that could substantially increase Genesis' liabilities, tax liability or costs of compliance. This could materially and adversely affect Genesis' financial position.

(l) *Sovereign risk*

Genesis' exploration activities are carried out in Australia and Macedonia. As a result, Genesis will be subject to political, social, economic and other uncertainties including, but not limited to, changes in policies or the personnel administering them, foreign exchange restrictions, changes of law affecting foreign ownership, currency fluctuations, royalties and tax increases in that country. Other potential issues contributing to uncertainty such as repatriation of income, exploration licensing, environmental protection and government control over mineral properties should also be considered.

Potential risk to Genesis' activities may occur if there are changes to the political, legal and fiscal systems which might affect the ownership and operation of Genesis' interests in Macedonia. This may also include changes in exchange control systems, expropriation of mining rights, changes in government and in legislative and regulatory regimes.

(m) *Joint Ventures*

The Plavica Project is being developed through a joint venture. In addition, Genesis may wish to develop its other projects or its future projects through joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to, Genesis could be affected by the failure or default of any of the joint venture participants (including Genesis).

(n) *Equipment risk*

The exploration operations of Genesis could be adversely affected if essential equipment failed, which if uninsured could result in Genesis incurring additional expenses and delays in exploration programs with consequences for tenure.

(o) *Ability to attract personnel*

Genesis' success depends, in part, on its ability to identify, attract, motivate and retain suitably qualified management personnel. Competition for qualified staff is strong. The inability to access and retain the services of a sufficient number of qualified staff could be disruptive to Genesis' development efforts or business development and could materially adversely affect its exploration activity and its operating results.

(p) *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 by international markets.

7.3 General investment risks

(a) *Share investment*

Genesis Shareholders should be aware that there are risks associated with investment in shares of companies listed on a stock exchange. The value of Genesis' shares can be expected to fluctuate depending on various factors including general worldwide economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets, variations in the operating costs and costs of capital replacement which Genesis may in the future require.

(b) *Economic risk and external market factors*

Factors, such as, but not limited to, political movements, stock market trends, interest rates, inflation levels, commodity prices, industrial disruption, environmental impacts, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Company's operating costs and share price. These factors are beyond the control of Genesis and Genesis cannot, to any degree of certainty, predict how they will impact on Genesis.

(c) *War and terrorist attacks*

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of Genesis.

(d) *Legislative changes, Government policy and approvals*

Changes in relevant taxes, legal and administration regimes, accounting practices and government policies in Australia, Macedonia and in other places where Genesis conducts its business may adversely affect the financial performance of Genesis.

(e) *Future Securities Issues*

Genesis may, without the approval of Genesis Shareholders issue further Genesis Shares or other securities. Any such issue may dilute the interest a Genesis Shareholder will have in Genesis.

(f) *Regulatory Changes*

Changes to the regulatory environment, including the Corporations Act and ASIC policy and their commercial application may have a material adverse effect on a Genesis Shareholder's investment in Genesis Shares or otherwise have a material adverse effect on Genesis' business and financial position.

7.4 Risk factors that arise from the Offer

In addition to the risk factors set out in section 8.3 of the Bidder's Statement, Genesis Shareholders would also note the following risk factors that arise from the Offer:

(a) *Withdrawal rights limited*

Genesis Shareholders will have limited withdrawal rights with respect to the Offer, which means that a decision to accept the Offer may be irrevocable. Once you have accepted the Offer, you have only a limited right to withdraw your acceptance of the Offer. Under the Corporations Act, if after you have accepted the Offer and whilst it remains subject to conditions, the Offer is varied (such as by an extension of the Offer Period) so as to postpone for more than one month the time when the Bidder must meet its obligations under the Offer, you will be able to withdraw your acceptance. Otherwise, you will be unable to withdraw your acceptance of the Offer even if the market value of Genesis

Shares or Bidder Shares varies significantly from their value on the date of your acceptance of the Offer.

(b) *Possible Decrease in Genesis Share Price*

The Directors cannot predict whether the share price for Genesis Shares would increase or decrease in the absence of the Offer and movements in the share price may be caused by other considerations. The latest share price for Genesis Shares can be obtained from www.asx.com.au using the code "GES".

(c) *Taxation risks*

The tax consequences and risks of the Offer depend upon the specific circumstances of each Genesis Shareholder.

Section 9 of the Bidder's Statement specifies possible tax implications for Genesis Shareholders arising from the Offer. This is not a complete or authoritative statement of the potential tax implications for each Genesis Shareholder.

Income tax and CGT liabilities of each Genesis Shareholder will depend upon the individual circumstances of each such shareholder. Genesis Shareholders should obtain their own professional taxation advice regarding the applicable laws in respect of the Offer and neither Genesis nor any of its officers or advisers accepts any responsibility or liability in respect of any statement given in relation to tax liability or any actual tax liability which may arise.

(d) *Less than 90 percent ownership*

The Offer is subject to a 90% minimum acceptance condition. If this condition is waived, there is a risk that the final level of ownership acquired by the Bidder will be less than 90%, which could have an impact on the Bidder's intentions regarding Genesis. This impact could have a material adverse effect on Genesis.

Additionally, in the event that the Bidder waives the minimum acceptance condition (and proceeds with the Offer) such that the Bidder's final ownership level is less than 50.1%, whilst the existing shareholder base of Genesis may have majority ownership, the Bidder may represent a large shareholder with a sufficient number of shares to lead to resolutions in Genesis general meetings being defeated.

(e) *Issue of Bidder Shares as consideration*

Genesis Shareholders are being offered Bidder Shares as consideration under the Offer. As a result, the value of the consideration will fluctuate depending upon the market value of Bidder Shares. Accordingly, the market value of the Bidder Shares at the time you receive them may vary from their market value on the date of your acceptance of the Offer.

(f) *Sale of Bidder Shares*

Under the Offer, the Bidder will issue a significant number of new Bidder Shares. Some Genesis Shareholders may not intend to continue to hold their Bidder Shares and may wish to sell them. In addition, the nominee appointed by the Bidder will be issued any Bidder Shares attributable to Foreign Genesis Shareholders and will sell them. There is a risk that increased sales of Bidder Shares may adversely impact on the price of and demand for Bidder Shares in the short term.

8 Other information regarding the Offer

8.1 Conditions of the Offer

The Offer and the contract that results from acceptance of the Offer are each conditional on the following occurrences:

- (a) the number of Genesis Shares in which the Bidder and its Associates have a Relevant Interest at the expiry of the Offer Period is not less than 90% of the Genesis Shares then on issue and the Bidder satisfies any other requirements to effect compulsory acquisition of all outstanding Genesis Shares;
- (b) except for any proposed transaction publicly announced by Genesis before 2 April 2012 (**Announcement Date**) none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:
 - (i) Genesis or any controlled entity of Genesis acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$250,000 or makes an announcement in relation to such an acquisition, offer or agreement;
 - (ii) Genesis or a controlled entity of Genesis enters into, offers to enter into or agrees to enter into any agreement, joint venture, partnership or commitment which would require expenditure, or the foregoing of revenue by Genesis and/or its controlled entities of an amount which is, in aggregate, more than \$250,000 other than in the ordinary course of business or makes an announcement in relation to such an entry, offer or agreement; or
 - (iii) Genesis or a controlled entity of Genesis amends the terms of, waives any material rights under, terminates or agrees to terminate any agreement, joint venture, partnership or commitment regarding the Plavica joint venture;
- (c) no person having, or being entitled to have, as a result of any change in control in respect of Genesis or any of its controlled entities, any right to:
 - (i) terminate or alter any contractual relations between any person and Genesis or any of its controlled entities; or
 - (ii) require the sale of any interest in the Plavica joint venture or otherwise restrict the ability of Genesis to earn-in with respect to the Plavica joint venture, exercises that right during the period commencing on the Announcement Date and ending on the expiry of the Offer Period or notifies Genesis during that period that it has or intends to exercise that right;
- (d) during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no change occurs or is announced that would reasonably be expected to adversely affect the capital structure, business, financial or trading position, future profitability, condition of assets or liabilities of Genesis or a controlled entity of Genesis in a manner which would be material in the context of Genesis's operations as a whole;
- (e) during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no litigation or arbitration proceedings have been or are instituted or threatened against Genesis or a controlled entity of Genesis which are material in the context of Genesis's operations as a whole; and
- (f) during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no Governmental Agency or any other person takes any action to:
 - (i) prohibit, prevent or inhibit the acquisition of, or trading in, Genesis Shares;
 - (ii) impose conditions on the Offer which impose unduly onerous obligations upon the Bidder or would materially affect the business or capital structure of Genesis;

- (iii) require the divestiture by the Bidder of Securities or assets of any Genesis Group Entity,
other than an application to or a decision or order of ASIC or the Takeovers Panel for the purpose of or in the exercise of the powers and discretions conferred on it by the Corporations Act;
- (g) none of the following happens during the period commencing on the Announcement Date and ending on the expiry of the Offer Period (each being a separate condition):
 - (i) the shares of Genesis or any of the controlled entities of Genesis are converted into a larger or smaller number of shares;
 - (ii) Genesis or a controlled entity of Genesis resolves to reduce its share capital in any way;
 - (iii) Genesis or a controlled entity of Genesis:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under Sections 257C or 257D of the Corporations Act;
 - (iv) Genesis or a controlled entity of Genesis makes an issue of or grants an option to subscribe for any of its Securities or agrees to make such an issue or grant such an option in each case other than pursuant to the Rights Issue;
 - (v) Genesis or a controlled entity of Genesis issues or agrees to issue convertible notes;
 - (vi) Genesis or a controlled entity of Genesis disposes or agrees to dispose of the whole or a substantial part of its business or property;
 - (vii) Genesis or a controlled entity of Genesis grants or agrees to grant an Encumbrance over the whole or a substantial part of its business or property; or
 - (viii) an Insolvency Event occurs with respect to Genesis or a controlled entity of Genesis; and
- (h) at all times during the period from the Announcement Date to the end of the Offer Period, Genesis promptly (and in any event within 2 Business Days) provides to the Bidder a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to Genesis or any controlled entity of Genesis or any of their respective businesses or operations that has been provided by Genesis or any of their respective officers, employees, advisers or agents to any person (other than the Bidder) for the purposes of soliciting, encouraging or facilitating a proposal or offer by that person, or by any other person, in relation to a transaction under which:
 - (i) any person (together with its Associates) may acquire Voting Power of 10% or more in Genesis or any controlled entity of Genesis (whether by way of takeover bid, compromise or arrangement under Part 5.1 of the Corporations Act or otherwise);
 - (ii) any person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure or otherwise), any interest in all or a substantial part of the business or assets of Genesis or any controlled entity of Genesis; or
 - (iii) that person may otherwise acquire control or merge or amalgamate with Genesis or any controlled entity of Genesis.

8.2 Notice of Status of Conditions

The Bidder is required to set out in its Notice of Status of Conditions:

- (a) whether the Offer is free of any or all of the conditions;
- (b) whether, so far as the Bidder knows, any of the conditions have been fulfilled; and
- (c) the Bidder's voting power in Genesis.

The Bidder has stated that it will publish its Notice of Status of Conditions on 25 June 2012.

If the Offer Period is extended by a period before 25 June 2012, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, the Bidder is required, as soon as practicable after the extension, to give a notice to the ASX and Genesis that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, the Bidder must, as soon as practicable, give the ASX and Genesis a notice that states that the particular condition has been fulfilled.

As at 12 June 2012, the Bidder had not given notice that any of the conditions had been fulfilled.

8.3 Offer Period

Unless the Offer is extended or withdrawn, it is open for acceptance from 16 May 2012 until 7.00pm (Sydney time) on 2 July 2012.

The circumstances in which the Bidder may extend or withdraw the Offer are set out in Section 8.4 and Section 8.5 respectively of this Target's Statement.

8.4 Extension of the Offer Period

The Bidder may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to in Section 8.2 in this Target's Statement) while the Offer is subject to conditions.

However, if the Offer is unconditional (that is, all the conditions are fulfilled or freed), the Bidder may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) the Bidder improves the consideration offered under the Offer; or
- (b) the Bidder's voting power in Genesis increases to more than 50%.

If either of these 2 events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

8.5 Withdrawal of Offer

The Bidder may not withdraw the Offer if you have already accepted it. Before you accept the Offer, the Bidder may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

8.6 Effect of acceptance

If you accept the Offer, then, unless withdrawal rights are available (see Section 8.7 of this Target's Statement below) and you exercise these rights, you will give up your right to sell Genesis Shares on market or to any other person that may make a takeover bid, or deal with them in any manner.

The effect of acceptance of the Offer is set out in Clause 6 of Appendix A of the Bidder's Statement. Genesis Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their Genesis Shares and the representations and warranties which they give by accepting the Offer.

In particular, Genesis Shareholders should note that on the Offer, or any contract resulting from the acceptance of the Offer, becoming unconditional, the Bidder will be entitled to attend meetings of Genesis and vote on their behalf in respect of their Genesis Shares in order to defeat resolutions relating to competing offers which may adversely affect the success of the Offer.

8.7 Your ability to withdraw your acceptance

You may only withdraw your acceptance of the Offer if the Bidder varies the Offer in a way that postpones, for more than one month, the time which the Bidder needs to meet its obligations

under the Offer. This will occur if the Bidder extends the Offer Period by more than one month and the Offer is still subject to conditions.

8.8 When you will receive your consideration if you accept the Offer

You will be issued your consideration on or before the later of:

- (a) one month after the date the Offer becomes or is declared unconditional; and
- (b) one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional, but, in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your consideration are set out in Clause 7 of Appendix A of the Bidder's Statement.

8.9 Effect of an improvement in consideration for Genesis Shareholders who have already accepted the Offer

If the Bidder improves the consideration offered under its takeover bid, all Genesis Shareholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

8.10 Lapse of Offer

The Offer will lapse if the Offer conditions are not freed or fulfilled by the end of the Offer Period; in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Genesis Shares as you see fit.

8.11 Compulsory acquisition

(a) Compulsory acquisition following takeover

The Bidder has indicated in Section 6.4 of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Genesis Shares. The Bidder will be entitled to compulsorily acquire any Genesis Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period, the Bidder and its associates have a relevant interest in at least 90% (by number) of the Genesis Shares.

If this threshold is met, the Bidder will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Genesis Shareholders who have not accepted the Offer. Genesis Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Genesis Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their Genesis Shares. If compulsory acquisition occurs, Genesis Shareholders who have their Genesis Shares compulsorily acquired are likely to be issued their consideration approximately 5 to 6 weeks after the compulsory acquisition notices are dispatched to them.

(b) Later compulsory acquisition by 90% holder

Even if the Bidder does not satisfy the compulsory acquisition threshold, it is possible that the Bidder will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Genesis Shares. The Bidder would then have rights to compulsorily acquire Genesis Shares not owned by it within 6 months of becoming the holder of 90% of Genesis Shares. The Bidder's offered price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

8.12 Taxation implications of accepting the Offer

A general outline of the Australian tax implications of accepting the Bidder's Offer is set out in section 9 of the Bidder's Statement. As this is only a general outline, Genesis Shareholders should consult their own tax adviser for tax advice tailored to their particular circumstances.

In particular, Genesis Shareholders should note that if the Bidder's Offer Proceeds (i.e. the Offer conditions are satisfied or waived) and the Bidder does not achieve ownership of 80% or more of the Genesis Shares, CGT scrip-for-scrip rollover relief will not be available in respect of any capital gain realised by a Genesis Shareholder who accepts the Offer.

However, Genesis Shareholders should consult their own tax adviser for tax advice tailored to their own particular circumstances. Genesis Shareholders should not solely rely on the Bidder's descriptions in the Bidder's Statement in relation to the taxation implications of accepting the Bidder's Offer. In particular, Genesis Shareholders who are subject to taxation outside Australia should obtain their own advice as to the tax consequences for them of the Bidder's Offer, which may be different to those applicable to Australian-resident Genesis Shareholders.

8.13 Effect of the Offer on Genesis Options

The Offer does not extend to Genesis Options. Unless a holder of Genesis Options exercises its options prior to the close of the Offer, the holder is unable to participate in the Offer.

The Bidder has stated in its Bidder's Statement that if the Offer is successful and it is in a position to proceed with compulsory acquisition of the Genesis Shares it does not acquire under the Offer, the Bidder will offer the holders of Genesis Options in accordance with the Corporations Act.

9 Additional Information

9.1 Interest and dealings in Genesis Shares by Directors

(a) Interests in Genesis Shares and Genesis Options

As at the date of this Target's Statement, the Directors have a relevant interest in Genesis Shares and Genesis Options as follows:

Director	Genesis Shares	Genesis Options
Mr Eddie Lung Yiu Pang	3,210,000	1,070,000
Mr Peter Kong	1,458,750	486,250
Dr John Parker	-	-
Mr Patrick Volpe	-	-
Mr Deric Wee	1,860,000	620,000
Mr John Zee	-	-

(b) Dealings in Genesis Shares

The following Directors subscribed for Genesis Shares and Genesis Options under the recent rights issue of Genesis (see ASX announcements lodged on 14 May 2012):

- (i) Mr Eddie Pang subscribed for 1,070,000 Genesis Shares and 1,070,000 Genesis Options;
- (ii) Mr Peter Kong subscribed for 486,250 Genesis Shares and 486,250 Genesis Options; and
- (iii) Mr Deric Wee subscribed for 620,000 Genesis Shares and 620,000 Genesis Options.

Other than the forgoing acquisitions, no Director has acquired or disposed of a relevant interest in any Genesis Shares in the 4 month period ending on the date immediately before the date of this Target's Statement.

9.2 Interest and dealings in Bidder Shares by Directors

(a) Interests in Bidder Shares

As at the date immediately before the date of this Target's Statement, neither Genesis nor any Director had a relevant interest in any Bidder Shares.

(b) Dealings in Bidder Shares

No Director has acquired or disposed of a relevant interest in any Bidder Shares in the 4 month period ending on the date immediately before the date of this Target's Statement.

9.3 Benefits and agreements

(a) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the Board or managerial office of Genesis.

(b) Agreements connected with or conditional on the Offer

There are no agreements made between any Director of Genesis and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Genesis Shares.

(c) Benefits from the Bidder

None of the Directors has agreed to receive, or is entitled to receive, any benefit from the Bidder which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Genesis Shares as outlined in section 9.1 of this Target's Statement.

(d) Material interests of Directors in contracts with the Bidder

None of the Directors has any material interest in any contract entered into by the Bidder.

9.4 Material litigation

Genesis does not believe that it is involved in any litigation or dispute which is material in the context of Genesis and the Genesis Group taken as a whole.

9.5 Material contracts

Genesis has undertaken a review of those contracts to which a Genesis group entity is a party which Genesis considers to be material to its operations, such that if a counterparty to any such contract exercises any contractual change of control rights this could have a material impact on:

- (a) the future prospects of the merged group (i.e. the Bidder and its subsidiaries, in the event that the Bidder acquires more than 50% of the Genesis Shares) – this would be relevant to those Genesis Shareholders who accept the Bidder's Offer and receive Bidder Shares; or
- (b) the future prospectus of Genesis as a stand-alone entity (if the Bidder acquires more than 50% but less than 90% of the Genesis Shares) – this would be relevant to those Genesis Shareholders who do not accept the Bidder's Offer and remain as minority shareholders of Genesis.

From this review, Genesis has not identified any material contract which contains a change of control provisions.

9.6 Issued capital

As at 12 June 2012, being the last practicable date prior to lodgement of this Target's Statement, Genesis' issued capital consisted of 79,621,128 Genesis Shares and 27,040,376 Genesis Options.

The Genesis Options include the following terms:

- (a) 500,000 Genesis Options are exercisable at \$0.20 each and expire on 27 October 2012;
- (b) 19,429,424 Genesis Options are exercisable at \$0.10 each and expire on 4 May 2014; and
- (c) 7,110,952 Genesis Options are exercisable at \$0.10 each and expire on 11 May 2014.

9.7 Substantial shareholders

As at 12 June 2012, being the last practicable date prior to lodgement of this Target's Statement, the following persons are substantial holders of GES Shares as disclosed pursuant to substantial holding notices provided to ASX:

Holder	No. of Genesis Shares	%
Cartier Peaks / Indigo Pearl / Greenvale Asia	12,920,972	16.23
Citicorp Nominees Pty Limited (Kerim Sener)	6,390,000	8.03
Ms Siew Bee Tan	4,000,000	5.02

9.8 Disclosing entity

Genesis is a disclosing entity and as such is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Copies of the documents filed with the ASX may be obtained from the ASX website at asx.com.au or Genesis' website at www.genesisresourcesltd.com.

Copies of the documents lodged with ASIC in relation to Genesis may be obtained from, or inspected at, an ASIC office.

Genesis Shareholders may obtain a copy of:

- (a) the 2011 Annual Report of Genesis;
- (b) the half year financial results of Genesis for the period ending 31 December 2011;
- (c) Constitution; and
- (d) any document lodged by Genesis with the ASX between the release of the 2011 Annual Report to the ASX and the date of this Target's Statement (which are listed in Annexure A of this Target's Statement),

free of charge upon request by contacting Genesis or on the ASX website at www.asx.com.au. Copies of documents lodged with ASIC in relation to Genesis may be obtained from, or inspected at, an ASIC office for a fee.

9.9 Financial position of Genesis

The last published financial results of Genesis were for the half year ended 31 December 2011. Within the knowledge of each of the Genesis Directors, the financial position of Genesis has not materially changed since the date of publication of these financial results on 15 March 2012.

9.10 No other material information

This Target's Statement is required to include all the information that Genesis Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any Director.

The Directors are of the opinion that the information that Genesis Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) the information contained in Genesis' releases to the ASX, and in the documents lodged by Genesis with ASIC before the date of this Target's Statement; and
- (c) the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in them. References to the Bidder's information in this Target's Statement have been extracted from the Bidder's Statement unless otherwise stated.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- (a) the nature of the Genesis Shares;
- (b) the matters that Genesis Shareholders may reasonably be expected to know in relation to Genesis, the Bidder and the Offer;
- (c) the fact that certain matters may reasonably be expected to be known to Genesis Shareholders' professional advisers; and
- (d) the time available to Genesis to prepare this Target's Statement.

10 Consents

10.1 Other persons

Each of the other persons to whom a statement is attributed in this Target's Statement, or whose statement is included in this Target's Statement, or on which a statement in this Target's Statement is said to be based, has (other than as noted below):

- (a) consented to the relevant statement being included in this Target's Statement in the form and context in which it is included; and
- (b) has not withdrawn that consent before this Target's Statement was lodged with ASIC.

Each such person having given its consent to the inclusion of a statement or being named in this Target's Statement:

- (a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than those statements which have been included in this Target's Statement with the consent of that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and any statements or report which have been included in this Target's Statement with the consent of that person.

10.2 Directors

The Directors have given and have not, before the date of issue of this Target's Statement withdrawn, their consent to be named in this Target's Statement in the form and context in which they are named.

10.3 Third parties

Mills Oakley Lawyers has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as legal adviser to Genesis in respect of the Offer in the form and context in which it is named. Mills Oakley Lawyers do not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, Mills Oakley Lawyers expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

RSM Bird Cameron Corporate Pty Ltd has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as the Independent Expert in the form and context in which it is named. To the maximum extent permitted by law, RSM Bird Cameron Corporate Pty Ltd expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Mr Alf Gillman of Odessa Resources Pty Ltd has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn his written consent to be named in this Target's Statement in the form and context in which he is named. To the maximum extent permitted by law, Mr Alf Gillman and Odessa Resources Pty Ltd expressly disclaim and take no responsibility for any part of this Target's Statement, other than a reference to its name.

10.4 Publicly available information

This Target's Statement contains statements which are made in, or based upon, statements contained in the Bidder's Statement lodged with ASIC and announcements lodged by the Bidder with ASX. As permitted by ASIC Class Order 01/1543, the consent of the Bidder is not required for the inclusion of these statements in the Target's Statement.

As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or

(b) from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement may contain security price trading data sourced from IRESS, Capital IQ and Bloomberg without their consent.

11 Glossary and Interpretation

11.1 Glossary

Where the following terms are used in this Target's Statement they have the following meanings:

\$ or A\$	Australian dollars.
Ag	Silver.
Announcement Date	The date on which the Offer was announced to ASX, namely 2 April 2012.
ASIC	Australian Securities and Investments Commission.
Associate	Has the same meaning given to that term in Section 9 of the Corporations Act.
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.
ASX Listing Rules or Listing Rules	The official listing rules of ASX.
Au	Gold.
AuEq	Gold Equivalent.
Bidder, Clancy or CLY	Clancy Exploration Limited ACN 105 578 756.
Bidder Shareholder	A registered holder of Bidder Shares.
Bidder Shares	Ordinary shares in the capital of the Bidder.
Bidder's Statement	The contents of the booklet prepared by the Bidder dated 16 May 2012.
Board or Board of Directors	The board of directors of the Company.
Business Day	A week day when trading banks are ordinarily open for business in Melbourne, Victoria, Australia.
CHESS	Clearing House Electronic Subregister System.
CHESS Holding	A holding of Genesis Shares on the CHESS sub-register of Genesis.
Company or Genesis	Genesis Resources Limited (ACN 114 787 469).
Conditions	The conditions of the Offer as set out in Section 8.1 of this Target's Statement.
Constitution	The constitution of the Company.
Corporations Act	<i>Corporations Act 2001 (Cth)</i> .
Cu	Copper.
Directors	The directors of the Company.

Encumbrance	An interest or power: <ul style="list-style-type: none"> (a) reserved in or over an interest in any asset including, without limitation, any retention of title; or (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power, <p>by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation and includes, without limitation, any agreement to grant or create any of the above.</p>
EST	Eastern Standard Time in Melbourne, Victoria, Australia.
Fe	Iron.
Foreign Genesis Shareholder	A Genesis Shareholder whose address shows in Genesis' register of members is a place outside Australia and its external territories, to whom it is unlawful for the Bidder to make the Offer or for whom it is unlawful to accept the Offer.
FYROM	Former Yugoslav Republic of Macedonia.
g/t	Grams per tonne.
Genesis Options	Options to subscribe for Genesis Shares.
Genesis Shareholder	A registered holder of Genesis Shares.
Genesis Shares	Ordinary shares in the capital of the Company.
Gold Equivalent	Is explained under Table 2 in Section 6.1(a) of this Target's Statement.
Governmental Agency	Any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.
Independent Expert	RSM Bird Cameron Corporate Pty Ltd.
Independent Expert's Report	The report of the Independent Expert accompanying this Target's Statement.
Inferred Resource	Has the meaning given in the JORC Code.

Insolvency Event

In relation to a body corporate:

- (a) an order is made or an application is made for the winding up of that body corporate and that order or application is not withdrawn or set aside within 10 Business Days;
- (b) a liquidator or provisional liquidator of that body corporate is made or appointed or an application is made for the appointment of a liquidator or provisional liquidator and that application is not withdrawn or set aside within 10 Business Days;
- (c) an effective resolution is passed for the winding up of that body corporate or a meeting is convened for the purpose of considering any such resolution;
- (d) that body corporate is placed under any formal or informal kind of insolvency administration or a meeting is convened for the purpose of considering the appointment of an insolvency administrator;
- (e) a receiver, manager, receiver and manager or controller of the main undertaking, property or material assets of that body corporate is appointed or any step is taken for the appointment of such a receiver, manager, receiver and manager or controller or execution or distress or any other process is levied or attempted or imposed against any of the main undertaking, property or material assets of that body corporate;
- (f) that body corporate stops payment or ceases to carry on the whole or any material part of its business or threatens to do so;
- (g) an order for payment is made or judgement is entered or signed against that body corporate in an amount of not less than \$100,000 and is not satisfied, stayed or set aside within 5 Business Days;
- (h) that body corporate becomes insolvent or unable to pay its debts;
- (i) a compromise, composition or arrangement is proposed with or becomes effective in relation to the creditors or any class of creditors of that body corporate or that body corporate proposes a reorganisation, moratorium or other administrative procedure involving its creditors or any class of its creditors; or
- (j) any action is commenced to strike that body corporate's name off any register of companies.

JORC	The joint ore reserves committee.
JORC Code	The 2004 Edition of the "Australian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".
Notice of Status of Conditions	The Bidder's notice disclosing the status of the Conditions to the Offer which is required to be given by section 630(3) of the Corporations Act.
Offer	The offer by the Bidder to acquire Genesis Shares set out in Appendix A of the Bidder's Statement.
Offer Consideration	3 Bidder Shares for every 1 Genesis Share.

Offer Period	The period for which the Offer remains open.
Plavica Project	The project described in section 6.1(a) of this Target's Statement.
prescribed occurrences	The events referred to in Section 652C(1) and (2) of the Corporations Act.
Relevant Interest	Has the same meaning given to that term in Sections 608 and 609 of the Corporations Act.
Rights Issue	The non-renounceable rights issue announced by Genesis 27 March 2012 and completed on or about 2 May 2012.
Security	Has the meaning as given in Section 92 of the Corporations Act.
Share Registry	Computershare Investor Services Pty Ltd of 452 Johnston Street, Abbotsford VIC 3067.
Takeovers Panel	The Takeovers Panel continuing in existence under section 261 of the <i>Australian Securities and Investments Commission Act 2001</i> (Cth) and given various powers under Part 6.10 of the Corporations Act.
Target's Statement	The contents of this document.
Technical Expert	Corvidae Pty Ltd as trustee for Ravensgate Unit Trust, trading as Ravensgate.
Technical Expert's Report	The technical expert's report accompanying the Independent Expert's Report.
Trading Day	Has the meaning given in the ASX Listing Rules.
Voting Power	Has the same meaning given to that term in Section 610 of the Corporations Act.
VTEM survey	Versatile time domain electromagnetic geophysical survey,
VWAP	The volume weighted average price at which shares trade on ASX.

11.2 Interpretation

In this Target's Statement, unless the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) the masculine gender includes the feminine and (where a corporation is or may be concerned) the neutral;
- (c) words and expressions defined in the Corporations Act have the same meanings; and
- (d) headings are for ease of reference only and do not affect the meaning or interpretation.

12 Authorisation

This Target's Statement has been approved by a resolution passed by the Directors of Genesis.

Dated: 14 June 2012

Signed for and on behalf of Genesis Resources Limited:

A handwritten signature in black ink, appearing to read 'Peter Kong', written over a light grey rectangular background.

Peter Kong
Managing Director

13 Corporate Directory

Company	Officers	Contact Details
Genesis Resources Limited (ACN 114 787 469) ASX: GES	Mr Eddie Lung Yiu Pang (Non Exec. Chairman)	Level 3, 1 Collins Street Melbourne VIC 3000 T +61 3 9665 0403 F +61 3 9650 5571 www.genesisresourcesltd.com.au
	Mr Peter Kong (Managing Director)	
	Dr John Parker (Non Exec. Director)	
	Mr Patrick Volpe (Non Exec. Director)	
	Mr Deric Wee (Non Exec. Director)	
	Mr John Zee (Non Exec. Director)	
Share Registry	Independent Expert	Legal Advisor
Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford, Victoria 3067 T 1300 850 505 T + 61 3 9415 4000	RSM Bird Cameron Level 8, Rialto South Tower 525 Collins Street Melbourne VIC 3000 T + 61 3 9286 1800	Mills Oakley Lawyers Level 6, 530 Collins Street Melbourne VIC 3000 T +61 3 9670 9111

Annexure A ASX Announcements in relation to Genesis

Date of Announcement	Announcement
04/06/2012	Despatch of CLY Bidder's Statement - Take No Action
31/05/2012	CLY: Despatch of Bidder's Statement
30/05/2012	Plavica - JORC Inferred Resource
28/05/2012	Despatch of Letter to Shareholders
18/05/2012	Change in substantial holding
17/05/2012	Becoming a substantial holder from CLY
16/05/2012	CLY Bidders statement
16/05/2012	GES Response to CLY announcement
16/05/2012	CLY: Increase in offer for Genesis Resources
14/05/2012	Strategic Plan Update
14/05/2012	Initial Directors Interest Notice x 3
14/05/2012	Appointments of Managing and Non Executive Directors
14/05/2012	Change in Director's Interest Notice - D. Wee
14/05/2012	Change in Director's Interest Notice - E. Pang
11/05/2012	Top 20 Shareholders After Rights Issue
11/05/2012	Appendix 3B - Rights Issue
11/05/2012	Completion of Rights Issue
04/05/2012	Appendix 3B for Rights Issue
04/05/2012	Issue and Allotment of New Securities under Rights Issue
02/05/2012	Rights Issue Closure and Notice of Shortfall
30/04/2012	Quarterly Activities Report and Appendix 5B
17/04/2012	Change in substantial holding
12/04/2012	Completion of despatch of Offer Information Statement
11/04/2012	Notice under section 708AA(2)(f) of Corporations Act
04/04/2012	Becoming a substantial holder from CLY
03/04/2012	CLY Takeover Bid - Take No Action
02/04/2012	CLY: Off-Market Takeover Offer for Genesis Resources Limited
29/03/2012	Letter to Shareholders - Non-Renounceable Rights Issue
28/03/2012	Plavica Project-1.86 Moz gold JORC Inferred Resource defined
28/03/2012	Letter to Option Holders
28/03/2012	Appendix 3B - Non-Renounceable Rights Issue
28/03/2012	Non-Renounceable Rights Issue Offer Information Statement
27/03/2012	Becoming a substantial holder
27/03/2012	Non-Renounceable Rights Issue
19/03/2012	Final Director's Interest Notice
19/03/2012	Director Appointment/Resignation
15/03/2012	Half Yearly Report and Accounts
31/01/2012	Second Quarter Activities and Cashflow Report
19/12/2011	Plavica Project - Additional Drilling Results
17/11/2011	Results of Meeting
17/11/2011	2011 AGM Presentation
17/11/2011	Chairman's Address to Shareholders
17/11/2011	Plavica Project - Excellent Drilling Results
31/10/2011	Quarterly Activities Report and Appendix 5B
27/10/2011	Appendix 3B - Release of shares from escrow

Date of Announcement	Announcement
19/10/2011	Notice of Annual General Meeting/Proxy Form
03/10/2011	Release of shares from escrow

Annexure B Independent Expert's Report

RSM Bird Cameron Corporate Pty Ltd



Genesis Resources Limited

**Financial Services Guide and
Independent Expert's Report**

13 June 2012

Financial Services Guide

RSM Bird Cameron Corporate Pty Ltd ABN 82 050 508 024 ("RSM Bird Cameron Corporate Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
 - (a) basic deposit products;
 - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact Details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

Independent Expert's Report

TABLE OF CONTENTS

	Page
1. Introduction	5
2. Summary and Conclusion	7
3. Summary of Proposed Transaction	9
4. Purpose of this Report	10
5. Profile of GES	12
6. Profile of CLY	20
7. Valuation Approach	25
8. Valuation of GES	28
9. Valuation of the Offer Consideration	35
10. Is the Proposed Transaction Fair	36
11. Other Factors taken into Consideration in Forming our Opinion	37

Appendix 1 - Declarations and Disclaimers

Appendix 2 - Sources of Information

Appendix 3 – Glossary of Terms and Abbreviations

Appendix 4 – Profile of the Gold Industry in the former Yugoslav Republic of Macedonia

Appendix 5 – Profile of the Manganese Industry in Australia

Appendix 6 – Assessment of an Appropriate Discount Rate

Appendix 7 – Comparable Companies

Appendix 8 – Technical Project Review and Independent Valuation Report

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Direct Line: (03) 9286 1867

Email: glyn.yates@rsmi.com.au

13 June 2012

The Directors
Genesis Resources Limited
Level 3, 1 Collins Street
MELBOURNE VIC 3000

Dear Sirs

Independent Expert's Report

1. Introduction

- 1.1. Genesis Resources Limited ("GES" or "the Company"), a company listed on the Australian Securities Exchange ("ASX"), is an exploration and development company focused on exploring and developing gold, manganese and related base metals in Australia and overseas. The Company's main projects currently relate to:
- party to a joint venture agreement under which the Company has the right to earn a 62% interest in the Plavica Project, located in the Kratovo District in the north-east of the former Yugoslav Republic of Macedonia ("FYROM"), approximately 65 km from the capital, Skopje. Inferred Resources at the Plavica Project have been estimated at 3.66 million ounces of gold at 0.75 g/t Au at a cut off of 0.5 g/t Au, or 6.37 million ounces of gold equivalent at 1.31 g/t AuEq including copper and silver credits; and
 - the Gladstone – Mount Miller Project, located approximately 15 km from the port of Gladstone on the east coast of central Queensland. A diamond drilling program has been planned at Mount Miller to establish the depth and strike extent of mineralisation and will be undertaken pending the outcome of certain government planning exemption applications.

Proposed Clancy Exploration Limited Offer

- 1.2. On 2 April 2012, Clancy Exploration Limited ("CLY") announced an off-market takeover bid for all of the ordinary shares in GES at an offer consideration of 8.0 cents per GES ordinary share in the form of CLY shares ("the Offer" or the "Proposed Transaction"). By reference to the closing price of CLY shares on 30 March 2012, GES shareholders were offered 2 CLY shares for every 1 GES share held.
- 1.3. On 16 May 2012, CLY lodged a copy of CLY's bidder's statement and offer ("Bidder's Statement") in relation to the Offer with the Australian Securities and Investments Commission ("ASIC"). The Offer was revised to consideration of 3 CLY shares to 1 GES share.
- 1.4. A more detailed discussion of the Offer is set out in section 3 of this report.
- 1.5. RSM Bird Cameron Corporate Pty Ltd ("RSM") has been engaged by the Directors of GES to prepare an Independent Expert's Report ("IER" or "this Report") to the shareholders of GES ("the Shareholders" or "GES Shareholders") in relation to the Offer.

RSM Bird Cameron Corporate Pty Ltd

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- 1.6. Whilst there is no statutory requirement for GES to obtain an IER, the Directors of GES have requested that RSM prepare an IER stating whether, in RSM's opinion, the Offer is "fair and reasonable".
- 1.7. This Report has been prepared to assist the Directors of GES in making their recommendation to GES Shareholders in relation to the Offer and to assist the Shareholders in assessing the merits of the Offer. The sole purpose of this report is to set out RSM's opinion as to whether the Offer is fair and reasonable.
- 1.8. The ultimate decision whether to accept the Offer should be based on each Shareholders' assessment of their circumstances, including their risk profile, liquidity preference, tax position, and expectations as to value and future market conditions. If in doubt about the Offer or matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and Conclusion

- 2.1. In our opinion, and for the reasons set out in section 10 of this report, the Proposed Transaction is **Not Fair and Not Reasonable** for the Shareholders of GES.

Fairness

- 2.2. The table below sets out the value of the implied consideration payable per share for GES as compared to the valuation of each share.

	Valuation		
	Low \$	High \$	Preferred \$
Value of the consideration offered per GES share (i)	\$0.075	\$0.135	\$0.105
Value per GES share	\$0.225	\$0.395	\$0.305

Note (i): Based on an estimated value range of \$0.025 to \$0.045 per CLY share, with a mid-point value of \$0.035

Table 1: Valuation summary

- 2.3. As the preferred value of a GES share is in excess of the value of the consideration offered for each GES share, we consider the Proposed Transaction to be **Not Fair** to the Shareholders of GES.

Reasonableness

- 2.4. In determining whether the Proposed Transaction is reasonable for the Shareholders of GES, we have considered:
- the future prospects of the Company if the Proposed Transaction does not proceed; and
 - any other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Transaction proceeding.

Future Prospects of GES if the Proposed Transaction Does Not Proceed

- 2.5. Should Shareholders not approve the Proposed Transaction, the Directors will continue GES's current operations to commence a scoping study, an environmental impact study and a Final Feasibility Study of the Plavica Project, with the objective of obtaining a Final Feasibility Study as soon as possible. In addition, the Company will continue to fund the appraisal and due diligence of its other exploration assets, and projects.
- 2.6. GES will be required to raise funds to commence the above operations. The further development of the Company's exploration assets are contingent on its ability to raise sufficient funds.

Alternative Offers

- 2.7. We are unaware of any alternative offer at this time which would offer the Shareholders of GES a premium over the value ascribed to that resulting from the Offer.

Advantages

2.8. The key advantages to GES Shareholders accepting the Proposal are:

- the preferred value of the consideration of the Offer of \$0.105 per GES share represents a premium of 54.4% to GES's closing share price on 30 March 2012 (the last trading day before the Offer was announced) of \$0.068 and a 81.0% premium on the 30 day VWAP of \$0.058 as set out in Table 15;
- the GES VWAP of \$0.077 for the period post the announcement of the Offer to 12 June 2012, is 13.2% greater than the closing share price of \$0.068, 1 trading day prior to the announcement of the takeover bid. If the Offer is not approved then it is possible that the share price may fall back to the level prior to the announcement; and
- Accepting the Offer allows GES Shareholders to obtain a stake in CLY shares and its portfolio of exploration assets. CLY shareholders should benefit from the upside potential in the event that exploration success is achieved. However, both GES and CLY are currently exposed to certain risks including financing, exploration, development and production, commodity and currency pricing. These risks are discussed in more detail in section 11.

Disadvantages

2.9. The key disadvantages to GES Shareholders accepting the proposal are:

- the Offer is not fair;
- in the event the Offer is accepted and CLY acquires all the shares in GES, Shareholders would be diluted from a 100% interest in GES to a 58.7% interest in CLY; and
- GES Shareholders that are Foreign Shareholders (as defined in the Bidder's Statement and the Target's Statement) and who accept the Offer will not receive CLY shares. Instead, a nominee approved by ASIC will be appointed by CLY to receive CLY shares to which Foreign Shareholders are entitled under the Offer. The nominee will then sell those CLY shares on behalf of the Foreign Shareholders and will receive the proceeds (less any expenses incurred in giving effect to the sale). These sales proceeds will then be distributed to the Foreign Shareholders. Foreign Shareholders who choose to accept the Offer will not be able to participate in the risks and rewards of future exploration activities.

3. Summary of Proposed Transaction

- 3.1. CLY is proposing to acquire 100% of the ordinary shares in GES through an off-market takeover bid. Under the Proposed Transaction, GES Shareholders are being offered 3 CLY shares for every 1 GES share, representing an implied offer price of \$0.102 per GES share based on the last share price of \$0.034 at which CLY shares traded on the ASX on 15 May 2012, the day before the Bidder's Statement was lodged with ASIC.
- 3.2. RSM has been requested to provide an opinion on the Offer.

Conditions of the Proposed Transaction

- 3.3. The Proposed Transaction is subject to a number of conditions including a 90% minimum acceptance.
- 3.4. The Offer extends only to GES shares including any GES shares issued on exercise of a GES option before or during the Offer period.
- 3.5. Foreign Shareholders who accept the Offer will not receive CLY shares. Instead, a nominee approved by ASIC will be appointed by CLY to receive CLY shares to which Foreign Shareholders are entitled under the Offer. The nominee will then sell those CLY shares on behalf of the Foreign Shareholders and will receive the proceeds (less any expenses incurred in giving effect to the sale). These sales proceeds will then be distributed to the Foreign Shareholders.
- 3.6. The conditions of the Proposed Transaction are set out in the CLY Bidder's Statement announced to the ASX on 16 May 2012, and in the GES Target's Statement. GES Shareholders should refer to these documents for a detailed description of the conditions of the Proposed Transaction.

4. Purpose of this Report

Purpose

- 4.1. Whilst there is no statutory requirement for GES to obtain an IER, the Directors of GES have requested that RSM prepare an IER stating whether, in RSM's opinion, the Offer is "fair and reasonable".
- 4.2. This report has been prepared to assist the Directors of GES in making their recommendation to GES Shareholders in relation to the Offer and to assist the Shareholders in assessing the merits of the Offer. The sole purpose of this report is to set out RSM's opinion as to whether the Offer is fair and reasonable.

Basis of Evaluation

- 4.3. Our report has been prepared under s640 of the *Corporations Act 2001 (Cth)* ("Corporations Act"). Consequently, in preparing our report we have given due consideration to the Regulatory Guides issued by ASIC, particularly RG 111.
- 4.4. RG 111 distinguishes "fair" from "reasonable" and considers:
 - (a) an offer to be "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. A comparison must be made assuming 100% ownership of the target company.
 - (b) an offer to be "reasonable" if it is fair. An offer may also be "reasonable" if, despite not being "fair" but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.
- 4.5. Our report has therefore considered:

Fairness

- (a) the market value of 100% of the shares of GES;
- (b) the value of the consideration offered;
- (c) the extent to which (a) and (b) differ (in order to assess whether the Offer is fair under RG 111); and
- (d) the extent to which a control premium is being paid to a GES Shareholder.

Reasonableness

- (a) the listed market price of GES shares both prior to the announcement of the Offer and during the Offer period;
- (b) the implications to GES Shareholders if the Offer is not successful; and
- (c) other risks, advantages and disadvantages.

RSM! Bird Cameron Corporate Pty Ltd

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- 4.6. Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.
- 4.7. For the purpose of this Report, an independent technical specialist, Corvidae Pty Ltd ATF Ravensgate Unit Trust trading as Ravensgate (“Ravensgate”), was engaged to prepare a report providing a technical project review and independent valuation of GES’s exploration tenements. Ravensgate’s report is set out in Appendix 8.

5. Profile of GES

- 5.1. GES, a company listed on the ASX, is an exploration and development company focused on exploring and developing gold, manganese and related base metals in Australia and overseas.
- 5.2. The Company's main exploration and development projects are discussed below.

Plavica Project

- 5.3. The Plavica Project is located in the Kratovo District in the north-east of the FYROM and is situated approximately 65 km to the east of Skopje. The Plavica Project comprises seven exploration concessions covering an area of 184.94 km².
- 5.4. GES signed a joint venture agreement with Rik Sileks Ad Kratovo ("Sileks") in 2007 over the concessions which were granted by the Macedonian Ministry of Economics in April 2010. The Company holds the rights to acquire a 62% interest in the Plavica Project under the joint venture agreement by sole funding exploration on the Plavica Project to completion of a Final Feasibility Study. GES is manager of the joint venture with overall responsibility for operations.
- 5.5. The following JORC compliant resources have been established for the Plavica Project.

Element	Cut-off (ppm)	Resource Category	Tonnes	Grade	Au (oz)	Ag (oz)	Cu (kg)
Gold (Au)	0.50	Inferred	151,046,457	0.75 g/t	3,662,333	55,486,281	360,133,182
Silver (Ag)	15	Inferred	34,766,222	25 g/t	-	28,232,352	-
Copper (Cu)	4,000	Inferred	7,975,180	0.43%	-	-	33,921,304

Source: Ravensgate

Table 2: The Plavica Project resource summary

- 5.6. The Company intends to undertake a scoping study, an environmental impact study and Final Feasibility Study in relation to the Plavica Project, with the objective of obtaining a Final Feasibility Study as soon as possible.

Gladstone – Mount Miller Project

- 5.7. The Gladstone – Mount Miller Project is located approximately 15 km by road from the port of Gladstone on the east coast of central Queensland. The largest mine on the tenements controlled by GES is at Mount Miller. The mine opened in 1895 and operated intermittently until 1916 and then from 1958 to 1960. A total of 21,785 tonnes of manganese ore was mined with a grade which ranged up to 75% MnO₂. A diamond drilling program has been planned at Mount Miller to establish the depth and strike extent of mineralisation considered to remain after previous mining activity and will be undertaken pending the outcome of certain governmental planning exemption applications.

Other Projects

- 5.8. In addition to the Plavica and Gladstone – Mount Miller Projects, the Company also holds a portfolio of exploration assets in Queensland and the Northern Territory as set out below:
- the McArthur River Project;

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- the Fenn Gap Project;
- the Pioneer Project;
- the Alice Springs Project;
- the Arltunga Project; and
- the Laura River Project.

5.9. Further details of each of the above mineral tenements are set out in Ravensgate's report.

Financial Performance

5.10. The financial performance of GES for the half-year ended 31 December 2011 and the two years ended 30 June 2011 and 30 June 2010 is set out in the table below.

	Half-year ended 31-Dec-11 <i>Reviewed</i> \$	Year ended 30-Jun-11 <i>Audited</i> \$	Year ended 30-Jun-10 <i>Audited</i> \$
Other income	313,119	141,390	676,280
Professional fees	-	(391,217)	(420,349)
Administrative and other expenses	(279,417)	(174,309)	(275,109)
Employee benefits expenses	(60,110)	(187,090)	(100,383)
Capitalised exploration & evaluation assets written off	(78,556)	-	-
Results from operating activities	(104,964)	(611,226)	(119,561)
Interest income	14,433	78,046	95,241
Net foreign exchange loss	-	(9,810)	(10,067)
Net finance income	14,433	68,236	85,174
Loss before tax	(90,531)	(542,990)	(34,387)
Income tax expense	-	(19,062)	(78,143)
Loss for the year	(90,531)	(562,052)	(112,530)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	22,058	67,727	449,703
Available-for-sale financial assets, transfer to profit and loss	-	(91,887)	-
Income tax on other comprehensive income	-	(20,318)	(114,164)
Other comprehensive income for the year, net of tax	22,058	(44,478)	335,539
Total comprehensive income for the year	(68,473)	(606,530)	223,009

Source: GES reviewed financial statements for the half-year ended 31 December 2011, and the audited financial statements for the two years ended 30 June 2011 and 30 June 2010

Table 3: GES Statement of Financial Performance for the half-year ended 31 December 2011 and the two years ended 30 June 2011 and 30 June 2010

5.11. GES generated losses for the half-year ended 31 December 2011 and the 2010 and 2011 financial years. The Company has yet to generate any operating revenue. Other income comprises gains on sale of available-for-sale investments and interest income.

Financial Position

5.12. The table below sets out the financial position of GES as at 30 April 2012, 31 December 2011 and 30 June 2011.

	Ref.	As at 30-Apr-12 Unaudited \$	As at 31-Dec-11 Reviewed \$	As at 30-Jun-11 Audited \$
Current Assets				
Cash and cash equivalents	5.13	73,097	373,841	958,043
Trade and other receivables		16,465	36,976	42,754
Other financial assets		9,627	9,627	473,210
Total Current Assets		99,190	420,444	1,474,007
Non-Current Assets				
Other financial assets		68,775	67,190	67,190
Exploration and evaluation assets	5.13	3,557,950	3,404,095	2,729,564
Total Non-Current Assets		3,626,725	3,471,285	2,796,754
Total Assets		3,725,915	3,891,729	4,270,761
Current Liabilities				
Trade and other payables		43,279	100,469	97,909
Total Liabilities		43,279	100,469	97,909
NET ASSETS		3,682,637	3,791,260	4,172,852
EQUITY				
Share capital		4,826,885	4,826,885	4,826,885
Reserves		-	-	291,061
Accumulated losses		(1,144,248)	(1,035,625)	(945,094)
TOTAL EQUITY	5.13	3,682,637	3,791,260	4,172,852

Source: GES unaudited statement of financial position as at 30 April 2012, the reviewed financial statements for the half-year ended 31 December 2011 and the audited financial statements for the year ended 30 June 2011

Table 4: GES Statement of Financial Position as at 30 April 2012, 30 June 2011 and 30 June 2010

5.13. We have been provided with the unaudited statement of financial position as at 30 April 2012. GES disclosed net assets of \$3.7 million at 30 April 2012, primarily comprised of exploration and evaluation assets recognised at cost of \$3.6 million, and cash and cash equivalents of \$73,000. Ravensgate's report includes the valuation of the components of the exploration tenements. Our analysis of the exploration tenements valuation is detailed in section 8 of this Report.

5.14. The reviewed financial statements for the half-year ended 31 December 2011 stated the following:

"For the six months ended 31 December 2011, the Company reported a net loss of \$90,531, had net cash outflow from operating activities of \$317,139 and had net current assets of \$420,444 at the balance sheet date. Mining and exploration licences held by the Company have annual expenditure obligations of \$439,500 to maintain their "good standing" status. Failure to meet individual tenement obligations requires explanation to the relevant government authority and may result in a loss of tenements.

The ability of the Company to continue as a going concern is dependent on the successful completion of a plan to raise additional capital via a rights issue and/or other capital raising, and the sale of surplus

assets, combined with strict cost management over administrative spending, to finance planned ongoing exploration activities and meet its tenement and administrative expenditure obligations.

As a result of these matters, there is material uncertainty as to whether the Company will continue as a going concern and therefore, whether it will realise its assets and settle liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The directors believe the Company will be successful in obtaining the required funding to meet the expenditure obligations and, accordingly, have prepared the financial report on a going concern basis.”

- 5.15. On 2 May 2012, GES announced the completion of a rights issue, raising \$1.14 million net of underwriting fees of \$50,000.

Capital Structure

- 5.16. The capital structure of GES as at the date of this Report is set out in the table below.

	Number
Total ordinary shares on issue	79,621,128
Total unlisted share options on issue	27,040,376

Table 5: GES capital structure

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5.17. The Top 20 Shareholders in GES as at 8 June 2012 are set out in the table below.

Shareholder	Number of Shares	%
BERNE NO 132 NOMINEES PTY LTD <600835 A/C>	7,752,582	9.7%
CITICORP NOMINEES PTY LTD	6,390,000	8.0%
SIEW BEE TAN	4,000,000	5.0%
TIGERMOTH INVESTMENTS LTD	3,750,000	4.7%
HOCK GUAN NG	3,414,383	4.3%
INNER IVORY INVESTMENTS INC	3,375,000	4.2%
BERNE NO 132 NOMINEES PTY LTD <601299 A/C>	2,584,195	3.2%
BERNE NO 132 NOMINEES PTY LTD <602987 A/C>	2,584,195	3.2%
BLUEKEBBLE PTY LTD	2,400,000	3.0%
CHIN HUAN NG	2,000,000	2.5%
LAI YOONG LIM	1,989,382	2.5%
KOK BIN WEE	1,860,000	2.3%
SAKURA CAPITAL LIMITED	1,841,928	2.3%
SAKURA CAPITAL LTD	1,698,750	2.1%
ALICE WONG	1,687,500	2.1%
EDWIN HANCOCK & SYLVIA HANCOCK	1,500,000	1.9%
SIEW HOON KOAY	1,297,500	1.6%
WYNNWOOD PTY LTD <THE PANG FAMILY S/F A/C>	1,297,500	1.6%
POK SENG KONG	1,233,750	1.5%
PERSEUS CAPITAL LIMITED	1,007,187	1.3%
	53,663,852	67.4%
Other Shareholders	25,957,276	32.6%
Total	79,621,128	100.0%

Table 6: GES top 20 shareholders

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5.18. The top option holders are set out in the table below.

Options holder	Number of Options	%
Options expiring 27 October 2012 and exercisable at \$0.20		
ARDATH INVESTMENTS PTY LTD	166,667	33.3%
AUTUMN SKIES PTY LTD	166,666	33.3%
DOWNIE & ASSOCIATES PTY LTD	166,667	33.3%
Total	500,000	100.0%
Options expiring 4 May 2014 and exercisable at \$0.10		
BLUEKEBBLE PTY LTD	2,450,000	12.6%
CITICORP NOMINEES PTY LTD	2,130,000	11.0%
TIGERMOTH INVESTMENTS PTY LTD	1,250,000	6.4%
INNER IVORY INVESTMENTS INC	1,125,000	5.8%
BERNE NO 132 NOMINEES PTY LTD <600835 A/C>	1,067,826	5.5%
KOK BIN WEE	620,000	3.2%
SAKURA CAPITAL LIMITED	613,976	3.2%
SAKURA CAPITAL LTD	566,250	2.9%
ALICE WONG	562,500	2.9%
ELDORET RESOURCES PTY LTD	522,875	2.7%
EDWIN HANCOCK & SYLVIA HANCOCK	500,000	2.6%
TREVOR TSCHIRPIG	500,000	2.6%
SIEW HOON KOAY	432,500	2.2%
WYNNWOOD PTY LTD <THE PANG FAMILY S/F A/C>	432,500	2.2%
POK SENG KONG	411,250	2.1%
NAKURU RESOURCES PTY LTD	250,000	1.3%
HOCK GUAN NG	250,000	1.3%
WYNNWOOD PTY LTD <THE PANG FAMILY A/C>	250,000	1.3%
WYNNWOOD PTY LTD <THE FANG FAMILY SUPER FUND>	250,000	1.3%
BERNE NO 132 NOMINEES PTY LTD <601299 A/C>	166,957	0.9%
Top 20 option holders	14,351,634	73.9%
Other option holders	5,077,790	26.1%
Total	19,429,424	100.0%
Options expiring 11 May 2014 and exercisable at \$0.10		
HOCK GUAN NG	3,414,383	48.0%
LAI YOONG LIM	1,989,382	28.0%
PERSEUS CAPITAL LIMITED	1,007,187	14.2%
Top 3 option holders	6,410,952	90.2%
Other option holders	700,000	9.8%
Total	7,110,952	100.0%

Table 7: GES top option holders

5.19. As at the date of this Report, GES had the following options on issue:

- 500,000 options at an exercise price of \$0.20, maturing on 27 October 2012;
- 19,429,424 options at an exercise price of \$0.10, maturing on 4 May 2014; and
- 7,110,952 options at an exercise price of \$0.10, maturing on 11 May 2014.

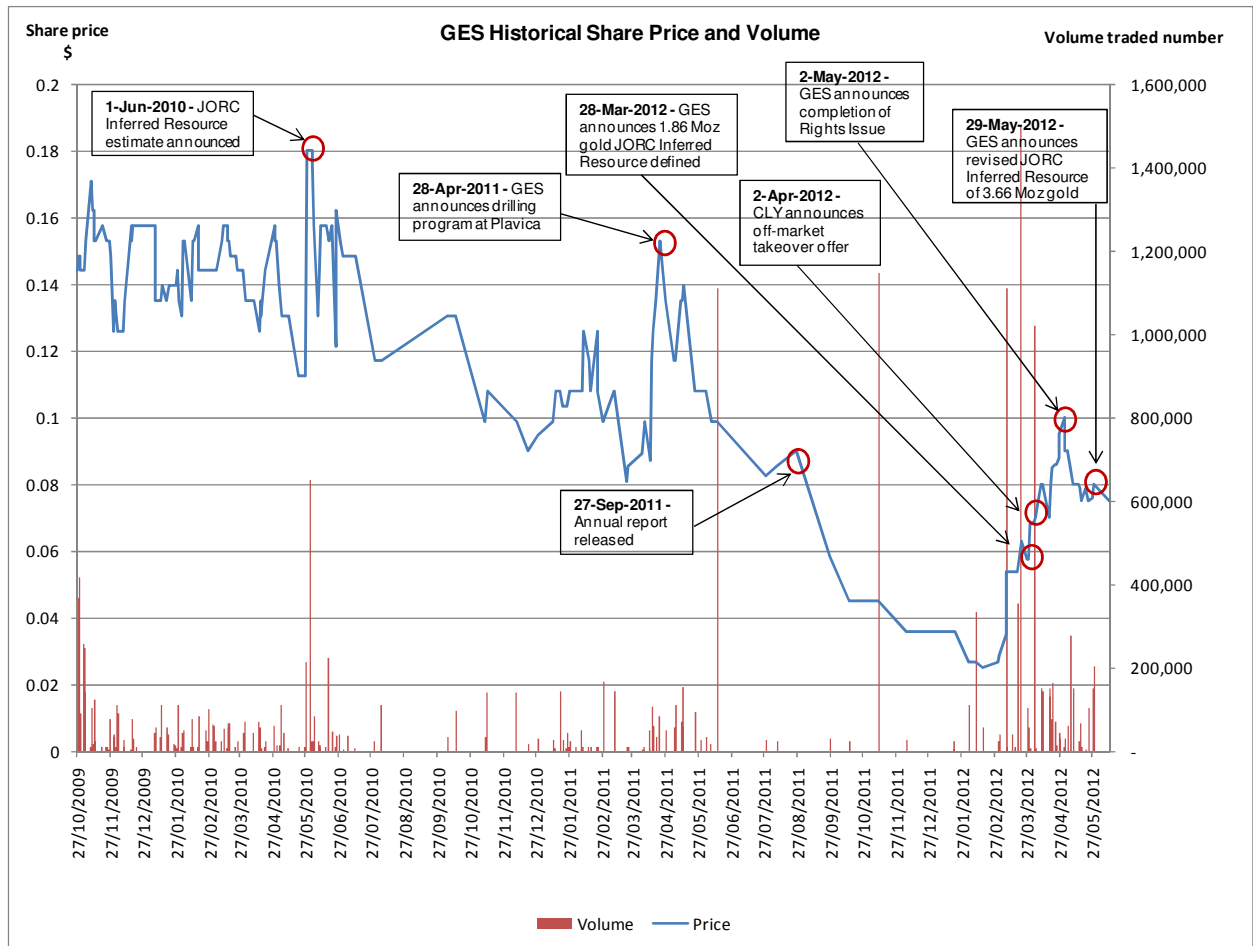
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5.20. As the above options are all out of the money at the date of this Report, and therefore do not affect our opinion of the fairness and reasonableness of the Offer, we have excluded them from our valuation analysis.

Share price and volume traded

5.21. The daily share price movement in GES's share price and volumes for the period 27 October 2009 (the official listing date of GES shares) to 12 June 2012 is set out below.



Source: Bloomberg

Chart 1: GES share price and volume movement for the period 27 October 2009 to 12 June 2012

5.22. Since the listing of the Company's shares on 27 October 2009, GES share prices have fluctuated between a low of \$0.025 on 16 February 2012 and a high of \$0.180 on 1 June 2010.

5.23. On 27 March 2012, the Company announced that it would undertake a fully underwritten pro-rata non-renounceable rights issue ("Rights Issue") to holders of ordinary shares in the Company with a registered address in Australia or New Zealand. The Rights Issue offered Shareholders the right to take up one new share for every two shares held at an issue price of \$0.045. In accepting the offer, Shareholders would also receive one free attaching option under the Rights Issue.

5.24. On 28 March 2012, GES announced that JORC compliant Inferred Resources had been defined at the Plavica Project including an Inferred Gold Resource of 1.86 million ounces at an average grade of 1.0 g/t Au.

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- 5.25. On 2 April 2012, CLY announced the Offer to GES Shareholders and lodged a copy of the Bidder's Statement with ASIC in relation to the Offer on 16 May 2012.
- 5.26. On 2 May 2012, GES announced the completion of the Rights Issue, and on 4 May 2012 announced the allotment of the shares and options pursuant to the Rights Issue as follows:
- 19,429,424 new shares allotted to shareholders who accepted the offer;
 - 19,429,424 unlisted options allotted to shareholders who accepted the offer;
 - 7,110,952 underwritten short fall shares issued to Tigermoth Investments Limited and/or its nominees ("the Underwriter"); and
 - 7,110,952 unlisted options allotted to the Underwriter and/or its nominees.
- 5.27. The GES share price was \$0.068 on 30 March 2012, the last trading day before the Offer. Following the announcement of the Offer on 2 April 2012, the GES share price has risen, fluctuating between a low of \$0.069 on 3 April 2012, to a high of \$0.10 on 1 May 2012.
- 5.28. On 30 May 2012, GES announced the revised JORC Inferred Resource of the Plavica Project at 3.66 million ounces of gold at 0.75 g/t Au at a cut off of 0.5 g/t Au or 6.37 million ounces of gold equivalent at 1.31 g/t AuEq including copper and silver credits.

6. Profile of CLY

- 6.1. CLY, a company listed on the ASX, is an exploration company focused on exploring for copper, gold and base metals in Australia. CLY's exploration portfolio comprises of copper-gold projects in the Lachlan Fold Belt of NSW, and base metal and tin projects in the Mount Read Volcanic Belt of Tasmania. CLY also holds one tenement west of Broken Hill and one tenement in Western Australia, adjacent to the Golden Grove mine.
- 6.2. CLY was incorporated on 17 July 2003 as a wholly-owned subsidiary of Geoinformatics Exploration Inc, and was converted to a public company on 6 March 2007. CLY acquired the core Australian assets of the Geoinformatics group prior to listing on the ASX on 11 July 2007.

NSW Projects

- 6.3. CLY's tenement portfolio in NSW consists of 19 exploration projects covering 3,127 km². The majority of the portfolio is in the Lachlan Ford Belt, focused on the Ordovician Macquarie Arc, which hosts several large porphyry copper-gold deposits. CLY also has several tenements outside the Macquarie Arc that are prospective for gold and base metals.
- 6.4. The NSW portfolio consists of 12 wholly-owned projects managed by CLY and seven joint venture projects with Gold Fields Australasia Pty Ltd ("Gold Fields"), managed by Gold Fields. Both the CLY and Gold Fields exploration teams are based in Orange, NSW. A total of 20,075 metres of drilling and numerous geophysical surveys were completed on the NSW project portfolio for the year ended 31 December 2011. Further details on CLY's NSW portfolio are set out in the Bidder's Statement.

Tasmanian Projects

- 6.5. CLY has two joint venture projects with Bass Metals Limited ("Bass") and two joint venture projects with TNT Mines Pty Ltd ("TNT"). Bass and TNT manage the respective joint ventures which are located in the Mount Read Volcanic Belt in north-west Tasmania. The area is prospective for a wide variety of mineral deposits including tin and silver, copper and gold, zinc, silver and lead, nickel and tin-tungsten-iron deposits. Further details on CLY's Tasmanian projects are set out in the Bidder's Statement.

Financial Performance

- 6.6. The financial performance of CLY for the two years ended 31 December 2011 and 31 December 2010 is set out in the table below.

	Year ended 31-Dec-11 <i>Audited</i> \$	Year ended 31-Dec-10 <i>Audited</i> \$
Other revenue	180,147	81,643
Employee benefits expense	(908,909)	(1,295,598)
Consulting and outsourced services expense	(428,463)	(359,428)
Exploration expenditure	(1,357,767)	(1,072,431)
Travel expense	(62,345)	(30,942)
Depreciation, amortisation and impairment expense	(76,417)	(49,891)
Finance costs	(2,213)	(553)
Net joint venture reimbursed exploration expenditure & joint venture contributions	-	(250,712)
Other expenses	(84,571)	(141,890)
Total expenses	<u>(2,920,685)</u>	<u>(3,201,445)</u>
Loss from continuing operations before income tax benefit	(2,740,538)	(3,119,802)
Income tax benefit	415,273	375,843
Loss from continuing operations after tax for the period	(2,325,265)	(2,743,959)
Other comprehensive income:		
Net fair value gain/(loss) on revaluation of available-for-sale investment	-	(562)
Total comprehensive loss attributable to owners of the parent	(2,325,265)	(2,744,521)

Source: CLY audited financial statements for the two years ended 31 December 2011 and 2010

Table 8: CLY Statement of Comprehensive Income for the two years ended 31 December 2011 and 31 December 2010

- 6.7. Other revenue primarily comprises interest income. CLY generated losses for the two years ended 31 December 2011 and has yet to generate operating revenue.

Financial Position

6.8. The table below sets out the financial position of CLY as at 31 December 2011 and 31 December 2010.

	Ref.	As at 31-Dec-11 Reviewed \$	As at 31-Dec-10 Audited \$
Current Assets			
Cash and cash equivalents	6.9	3,348,010	1,660,368
Trade and other receivables	6.10	631,841	493,043
Total Current Assets		3,979,851	2,153,411
Non-Current Assets			
Plant and equipment	6.11	154,209	130,375
Intangible assets	6.11	3,551	5,969
Total Non-Current Assets		157,760	136,344
Total Assets		4,137,611	2,289,755
Current Liabilities			
Trade and other payables		347,146	298,474
Provisions		38,952	32,470
Total Current Liabilities		386,098	330,944
Non-Current Liabilities			
Provisions		37,471	-
Total Non-Current Liabilities		37,471	-
Total Liabilities		423,569	330,944
NET ASSETS	6.9	3,714,041	1,958,811
EQUITY			
Contributed equity		13,409,971	10,166,442
Reserves		1,660,974	824,008
Accumulated losses		(11,356,904)	(9,031,639)
TOTAL EQUITY	6.9	3,714,041	1,958,811

CLY audited financial statements for the two years ended 31 December 2011 and 2010

Table 9: CLY Statement of Financial Position as at 31 December 2011 and 2010

- 6.9. CLY disclosed net assets of \$3.7 million as at 31 December 2011, primarily comprised of cash and cash equivalents of \$3.3 million. CLY disclosed that it had cash at bank of \$2.5 million as at 15 May 2012.
- 6.10. At 31 December 2011, trade and other receivables primarily comprised income tax research and development ("R&D") benefits refundable of \$415,000 and GST input tax refundable of \$85,000.
- 6.11. In accordance with its accounting policies, CLY has not capitalised exploration and evaluation expenditure for the two years ended 31 December 2011. Non-current assets primarily comprise motor vehicles and furniture and fittings, and intangible assets comprising computer software.

Capital Structure

6.12. The capitals structure of CLY as at the date of the Bidder's Statement is set out in the table below.

	Number
Total ordinary shares on issue	167,962,010
Total Employee Stock Ownership Plan ("ESOP") options	1,100,000
Total listed options on issue	94,134,786
Total incentive options on issue	2,050,000
Total director options on issue	1,650,000

Table 10: CLY capital structure

6.13. A number of shares and options as set out above are subject to ASX imposed or voluntary escrow restrictions. Further details on these restrictions are set out in the Bidder's Statement.

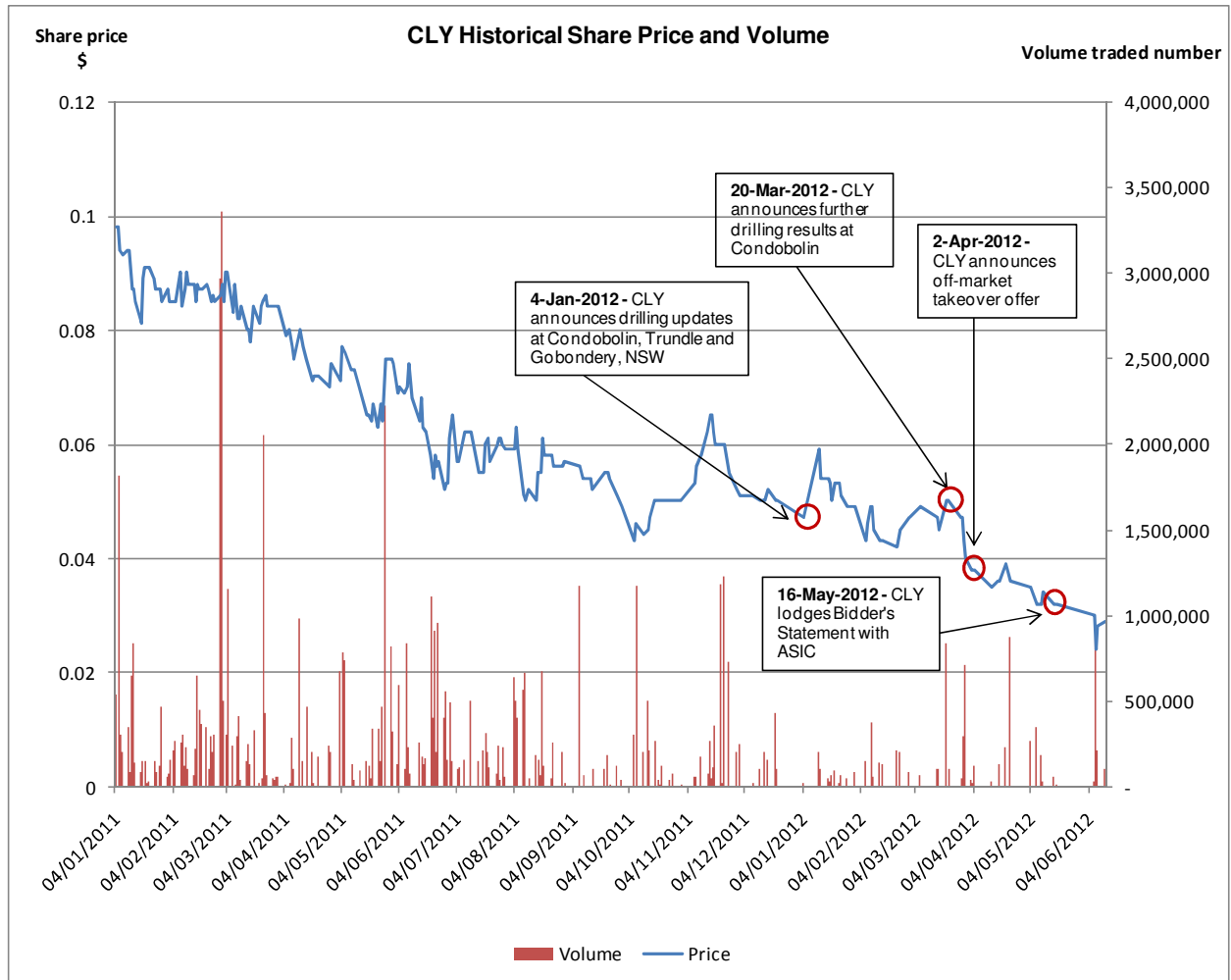
6.14. The following table sets out the expected capital structure of CLY on completion of the Offer and CLY acquires all 79,621,128 GES shares currently on issue.

	Number	%
Shares		
Existing CLY shareholders	167,962,010	41.3%
Shares issued to GES shareholders	238,863,384	58.7%
Total CLY shares post Offer	<u>406,825,394</u>	<u>100.0%</u>
Options		
ESOP options	1,100,000	
Listed options	94,134,786	
Incentive options	2,050,000	
Director options	1,650,000	
Total CLY options	<u>98,934,786</u>	

Table 11: CLY capital structure post completion of Offer

CLY Share price and volume traded

6.15. The daily share price movement in CLY's share price and volumes for the period 1 January 2011 to 12 June 2012 is set out below.



Source: Bloomberg

Chart 2: CLY share price and volume movement for the period 1 January 2011 to 12 June 2012

- 6.16. For the period 1 January 2011 to 12 June 2012, CLY share prices have fluctuated between a low of \$0.024 on 7 June 2012 and a high of \$0.098 on 4 and 5 January 2011.
- 6.17. CLY's share price closed at \$0.04 on 30 March 2012, the last trading day before CLY announced the Offer on 2 April 2012. Since 2 April 2012, CLY's share price has declined, reaching a low of \$0.024 on 7 June 2012.

7. Valuation Approach

Valuation Methodologies

7.1. In assessing the value of the shares in GES, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cashflows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

Market Based Methods

7.2. Market based methods estimate the fair value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings;
- The quoted price for listed securities; and
- Industry specific methods.

7.3. The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

7.4. The recent quoted price for listed securities method provides evidence of the fair value of a company's securities where they are publicly traded in an informed and liquid market.

7.5. Industry specific methods usually involve the use of industry rules of thumb to estimate the fair value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Discounted Cash Flow Methods

7.6. The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

Asset Based Methods

- 7.7. Asset based methodologies estimate the fair value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods are particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows, and include:-
- orderly realisation of assets method;
 - liquidation of assets method; and
 - net assets on a going concern basis.
- 7.8. The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.
- 7.9. The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.
- 7.10. The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs.

Selection of Valuation Methodology

Valuation of a GES share

- 7.11. GES does not currently generate operating revenues and its principal assets are exploration and evaluation assets and cash and cash equivalents. We consider the most appropriate valuation methodology for valuing companies of this nature is on the basis of the fair value of their underlying assets. Our valuation has been based on the unaudited net assets of GES at 30 April 2012 adjusted for disclosed subsequent events.
- 7.12. We have also considered the implied value of a GES share based on recent trading prices for portfolio shareholding parcels of GES shares on the ASX. In accordance with RG 111, we have assessed the value of GES's shares on a 100% controlling interest.
- 7.13. ASIC Regulatory Guides envisage the use by an independent expert of specialists when valuing specific assets. We determine the need for a specialist's involvement with regard to valuing GES's portfolio of exploration assets and we engaged Ravensgate to prepare an independent technical and valuation report providing a value of GES's portfolio of exploration assets.
- 7.14. Ravensgate has prepared its report in accordance with the code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("the VALMIN Code). We have satisfied ourselves as to Ravensgate's qualifications and independence from GES and have placed reliance on their report. A copy of Ravensgate's report is provided in Appendix 8.

Exploration tenements – Comparable Transactions Methodology

- 7.15. We have reviewed Ravensgate's valuation of GES's exploration tenements using the comparable transactions methodology as set out in paragraphs 8.5 to 8.7.

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Quoted Price of Listed Securities

- 7.16. Prices at which a company's shares have been traded on the ASX can, in the absence of low liquidity or unusual circumstances, provide an objective measure of the value of the company, excluding a premium for control.
- 7.17. As a cross-check, we have considered the quoted market price by considering the historical weighted average price of GES shares and the volatility of the share price prior to and post the announcement of the Offer.

Valuation of the Offer Consideration made by CLY

- 7.18. CLY is offering GES Shareholders 3 CLY shares for every 1 GES share. In order to assess the fairness of the Offer, we need to assess the fair value of a share in CLY.
- 7.19. We have valued CLY shares by reference to recent share market trading. The analysis has been performed on a minority interest basis as CLY Shareholders accepting the Offer will become minority holders (on an individual shareholder basis) of shares in CLY.

8. Valuation of GES

8.1. The basis of our evaluation of “fairness” is to consider how the value of a GES share compares to the consideration offered. Therefore we have considered:

- the fair value of an ordinary share in GES, having regard to the value of the exploration assets; and
- the consideration offered of three CLY shares for every one GES share held by Shareholders. We have assessed the value of a CLY share by reference to recent share market trading of CLY shares, as set out in section 9.

Valuation of GES

8.2. As stated in paragraph 7.11, we have assessed the value of GES prior to the Proposed Transaction on the basis of the fair value of the underlying assets and have also considered the recent quoted price of its listed securities.

Net Assets on a Going Concern Basis

8.3. Our assessment of the fair value of GES’s net assets, based on the unaudited net assets of the Company as at 30 April 2012 adjusted to reflect the fair value of the exploration assets and adjusted for known events subsequent to 30 April 2012, is set out in the table below.

	As at 30-Apr-12 Unaudited \$	Ref.	Subsequent event 1	Assessed Fair Value		Preferred \$
				Low \$	High \$	
Current Assets						
Cash and cash equivalents	73,097	8.4	1,144,149	1,217,247	1,217,247	1,217,247
Trade and other receivables	16,465		-	16,465	16,465	16,465
Financial assets	9,627		-	9,627	9,627	9,627
	<u>99,190</u>		<u>1,144,149</u>	<u>1,243,339</u>	<u>1,243,339</u>	<u>1,243,339</u>
Non-Current Assets						
Other financial assets	68,775		-	68,775	68,775	68,775
Exploration and evaluation assets	3,557,950	8.8 - 8.12	-	16,647,000	30,157,000	23,007,000
Total non-current assets	<u>3,626,725</u>		<u>-</u>	<u>16,715,775</u>	<u>30,225,775</u>	<u>23,075,775</u>
Total assets	<u>3,725,915</u>		<u>1,144,149</u>	<u>17,959,114</u>	<u>31,469,114</u>	<u>24,319,114</u>
Current Liabilities						
Trade and other payables	43,279		-	43,279	43,279	43,279
Total Liabilities	<u>43,279</u>		<u>-</u>	<u>43,279</u>	<u>43,279</u>	<u>43,279</u>
NET ASSETS	<u>3,682,637</u>			<u>17,915,835</u>	<u>31,425,835</u>	<u>24,275,835</u>
<i>Number of shares on issue</i>	53,080,752	8.4	26,540,376	79,621,128	79,621,128	79,621,128
Value per share (\$)	<u>\$0.069</u>	8.14		<u>\$0.225</u>	<u>\$0.395</u>	<u>\$0.305</u>

Table 12: Summary of GES valuation on a net assets on a going concern basis

8.4. As set out in paragraphs 5.23 and 5.26, as a result of the completion of the Rights Offer, the Company raised \$1.19 million less underwriting fees of \$50,000, amounting to \$1.14 million, and issued a total of 26,540,376 new ordinary shares.

8.5. We have relied upon the independent valuation report prepared by Ravensgate to assess the value of the

Company's exploration assets. The valuation methodology adopted by Ravensgate is the comparable transactions method whereby Ravensgate utilised comparable publicly available market transactions involving gold and manganese projects without defined resources within Australia, gold resources in Europe, gold resources in Australia and worldwide manganese exploration targets.

- 8.6. Comparable transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the mineral assets being valued. Ravensgate has noted that individual market transactions are rarely identical to the relevant project area being valued or may not necessarily contain all the required information. In practice, a range of implied values on a dollar per metal unit or dollar per square km of tenement holding is utilised.
- 8.7. Publicly available market comparable transactions have been categorised to reflect transactions on a dollar per metal unit for a more advanced exploration target or mineral resources (as in the case of the Plavica Project), or on a dollar per square km of tenement holding for less advanced mineral assets (as in the case of the Company's other projects comprising the Gladstone – Mount Miller, McArthur, Fenn Gap, Pioneer, Alice Springs, Arltunga and Laura River Projects).
- 8.8. Ravensgate have noted that GES does not currently hold the 62% interest in the Plavica Project as the right to earn the 62% interest is contingent on GES funding the Plavica Project to the completion of a Final Feasibility Study. However, Ravensgate has attributed the range of values for a 62% interest in the Plavica Project to be \$27.16 million to \$35.26 million, with a preferred valuation of \$31.08 million.
- 8.9. Management has prepared an assessment of the estimated costs to perform and complete the Final Feasibility Study over the 30 month period ending 31 December 2014. Total expenditure over the 30 month period is estimated to be \$13.74 million. We have discounted this expenditure, to calculate the NPV of the estimated total expenditure to perform and complete the Final Feasibility Study, using a real discount rate of 11.1% and 14.9% (refer Appendix 6 for our discount rate calculation), resulting in expenditure with an NPV in the range of \$11.48 million to \$11.98 million, and a preferred mid-point value of \$11.73 million.
- 8.10. We have deducted the NPV of the estimated total expenditure to perform and complete the Final Feasibility Study from the range of values attributed by Ravensgate to the Plavica Project on the basis that, upon completion of the Final Feasibility Study, the Company will have earned the right to the 62% interest in the Plavica Project.

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8.11. The range of values attributed by Ravensgate to the Company's exploration assets is set out in the table below.

	Low \$	Valuation High \$	Preferred \$
62% interest in the Plavica Project	27,160,000	35,260,000	31,080,000
Other Projects			
Gladstone-Mount Miller Project	110,000	930,000	910,000
McArthur Project	250,000	760,000	510,000
Fenn Gap Project	100,000	760,000	260,000
Pioneer Project	70,000	190,000	160,000
Alice Springs Project	740,000	2,730,000	1,240,000
Arltunga Project	140,000	520,000	430,000
Laura River Project	50,000	500,000	150,000
Rounding adjustment	10,000	(10,000)	-
Total	1,470,000	6,380,000	3,660,000

Source: Ravensgate

Table 13: Summary of Ravensgate valuation

8.12. The table below sets out the value of the Company's exploration assets after deducting the NPV of the estimated expenditure to perform and complete the Final Feasibility Study in relation to the Plavica Project.

	Fair value of exploration assets		
	Low \$	High \$	Preferred \$
62% interest in the Plavica Project	27,160,000	35,260,000	31,080,000
Less NPV of estimated expenditure to perform and complete the Final Feasibility Study	(11,983,000)	(11,483,000)	(11,733,000)
Value of the Plavica Project	15,177,000	23,777,000	19,347,000
Value of other Projects	1,470,000	6,380,000	3,660,000
Value of GES's exploration assets	16,647,000	30,157,000	23,007,000

Source: Management and Ravensgate

Table 14: Summary of the value of GES's exploration assets

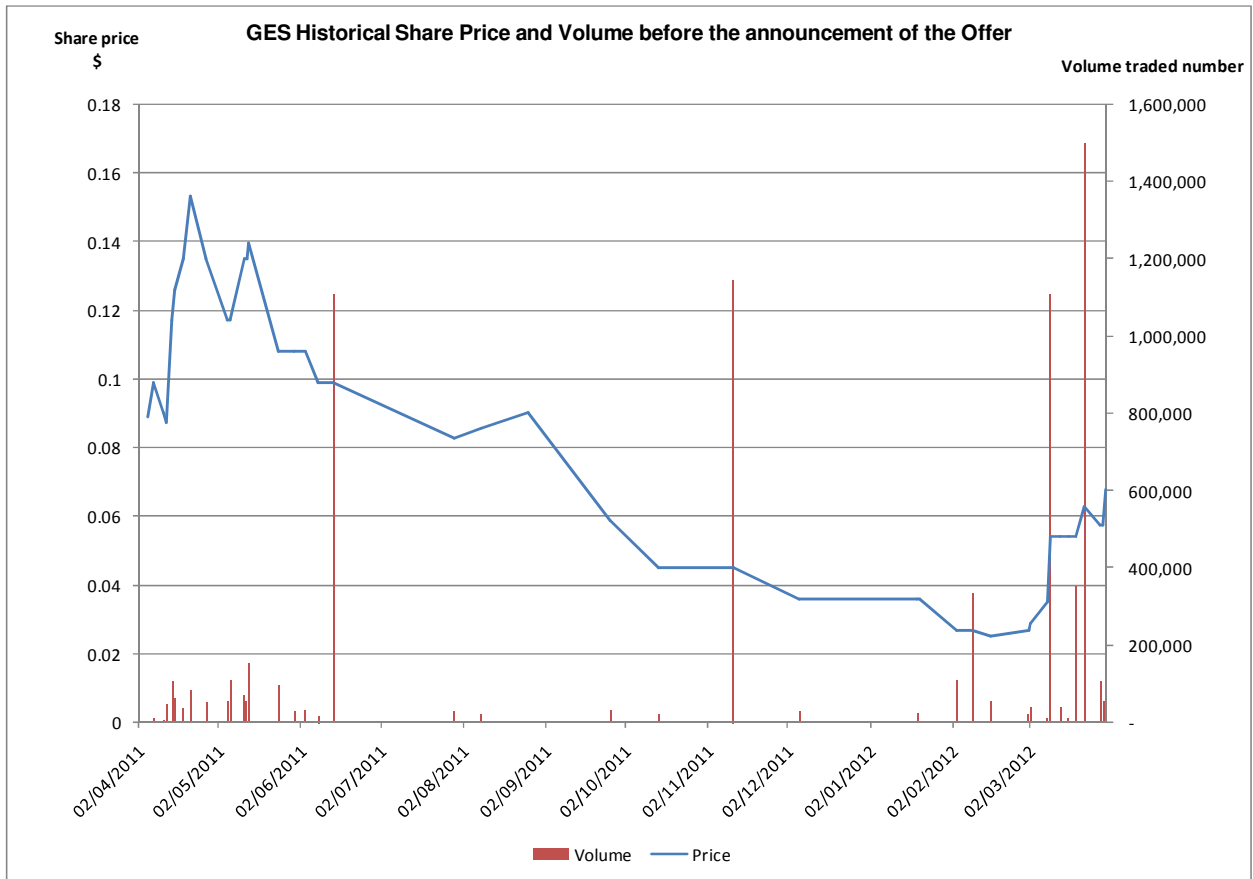
8.13. We are not aware of any other indicators that the book value of assets and liabilities of GES differ materially from their market value.

8.14. Our assessed value of a GES share is therefore in the range of \$0.225 to \$0.395, with a preferred value of \$0.305.

8.15. As the net assets methodology assumes 100% ownership, no adjustment is required to this value.

Quoted Market Share Price

- 8.16. In accordance with the requirements of RG 111, we have considered the listed securities' depth, liquidity, and whether or not the market price of a GES share is likely to represent the value of a GES share.
- 8.17. The Offer was announced on 2 April 2012. The following chart sets out daily closing share prices and volumes in GES shares traded in the year prior to the announcement of the Proposed Transaction, i.e. the year to 1 April 2012.



Source: Bloomberg

Chart 3: GES trading activities (2 April 2011 to 1 April 2012)

- 8.18. During the period 2 April 2011 to 1 April 2012, the GES share price has been volatile, ranging from a low of \$0.025 on 16 February 2012, and a high of \$0.153 on 21 April 2011.

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8.19. To provide further analysis of the market prices for GES shares, we have considered the Volume Weighted Average Price ("VWAP") for the 1 day, 5 day, 10 day, 30 day and 60 trading day periods to 1 April 2012:

	High \$	Low \$	Value \$	Cumulative Volume	VWAP \$	Volume traded as % of total shares
1 trading day	0.068	0.068	503	7,390	0.068	0.01%
5 trading days	0.068	0.058	9,724	167,205	0.058	0.32%
10 trading days	0.068	0.058	104,264	1,665,470	0.063	3.14%
30 trading days	0.068	0.027	188,302	3,252,035	0.058	6.13%
60 trading days	0.068	0.025	202,686	3,779,202	0.054	7.12%

Source: Bloomberg and RSM calculations

Table 15: GES trading activities pre announcement of the Offer

8.20. We note the following:

- the VWAP has ranged from a low of \$0.054 to a high of \$0.068 in the 60 trading day period before the announcement of the Offer;
- notwithstanding the level of liquidity, GES complies with full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of GES; and
- in the absence of other share offers, the trading share price represents the value in which minority Shareholders could realise if they wanted to exit their investment.

8.21. Our assessment of the value of a GES share based on the quoted market price pre announcement of the Offer, and therefore on the basis of a minority interest, is between \$0.054 and \$0.068.

8.22. We also note that GES completed the Rights Issue on 2 May 2012, issuing a total of 26,540,376 shares at \$0.045 per share. We have considered the impact of the Rights Issue on the GES share price as set out in the table below.

	Low	High
Number of shares on issue pre Rights Issue (a)	53,080,752	53,080,752
Fair market value of a GES share (minority interest basis) (b)	\$0.054	\$0.068
Value, $x = (a \times b)$	<u>\$2,866,361</u>	<u>\$3,609,491</u>
Number of shares issued from Rights Issue (c)	26,540,376	26,540,376
Rights Issue price (d)	\$0.045	0.045
Value, $y = (c \times d)$	<u>\$1,194,317</u>	<u>\$1,194,317</u>
Total number of shares post Rights Issue (a + c)	79,621,128	79,621,128
Total Value (x + y)	\$4,060,678	\$4,803,808
Weighted fair value of a GES share (minority interest basis)	<u>\$0.051</u>	<u>\$0.060</u>

Table 16: Effects of the Rights Issue

8.23. We have utilised the GES share price range of \$0.054 to \$0.068 to obtain the weighted share price of a GES share after the Rights Issue.

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- 8.24. Our assessment of a market value of a GES share based on the quoted market price, and weighted for the effects of the Rights Issue, is between \$0.051 and \$0.060, on a minority interest basis.
- 8.25. The value above is indicative of the value of a marketable parcel of shares assuming the Shareholder does not have control of GES. In the case of the take-over offer by CLY, RG 111 states that the independent expert should calculate the value of a target's shares as if 100% control were being obtained. Therefore, in our assessment of the value of a GES share, we should include a premium for control.
- 8.26. RSM Bird Cameron has undertaken a survey of control premiums paid over a five-year period to 30 June 2010 in 212 successful takeovers and schemes of arrangements of companies listed on the ASX ("RSM Bird Cameron Control Premium Study 2010"). The findings are summarised in the table below, showing the average control premium 20 days, 10 days and 2 days prior to announcement.

	Number of Transactions	20 Days Pre	10 Days Pre	2 Days Pre
Average control premium - All Industries	212	30.7%	25.6%	21.9%
Average control premium - Metals & Mining	55	33.9%	29.9%	26.4%

Table 17: Average Control Premium over five years to 30 June 2010
(Source: RSM Bird Cameron Control Premium Study 2010)

- 8.27. We have selected a control premium of 25% to 30% and applied it to our assessed value of a GES share on a minority interest basis as follows.

	Low \$	High \$
Quoted market price value	0.051	0.060
Control premium	25%	30%
Quoted market price valuation including a premium for control	0.064	0.078

Table 18: Assessed value of a GES share using the quoted market price

- 8.28. Our valuation of a GES share on the basis of the quoted market price including a premium for control is therefore between \$0.064 and \$0.078

Valuation Summary

- 8.29. A summary of our assessed values of a GES share is set out below.

	Low \$	High \$	Preferred \$
Net assets on a going concern	0.225	0.395	0.305
Quoted market price value	0.064	0.078	0.071
Preferred Valuation	0.225	0.395	0.305

Table 19: GES Valuation Summary

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AFS Licence No 255847

- 8.30. We have relied upon the net assets on a going concern valuation as we consider that the trading market for GES's shares is not deep enough to provide a fair value. GES shares have not historically traded in significant volumes or on a regular basis.
- 8.31. We have therefore assessed the value of a GES share on a controlling basis to be in the range of \$0.225 to \$0.395 with a preferred mid-point value of \$0.305.
- 8.32. We consider that the variance between the historic traded price and our assessed value most likely reflects, amongst other factors, that the market for GES shares is not deep and therefore its share price may not be a reliable indicator of value as the market for those shares may not be fully efficient. In addition, it is possible that the market is not reflecting the future exploration potential of the Plavica Project as it has not had full access to detailed information and independent analysis undertaken by Ravensgate. We have therefore only relied on the quoted listed securities valuation methodology as guidance and a cross-check to our primary valuation methodology.

9. Valuation of the Offer Consideration

- 9.1. CLY is offering GES Shareholders 3 CLY shares for every 1 GES share. In order to assess the fairness of the Offer, we need to assess the value of a share in CLY.
- 9.2. We have valued CLY shares by reference to recent share market trading. The analysis has been performed on a minority interest basis as CLY Shareholders accepting the Offer will become minority holders (on an individual shareholder basis) of shares in CLY.
- 9.3. We have considered the share market price of CLY shares in recent trading on the ASX.
- 9.4. CLY’s VWAP up until the announcement of the Offer on 2 April 2012, following the announcement of the Offer and following the announcement of the Bidder’s Statement on 16 May 2012, is shown in the table below.

	High \$	Low \$	Value \$	Cumulative Volume	VWAP \$
2 April 2012: Announcement of the Offer	0.038	0.038	1,583	41,667	0.038
5 days prior to the Offer made on 2 April 2012	0.047	0.040	43,109	1,047,222	0.041
30 days prior to the Offer made on 2 April 2012	0.050	0.040	124,454	2,750,836	0.045
From 2 April 2012 to 15 May 2012	0.039	0.032	80,603	2,278,364	0.035
16 May 2012: Bidder’s Statement announced	0.032	0.032	1,866	58,319	0.032
Post 16 May 2012 to 12 June 2012	0.032	0.024	32,278	1,276,107	0.025

Source: Bloomberg and RSM calculations

Table 20: CLY trading activities

- 9.5. Based on the information above, we consider that a relevant value range for our analysis is between \$0.025 and \$0.045 per CLY share.
- 9.6. The estimated value range of \$0.025 to \$0.045 per CLY share implies that the value of the Offer consideration is in the range of \$0.075 and \$0.135, with a preferred mid-point of \$0.105, based on the Offer comprising 3 CLY shares for every 1 GES share.
- 9.7. We note that since the announcement of the Offer on 2 April 2012, CLY’s share price has declined, reaching a low of \$0.024 on 7 June 2012, and a VWAP of \$0.025 from the period 17 May 2012 to 12 June 2012.

10. Is the Proposed Transaction Fair

10.1. In assessing whether we consider the Proposed Transaction is fair and reasonable to and therefore, in the best interests of the GES Shareholders, we have considered the following factors:

- a comparison of the value of a GES share (including a premium for control) to the consideration offered for each share under the Proposed Transaction; and
- the advantages and disadvantages of the Proposed Transaction proceeding and not proceeding.

Assessment of Fairness

10.2. The table below sets out the value of the implied consideration payable per share for GES as compared to the valuation of each share.

	Valuation		
	Low \$	High \$	Preferred \$
Value of the consideration offered per GES share (i)	\$0.075	\$0.135	\$0.105
Value per GES share	\$0.225	\$0.395	\$0.305

Note (i): Based on an estimated value range of \$0.025 to \$0.045 per CLY share, with a mid-point value of \$0.035

Table 21: Valuation summary

10.3. As the value of the implied consideration payable per GES share is less than the value of GES, in our opinion the Proposed Transaction is **Not Fair** to the Shareholders of GES.

11. Other Factors taken into Consideration in Forming our Opinion

11.1. RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, there are sufficient reasons for the security holders to accept the offer in the absence of any higher bid before the offer closes. In assessing the reasonableness of the CLY Offer, we have considered the following factors.

Future Prospects of GES if the Proposed Transaction Does Not Proceed

11.2. Should Shareholders not approve the Proposed Transaction the Directors will continue GES's current operations to commence a scoping study, an environmental impact study and a Final Feasibility Study of the Plavica Project, with the objective of obtaining a Final Feasibility Study as soon as practicable. In addition, the Company will continue to fund the appraisal and due diligence of its other exploration assets, and projects.

11.3. GES will be required to raise funds to commence the above operations. The further development of the Company's exploration assets is contingent on its ability to raise sufficient funds.

Advantages and Disadvantages of the Proposed Transaction

11.4. In assessing whether the Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have compared various advantages and disadvantages that are likely to accrue to the Shareholders.

Advantages

11.5. The key advantages to GES Shareholders accepting the Proposal are:

- the preferred value of the consideration of the Offer of \$0.105 per GES share represents a premium of 54.4% to GES's closing share price on 30 March 2012 (the last trading day before the Offer was announced) of \$0.068 and a 81.0% premium on the 30 day VWAP of \$0.058 as set out in Table 15;
- the GES VWAP of \$0.077 for the period post the announcement of the Offer to 12 June 2012 (Table 22), is 13.2% greater than the closing share price of \$0.068, 1 trading day prior to the announcement of the takeover bid. If the Offer is not approved then it is possible that the share price may fall back to the level prior to the announcement; and
- accepting the Offer allows GES Shareholders to obtain a stake in CLY shares and its portfolio of exploration assets. CLY shareholders should benefit from the upside potential in the event that exploration success is achieved. However, both GES and CLY are currently exposed to certain risks including financing, exploration, development and production, commodity and currency pricing. These risks are discussed in more detail below.

General Investment Risks

Financing Risks

- The ability of GES to continue operations and finance development of the Plavica Project is dependent upon obtaining sufficient financing from debt, equity or finance markets in a timely and cost effective manner and at an appropriate price.

Exploration, Development and Production Risks

- Exploration, development and production are high-risk activities. There can be no guarantee that planned exploration programs will lead to positive exploration results and the discovery of a commercial deposit or a commercial mining operation.

Risks Relating to Commodity Prices and Currencies

- Commodities are subject to high levels of volatility in price and demand. As CLY's and GES's potential earnings are derived from the sale of base and precious metals, especially gold and manganese, these earnings will be closely related to the price of these commodities.

Regulatory Risks

- Mining operations require approvals from regulatory authorities from time to time. A failure to obtain any approvals would mean that the ability of an entity to benefit from any project may be restricted. Each lease or license is granted for a specific term and is subject to various conditions. An entity may lose title or its interest in tenements if the relevant conditions are not met.

Share Market Risks

- There are general risks associated with any investment and the share market. The price of GES and CLY's shares quoted on the ASX may rise and fall depending on a range of factors.

Disadvantages

11.6. The key disadvantages to GES Shareholders accepting the proposal are:

- the Offer is not fair;
- in the event the Offer is accepted and CLY acquires all the shares in GES, Shareholders would be diluted from a 100% interest in GES to a 58.7% interest in CLY; and
- GES Shareholders that are Foreign Shareholders (as defined in the Bidder's Statement and the Target's Statement) and who accept the Offer will not receive CLY shares. Instead, a nominee approved by ASIC will be appointed by CLY to receive CLY shares to which Foreign Shareholders are entitled under the Offer. The nominee will then sell those CLY shares on behalf of the Foreign Shareholders and will receive the proceeds (less any expenses incurred in giving effect to the sale). These sales proceeds will then be distributed to the Foreign Shareholders. Foreign Shareholders who chose to accept the Offer will not be able to participate in the risks and rewards of future exploration activities.

Response of the Market to the Announcement of the Proposed Transaction

11.7. The table below sets out the VWAP of the GES share price and the volumes traded after the announcement of the Proposed Transaction.

Period post announcement of Offer	Closing price	High	Low	Value (\$)	Volume	VWAP	Volume traded as % of issued shares
03-Apr-12	0.069	0.069	0.069	70,457	1,021,110	0.069	1.92%
03-Apr-12 to 12-Jun-12	-	0.100	0.069	239,039	3,124,069	0.077	4.62%

Source: Bloomberg and RSM analysis

Table 22: GES trading activities (post announcement of Offer)

11.8. Volume of shares traded remained low at 4.62% in the period measured after the announcement of the Proposed Transaction to the last trading day at the date of this Report. The VWAP of \$0.077 to 12 June 2012 is 13.2% higher than the VWAP of \$0.068 measured 1 trading day, and 32.8% higher than the VWAP of \$0.058 measured 5 trading days, before the announcement of the Proposed Transaction, as set out in Table 15.

Alternative Offers

11.9. We are unaware of any alternative offer at this time which would offer the Shareholders of GES a premium over the value ascribed to that resulting from the Offer.

Yours faithfully



G YATES
Director



A J GILMOUR
Director

APPENDIX 1

Declarations and Disclosures

RSM Bird Cameron Corporate Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron (RSMBC) a large national firm of chartered accountants and business advisors.

Mr Glyn Yates and Mr Andrew Gilmour are directors of RSM Bird Cameron Corporate Pty Ltd. Both Mr Yates and Mr Gilmour are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert’s reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting the Shareholders of Genesis Resources Limited in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the directors and management of Genesis Resources Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Bird Cameron Corporate Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Bird Cameron Corporate Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

RSM! Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Disclosure of Interest

At the date of this report, none of RSM Bird Cameron Corporate Pty Ltd, RSMBC, Glyn Yates, nor any other member, director, partner or employee of RSM Bird Cameron Corporate Pty Ltd and RSMBC has any interest in the outcome of the Proposed Transaction, except that RSM Bird Cameron Corporate Pty Ltd are expected to receive a fee of approximately \$28,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether GES Shareholders accept the Offer, or otherwise.

Consents

RSM Bird Cameron Corporate Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners or RSMBC has been involved in the preparation of the Target's Statement. Accordingly, we take no responsibility for the content of the Target's Statement as a whole.

APPENDIX 2

Sources of Information

In preparing this report we have relied upon the following principal sources of information:

- GES net asset position as at 30 April 2012;
- GES reviewed financial statements for the half-year ended 31 December 2011;
- GES audited financial statements for the year ended 30 June 2011;
- GES audited financial statements for the year ended 30 June 2010;
- Bidder's Statement issued by CLY;
- Publicly available information including ASX announcements and financial information from subscription services including Bloomberg and IBISWorld;
- Information provided to us during meetings and correspondence with management and directors of GES; and
- Ravensgate Technical Project Review and Independent Valuation Report.

APPENDIX 3

Glossary of Terms and Abbreviations

Term	Definition
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
AuEq	Gold equivalent. Gold Equivalent is based on gold (US\$1,587 per ounce), silver (US\$28 per ounce) and copper (US\$7,600 per tonne) prices as at 20 May 2012. The gold equivalent calculation represents the total metal value of each metal, multiplied by a price-based conversion factor, summed and expressed in equivalent gold grammes per tonne ($AuEq\ g/t = (Ag\ g/t * Ag\$/oz / Au\$/oz) + (Cu\% * 10000 * (Cu\$/t / 1,000,000) / (Au\$/oz / 31.1035))$). These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result or for metallurgical flowsheet considerations. Nevertheless, it is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered. The gold equivalent calculation is intended as an indicative value only.
Beta	A measure of systematic risk of a stock; the tendency of a stock's price to correlate with changes in a specific index
Capital Asset Pricing Model (CAPM)	A model in which the cost of capital for any stock of portfolio of stocks equals a risk-free rate plus a risk premium that is proportionate to the systematic risk of the stock or portfolio
Cash flow	Cash that is generated over a period of time by an asset, group of assets, or business enterprise. It may be used in a general sense to encompass various levels of specifically defined cash flows. When the term is used, it should be supplemented by a qualifier (for example, "discretionary" or "operating") and a specific definition in the given valuation context
CLY	Clancy Exploration Limited
Cost of Capital	The expected rate of return that the market requires in order to attract funds to a particular investment
Discount Rate	A rate of return used to convert a future monetary sum into present value
Discounted Cash Flow Method (DCF)	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate

Term	Definition
Equity	The owner's interest in property after deduction of all liabilities
Fair Value or Value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction
Final Feasibility Study	The final report used to obtain finance to develop the mineral concessions in the Plavica Project and otherwise to ascertain whether minerals from one or more substantial deposits suitable for development can be profitably extracted, treated and sold under circumstances that would provide a reasonable long term return to the participants with due regards to the profitable recovery of low-grade minerals, and otherwise as defined in the Joint Venture Agreement between GES and Rik Sileks Ad Kratovo, dated 19 July 2007
GES or the Company	Genesis Resources Limited
Going Concern	An ongoing operating business enterprise
GST	Goods and Services Tax
g/t	Grammes per tonne
IER	Independent Expert's Report
Indicated Resources	Economic mineral occurrences that have been sampled (from locations such as outcrops, trenches, pits and drill holes) to a point where an estimate has been made, at a reasonable level of confidence, of their contained metal, grade, tonnage, shape, densities and physical characteristics
Inferred Resources	That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
JORC	Australasian Joint Ore Reserves Committee
LME	London Metals Exchange
Management	The management of GES
Moz	Million ounces
Mt	Million tonnes

Term	Definition
Net Present Value	The value, as of a specified date, of future cash inflows less all future cash outflows (including the cost of investment) calculated using an appropriate discount rate
Offer	The off-market takeover offer made by CLY to GES shareholders to acquire all of the ordinary shares in GES that it does not already hold, as set out in the Bidders Statement announced on 16 May 2012 and despatched to GES shareholders on 31 May 2012
Oz	Ounce
Net Present Value	The value, as of a specified date, of future cash inflows less all future cash outflows (including the cost of investment) calculated using an appropriate discount rate
PHLX	Philadelphia Stock Exchange
Ppm	Parts per million
Present Value	The value, as of a specified date, of future economic benefits and/or obligations from sale, calculated using an appropriate date
Ravensgate	Corvidae Pty Ltd ATF Ravensgate Unit Trust trading as Ravensgate
Required Rate of Return	The minimum rate of return acceptable by investors before they will commit to an investment at a given level of risk
Return on Equity	The amount, expressed as a percentage, earned on a company's common equity for a given period
RG 111	Regulatory Guide 111 Content of expert reports
Risk-Free Rate	The rate of which investors are compensated for the time value of money
Risk Premium	A rate of return added to a risk-free rate to reflect risk
Sileks	Rik Sileks Ad Kratovo
t	Tonne
Troy oz	Troy ounce
RSM	RSM Bird Cameron Corporate Pty Ltd
US\$ or USD	US dollars
VWAP	Volume weighted average share price
\$ or A\$	Australian dollars

APPENDIX 4

Profile of the Global Gold Industry

Background

Gold is used as a medium of exchange and investment and is widely used to produce coins. Governments of many countries include holdings of gold as part of their monetary reserves and financial institutions and individuals also use gold as a store of wealth. The primary uses of gold are jewellery, dentistry and for artistic purposes. Gold's electrical conductivity, malleability and ductility make it a preferred metal in many applications including electronic and computer circuitry, radar equipment and satellites¹.

There are two types of large scale gold mines comprising open pit and underground mines. The type of mine is determined by the nature of the gold deposits and whether they are close to ground level or deep beneath the surface².

Open pits are suitable for mining large deposits near the surface, so all the excavation takes place from ground level. Advances in mining techniques have made open pit mines much more common in recent years, because larger, more efficient equipment can move rock more cheaply³.

Underground mines are suitable for deposits that lie deep underground. Their depth of underground mines varies greatly, but some of the world's deepest gold mining takes place more than five kilometres below ground level in South Africa. Underground mines vary more than open pit mines because rock formations and conditions are so diverse. However, all rely on shafts dug deep into the ground. The approach taken is determined by the configuration of the ore zones and the strength of the ore and the surrounding rock⁴.

World gold production

China became the world's number one gold producer in 2007 and retains that status. Its gold output in 2010 was 340.8 tonnes, an increase of 8.57% compared to the previous year. In 2009 the value of its gold mining output was circa US\$11 billion⁵.

Australia's gold output in 2009 was 222 tonnes, accounting for 9.1% of the world's total gold output. The total value of gold mining to the Australian economy was circa US\$7.6 billion, and the gold mining industry's share of GDP in 2010-2011 was expected to be approximately 0.4%. Gold exports were 6.3% of Australia's total merchandise export value in 2010. 60% of Australia's gold resources are estimated to be located in Western Australia⁶.

Gold is a mainstay of regional economies worldwide. In 2009, the value of gold output in Latin America was US\$16.7 billion (0.32% of GDP), and in sub-Saharan Africa was US\$16.1 billion (1.46% of GDP). The strongest rise in output has been seen in Heavily Indebted Poor Countries ("HIPC"s) whose gold production rose by 84% between 1994 and 2004. Of the 38 HIPC countries in this period, 14 were significant gold producers (Bolivia,

¹ Australian Government, Geoscience Australia, <http://www.ga.gov.au/minerals/mineral-resources/gold.html>

² World Gold Council, http://www.goldfacts.org/en/supply_chain/mining/

³ World Gold Council, http://www.goldfacts.org/en/supply_chain/mining/

⁴ World Gold Council, http://www.goldfacts.org/en/supply_chain/mining/

⁵ World Gold Council, http://www.goldfacts.org/en/economic_impact/global/

⁶ World Gold Council, http://www.goldfacts.org/en/economic_impact/global/

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Burkina Faso, Congo Côte d'Ivoire, Ethiopia, Ghana, Guinea, Guyana, Honduras, Laos, Mali, Nicaragua, Sudan and Tanzania) with lesser or minor production in the other countries⁷.

Gold is produced from mines on every continent except Antarctica, where mining is prohibited. There are several hundred gold mines operating worldwide. This figure does not include mining at the very small-scale, artisanal and often 'unofficial' level⁸.

The overall level of global mine production is relatively stable. Supply from mine production has averaged approximately 2,602.2 tonnes per year over the last five years to 2011. The stability of production comes from the fact that when new mines are developed primarily to replace current production, rather than expanding global production levels⁹.

Gold production does experience comparatively long lead times, with new mines taking up to 10 years to begin production. This results in mining output that is relatively inelastic, unable to respond quickly to a change in price outlook. Even a sustained price rally, as experienced by gold over the last 10 years, does not translate easily into increased production¹⁰.

Gold Price

Gold prices are quoted on the Philadelphia Stock Exchange ("PHLX"). The global balance between gold ore output and demand plays a key role in setting gold prices. Continued concerns about conditions in global financial markets, tensions in the Middle East and the sovereign debt crisis in Europe have contributed to rises in the world gold price¹¹.

Gold prices (as well as other commodities) are generally priced in US\$. Therefore, the revenues of industry participants worldwide are exposed to the volatility in exchange rates, in addition to gold prices.

⁷ World Gold Council, http://www.goldfacts.org/en/economic_impact/global/

⁸ World Gold Council, https://www.gold.org/investment/why_how_and_where/why_invest/demand_and_supply/

⁹ World Gold Council, https://www.gold.org/investment/why_how_and_where/why_invest/demand_and_supply/

¹⁰ World Gold Council, https://www.gold.org/investment/why_how_and_where/why_invest/demand_and_supply/

¹¹ IBISWorld Industry Report B1314 – Gold Ore Mining in Australia, May 2012

The historical gold prices as quoted on the PHLX are set out below.



Source: Bloomberg

Chart 4: Historical PHLX Gold Prices

Gold prices rose in 2007-08 in response to deteriorating global economic conditions, with renewed investor interest in gold in light of the volatility and uncertainty in financial markets during the GFC. Gold prices rose from circa US\$662.1 per troy oz in August 2007 to reach a high of US\$1,002.9 per troy oz in March 2008, averaging US\$812.3 per troy oz over the period¹².

Gold prices declined during the second half of 2008 as confidence in underlying economic conditions improved slightly. However, gold prices increased in 2009, and has continued to steadily increase reflecting continued global uncertainty and increased reliance on gold's traditional use as a store of value¹³. Gold prices have averaged US\$1,657.69 per troy oz since January 2012, reaching a high of US\$1,784.25 per troy oz on 28 February 2012, and a low of US\$1,539.75 on 16 May 2012.

¹² Bloomberg

¹³ IBISWorld Industry Report B1314 – Gold Ore Mining in Australia, May 2012

APPENDIX 5

Profile of the Manganese Industry in Australia

Background

Manganese is essential to iron and steel making because of its sulphur fixing, deoxidising and alloying properties as well as its low cost. About 90% of manganese production is used in manufacturing iron and steel, but it also is important for use in dry cell batteries, as an alloying element in aluminium and copper and trace nutrient in plant fertilisers and animal feeds as well as in the form of manganese compounds as pigments and for colouring ceramics and glass¹⁴.

Manganese resources

Australia's Economic Demonstrated Resources¹⁵ ("EDR") of manganese in 2010 accounted for approximately 11% of the world EDR¹⁶, making Australia the fifth largest holder of manganese EDR behind the Ukraine (25%), South Africa (16%), Brazil (15%) and China (14%). However, China currently is the largest producer of manganese ore accounting for 35% of world production followed by Australia with 16%. Australia's EDR of manganese was approximately 185 million tonnes as at 31 December 2010 compared to 181 million tonnes as at 31 December 2009¹⁷ representing an increase of 2.2%.

Groote Eylandt deposit in the Northern Territory contains 65% of Australia's EDR. In Australia, there are three operating mines and one tailings re-treatment plant. The Woodie Woodie mine is located about 400 km southeast of Port Hedland in Western Australia. The Northern Territory (NT) has two manganese mines, on Groote Eylandt in the Gulf of Carpentaria, and at Bootu Creek 110km north of Tennant Creek¹⁸.

Manganese production

Australia is the second largest worldwide producer of manganese. Australia produced 6.5 million tonnes of beneficiated manganese ore in 2010 as compared to 4.5 million tonnes in 2009¹⁹. Exports of manganese ores for 2010 totalled 5.5 million tonnes valued at \$1509 million, as compared to 4.7 million tonnes valued at \$999 million in 2009²⁰. The Groote Eylandt and Woodie Woodie mines are expected to continue to provide the bulk of Australia's manganese output, which is expected to rise to 7.2 million tonnes by 2016-17²¹.

Manganese prices

Manganese prices are quoted on Metal Bulletin Limited ("Metal Bulletin"), a specialist international publisher and information provider for the global steel, non-ferrous and scrap metals markets. Metal Bulletin provides Bloomberg with its manganese prices²². The global balance between manganese ore output and demand plays a key role in setting manganese prices. Demand is largely determined by demand for steel, particularly in infrastructure.

¹⁴ Australian Government, Geoscience Australia, <http://www.ga.gov.au/minerals/mineral-resources/manganese.html>

¹⁵ the sum of measured and/or indicated resources, which at the time of determination, profitable extraction or production under defined investment assumptions has been established, analytically demonstrated, or assumed with reasonable certainty

¹⁶ Australian Government, GeoScience Australia, Australia's Identified Mineral Resource 2011

¹⁷ Australian Government, GeoScience Australia, Australia's Identified Mineral Resource 2010

¹⁸ Australian Government, GeoScience Australia, Australia's Identified Mineral Resource 2011

¹⁹ Australian Government, GeoScience Australia, Australia's Identified Mineral Resource 2011

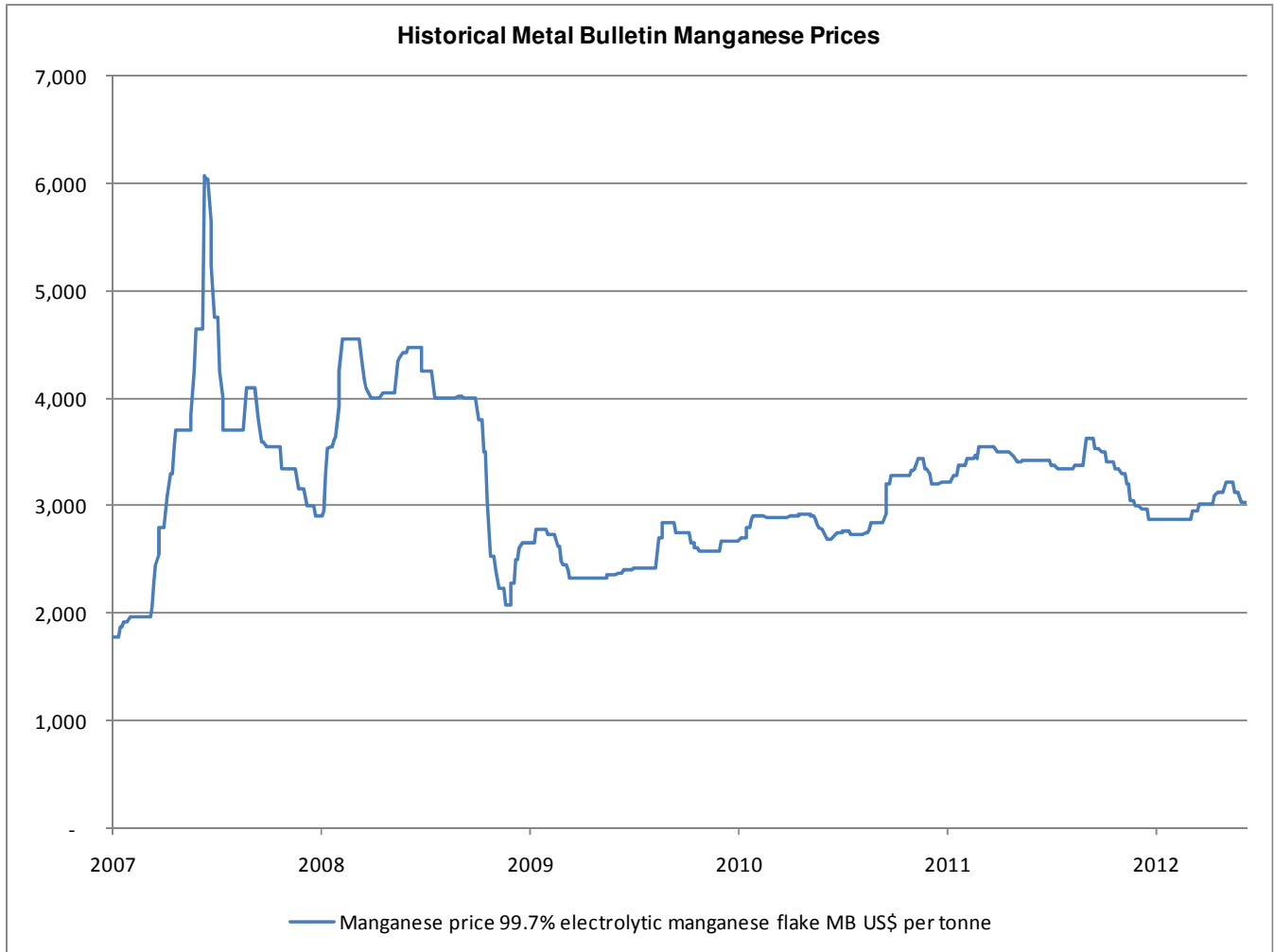
²⁰ Australian Government, GeoScience Australia, Australia's Identified Mineral Resource 2011

²¹ IBISWorld Industry Report B1319 – Manganese and Other Mineral Mining in Australia

²² Measured as 99.7% electrolytic manganese flake MB in US\$ per tonne, Bloomberg

Manganese prices (as well as other commodities) are generally priced in US\$. Therefore, the revenues of industry participants in Australia are exposed to the volatility in exchange rates, in addition to manganese prices.

The chart below sets out the historical manganese prices as quoted on the Metal Bulletin.



Source: Bloomberg

Chart 5: Historical LME Manganese Prices

Manganese prices fluctuated widely in 2007 to 2009 in response to volatile economic conditions, reaching lows of US\$1,775 per tonne in early January 2007, and a high of US\$6,075 on 8 June 2007. Manganese prices fell sharply from circa US\$4,000 per tonne in June 2008 to circa US\$2,400 per tonne by July 2009. Thereafter, manganese prices have shown an increasing trend to reach circa \$3,200 per tonne in May 2012.

Outlook for the industry

Industry performance is expected to be driven by trends in the output and price of steel mills and steel producers. Modest revenue growth is expected for the five years to 2016-17 at an annual average rate of circa 2.6% per annum.

Appendix 6

Assessment of an Appropriate Discount Rate

When assessing an appropriate discount rate to use in a discounted cash flow valuation, due regard must be given to the rates of return available in the marketplace, the degree of risk attached to the business, shares or project and the required rate of return.

The Capital Asset Pricing Model (“CAPM”) is the most frequently used model in determining the cost of equity of an investment or project. We have applied the CAPM to determine an appropriate discount rate to be used in the valuation of GES Management’s assessment of the costs to be incurred in performing and completing the Final Feasibility Study.

CAPM

The CAPM is based on the theory that the prudent investor will price investments so that the expected return is equal to the risk free rate of return plus a premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and therefore demand higher returns for accepting higher levels of risk. The CAPM calculates the cost of equity through the following formula:

$$Re = Rf + \beta[E(Rm) - Rf]$$

Where

Re = Cost of equity capital or expected return on the investment.

Rf = Risk free rate of return.

(Rm) = Expected return on the market.

(Rm) - Rf = Market risk premium

β = Beta.

We have considered each component of the formula in calculating an appropriate cost of equity below.

Risk free rate - Rf

We have assumed a risk free rate of 3.04% being the current yield on the 10 year Commonwealth Government Bond as at 12 June 2012. We have used the 10 year bond rate as this is the period which most closely matches the timeframe over which the returns will be extracted from the Plavica Project.

Market Risk Premium – E(Rm) - Rf

Market risk premium represents the level of return investors require over and above the risk free rate which they require in order to compensate them for the undiversifiable risks associated with an investment in the market portfolio. Empirical studies have shown that generally the market return is 6% to 7% above the risk free rate over time, therefore in our determination of the discount rate we have assumed a market risk premium in this range.

Beta – β

Beta is a measure of the sensitivity of the return on an investment to general market movements (the overall relative riskiness of the investment) with less risky investments having a β nearer to 0, a market portfolio having a β of 1 and risky investments having higher β s.

Equity betas are normally either historical or an adjusted beta. The historical beta is obtained from the linear regression of a security's historical price and dividend data and is based on the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and hence derived from the historical data. It is then modified by the assumption that a security will move towards the market over time, taking into consideration the industry risk factors which make the operating risk of the investment project greater or less risky than comparable listed companies when assessing the equity beta for an investment project.

It is important to note that it is not possible to compare equity betas of different companies without having regard for their gearing levels. Betas can be "un-g geared" by applying the following formula.

$$\beta_a = \beta / (1 + (D/E \times (1-T)))$$

Where

B _a	=	Ungeared beta
B	=	Adjusted geared beta
D	=	Level of Debt
E	=	Level of Equity
T	=	Tax rate

In order to assess the appropriate equity beta for the Proposed Transaction we have considered the equity beta's of publically listed metal exploration companies. We have then calculated the ungeared beta's based on their debt to equity structures, as set out in the table below.

Genesis Resources Limited Equity beta analysis	Cap \$m (i)	Tax Rate	Net Cash / Total Equity	Unadjusted Beta (ii)	Ungeared Beta	Regeared Beta
Genesis Resources Limited	6.0	30.0%	23.0%	1.08	1.28	1.28
Clancy Exploration Limited	4.9	30.0%	90.1%	0.72	1.96	1.96
Goldsearch Limited	5.6	30.0%	4.4%	2.98	3.08	3.08
Krucible Metals Limited	5.6	30.0%	28.2%	1.25	1.55	1.55
Euromax Resources Limited	42.5	15.0%	14.2%	1.03	1.17	1.17
Northern Mining Limited	7.5	30.0%	6.4%	3.28	3.44	3.44
Southern Gold Limited	12.1	30.0%	16.5%	1.36	1.53	1.53
Pioneer Resources Limited	7.7	30.0%	23.4%	2.19	2.62	2.62
Northern Manganese Limited	6.6	30.0%	36.0%	2.01	2.68	2.68
Republic Gold Limited	3.3	30.0%	24.6%	1.37	1.66	1.66
Mean	n/a	n/a	26.7%	1.73	2.10	2.10
Median				1.36	1.81	1.81
Min				0.72	1.17	1.17
Max				3.28	3.44	3.44

Sources: Bloomberg and RSM calculations

(i) market capitalisation as at 12 June 2012

(ii) Bloomberg betas are based on 48 monthly observations as at 12 June 2012

Appendix Table 1: Beta analysis

Based on the above analysis we have assumed an ungeared beta of 1.80 to 2.10 to be appropriate when determining a discount rate to be used in the valuation of GES Management's assessment of the estimated costs to be incurred in performing and completing the Final Feasibility Study.

Cost of Equity

Costs incurred in performing and completing feasibility studies are usually 100% equity financed, therefore the regeared beta range in our calculation of the cost of equity for the Proposed Transaction is 1.80 to 2.10 (i.e. the ungeared beta range determined above). On this basis we have calculated the cost of equity as follows.

Genesis Resources Limited Calculation of WACC		
	Low	High
Cost of Equity (CAPM)		
Risk free rate	3.04%	3.04%
Beta	1.80	2.10
Risk premium	6.0%	7.0%
R_e	13.8%	17.7%

Source: RSM Calculation

Appendix Table 2: Cost of equity calculation

Based on the analysis performed above when valuing the costs associated with performing and completing the Final Feasibility Study for the Plavica Project, we have assumed a discount rate (in nominal terms) in the range of 13.8% to 17.7%.

Cost of equity (in real terms)

The above discount rate is assessed in nominal terms (including an allowance for inflation). However, as the cash flow projections have been assessed in real terms (i.e. in constant dollar terms excluding inflation) it is necessary to apply a real discount rate when determining the value of the project.

Real discount rates are derived from nominal discount rates as follows:

$$R = (1 + n) / (1 + i) - 1$$

Where

R	Real discount rate
n	Nominal discount rate
i	Long term inflation forecast

Based on the Reserve Bank of Australia's historical inflation data together with the Reserve Bank of Australia's target inflation rates of 2% to 3% (source: rba.gov.au), we have utilised a long term inflation forecast rate of 2.5%.

Based on an inflation rate of 2.5% per annum, the appropriate real discount rate is in the range of 11.1% and 14.9%.

Appendix 7

Comparable Company Details

Details of the companies used in our comparable company analysis are set out in the table below.

Genesis Resources Limited Comparable Companies	
Genesis Resources Limited	Genesis Resources Ltd. is a mineral exploration company. The company owns exploration licenses in Queensland and the Northern Territory of Australia and a joint venture agreement giving the company the right to earn the majority position in gold and copper projects in the Former Yugoslav Republic of Macedonia.
Clancy Exploration Limited	Clancy Exploration Limited is a mineral exploration company. The company explores for copper, gold, nickel, and base metals.
Goldsearch Limited	Goldsearch Limited is a gold exploration company with exploration activities in Australia. The company also has base metal exploration activities.
Krucible Metals Limited	Krucible Metals Limited is a minerals discovery company. The company focuses on the exploration of gold, copper, lead, zinc, silver, and uranium in Australia.
Euromax Resources Limited	Euromax Resources Ltd. is a mineral exploration and development company with gold and base metal assets in Macedonia, Bulgaria and Serbia.
Northern Mining Limited	Northern Mining Limited is an exploration company. The Company specializes in precious and base metal exploration in Australia and Poland.
Southern Gold Limited	Southern Gold Ltd. discovers, acquires, and develops mineral resources. The company explores for gold, copper, and nickel in South Australia, Western Australia, and New South Wales.
Pioneer Resources Limited	Pioneer Resources Ltd. explores for nickel, gold, manganese, lateritic cobalt-nickel, and copper-lead-zinc.
Northern Manganese Limited	Northern Manganese Limited explores for manganese in Australia. The company owns mineral exploration licenses that include offshore terrain and islands in the Northern Territory, Australia.
Republic Gold Limited	Republic Gold Limited is a gold exploration and production company based in Australia. The company explores for gold in Queensland in the Hodgkins Basin and at the Lucky Draw Project in New South Wales.

Source: Bloomberg

Appendix Table 3: Comparable Companies

APPENDIX 8

Technical Project Review and Independent Valuation Report

Ravensgate



TECHNICAL PROJECT REVIEW

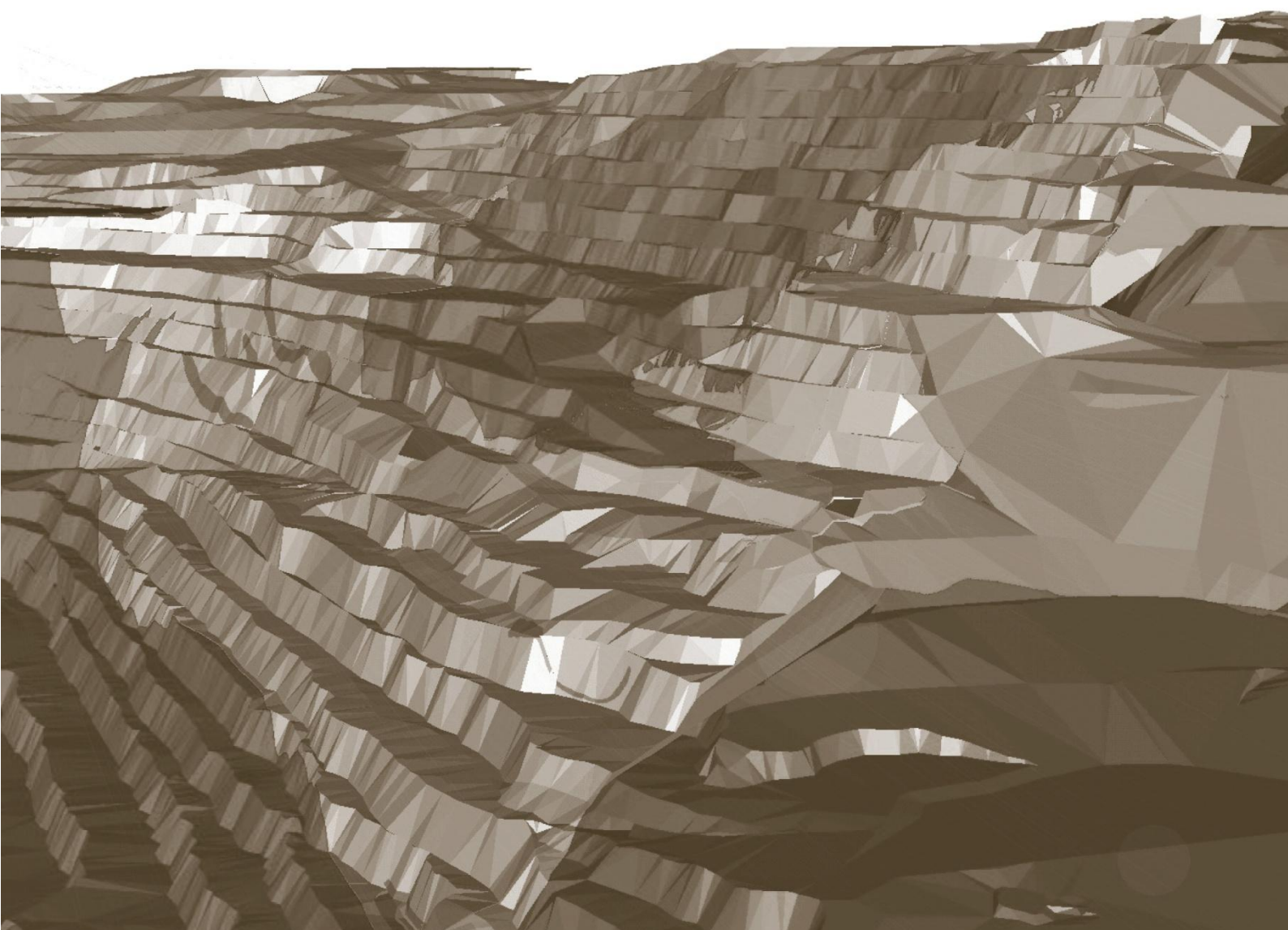
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INDEPENDENT VALUATION REPORT

GENESIS RESOURCES LIMITED MACEDONIAN AND AUSTRALIAN ASSETS

for

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AND

INDEPENDENT VALUATION REPORT

GENESIS RESOURCES LIMITED MACEDONIAN AND AUSTRALIAN ASSETS

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RSM BIRD CAMERON CORPORATE PTY LTD

12 June 2012



TECHNICAL PROJECT REVIEW and INDEPENDENT TECHNICAL VALUATION

Prepared by RAVENSGATE on behalf of:

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TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY	9
2.	INTRODUCTION	12
2.1	Terms of Reference	12
2.2	Qualifications, Experience and Independence	13
2.3	Disclaimer	14
2.4	Principal Sources of Information	15
2.5	Competent Persons Statements	15
2.6	Background Information	15
3.	PLAVICA GOLD, COPPER AND SILVER PROJECT, MACEDONIA	17
3.1	Introduction	17
3.2	Tenure	17
3.3	Geology	17
3.4	Exploration	18
	3.4.1 <i>Historic Exploration</i>	18
	3.4.2 <i>Current Exploration (2010 onwards)</i>	18
3.5	Project Potential and Mineral Resources Estimates	19
	3.5.1 <i>Plavica Resource Estimates</i>	19
	3.5.2 <i>Plavica Project Potential</i>	21
4.	GLADSTONE-MOUNT MILLER MANGANESE PROJECT, QUEENSLAND	22
4.1	Introduction	22
4.2	Tenure	22
4.3	Geology	22
4.4	Exploration	24
	4.4.1 <i>Historic Exploration and Mining</i>	24
	4.4.2 <i>Current Exploration (2009 onwards)</i>	24
4.5	Gladstone-Mount Miller Project Potential	25
5.	MCARTHUR RIVER MANGANESE PROJECT, NORTHERN TERRITORY	26
5.1	Introduction	26
5.2	Tenure	26
5.3	Geology	26
5.4	Exploration	28
	5.4.1 <i>Historic Exploration</i>	28
	5.4.2 <i>Current Exploration (2009 onwards)</i>	31
5.5	McArthur River Project Potential	31
6.	FENN GAP MANGANESE PROJECT, NORTHERN TERRITORY	32
6.1	Introduction	32
6.2	Tenure	32
6.3	Geology	32
6.4	Exploration	33
6.5	Fenn Gap Project Potential	33



7.	PIONEER GOLD PROJECT, QUEENSLAND	34
7.1	Introduction	34
7.2	Tenure	34
7.3	Geology	34
7.4	Exploration.....	36
	7.4.1 <i>Historic Exploration</i>	36
	7.4.2 <i>Current Exploration (2009 onwards)</i>	36
7.5	Pioneer Project Potential	37
8.	ALICE SPRINGS COPPER, GOLD AND IRON PROJECT, NORTHERN TERRITORY	38
8.1	Introduction	38
8.2	Tenure	38
8.3	Geology	38
8.4	Exploration.....	40
	8.4.1 <i>Historic Exploration</i>	40
	8.4.2 <i>Current Exploration (2007 onwards)</i>	41
8.5	Alice Springs Project Potential	41
9.	ARLTUNGA COPPER, GOLD AND IRON PROJECT, NORTHERN TERRITORY	43
9.1	Introduction	43
9.2	Tenure	43
9.3	Geology	43
9.4	Exploration.....	44
	9.4.1 <i>Historic Exploration</i>	44
	9.4.2 <i>Current Exploration (2007 onwards)</i>	45
9.5	Arltunga Project Potential	45
10.	LAURA RIVER GOLD PROJECT, QUEENSLAND	46
10.1	Introduction	46
10.2	Tenure	46
10.3	Geology	47
10.4	Exploration.....	47
	10.4.1 <i>Historic Exploration</i>	47
	10.4.2 <i>Current Exploration (2009 onwards)</i>	48
10.5	Laura River Project Potential	48
11.	VALUATION.....	49
11.1	Introduction	49
11.2	Previous Mineral Asset Valuations	51
11.3	Material Agreements	51
11.4	Macedonia Country Risk	52
11.5	Comparable Transactions	54
	11.5.1 <i>Reported Market Transactions</i>	54
	11.5.2 <i>Commodity Prices</i>	86
11.6	Mineral Asset Valuations.....	89
	11.6.1 <i>Plavica Gold and Copper Project, Macedonia</i>	89
	11.6.2 <i>Gladstone-Mount Miller Manganese Project, Queensland</i>	90



- 11.6.3 *McArthur River Manganese Project, Northern Territory* 91
- 11.6.4 *Fenn Gap Manganese Project, Northern Territory* 92
- 11.6.5 *Pioneer Gold Project, Queensland*..... 93
- 11.6.6 *Alice Springs Copper, Gold and Iron Project, Northern Territory* 93
- 11.6.7 *Arltunga Gold, Copper and Iron Project, Northern Territory* 94
- 11.6.8 *Laura River Gold Project, Queensland*..... 95
- 11.7 Valuation Summary 95
- 12. TENEMENT DETAILS97
- 13. REFERENCES98
- 14. GLOSSARY 102



LIST OF TABLES

Table 1	Genesis Summary Mineral Resource Estimate.....	10
Table 2	Genesis - Summary Project Technical Valuation in Respective Ownership Terms	11
Table 3	Genesis - Summary Technical Valuation for the Plavica Project	11
Table 4	Historic Activities within the Plavica Project Area	18
Table 5	Classified Joint Ore Reserves Committee (“JORC”) resource statement for the Plavica Project, with grade and tonnage reported separately for gold (Au), silver (Ag) and copper (Cu) based on domains established for each element individually (after Pang, 2012).	20
Table 6	Historic Activities within the Gladstone-Mount Miller Project Area	24
Table 7	Historic Activities within the McArthur River Manganese Project Area.....	28
Table 8	Historic Activities within the Pioneer Gold Project Area.....	36
Table 9	Historic Activities within the Alice Springs Project Area	40
Table 10	Historic Activities within the Laura River Gold Project Area	48
Table 11	Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Europe	56
Table 12	Summary of Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Europe.....	59
Table 13	Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Australia.....	60
Table 14	Summary of Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Australia	65
Table 15	Market Transactions Involving Manganese Exploration Projects at the Exploration Area Stage within Australia	66
Table 16	Market Transactions Involving Low Confidence Manganese Exploration Targets or Mineral Resources within the World.....	73
Table 17	Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Australia	75
Table 18	Genesis - Comparative Transactions Valuation for the Plavica Project	90
Table 19	Genesis - Summary Valuation for their Projects.....	96
Table 20	Project Tenement Details Macedonia and Australia	97



LIST OF FIGURES

Figure 1 Locality Map of Genesis Resources Limited’s Australian Projects..... 16

Figure 2 Locality Map of Genesis Resources Limited’s Macedonian Project 16

Figure 3 Locailty of the Plavica Project, Macedonia..... 17

Figure 4 Gladstone-Mount Miller Project with Geology and prospect Localities indicated 23

Figure 5 McArthur River Manganese Project with Geology and prospect Localities indicated..... 27

Figure 6 EM Target Map showing the results of Mn from Rock Chip Sampling 30

Figure 7 Summary Plan showing Fenn Gap Prospects and Fe grades (Fe%) 32

Figure 8 Pioneer Gold Project Geology with Project Boundaries..... 35

Figure 9 Summary Plan showing Alice Springs Project licence and geology 39

*Figure 10 Summary Plan showing Arltunga project areas geology, prospect locations and gold
assays..... 44*

Figure 11 The Laura River Gold Project Locality and Boundary 46

Figure 12 Gold Five Year Monthly Average Price Chart to May 2012 86

Figure 13 Copper Five Year Monthly Average Price Chart to May 2012 87

Figure 14 Silver Five Year Monthly Average Price Chart to May 2012..... 87

Figure 15 Manganese Five Year Monthly Average Price Chart to May 2012 88



1. EXECUTIVE SUMMARY

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate (Ravensgate) has been commissioned by RSM Bird Cameron Corporate Pty Ltd (RSM) to provide a Technical Project Review on Genesis' Macedonian and Australian Mineral Assets and an Independent Technical Valuation over these Projects. This Technical Project Review and Independent Valuation Report was prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by RSM Bird Cameron Corporate Pty Ltd. The IER will be included in Genesis' Target Statement. Genesis' Projects are divided into projects that are owned 100% by Genesis and the Plavica Project that is under a joint venture agreement, where Genesis is earning a 62% interest. The projects included in this report are as listed below.

<u>Mineral Asset</u>	<u>Genesis Ownership %</u>
• Plavica Project (Au+Ag+Cu), Macedonia	0% (Earning 62%)
• Gladstone-Mount Miller Project (Mn), Queensland	100%
• McArthur River Project (Mn), Northern Territory	100%
• Fenn Gapp Project (Mn), Northern Territory	100%
• Pioneer Project (Au), Queensland	100%
• Alice Springs Project (Au+Cu+Fe), Northern Territory	100%
• Arltunga Project (Au+Cu+Fe), Northern Territory	100%
• Laura River Project (Au), Queensland	100%
Genesis Projects, Macedonia and Australia	0% and 100%

Genesis' Projects are located in Macedonia, the State of Queensland and the Northern Territory, Australia. The Plavica Project in Macedonia has had previous Mineral Resource Estimates completed and the Gladstone-Mount Miller project in Queensland has had an exploration target defined. Tenement details have been compiled for detailed review and are appended at the end of this report. Further exploration work remains to be carried out in order to help improve geological understanding, to generate or investigate exploration targets and to update Mineral Resources and associated ongoing economic studies (where defined and as further work progresses) within the project areas. Ravensgate's considered opinion is that the projects are of merit and worthy of further exploration.

The valuation presented in this report was completed on behalf of RSM. The valuation has been completed with information provided by and with the full support of Genesis. The applicable valuation date is 12 June 2012. The Mineral Assets within Genesis' Projects vary from Exploration Areas through to Advanced Exploration Area mineral assets. A reported Mineral Resource as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been defined for the Plavica Project. The Mineral Resource Estimates at various ppm Au, Ag and Cu lower cut-offs carried out by Odessa Resources Pty Ltd (Odessa) for the Plavica project are reproduced below in Table 1. Further discussion of the resource estimation and other project details for the Projects is described within the main body of this report. Competent Person statements are listed in Section 2.5.



Table 1 Genesis Summary Mineral Resource Estimate							
Plavica Mineral Resource (May 2012)							
Classification		Cut-off (ppm)	Tonnes (t)	Grade (ppm)	Au (oz)	Ag (oz)	Cu (Tonnes)
Inferred	Au	0.50	151,046,000	0.75	3,662,000	55,486,000	360,133
Inferred	Ag	15	34,766,000	25.0		28,232,000	
Inferred	Cu	4,000	7,975,000	4,253			34,000

Notes: Differences may occur due to rounding errors

Ravensgate carried out a site visit to the Plavica Gold and Copper Project in Macedonia in producing this report on the 23rd to 25th May 2012. As part of the site visit Ravensgate completed a review of the project technical aspects, including previous work, geology, planned exploration and exploration potential in order to assist in the valuation. Ravensgate is of the opinion that on limited review, the site visit reasonably covered all significant areas for the purposes of this report. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made without including a site inspection of the Australian projects and is of the opinion that no significant additional benefit would have been gained through a site visit to these areas at this stage. Ravensgate has concluded that the Genesis' Projects are of technical merit and is worthy of conducting further review and exploration.

A summary of the Genesis' Projects valuation in their respective ownership percentage terms is provided in Table 2 below. The applicable valuation report date is 12 June 2012 and is derived from an analysis of the resource bases in conjunction with the Comparable Transactions valuation method. The value of Genesis' listed projects is considered to lie in a range from \$1.34M to \$6.38M, within which Ravensgate has selected a preferred value of \$3.66M. Ravensgate were also asked by RSM to value a 62% interest in the Plavica project (Table 3). This 62% interest is considered to lie in a range from \$27.16M to \$35.26M, within which Ravensgate has selected a preferred value of \$31.08M.



Project	Mineral Asset	Ownership %	Valuation		
			Low \$M	High \$M	Preferred \$M
Plavica	Advanced Exploration Area	0%	0.00	0.00	0.00
Gladstone-Mount Miller	Advanced Exploration Area	100%	0.11	0.93	0.91
McArthur River	Exploration Area	100%	0.25	0.76	0.51
Fenn Gap	Exploration Area	100%	0.10	0.76	0.26
Pioneer	Exploration Area	100%	0.07	0.19	0.16
Alice Springs	Exploration Area	100%	0.74	2.73	1.24
Arltunga	Exploration Area	100%	0.14	0.52	0.43
Laura River	Exploration Area	100%	0.05	0.50	0.15
Combined Projects	All Listed Projects	0% & 100%	1.47	6.38	3.66

* The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

Plavica Project	Mineral Asset	Ownership %	Area km ²	Valuation		
				Low \$M	High \$M	Preferred \$M
Current Interest	Advanced Exploration Area	0%	-NA-	0.00	0.00	0.00
Assumed 62% Interest	Advanced Exploration Area	62%	-NA-	27.16	35.26	31.08

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.



2. INTRODUCTION

2.1 Terms of Reference

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate (Ravensgate) has been commissioned by RSM Bird Cameron Corporate Pty Ltd (RSM) to provide a Technical Project Review and an Independent Technical Valuation over Genesis' Macedonian and Australian mineral assets consisting of:

- Plavica Project (Au+Ag+Cu), Macedonia;
- Gladstone-Mount Miller Project (Mn), Queensland ;
- McArthur River Project (Mn), Northern Territory;
- Fenn Gapp Project (Mn), Northern Territory;
- Pioneer Project (Au), Queensland ;
- Alice Springs Project (Au+Cu+Fe), Northern Territory;
- Arltunga Project (Au+Cu+Fe), Northern Territory; and
- Laura River Project (Au), Queensland.

The Technical Project Review and Independent Valuation Report was prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by RSM. The IER will be included in Genesis' Target Statement. Genesis' projects are divided into projects owned 100% by Genesis and those that are under a joint venture agreement, where they presently have a 0% interest earning a 62% interest. Ravensgate understands that all the project tenements in Macedonia and Australia are held in good standing.

Ravensgate has not independently verified the current status of the tenement(s) that are referred to in this report as set out in the Tenement Schedule in Table 20 of this report, which is a matter for independent legal experts. Ravensgate has not reviewed the material contracts relating to the mineral assets of Genesis and is not qualified to make legal representations in this regard.

The objective of this report is to firstly provide a Technical Project Review of the Mineral Resource Estimates for Genesis' Projects. The second objective of this report is to provide a VALMIN compliant valuation and technical assessment of the Projects. The work has been commissioned by RSM. The IER will be included in Genesis' Target Statement and may be distributed to shareholders or investors in the form and context in which it appears within that report.

Ravensgate carried out a site visit to the Plavica project in Macedonia and the Gladstone-Miller project in Queensland, Australia in producing this report. The site visit to the Plavica project was undertaken by Mr Sam Ulrich, Principal Consultant (Geologist) of Ravensgate on the 23-25 May 2012. Mr Ulrich was accompanied by Mr Vasil Ristovski, Senior Geologist for Rik Sileks Ad Kratovo (Sileks). As part of the site visit Ravensgate completed a review of the project technical aspects, including previous work, geology, resource estimation, planned exploration and exploration potential in order to assist in the valuation. Ravensgate is of the opinion that on limited review, the site visit reasonably covered all significant areas for the purposes of this report. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made without including a site inspection of the Australian projects and is of the opinion that no significant additional benefit would have been gained through a site visit to these areas at this stage. Ravensgate has concluded that the Macedonian and Australian Projects are of technical merit and are worthy of conducting further review and exploration.

This report does not provide a valuation of Genesis as a whole, nor does it make any comment on the fairness and reasonableness of any proposed transaction between any



two companies. The conclusions expressed in this Technical Project Review and Independent Technical Valuation are valid as at the Valuation Date (12 June 2012). The review and valuation is therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

This report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The VALMIN Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in April 2005. The report has also been prepared in accordance with ASIC Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). The Technical Project Review and Independent Technical Valuation report has been compiled based on information available up to and including the date of this report.

2.2 Qualifications, Experience and Independence

Ravensgate was established in 1997 and specialises in resource modelling and resource estimation services. The company has worked for major clients globally, including Freeport at Grasberg Mine, Ok Tedi Gold Mine in Papua New Guinea, Goldfields in Ghana, BHP in Western Australia and many junior resource companies which are ASX (Australian Securities Exchange), TSX (Toronto Stock Exchange) or AIM (London Stock Exchange) listed companies. Ravensgate has focused upon providing resource estimations, valuations, and independent technical documentation and has been involved in the preparation of Independent Reports for Canadian, Australian, United States and United Kingdom listed companies.

Author: Sam Ulrich, Principal Consultant. BSc (Hons) Geology, GDAppFin, MAusIMM, FFin.

Sam Ulrich is a geologist with over 15 years experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia, Indonesia, Laos and China primarily in gold, base metals and uranium. Prior to joining Ravensgate Sam worked for Manhattan Corporation Ltd a uranium exploration and resource development company in a senior management position. Mr Ulrich holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Co-author: Don Maclean, Principal Consultant. MSc (Hons) Geology, MAIG, MSEG.

Don Maclean is a geologist with more than 17 years experience in the minerals industry. Don has worked in a number of different geological environments in Australasia, Africa, Central and Southeast Asia and Europe. He has a broad skill base, having worked in regional and near mine exploration, resource development and estimation, open pit and underground geology as well as in senior global management roles. Mr Maclean holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.



Co-author: H. Kate Holdsworth, Senior GIS Geologist. BSc (Hons) Geology, MAusIMM

Kate Holdsworth is a senior GIS geologist with over 17 years GIS experience who joined the Ravensgate team in September 2006. During her tenure at Ravensgate, she has contributed to the compilation of numerous Independent Geologists Reports, Valuation Reports, GIS projects as well as having assisted clients with their exploration reporting requirements and QA/QC investigations into client's data quality. Prior to joining Ravensgate, she worked for Giscoe Pty Ltd, a GIS company in Johannesburg, for ten years, where she was involved in diverse GIS projects, including database creation, database population and data validation. Kate has four years experience in GIS with the Geological Survey of South Africa, where she was a member of their GIS database design team.

Peer Reviewer: Jason McNamara, Principal Consultant. BSc Geology, MAusIMM.

Jason McNamara is an Associate of Ravensgate. As a Principal Consultant he carries out work for Mineral Resource estimations, Independent Technical Valuations, Independent Geologist Report's and Formal Technical Project reviews over a range of commodities. He has a broad skill base with over 18 years international mining industry experience in operational project exploration, resource estimation, grade control and senior management roles. Jason has worked for both junior and larger ASX listed companies, encompassing open-cut operations and evaluations in Africa, Europe and Australasia. Competent Person sign-off was undertaken for MMG's Sepon Gold and Copper Resources in Laos. Jason McNamara holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia.

2.3 Disclaimer

The Authors of this report, and Ravensgate, have no prior association with Genesis in regard to the mineral assets and have no interest in the outcome of the technical assessment.

Ravensgate is independent of Genesis, its directors, senior management and advisors and has no economic or beneficial interest (present or contingent) in any of the mineral assets being reported on. Ravensgate is remunerated for this report by way of a professional fee determined in accordance with a standard schedule of commercial rates, which is calculated based on time charges for review work carried out, and is not contingent on the outcome of this report.

The relationship with Genesis is solely one of professional association between client and independent consultant. None of the individuals employed or contracted by Ravensgate are officers, employees or proposed officers of Genesis or any group, holding or associated companies of Genesis.

The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate's independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests which would affect the expert's ability to present an unbiased opinion within this report.

This report has been compiled based on information available up to and including the date of this report. The statements and opinions are based on the reference date of 12 June 2012 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

Ravensgate consents to this report being distributed, in full, in the form and context in which the technical assessment is provided, for the purpose for which this report was commissioned. Ravensgate provides its consent on the understanding that the assessment expressed in the individual sections of this report will be considered with, and not independently of, the information set out in full in this report.



2.4 Principal Sources of Information

The principal sources of information used to compile this report comprise technical reports and data variously compiled by Genesis Resources Limited (Genesis) and their partners or consultants, publically available information such as ASX releases, government reports and discussions with Genesis' technical and corporate management personnel. With the consent of Genesis, other general report contents describing the regional geology, historical exploration and current exploration has been reproduced verbatim from a number of Genesis internal and publically available reports. A listing of the principal sources of information is included in the references attached to this report

Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Genesis, prior to finalisation by Ravensgate, requesting that Genesis identify any material errors or omissions prior to its final submission.

2.5 Competent Persons Statements

The information in this report that relates to the Mineral Resources as described in Section 3.5 has been reviewed by the nominated competent person, Mr Alfred Gillman. The competent persons statement is shown below.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves (Section 3.5.1) is based on information compiled by Mr Alfred Gillman who is a fellow of the Australasian Institute of Mining and Metallurgy. Mr Gillman is a consultant to Genesis Resources Limited and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the subject matter of the report to qualify as Competent Person and defined in the 2004 edition of the Australasian Code for the Reporting of Exploration Results Mineral Resources and Ore Reserves (JORC Code). Mr. Gillman consents to the inclusion in the report of the matters based on his information in the form and context in which they occur.

2.6 Background Information

The projects discussed in this report are located in Australia and the Republic of Macedonia. Locality maps of the Macedonian and Australian projects are presented in Figure 1 and Figure 2 below. A summary of the tenement details is listed in Table 20 at the end of this report. Report file references and a glossary of terms are also included at the end of this report. Ravensgate understands that the project tenements in Australia and the Republic of Macedonia are held in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so. A brief overview of the projects is outlined in Sections 3 to 10. The Independent Valuation of Genesis' Australian and Macedonian projects are outlined in Section 11.



Figure 1 Locality Map of Genesis Resources Limited's Australian Projects

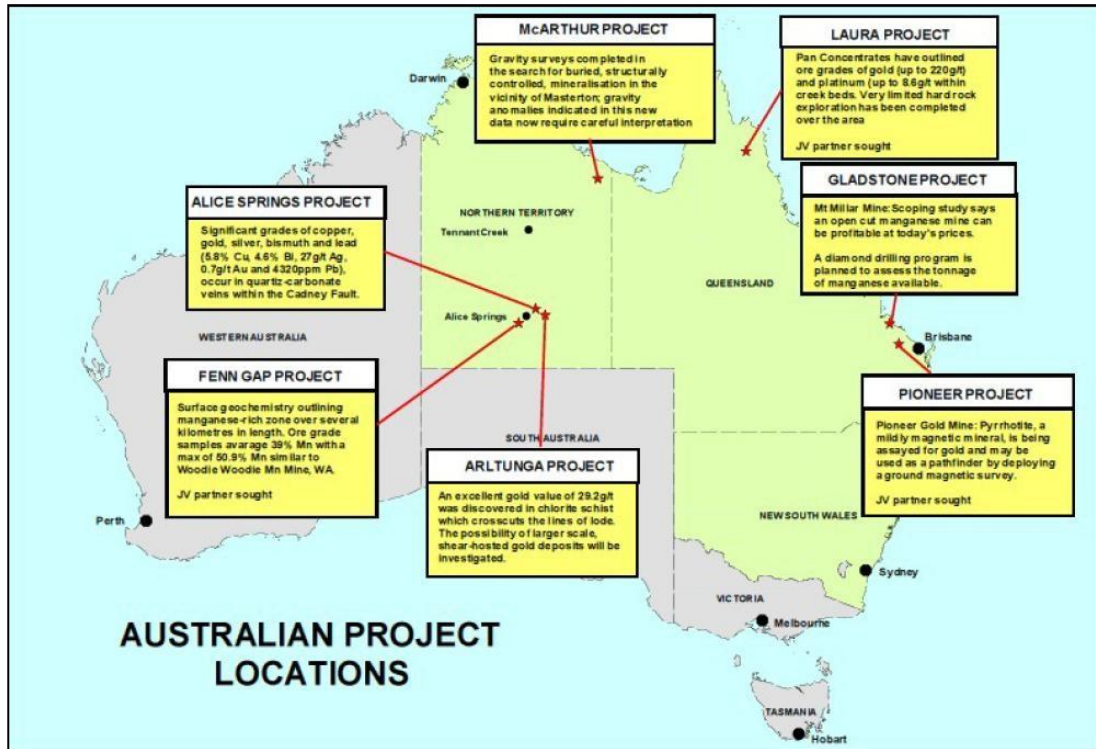


Figure 2 Locality Map of Genesis Resources Limited's Macedonian Project





3. PLAVICA GOLD, COPPER AND SILVER PROJECT, MACEDONIA

3.1 Introduction

The project is located within the Republic of Macedonia (Macedonia) in southeastern Europe, north of Greece. Within Macedonia the project is located in the Kratovo district in northeast Macedonia (Figure 3). Macedonia experiences warm, dry summers and autumns; relatively cold winters with heavy snowfall. Skopje the capital of Macedonia is located approximately 80km west of the project. The project can be accessed via sealed roads from Skopje and within the project the infrastructure consists of sealed roads and forestry or agricultural tracks.

Figure 3 Locailty of the Plavica Project, Macedonia



3.2 Tenure

The project consists of seven concessions (Table 20), which cover a total area of 185km². The concessions are held under a joint venture agreement of which Genesis is earning a 62% interest. The topography ranges from rolling hills in the northern part of the project which have a maximum altitude of 1,300m to flatter land in the south east.

3.3 Geology

The Plavica project is part of a volcanic complex in the Kratovo-Zletovo region and comprises the remnants of a volcanic caldera covering approximately 20km². Northwest and northeast trending faults transect the structure some of which host epithermal gold mineralisation and lead-zinc mineralisation. The geology at Plavica is comprised of a package of intermediate volcanics of both sub-aerial and sub-marine facies. This package is cut by sub-vertical silica bodies.



Mineralisation

The project is the site of much historical mining. The resource area has been defined by historic drilling and is over 1.5km in length and 500m in width. The mineralisation extends to a depth of 800m.

3.4 Exploration

3.4.1 Historic Exploration

The project area has been mined since Roman times with evidence of Roman workings across the deposit. The past history of the project area is listed in Table 4.

Company	Date	Comment
British Selection Mines	1930s	Developed two adits and an east-west trending drive beneath the focal area of Roman mining. The mine was closed at the end of the 1930s. The mine targeted a potential high grade vein zone.
Yugoslav Government and RIK Sileks AD Kratovo (Sileks) JV	1970s to 1980s	Sileks JV drilled 100 vertical diamond holes generally over areas of Roman mining on a 100 x 100m grid over an area of 1.0km ² for approximately 30,000m. Most of the holes were drilled south of the silicified zone on the Plavica Ridge and to the north of the Eastern Ridge (Gillman, 2010).
Cyprus Amax Rio Tinto	1997 1997 - 2000	Limited rock chip sampling of the Northern Ridge. Four angled diamond holes were drilled for a total of 1,028m with the aim of targeting down dip extensions of mineralisation in the four ridges namely, Northern, Plavica, Eastern and Maricanski. Returning best results of 29 metres at 0.41g/t Au and 137g/t Ag (PLV 001), 76 metres at 1.15g/t Au and 0.3% Cu (PLV 002), 0.25 metres at 0.42g/t Au (PLV 003) and 105 metres at 0.67g/t Au. A data review program of all existing Sileks JV data was carried out. A radiometric and magnetic geophysical survey were conducted over an area of 632km ² . A study of Landsat 7 imagery was undertaken as well as surface sampling and geological mapping. As a result of their program 39 targets were generated of which areas of known mineralisation were visited during 1998.
European Minerals	2004	Drilled five diamond holes for about 1,000m.

3.4.2 Current Exploration (2010 onwards)

Activities undertaken by Genesis have included logging of some historic core as well as metallurgical analysis of selected core. The results of the metallurgical testing have indicated that gold and copper can be recovered from the oxide and sulphide zones. A



drilling program consisting of 13 holes for 2,830m, four within the current resource area and eight to test an area of inadequate previous testing.

Reconnaissance exploration work was undertaken during 2011 consisting of a review of remote-sensing imagery. This resulted in the identification of exploration targets some of which corresponded with known prospects. Follow up field interpretations, data review and surface rock-chip sampling was implemented.

3.5 Project Potential and Mineral Resources Estimates

Note: Competent Person statements for the Mineral Resource estimates are listed in Section 2.5.

3.5.1 Plavica Resource Estimates

The most recent resource at the Plavica Project is an Inferred Resource reported in accordance with JORC (2004). The estimation was undertaken by Mr Alfred Gillman of Odessa Resources Pty Ltd (Pang, 2012). This resource was based on the results from 108 diamond drill holes, totalling 34,408 metres. The holes used for the estimation were a combination of historic holes and holes from the Genesis 2011 drilling program.

The resource has been classified as an Inferred resource due primarily to the 100 x 100m drill spacing of the majority of historic holes.

A total of 8,043 gold, 12,845 silver and 15,707 copper assay results were used in the resource estimation. Not all samples were assayed for all three elements.

The resource estimate is reported within grade domains defined by a cut-off of 0.35g/t for gold, 5g/t for silver and 0.2% for copper. These grade domains, created using Leapfrog software, were used as the controlling constraints in the grade estimation and block model reporting. Within the constraining domains, grades were interpolated using the inverse distance squared method. Assay data was composited to 1m. Following univariate statistical analysis of the composited assay data, top cuts of 2.5g/t Au, 50g/t Ag and 0.5% Cu were applied prior to grade interpolation. Grades are reported above a cut-off of 0.50g/t Au, 15g/t Ag and 0.4% Cu.

A conservative bulk density of 2.4g/cm³ was used for the tonnage calculation in the absence of any relevant data. No mining, metallurgical, marketing, economic or environmental studies are or have been considered to determine the economic viability of the project, particularly the relevant economic factors concerning mining along the estimated strike and depth of the resource.

The tabulated resource estimate is split in to three commodities and is reported on an estimated in-situ grade and tonnage basis (Table 5) (Pang, 2012).



Table 5 Classified Joint Ore Reserves Committee (“JORC”) resource statement for the Plavica Project, with grade and tonnage reported separately for gold (Au), silver (Ag) and copper (Cu) based on domains established for each element individually (after Pang, 2012).

Element	Cut Off (ppm)	Tonnes	Grade	Au (oz)	Ag (oz)	Cu (kg)	Classification
Au*	0.50	151,046,457	0.75g/t	3,662,333	55,486,281	360,133,182	Inferred
Ag**	15	34,766,222	25g/t		28,232,352		Inferred
Cu***	4,000	7,975,180	0.43%			33,921,304	Inferred

* reported from within Au defined domain

** reported from within Ag defined domain

*** reported from within Cu defined domain

3.5.1.1 Plavica Resource Review

Ravensgate considers the present Inferred Mineral Resource estimate at Plavica to be of relatively low confidence with the complexity of the deposit not necessarily adequately addressed in the lower drilling density areas. There also remain some questions relating to the quality of data used in the estimate, especially the historical data.

The core recovery of the historical drilling has been noted as being highly variable, though not much core recovery information exists for this drilling. Therefore the representative nature of assays from areas of potential high core loss cannot easily be addressed or adequately compensated for.

The bulk density has been assumed at 2.40g/cm³ as no bulk density measurements have been undertaken. This should be addressed as a matter of priority.

The lack of QAQC sampling as a check on the assays also needs to be addressed. The author of the resource estimate also notes the inability to validate the database assay data with the original laboratory assay reports, the lack of reliable collar survey information and incomplete documentation on assay techniques.

Ravensgate notes the relatively small and relative irregularity/complexity of mineralisation zones where drilling density is highest from observing cross sections through the mineral resource, and the corresponding often larger ‘un-complicated’ zones where drilling density is low, which generally occurs at depth. This looks like a typical artefact of using an ‘open interpolation’ modelling method similar to that understood to be implemented in the Leap-frog software used for modelling. The sole reliance for the creation of mineralisation domains, using Leapfrog in a ‘un-constrained’ manner, is cautioned by Ravensgate. The wireframes output from Leapfrog are considered appropriate to be used to identify mineralisation controls and geochemical associations however, it is Ravensgate’s opinion, that the final domains used for estimation should be manually wireframed using consistent geologic or rock-mass, structural and mineralogical wireframing criteria.

The presence of underground development probably needs to be quantified, even though it is estimated to be small. It is recommended that the appropriate stope volumes be depleted from the resource even at this early stage. Given that underground mining has occurred at Plavica, it should be assumed that some proportion of the mineralisation is



relatively high grade. This interpretation is in contrast to the overall 'low grade' more massive mineralisation domains currently modelled. This observation also supports the statement that current drilling and interpretation may not account for all of the localised mineralisation complexity. It is recommended that rockmass and structural (fault/shear zone) modelling be attempted to better identify where these high grade zones may be located and the continuity locally.

Ravensgate also notes that the interpolation method used in the estimate was Inverse Distance Squared (ID2). Ravensgate considers the use of a statistically moderated technique using localised variography in conjunction with the Ordinary Kriging (OK) interpolation to be more in line with typical industry best practice standards for estimating such deposits types as Plavica.

3.5.2 Plavica Project Potential

At the Plavica deposit itself the drilling completed by the Yugoslav government (100m x 100m drill spacings), was vertical drilling and not optimal for intersecting the near vertical mineralised vuggy silica zones, they were also not routinely assayed for gold, when the gold price was low. These areas need to be redrilled by angled drill holes on a 50m x 50m grid to be adequately tested, which may identify these near vertical zones more adequately allowing them to be modelled as a separate mineralisation domain. The tighter drill spacing will also provide greater confidence in the resource estimation process.

Based on the current mineral resource estimate the Plavica deposit is open at depth to the south. The area directly to the south known as the Marichanski Ridge, contains vuggy silica outcrops associated with anomalous >1ppm Au rockchips and only has 3 drill holes drilled into it. The Tasev Bunar Ridge also contains an area of relatively untested silica outcrop beside the current resource. The Northern Ridge (Dogandziski Kamen) is also an area of vuggy silica outcrop west of the main Plavica Ridge. The area appears to be extensively drilled, though it was at a time when the gold price was low and the Yugoslav government drilling of the time was not routinely assayed for gold, as the focus was primarily on copper.

The potential to find additional mineralisation exists immediately surrounding the Plavica resource area. The exploration objective at the time by the Yugoslav government was to focus on a small area to develop a resource and then expand exploration around the resource area, this expansion in exploration drilling has not taken place.

There is the potential for a gold supergene enriched zone at the contact between the oxide and sulphide mineralisation, this hypothesis has not been adequately tested.

Outside of the main Plavica prospect, potential exists at Borovic in the northwest of the concession area, though the better mineralisation identified to date is located outside of Genesis' concessions.

Outcropping silicified structures trending northeast-southwest exist at a number of locations within the project area for example at Crni Vrv (Black Hill), Barbarevo, Kostomar and Stroimanci. Associated with these areas is pyritisation and alteration. These areas have undergone geochemical and geophysical surveys, with either a few drill holes or none completed by historical explorers. There is the potential to find additional mineralisation associated with these northeast-southwest structures.



4. GLADSTONE-MOUNT MILLER MANGANESE PROJECT, QUEENSLAND

4.1 Introduction

The Gladstone-Mount Miller Manganese Project is located approximately 15km by road east of Gladstone a multi-commodity port which is located 550 kilometres by road north of Brisbane in Queensland.

4.2 Tenure

The project consists of one exploration licence (Table 20) and one mining lease application. The exploration licence has an area of 63km². The exploration licence is due to expire soon and a reapplication is in process for 9km².

4.3 Geology

The project is located over the Berserker Graben. The Devonian-Carboniferous Doonside Formation forms northwest trending ridges and hills that transect the project area (Figure 4). This formation outcrops over a width of about four kilometres but owing to folding the true thickness is uncertain. The western boundary of the Doonside Formation as well as the Berserker, Crana and Calliope beds are faulted by the Boyne River Fault in the west. These beds are comprised of volcanic and sedimentary lithologies. The Berserker beds are thought to have been deposited in a marine trough.

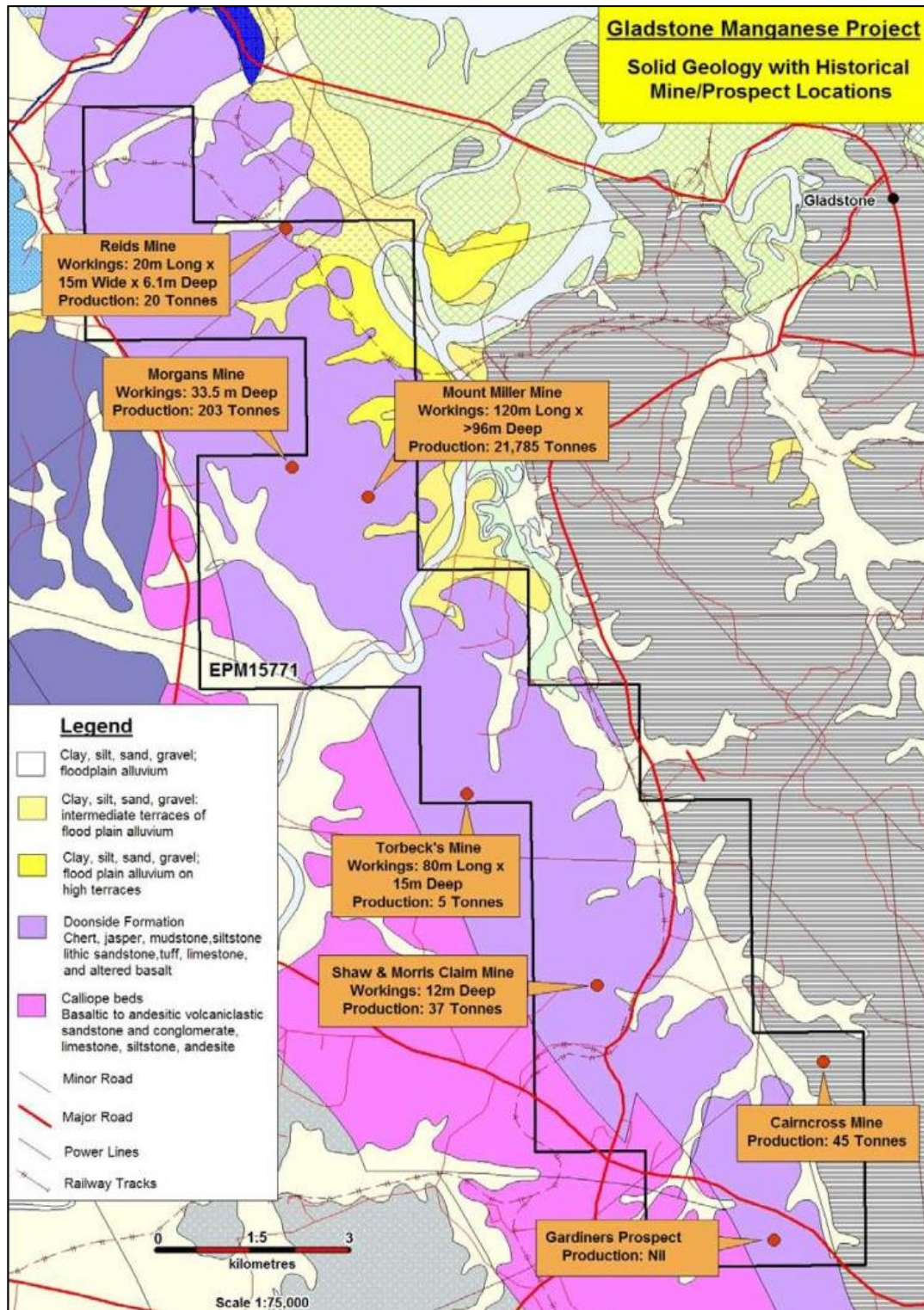
Mineralisation

Northwest of the project the Chalmers Formation consisting of volcanic and sediments hosts the Mt Warmister (Cu), Mt Chalmer (Au-Cu) and North Star (Au) deposits. The Mt Chalmer Mine has produced 1,582kg Au having been worked intermittently over the period from 1896 to 1943. Additionally several northwest striking manganese mineralised bodies occur in the Doonside Formation west of Gladstone inside the project area. The mineralisation is structurally controlled.

The Mount Miller deposit within the project area is lens shaped. The long axis of which is parallel to the bedding plane.



Figure 4 Gladstone-Mount Miller Project with Geology and prospect Localities indicated



Note: The exploration licence was recently reduced from 62km² to 9km², previous area shown in Figure 4



4.4 Exploration

4.4.1 Historic Exploration and Mining

Manganese has been mined from the project area since 1895 from the Mount Miller Manganese Mine. It operated intermittently until 1916 and reopened for two years, 1958 to 1960. The total ore mined is 21,785 tonnes with the grade ranging from 48 -75% MnO₂. In addition to the mine there are four other sites of workings with ore mined of less than 150 tonnes. Details of exploration are listed in Table 6.

Geological Survey of Queensland	1915	Conducted a review of manganese mining activities with respect to the Mount Miller Manganese Mine.
K.C. Church & F. Canavan	1940	Reviewed the existing mine plans. Made revisions and undertook limited sampling of sections and dumps.
BHP		Undertook ground and airborne geophysical surveys over the project area. Soil sampling was conducted at the Mina Creek prospect and the head waters of Spring Creek. BHP also drilled two holes.
Genesis	2007	Conducted a desktop study as well as reprocessed and re-interpreted Geological Survey of Queensland magnetic data. A Site visit was conducted.
	2008	Rock chip sampling program around the Mount Miller Mine as well as detailed mapping. As a result of the mapping program four manganese occurrences were outlined two of which were more significant. An IP survey was carried out over the Mount Miller Mine.

4.4.2 Current Exploration (2009 onwards)

2009

In 2009 Odessa Resources was retained to complete a 3D model over the Mount Miller Mine. A mineralisation target was estimated at 35,000t to 206,000t with an average grade of 35 - 50% Mn with the mineralisation open at depth.

Ravensgate cautions the reader that the potential quantity and grade or quality of an exploration target is conceptual in nature and shows there has been insufficient exploration and work to define a mineral resource. Also, it is uncertain if further exploration and associated resource development work will result in the determination of a Mineral Resource.

A drilling program of six diamond holes for a total of 640.9m was undertaken. It is Ravensgate's understanding that these holes were not sited correctly and did not intersect the drilling targets.

2010

A VTEM survey was completed in December 2010. Genesis concluded that the VTEM survey did not prove to be an effective method by which to explore for additional manganese however some targets were defined which may be of interest for other economic mineralisation (Bachmann, 2012).



In 2011 a preliminary assessment of the Mount Miller mine was carried out by Golder Associates on historic data and the estimated exploration target. Initial conclusions indicated that an open cut mine would be profitable with further options to consider underground mining. An initial diamond drilling program consisting of five drillholes is currently planned to define the manganese ore tonnage (Genesis, 2011).

4.5 Gladstone-Mount Miller Project Potential

The Mount Miller project is centred on the historically underground mined high grade Mount Miller Manganese Mine which was mined in the late 1800s until early 1900s, producing 22,000 tonnes at 44 to 47% Mn. Remnant mineralisation remains around the historically mined areas and the deposit is open at depth and there is also potential to identify extensions along strike.

Preliminary scoping studies have identified that mineralisation at Mount Miller can potentially be economically mined based on the Exploration Target of 35,000t to 206,000t with an average grade of 35 - 50% Mn which has been reported for the project by Odessa, 2009. Identification of strike and down dip extensions would enhance project economics. Drilling is required to define a JORC (2004) compliant resource on which more accurate assessment of the project economics can be defined. The project is well situated and close to infrastructure being only 10km from the port of Gladstone.

Several historic Mn shows are noted in the surrounding licence area and there may be some potential for gold mineralisation. A gravity survey may be useful for identifying potential new Mn mineralised lens positions.



5. MCARTHER RIVER MANGANESE PROJECT, NORTHERN TERRITORY

5.1 Introduction

The McArthur River Manganese Project is located in the Northern Territory, approximately 850km south east of Darwin. The project is accessed via the Carpentaria Highway and is located 210km from the Borroloola Township.

5.2 Tenure

The project is comprised of one granted exploration licence (Table 20), with an area of 506km².

5.3 Geology

The project area is covered mostly by Proterozoic carbonate rocks of the Karns Dolomite (McArthur Group) and underlying sedimentary rocks of the Masterton Formation (Tawallah Group). The Karn dolomite unconformably overlies the Masterton Formation. Jointing is well developed with two major directions of 090° and 110°, with less well developed sets at around 350°. The Karns Dolomite outcrops throughout the project.

The Karns Dolomite has a maximum thickness of 100m to 150m and can be subdivided into two units:

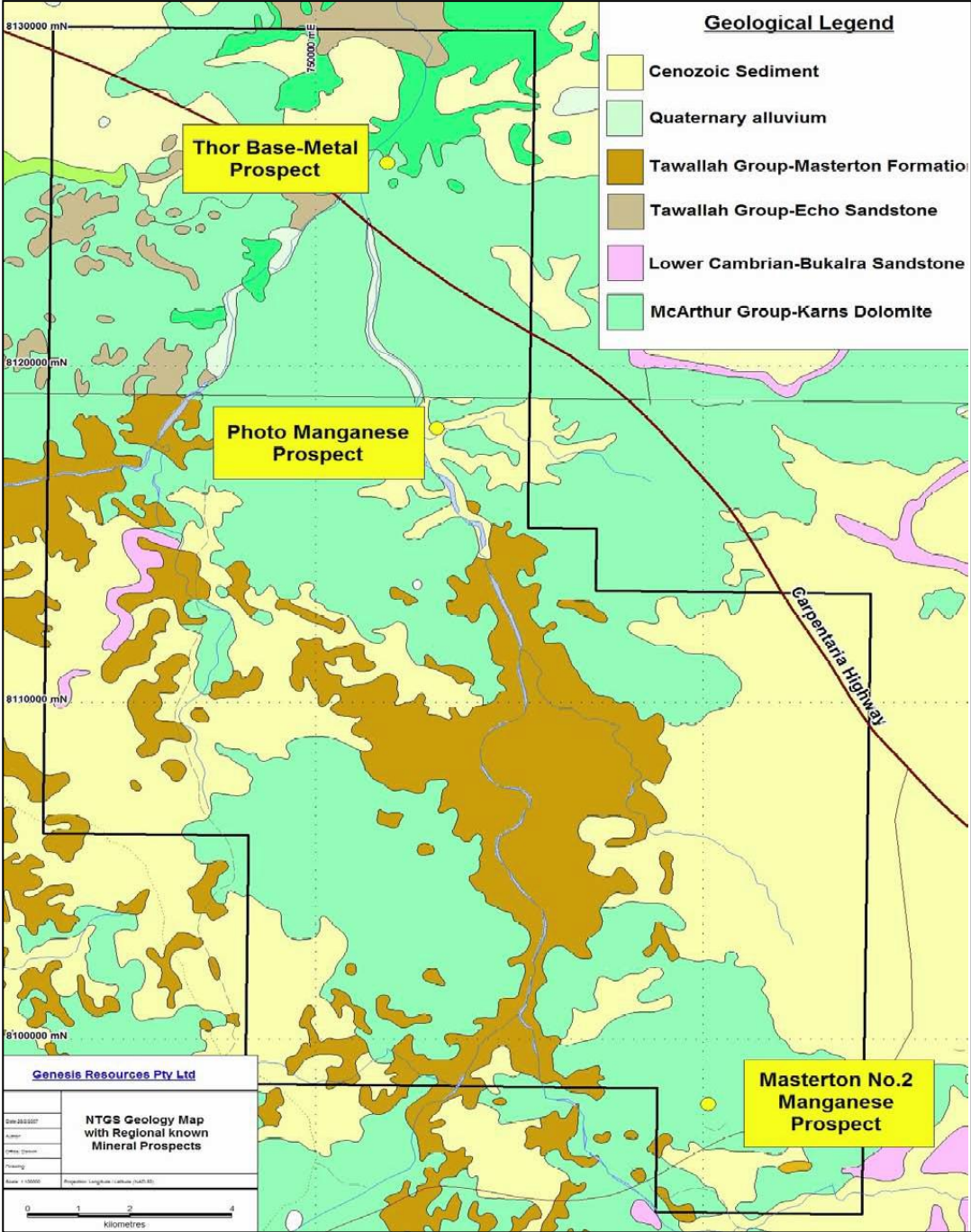
- A basal unit consisting of talus breccias, dolomites and dolomitic shales forming in a mostly lagoonal deposition environment. Textures similar to “birds eye” textures are present, these cavities are now filled with a manganese rich carbonate.
- The upper unit of the Karns Dolomite is a silty dolomite with chert bands.

Buklara Sandstone is found in the western portion of the project consisting mostly of sandstone and minor conglomerate.

Most of the project area is covered by Cenozoic aeolian deposits of a few metres in thickness (Figure 5) (Kastellorizos, 2008).



Figure 5 McArthur River Manganese Project with Geology and prospect Localities indicated





5.4 Exploration

5.4.1 Historic Exploration

Historic exploration throughout the project area is listed in Table 7.

Company	Date	Comment
Bureau of Mineral Resources (BMR)	1957-1962	The area was mapped by the BMR and published as the Calvert Hills 1:250,000 Geological map.
Australian Geophysical Limited	1966	Undertook stream sediment sampling at a density of four samples per square mile.
C.H.C. Shannon	1971	Conducted mapping of three manganese prospects as well as some rock chip sampling. The results from the rock chip sampling program returned results ranging from 40-50% Mn or 60-80% MnO ₂ and 1-8% Fe.
Carpentaria Exploration Company Pty Ltd	1979-1980	Carpentaria explored the area for copper mineralisation. Their programs included literature research, geological mapping, petrological studies and stream sediment sampling. Follow up work of anomalous stream sediment results were undertaken as well as geological mapping and soil sampling over the Thor Prospect.
J. Erickson	1982	Geonorth Mineral Exploration were contracted to review the data with regards to the southern portion of the licence.
Eupene Exploration Pty Ltd	1992	Exploration was conducted over the Masterton No. 2 manganese prospect.
CRA Exploration Pty Ltd	1995-1996	Base metal exploration was conducted over the licence from which the identification of a number of base metal anomalies were delineated. Their exploration program consisted of stream sediment and rock chip sampling. They collected 17 rock chip samples over the Thor Prospects. Thor's gossan returned results of 35% Zn, 1.9% Pb, 10% Fe and 4,800ppm Mn, 880ppm Co with one sample containing 27% Zn, 0.6% Pb, 24% Fe and 4,500ppm.
Genesis Resources Pty Ltd	2007	Desktop study of open file data was undertaken. A re-interpretation and re-processing of magnetic and radiometric data from the Northern Territory Geological Survey Database. This resulted in the identification of exploration targets. Genesis contracted Resource Potentials to carry out re-interpretation and re-processing of government open file airborne electromagnetic data and to review available gravity data for manganese and base metal mineralisation within the project. Thirteen areas were identified for ground reconnaissance. The review also resulted in the identification of northeast and north

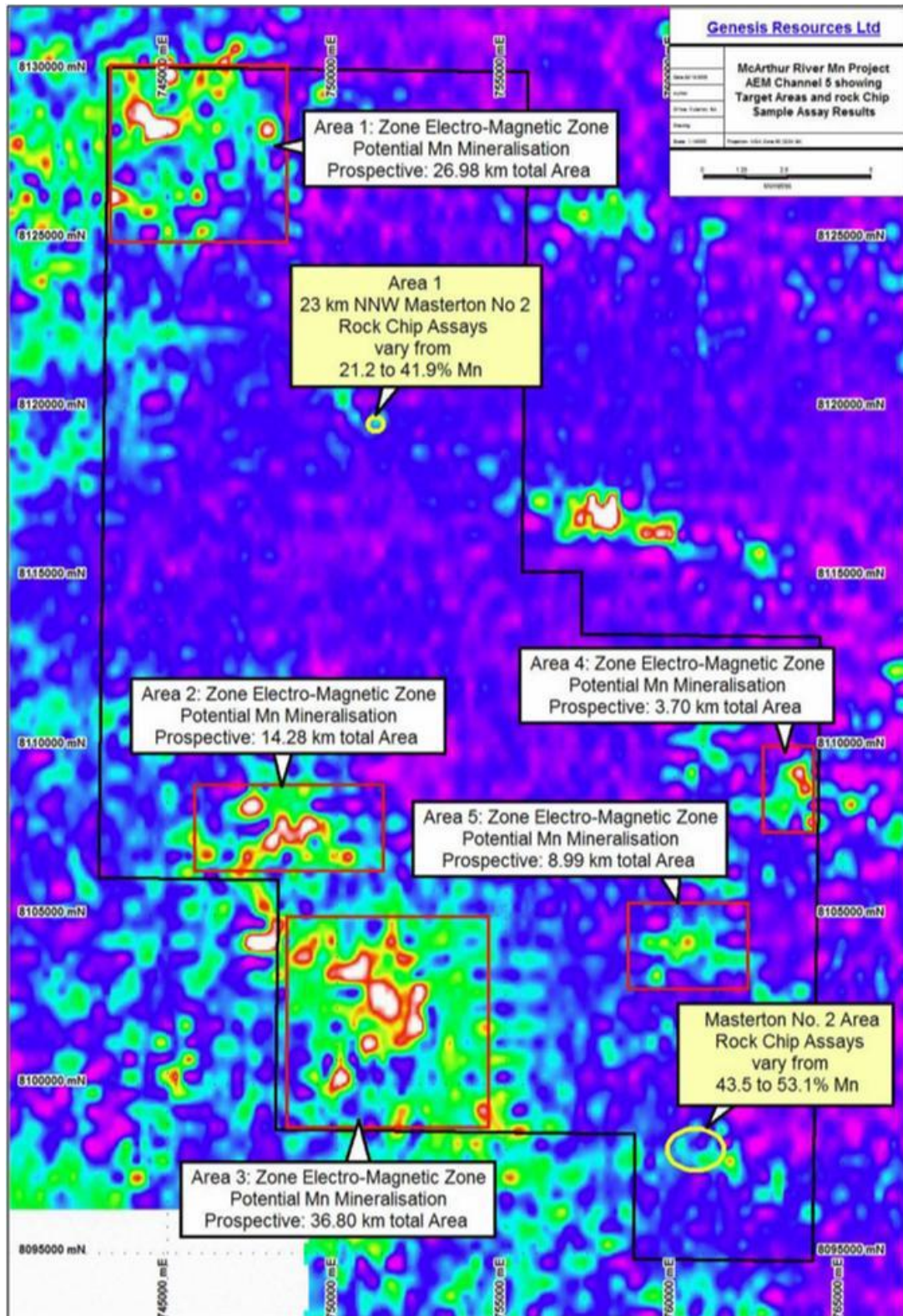


Table 7 Historic Activities within the McArthur River Manganese Project Area

Company	Date	Comment
		west trending structures within the project area.
	2008	A site visit was undertaken to collect samples, investigate targets identified from the EM studies this included a rock chip program which was undertaken over the Masterton No. 2 prospect as well as other areas from the 16 samples collected the results ranged from 21.2% Mn to 53.1% Mn, (Figure 6).



Figure 6 EM Target Map showing the results of Mn from Rock Chip Sampling





5.4.2 Current Exploration (2009 onwards)

2009

No exploration activities were performed.

2010

A VTEM survey was undertaken. The survey was flown on north-south lines on 100m spacings. The results of the VTEM survey confirmed the presence of known manganese mineralisation at Masterton No.2, defined possible structural controls on mineralisation as well as nine exploration targets.

2011

The targets identified from the VTEM Survey were inspected with only minor isolated manganese outcrops found at the targets. Genesis Resources located drilling collars during the site visit and traced the drilling results to Goulevitch, 1990. The drilling indicated that the manganese outcrops at Masterton No.2 are superficial, and are thus probably due to supergene processes.

A total of 63 samples were collected in the Masterton No.2 area. Samples were also collected in the vicinity of the Thor Prospect, and in the east of the tenement.

A gravity survey was undertaken over the Masterton No.2 area and the Thor Prospect. No geophysical interpretation of the data has been carried out.

5.5 McArthur River Project Potential

Outcropping high grade manganese mineralisation has been identified in several prospective areas, most notably at the Masterton No.2 Prospect. However drilling results at that prospect were disappointing suggesting that mineralisation is superficial and does not extend to depth. A small gravity survey has been completed over the surrounding area which may assist identify deeper manganese mineralisation. Anomalies from this survey will need to be followed up.

There does appear to be some potential for base metal mineralisation in the licence area. Gossanous material at the Thor Prospect has returned Zn grades up to 35%. Further work on assessing the base metal potential of the project is warranted.



6. FENN GAP MANGANESE PROJECT, NORTHERN TERRITORY

6.1 Introduction

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

6.2 Tenure

The project comprises one Exploration Licence 24839 (Table 20), which covers a total area of 98.82km².

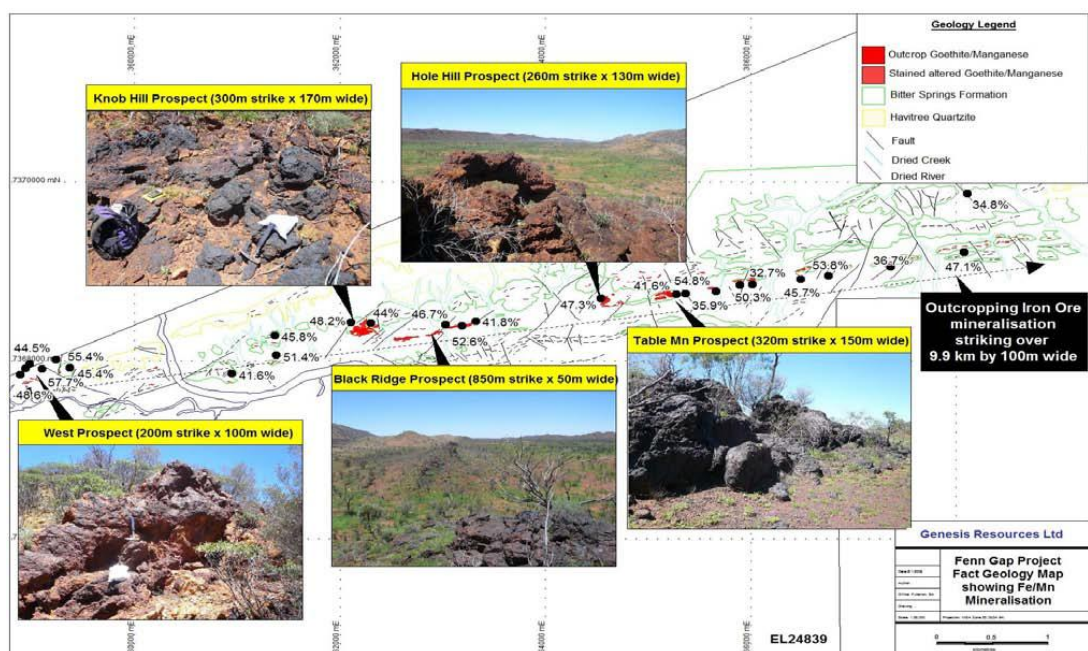
6.3 Geology

The Amadeus Basin in the southern Northern Territory is approximately 170,000 km² in areal extent. It is at the heart of a series of intracratonic basins on the Australian continent that share their origins in the breakup of the supercontinent Rodinia at about 1 Ga. Strong stratigraphic ties have been made between the early phases of these basins, which include the Officer, Ngalia and Georgina basins, leading to them being referred to collectively as the Centralian Superbasin.

The goethite and manganese alteration occurs in the Bitter Springs Formation (Figure 7). This formation dips steeply to the south. 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 (termed the 'Heavitree Quartzite Ridge' in this report). In the project area, the Bitter Springs Formation is dominated by carbonates (mainly dolomite which 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. These clastics could be remnants of the Gillen Member. Numerous chert lenses are enclosed by dolomite in the carbonate sequence.

Figure 7 Summary Plan showing Fenn Gap Prospects and Fe grades (Fe%)





Mineralisation

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, in 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.

6.4 Exploration

The majority of exploration work on the licence has been completed since 2008 when systematic sampling and mapping of the Fenn Gap project was undertaken to follow up on earlier identified dolomite hosted manganese mineralisation. Reconnaissance mapping identified a 10km corridor of outcropping moderate Fe grade goethite and manganese mineralisation within which several prospects were identified. This work was followed up with a detailed ground gravity survey and modeling of the gravity data to assist in identifying drill targets. A 1,000m drilling program was completed in 2011 testing the most prospective anomalies, however no iron or manganese mineralisation of significance was identified at depth. Geophysical anomalies appeared to be related to iron rich lithologies which were not of economically significant grade.

6.5 Fenn Gap Project Potential

The Fenn Gap project has had relatively little modern exploration until recent times. Genesis have completed a substantial amount of work on the project, however despite the encouraging near surface goethite-manganese mineralisation identified in early programs, deeper drilling has not intersected any significant mineralisation. This downgrades the tonnage potential of the mineralisation as it appears that the earlier results are of a shallow gossan zone. Of note is that further work is warranted to test alternate hypothesis.



7. PIONEER GOLD PROJECT, QUEENSLAND

7.1 Introduction

The Pioneer Gold Project is located 170km by road from Bundaberg. Bundaberg is located approximately 385 kilometres north of Brisbane, Queensland. The project can be accessed via the Bruce Highway.

7.2 Tenure

The project consists of one exploration licence (Table 20), with an area of 12.47km² (Figure 8).

7.3 Geology

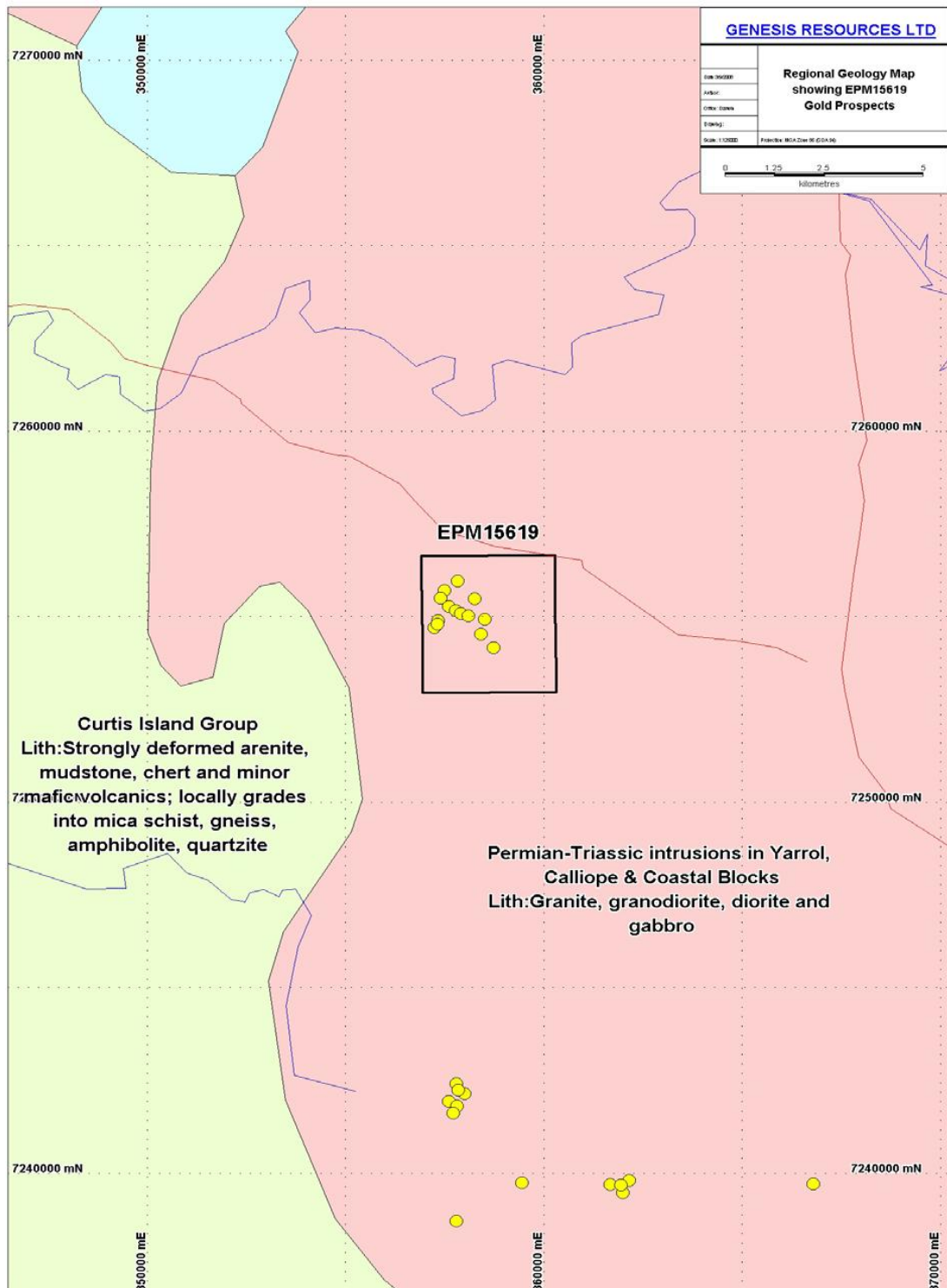
The project is located within the Gaeta Goldfield which is part of the Permo-Triassic Miriam Vale Granodiorite. The Granodiorite is a polyphase igneous complex emplaced as a series of coalescing plutons. The Pioneer Reef, a quartz-carbonate fissure, has a sub-vertical orientation and trends east-southeast in the Miller-Main Shaft sector and north-eastwards in the less productive faulted block alongside it.

Mineralisation

Gold mineralisation is structurally controlled in most places in the project area. It is vein hosted and associated with various sulphides and magnetite which may aid in geophysical prospecting.



Figure 8 Pioneer Gold Project Geology with Project Boundaries





7.4 Exploration

7.4.1 Historic Exploration

Gold was initially discovered in the region in 1880 along with the Pioneer Reef, the first reef to be located. In 1900 a shaft was sunk and in 1907 when operating ceased the recorded production was 2,400t of ore milled for a yield of 57kg of gold or an average recovered grade of 23.3g/t Au. From the Gympie Gold mine, 1938, production of 217t of ore grading 9.1g/t Au from a northwest trending vein system with a strike length of approximately 240m was reported. Five shafts were sunk on the quartz reef (Kastellorizos, 2010).

Details of the activities that have taken place over the project area are listed in Table 8.

Company	Date	Comment
Unknown	1947	Underground mining operations along the Pioneer Reef was attempted.
Queensland Department of Mines	1968	Five drillholes were drilled for a total of 519.3m beneath the Millar and Main Shaft workings.
West Coast and Command	1980-1982	Regional stream sediment sampling, with no significant results returned.
Planet Resources Group NL	1984-1988	Mapped the numerous shafts spaced over the vein length which has been traced to be approximately 700m. Two diamond drillholes were drilled in the northern part of Pioneer. The most significant results were 1m @ 1.2g/t Au from GD-1 and 1.9m @ 2.12g/t Au from GD-2.
Transit Mining	1988-1989	Mapped the Reef returning a strike length of 1,000m. GSQ drilling was undertaken as well as a rock chip sampling program. A result of 113.2g/t Au was returned from rock chip sampling of a vuggy pyritic quartz vein.
Genesis	2006	Review of open file data.
	2007	Review of re-processed and re-interpreted magnetic and radiometric data from the Queensland Geological Survey Database was undertaken. A total of 26 surface rock chip samples were collected.

7.4.2 Current Exploration (2009 onwards)

2009-2010

Genesis contracted Resource Potentials to review available government and open file geophysical and geological datasets. It was concluded that the Pioneer Reef was the highest priority target for future exploration. An IP survey was undertaken with the aim of delineating sulphide-rich zones. This resulted in 12 anomalies which were all associated with known gold workings.



2011

From the 2011 field work program from the Main Shaft area it was noted that slightly magnetic pyrrhotite and magnetite occur in samples from the Pioneer Reef. The samples were sent for analysis to determine the association between gold, magnetite, pyrite, pyrrhotite and arsenopyrite. The results will aid in ascertaining exploration techniques (Pang, 2012).

7.5 Pioneer Project Potential

The Pioneer Project is centred on several historic gold mines that collectively produced around 1,500 oz of Au. Gold mineralisation occurs within narrow fissure veins which are locally very high grades (up to 113.2g/t Au) with mineralisation noted over a strike length of 700m at the Pioneer Prospect and 250m at the Gympie Prospect. There appears to have been very limited amounts of drilling in the project area.

Genesis have completed Gradient Array IP and Pole-Dipole IP over the Pioneer vein system and several geochemical sampling programs which has highlighted several anomalous zones for gold mineralisation. The system is under explored and further geophysical and geochemical surveys are warranted to define targets for drill testing.



8. ALICE SPRINGS COPPER, GOLD AND IRON PROJECT, NORTHERN TERRITORY

8.1 Introduction

The Alice Spring Project lies within the polymetallic Harts Range Minerals field which is prospective for copper, gold, iron, uranium and REE mineralisation. The property lies 155km northeast of Alice Springs and can be accessed from Alice Springs via the Stuart and Plenty Highways.

8.2 Tenure

The project is comprised of one Exploration Licence (EL24817), which covers an area of 770.5km², which is currently in process of renewal (Table 20) and being reduced to 495.7km². Genesis have indicated that the licence has been maintained in good standing and that they see no reason for the renewal not be granted.

8.3 Geology

The Alice Springs Project is located within the Arunta Region of central Australia, a complex basement inlier that has undergone a prolonged history of sedimentation, magmatism and tectonism extending from the Palaeoproterozoic to the Palaeozoic. The Arunta Region can be subdivided into the three, largely fault bounded terranes with distinct geological histories: the Aileron, Warumpi and Irindina Provinces (Figure 9). The Alice Springs project lies within the Aileron Province

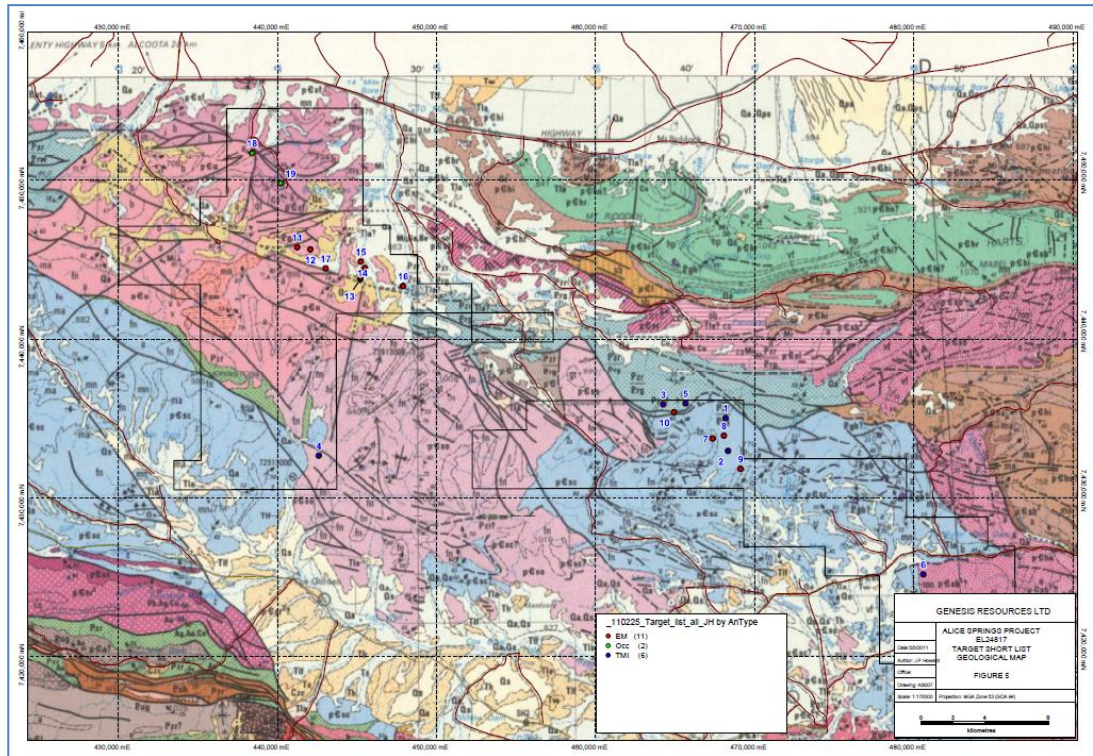
The geology of the licence is dominated by the highly deformed amphibolite to granulite facies grade metamorphosed volcanic sediments and igneous intrusions of the Hillsoak Bore metamorphics. The Cadney Metamorphics lie within the eastern and western portions of the licence area and are comprised of a variety high grade metamorphosed schists, slate and metasediments. The Ovegeva Granulite lies within the central parts of the licence area. A large pegmatite swarm intrudes the northwestern corner of the licence area. The area is highly deformed with many units showing intense folding and deformation. A major northwest trending shear zone transects the western part of the licence area (The Cadney Fault zone).

Mineralisation

Copper-gold mineralisation has been identified in the northern and eastern parts of the licence area. In the Camp Hill copper and gold mineralisation is associated with malachite and chrysocolla bearing quartz veins in metagabbros. In the eastern part of the licence at Magnetite and Triple Hill iron mineralisation with associated copper, cobalt and gold has been identified. At the Mt Johnson Dam prospect REE mineralisation has been identified from within pegmatites at an old Mica mine.



Figure 9 Summary Plan showing Alice Springs Project licence and geology





8.4 Exploration

8.4.1 Historic Exploration

Although several past tenements were held adjacent to or overlapping the current project area, much of the work carried out concentrated on exploration for gemstones, industrial minerals, uranium and rare earths Table 9.

<i>Table 9 Historic Activities within the Alice Springs Project Area</i>		
Company	Date	Comment
Russgar Minerals NL	1972-1976	Regional rock chip sampling was undertaken. Consultants interpreted the geochemical data and determined that the strongest geochemical anomalism, a Pb-Cu association, was located in the north-west and west sectors of the present project area. Most of higher Pb values were associated with a north-trending zone suggesting a structural control. A Cu-Pb association was also reported from an adjacent eastern area, together with a Zn-Ni response near the copper occurrences recorded as Camp Hill.
Clarence River Finance Group Pty	1990-1992	Conducted soil and rock chip sampling targeting copper mineralisation. The highest priority targets were the Camp Hill and Copper Hill old Cu Mines. The assay results returned with sporadic values but in some places were extremely high in copper with a strong association with gold and silver (e.g. sample from Camp Hill location returned up to 1% Cu, 0.3g/t Au and 2.25g/t Ag; a sample collected from south of Copper Hill returned up to 1.2% Cu, 0.66g/t Au and 1.2g/t Ag)
Pasminco Australia	1994- 1997	completed an airborne aeromagnetic-radiometric survey (200m interval on N-S lines), collected stream sediments, soil and rock chip samples and defined high intensity aeromagnetic features using ground magnetic traverses (Saxon, 1996 and Rossiter, 1997). The survey covered part of the east area of the present project. Magnetite Hill was identified as a magnetite-Cu occurrence on a major NE-trending aeromagnetic linear. The highest value encountered in rock chip sample was 3.1% Cu, and 0.22g/t Au.
PNC Exploration Australia	1996	Completed exploration work for Uranium in the eastern part of the licence with work including surface gridding, rock chip sampling, geological mapping and costeaning. Rock chip samples ranged from 32 to 590ppm U



Table 9 Historic Activities within the Alice Springs Project Area

Company	Date	Comment
Oneva Exploration Pty Ltd	2001	Work completed included rock chip sampling, soil sampling, geological mapping and drilling. Significant new discoveries of Cu and Cu-Au mineralisation were defined in two main areas along the south-east trending Cadney Fault, Corner Post Hill to Browns Rise and Missy Brown to Diamond T and a separate north-east trending zone, Diana's Block 2 to Block 8. Diana's Block 2 to Block 8 was drill tested with four RAB holes however these were abandoned due to excess water

8.4.2 Current Exploration (2007 onwards)

Genesis Resources became involved with the project in 2007 with initial work focussing on collating and reviewing all available exploration and geophysical data and identifying target areas for further follow up. Reconnaissance field mapping and rockchip sampling was begun in 2010. Rock chip sampling completed by previous explorers and Genesis returned a number high grade copper mineralisation over a number of areas with up to 30% Cu (Refer figure). This copper-gold mineralisation appears to be structurally controlled and associated largely with the Cadney Fault Zone and other northwest striking structures.

A Heli-EM survey was commissioned in 2010 covering the western part of the licence (Camp Hill) and part of the eastern part of the Licence (Magnetite Hill). From this survey a number of high priority targets prospective for copper-gold (Camp Hill area) and iron-base metal mineralisation (Magnetite Hill area) were identified. These were followed up in 2011 with further reconnaissance rock chip sampling, small ground magnetic surveys and broad spaced regional soil sampling programs. From this program it was concluded that there was good potential to identify potentially economic copper-gold mineralisation particularly around the Cadney Fault zone and that further more systematic intensive exploration is warranted (i.e., detailed soil surveying, ground geophysical techniques and drill testing). In the eastern part of the licence the ground truthing of potential anomalies associated with iron and base metal mineralisation was hindered by difficult access and the potential needs to be further evaluated. From the iron mineralisation targets that were visited in the Magnetite Hill area maximum rock chip assays of 33% Fe, 2.1% Cu, 0.05g/t Au, 552ppm Co were returned and at Triple Iron Hill assays of up to 70% Fe were returned. Further systematic work is warranted.

8.5 Alice Springs Project Potential

The Alice Springs project has had relatively little modern exploration until recent times, primarily due to its location and that the perception that the Arunta's blocks higher metamorphic grade rocks are less favourable for the deposition of economic gold and copper mineralisation. However Genesis's and previous workers have identified a substantial corridor of shear zone hosted copper-gold mineralisation with grades locally up to 30% Cu and 2.5g/t Au along the Cadney Fault Zone and other sub-parallel NE striking structures (Figure 9) and in the Camp Hill Area. It is Ravensgate's opinion that this project warrants further systematic evaluation of this mineralised corridor.

There is potential for iron and base metal mineralisation on the eastern parts of the licence around the Magnetite Hill and Triple Hill areas. Heli-EM work has identified a number of targets require further systematic exploration and evaluation.

A large pegmatite dyke swarm occurs in the northwest of the project area which is noted to contain anomalous REE concentrations. In addition, previous workers have identified areas anomalous in U in the southeast of the project area. Both these areas warrant further exploration.



9. ARLTUNGA COPPER, GOLD AND IRON PROJECT, NORTHERN TERRITORY

9.1 Introduction

The Arltunga Project is centred on the northern part of the historical Arltunga Goldfield which was the subject of small scale mining from the late 1800s until the mid-1900s, with recorded production from at least 33 small deposits of 15,400 ounces from high-grade quartz reefs of which over 1,000 oz is believed to have been mined from Genesis's project area. The property lies 110 km northeast of Alice Springs and can be accessed from Alice Springs via the Ross Highway and local gravel roads. The property is prospective for gold and copper mineralisation.

9.2 Tenure

The Arltunga Gold Project comprises one exploration licence (EL25238) which covers a total area of 95.2 km². The licence is due for renewal in November 2012.

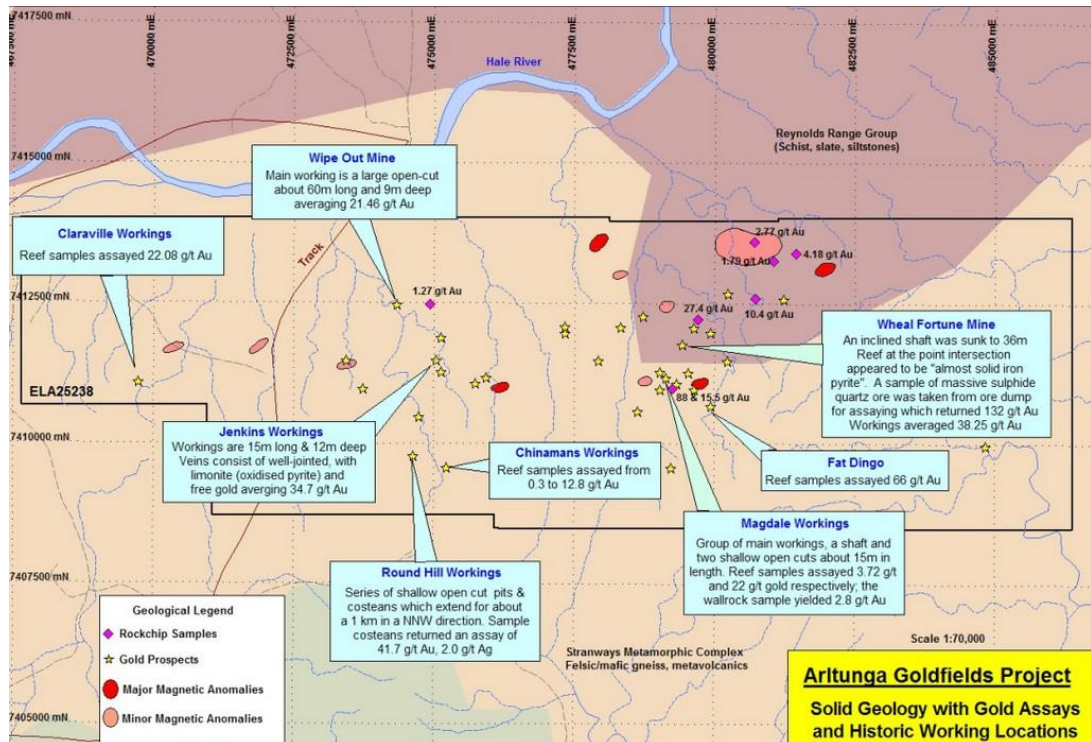
9.3 Geology

The Arltunga goldfield lies within the Alice Springs Arltunga Nappe Complex (~430-300 Ma). The complex was formed by a south-directed thrusting event which resulted in the structural duplex arrangement of the Amadeus Basin and the Palaeoproterozoic basement. Gold mineralisation is hosted both by the Palaeoproterozoic basement and by the Neoproterozoic Heavitree Quartzite (Figure 10). Mineralisation is believed to have an age of ~300-290 Ma (late Alice Springs Orogeny) based on the structural relationships of Au-bearing veins and ³⁹Ar-⁴⁰Ar ages of white micas (Huston et al, 2006).

The palaeoproterozoic rocks that host the deposits include the Cadney Metamorphics (marble and calc-silicates), the Hillsoak Bore Metamorphics (predominantly metasediments, including calcareous units and rare marbles, and amphibolites), the Cavenagh Metamorphics (mainly metasediments, including calcareous units, and quartzofeldspathic gneiss with minor iron formation) and the Atnarpa Igneous Complex (retrogressed tonalitic gneiss: Mackie, 1986). Of these units, only the Atnarpa Igneous Complex has been reliably dated at ~1770 Ma (Zhao and Bennett, 1995).



Figure 10 Summary Plan showing Arltunga project areas geology, prospect locations and gold assays



Mineralisation

Gold mineralisation occurs in narrow quartz veins that vary in thickness from several to tens of centimetres in width. They are primarily consists of white quartz which is variably iron stained, with limonite and locally malachite and other trace sulphides. Veins appear to be generally quite short in strike length.

9.4 Exploration

9.4.1 Historic Exploration

Gold was first discovered in the area in the late 1880s with mining continuing in the area until the early 1900s. Gold was worked from 33 occurrences within the licence area.

There appears to have been relatively little exploration that has been documented within the project area since historic mining was completed. Work has largely been focussed on sampling around the historic workings. Several phases of work under the Northern Territories Geological Survey and several scientific studies have been completed in the area. During the 1990s, reconnaissance rock-chip samples have yielded gold results up to 27.4g/t Au. Costean assay results also realised gold grades up to 41.7g/t Au whilst dump samples from Wheal Fortune have assayed 132g/t Au. Several drill collars have been identified in the fields however no records from these holes has been able to be obtained to date.



9.4.2 Current Exploration (2007 onwards)

Genesis Resources became involved with the project in 2007 with initial work focussing on collating and reviewing all available exploration and geophysical data and identifying target areas for further follow up. Reconnaissance field mapping and rockchip sampling followed which was largely focussed on sampling around the known veins and workings. These programs returned a number of high grade assays of which better results are summarised in Figure 10.

To aid in targeting a Gradient Array IP survey was completed over two of the more prospective areas. This identified a number of prospective target areas that were followed up with ground truthing programs which identified several new areas of gold anomalism including a 500m long schist hosted shear zone with gold up to 29.2g/t Au. Further work is warranted to follow up on this work.

9.5 Arltunga Project Potential

The Arltunga project has had relatively little modern exploration until recent times. The project area contains a numerous narrow (<0.5m), short strike length (<50m) high grade Au mineralised quartz veins which have been mined and identified from mapping.

Geological mapping and sampling and ground geophysics have identified several anomalous areas that warrant further follow up. Of note is that mineralisation largely appears to be solely hosted in the narrow quartz veins with little mineralisation in the surrounding country rock. As such most of these narrow veins, although high-grade are of small tonnage. However there is potential to identify prospective structural zones and host lithologies within the project areas. The high grade nature of the narrow quartz veins suggests a gold mineralisation system of some efficiency and thus there may be potential to identify areas that have more focussed fluid flow and may be more favourable for development of economic mineralisation.



10. LAURA RIVER GOLD PROJECT, QUEENSLAND

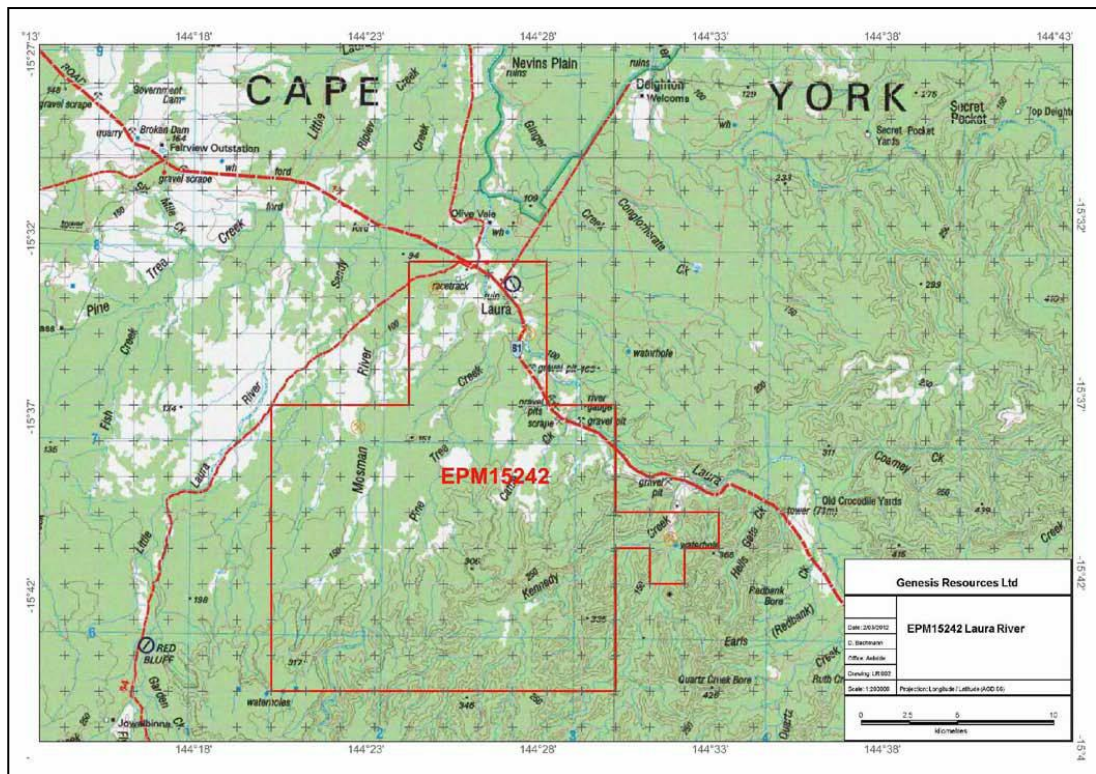
10.1 Introduction

The Laura River Gold Project is located on the Cape York Peninsula Queensland (Figure 11). With the northern extent of the project located over the township of Laura. Laura is located approximately 210km northwest of Cairns. The project area has a tropical climate with a distinct wet and dry season. With an average rainfall of 1,250mm most of which falls between December and March. The project is accessed via unsealed roads which are closed during the wet season.

10.2 Tenure

The project consists of one exploration licence with an area of 330.7km² (refer Table 20).

Figure 11 The Laura River Gold Project Locality and Boundary





10.3 Geology

The project area is covered mostly by the Siluro-Devonian Hodgekinson Formation, and Jurassic/early Cretaceous units of the Gilbert River Formation. Large tracts of the project area are covered by Quaternary colluvial or alluvial deposits. The Hodgekinson Formation is comprised mostly of micaceous quartz siltstone, slaty mudstone, black phyllite, greywacke, greywacke-conglomerate and sandstone.

Mineralisation

Alluvial Mineralisation

Pitting work in the Laura River has highlighted features of the alluvial mineralisation. Both gold and platinum occur throughout the profile however the best gold grades are found in the coarser gravels. Work in the Mosman River highlighted the better potential of the coarser sediments of the upper reaches of the river in contrast to the basal gravels. The gold from the Laura and Mosman rivers tends to be flakier than the Kennedy Creek gold. Exploration in the Pine Tree Creek failed to detect any gold or platinum although it has been reported by other prospectors.

Dalrymple Basal Conglomerate

South of the project area gold has been recovered from a narrow zone at the interface of the Dalrymple sandstone basal conglomerate and the underlying Hodgekinson Formation. Owing to problems such as tracing the conglomerates below the sandstones, inconsistent grades and water scarcity mining was sporadic and small scale. Modern streams close to the conglomerate outcrops were also worked for alluvial gold.

10.4 Exploration

10.4.1 Historic Exploration

Alluvial gold was discovered in 1873, south of Laura at Palmer River. Activities undertaken within the licence are listed in Table 10.



Table 10 Historic Activities within the Laura River Gold Project Area

Company	Date	Comment
Lamorna Mines Pty Ltd	1982	Embarked on reconnaissance sampling of the alluvium along the Mosman River. 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 (Kastellorizos, 2008). No prospective gravels were identified.
Gold Copper Exploration Ltd	1985-1987	Identified the presence of gold and platinum group elements in river gravels near Laura. Their exploration programs consisted of a regional geological review, reconnaissance panning of the Laura River near Laura, the upper part of the Mosman River and the east branch of Kennedy Creek. This culminated in bulk alluvial sampling and resource estimations for the Laura, Mosman and Kennedy Rivers. It was concluded that their resource estimations were sub-economic.
Western Mining Corporation Ltd	1986	Undertook a drilling program of which three are within the current licence area. It was concluded that none of the holes reached their target areas.
Genesis	2007	Exploration has consisted of a desktop data review and the acquisition of digital magnetic and radiometric geophysics. Genesis contracted SRK Exploration Services Ltd to undertake a two day reconnaissance survey.

10.4.2 Current Exploration (2009 onwards)

2009

No exploration was conducted during reporting period.

2010

No major exploration was conducted on the area.

10.5 Laura River Project Potential

The Laura River project area has substantial occurrences of alluvial gold which have been the subject of extensive evaluation in the 1980s. Given the recent historically high gold prices it would be worth revisiting the economic potential of the alluvial deposits in the project area.

Genesis's main focus within the project has been to identify the hard rock sources of the alluvial gold in the project area which appears to be sourced from orogenic quartz vein mineralisation within the Hodgekinson Formation. Exploration is at a very early stage and further work is warranted to assess this model.



11. VALUATION

11.1 Introduction

There are a number of recognised methods used in valuing “mineral assets”. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

The Valmin Code, which is binding upon “Experts” and “Specialists” involved in the valuation of mineral assets and mineral securities, classifies mineral assets in the following categories:

- Exploration Areas refer to properties where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified.
- Advanced Exploration Areas refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A JORC compliant Mineral Resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category. Ravensgate considers any identified Mineral Resources in this category would tend to be of relatively lower geological confidence.
- Pre-Development Projects are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- Development Projects refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- Operating Mines are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories. When valuing Exploration Areas, and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas.

The Multiple of Exploration Expenditure (“MEE”) method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base (“EB”) through application of a Prospectivity Enhancement Multiplier (“PEM”). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a “grass roots” project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value. The following guidelines are presented on selection of the PEM:

- PEM = 1. Exploration activities and evaluation of mineralisation potential justifies continuing exploration.



- PEM = 2. Exploration activities and evaluation of mineralisation potential has identified encouraging drill intersections or anomalies, with targets of noteworthy interest generated.
- PEM = 3. Exploration activities and evaluation of mineralisation potential has identified significant grade intersections and mineralisation continuity.

Where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms of the sale are suitably “arms length” in accordance with the Valmin Code, such transactions may be used as a guide to, or a means of, valuation. This method is considered highly appropriate in a volatile financial environment where other “cost based” methods may tend to overstate value.

The Joint Venture Terms valuation method may be used to determine value where a Joint Venture Agreement has been negotiated at “arms length” between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in phase. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. The value assigned to the second and any subsequent earn-in stages always involves increased risk that each subsequent stage of the agreement will not be completed, from technical, economic and market factors. Therefore, when deriving a technical value using the Joint Venture Terms method, Ravensgate considers it appropriate to only value the first stage of an earn-in Joint Venture Agreement. Ravensgate have applied a discount rate of 10.0% per annum to reflect an average company’s cost of capital and the effect of inflation on required exploration spends over the timeframe required.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farminor, as follows:

$$V_{100} = \frac{100}{D} \left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}} \right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P \right) \right]$$

where:

- V_{100} = Value of 100% equity in the project (\$)
- D = Deemed equity of the farminor (%)
- CP = Cash equivalent of initial payments of cash and/or stock (\$)
- CE = Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock (\$)
- EE = Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments (\$)
- I = Discount rate (% per annum)
- t = Term of the Stage (years)
- P = Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

Where Mineral Resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters using the more conventional DCF/NPV approach may be problematic or inappropriate and technical development studies may be at scoping study level. In these instances it is considered appropriate to use the ‘in-situ’ Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities.



Typically and as a guideline, the discounted value is between 1% and 5% of the in-ground value of the metal in the Mineral Resource.

In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Mineral Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code, 2004) sets out minimum standards, recommendations and guidelines. A Mineral Resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral Resources are sub-divided into Inferred, Indicated and Measured to represent increasing geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

11.2 Previous Mineral Asset Valuations

Ravensgate is not aware, nor have we been made aware, of any valuations over Genesis' Projects. Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements.

11.3 Material Agreements

Ravensgate has been commissioned by RSM Bird Cameron Pty Ltd (RSM) to provide an Independent Technical Project Review and Valuation Report. The Technical Project Review and Valuation report encompasses Genesis' Macedonian and Australian Projects. The Technical Valuation report provides an assessment of the Macedonian and Australian "Exploration Area" and "Advanced Exploration Area" minerals assets listed below which are either owned 100% by Genesis or in a Joint Venture agreement. Brief details of the ownership and joint venture agreements can be listed as follows.

<u>Mineral Asset</u>	<u>Genesis Ownership %</u>
• Plavica Project (Au+Ag+Cu), Macedonia	0% (Earning 62%)
• Gladstone-Mount Miller Project (Mn), Queensland	100%
• McArthur River Project (Mn), Northern Territory	100%
• Fenn Gapp Project (Mn), Northern Territory	100%
• Pioneer Project (Au), Queensland	100%
• Alice Springs Project (Au+Cu+Fe), Northern Territory	100%
• Arltunga Project (Au+Cu+Fe), Northern Territory	100%
• Laura River Project (Au), Queensland	100%
Genesis Projects, Macedonia and Australia	0% and 100%

On the 19 July 2007 Genesis entered into a joint venture agreement with Rik Sileks Ad Kratovo (Sileks). The key commercial terms of the agreement are as follows:

- Genesis will earn a 62% participating interest in the Plavica project concessions by funding all work expenditure on the project up to the completion of a final feasibility study.



Ravensgate understands all active mining and exploration tenements are granted at this point in time and are in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

Ravensgate is not aware, nor have we been made aware, of any other agreements that have a material effect on the provisional valuations of the mineral assets, and on this basis have made no adjustments on this account.

11.4 Macedonia Country Risk

Genesis has a joint venture in the former Yugoslav Republic of Macedonia. This introduces sovereign risk and domestic economic risks. Sovereign risks include changes in the terms of mining tenements, changes in royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights.

According to Intierra, which rates country's risk profiles, Macedonia has:

- **Political Risk** - Medium - While the political environment provides generally sound conditions for business, significant challenges can and do emerge. For example: hostile lobby groups exert disproportionate influence over government policy, political instability delays essential reforms, or contracts are subject to uncertainty or occasional change. Political stability is increasing. However, standards of living are low and there are a number of socio-economic problems. Rule of law remains weak and affects the business environment through legal shortcomings, a weak judiciary, rampant corruption and organised crime, despite some progress towards addressing these issues in recent years. The country is a candidate for accession to both the EU and NATO, though progress has stalled due to the country's name dispute with Greece.
- **Operational Risk** - Medium - Business routinely faces operational difficulties; occasionally these may pose serious challenges. For example: Inadequacies within the regulatory, judicial and bureaucratic systems result in obstruction or delays to business procedures, elements of the infrastructure are deficient or the activity of unions or protest groups impede operations. Corruption is present in dealings with most state institutions, ranging from high-level corruption in government ministries to petty corruption among civil servants. Although there have been improvements in the judicial sector, excess bureaucracy and inefficiency persist, undermining the legal framework. Judges and lawyers lack resources and are subject to corruption and political pressure, threatening judicial independence. Programs are in place to address these issues, but stricter action and implementation are needed. Infrastructure is generally adequate and reliable, though railway services and rural roads remain in a poor condition and power cuts may occur. Trade unions are weak and foreign investors are unlikely to face significant labour unrest.
- **Security Risk** - Low - Security conditions are broadly positive and occasional and/or low-level challenges do not significantly impede business. For example: the authorities provide adequate security, organised crime only marginally affects business and protest activity rarely escalates into threatened or actual violence. The security environment has improved significantly since the end of the ethnic conflict in 2001. Inter-ethnic relations have gradually improved, though some tensions remain. The security situation in north-western areas bordering Kosovo may require companies and personnel operating there to employ increased security precautions as organised crime groups operate freely in the area and police enforcement is weak. The prevalence of weapons in the country remains a concern.
- **Terrorism Risk** - Insignificant - Terrorism poses little or no risk to business. For example: there are no known active domestic groups or issues likely to fuel terrorism, transnational terrorists are very unlikely to have the capability and intent to target the country, or the security forces or other factors render the country a highly difficult location for terrorists to operate. The government remains a staunch supporter of the US-led global counter-terrorism campaign, has participated with



troops in the US-led military operations in Iraq until 2008, and retains a military presence in Afghanistan as part of the international troops deployed there. This makes the country a potential target for Islamist extremist terrorist attacks in principle. However, there are no active terrorist organisations operating in the country and there is no evidence indicating a specific terrorist threat. There are no active insurgent groups. Lingering tensions between the ethnic-Macedonian majority and the ethnic-Albanian minority occasionally manifest in the form of low-level violence rather than terrorism. The Muslim ethnic-Albanian community is pro-Western and is not religiously radicalised, which makes it unlikely to provide support or concealment for Islamist extremists.



11.5 Comparable Transactions

Ravensgate has completed a search for publicly available market transactions involving gold and manganese projects, without resources within Australia, gold resources in Europe, gold resources in Australia and manganese exploration targets in the world. Transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the minerals assets being valued. In Ravensgate's opinion and experience, it is understood that individual market transactions are rarely completely identical to the relevant project area or may not necessarily contain all the required information for compilation. In practice, a range of implied values on a dollar per metal unit or dollar per square kilometre of tenement holding will be defined as suitable for use. The transactions identified along with the implied cash-equivalent values are summarised in Section 11.5.1 by commodity and region.

Publically available market transactions have been separated to reflect transactions on a dollar per square kilometre of tenement holding or on a dollar per metal unit for a more advanced Exploration Target or Mineral Resource. This was undertaken to reflect the varying levels of geological exploration carried out within the various project tenements. In general terms, exploration projects may start with a relatively large tenement holding where a lack of detailed geological sampling and knowledge renders the use of the "in-situ" yardstick valuation method inappropriate (i.e. an "Exploration Area Mineral Asset"). For these particularly early-stage exploration areas comparable transactions on a dollar per square kilometre basis are more relevant. As the project advances and as geological sampling and knowledge increase, tenement areas tend to decrease to match a narrowing focus on more prospective areas. For these areas where specific, drill sample supported Exploration Targets have been identified that warrant further detailed evaluation or Mineral Resources require estimation, comparable transactions on a dollar per metal unit basis may be more appropriate (i.e. an "Advanced Exploration Area Mineral Asset or Pre-Development Project at early assessment").

To compare the transactions of the various projects with both gold and other commodities where resources have been reported they have been compared on an ounces of contained Gold equivalent (AuEq) metal. The reason for using ounces of contained AuEq over ounces of contained gold is that most of the resources have varying ratios of gold to other commodities. The number of ounces of contained AuEq metal has been determined at the time of the announcement of the transaction for each resource. This has been undertaken by determining the ratio of the metal prices in relation to one ounce of Gold metal, of the average price for each metal for the month that the transaction occurred in. Ravensgate's opinion is that the reader should be aware that the use of AuEq metal is inherently difficult to use because of the often significant variations of gold and other commodity prices at any given point in time in the metals market cycle. Prices of different metal commodities may move in similar directions or trends, however the converse is often the case. Using AuEq also allows Ravensgate to compare the project to gold only transactions of which there are many more in the market.

11.5.1 Reported Market Transactions

11.5.1.1 *Reported Market Transaction Involving Gold Projects in Europe*

Ravensgate's analysis of European market transactions for Gold±Silver±Copper projects indicates an implied value between \$1.46 to \$54.70 per ounce of contained gold metal for low confidence Mineral Resources through to high confidence Mineral resources (Table 11). Within the range of \$1.46 to \$54.70, transactions involving lower confidence Mineral Resources had a range of \$1.46 to \$14.36 per ounce of gold metal. Transactions involving moderate confidence Mineral Resources had a range of \$22.85 to \$39.22.



To take into account the change in gold price over time, the implied value per ounce of contained gold is divided by the gold spot price in Australian dollars at the time of the transaction and expressed as a percentage (Table 12). This gave a range from 0.10% to 3.88%. Within this range, transactions involving lower confidence Mineral Resources had a range of 0.10% to 1.07% and transactions involving moderate to high confidence Mineral Resources had a range of 1.86% to 3.38%, with higher grade gold Mineral Resources having the higher percentages and the medium to lower grade gold Mineral Resources the lower percentages.



Table 11 Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Europe

Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Ounce (A\$)
Sappes Gold Deposit, Greece	August 2011: Glory Resources Limited entered into an acquisition agreement with Cape Lambert Resources Limited for 100% of the Sappes Gold Deposit in Greece for \$36.50M in cash and shares, additional payments will be required if future hurdles are met. The project is prospective for gold, silver and copper mineralisation. The project has a Mineral Resource (Measured, Indicated & Inferred) of 2.64Mt @ 8.90/t Au, 5.50g/t Ag and 0.3% Cu for a contained 0.858Moz of gold equivalent. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$36.50M (notional \$42.45 A\$/metal ounce on 100% terms).	0.858	\$36.50M	\$42.45
Maminskoye Gold Deposit, Russia	July 2011: Stanhigh Limited entered into an acquisition agreement with Frontier Mining Limited for 100% of the Maminskoye Gold deposit in Russia for US\$37.45M in cash. The project is prospective for gold mineralisation. The project has Mineral Resources (Indicated & Inferred) of 11.06Mt @ 2.69g/t Au for a contained 0.985Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$33.97 (notional \$34.48 A\$/metal ounce on 100% terms).	0.985	\$33.97	\$34.48
Kutyn Gold Deposit, Russia	February 2011: JSC Polymetals entered into an acquisition agreement with Olsen Business Limited for 100% of the Kutyn Gold Deposit in Russia for US\$67.00M in shares. The project is prospective for gold mineralisation. The project has Mineral Resources (Measured, Indicated and Inferred) of 12.7Mt @ 3.00g/t Au for a contained 1.223Moz of gold. Assuming the terms of the agreement were met, the implied discounted cash equivalent on 100% equity basis is \$66.89M (notional \$54.70 A\$/metal ounce on 100% terms).	1.223	\$66.89M	\$54.70



Table 11 Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Europe

Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Ounce (A\$)
Barsele Gold Project, Sweden	October 2010: Northland Resources S.A. entered into an acquisition agreement with Orex Minerals Inc for 100% of the Barsele Gold Project in Sweden for US\$11.50M in cash and shares as upfront and future payments. The project is prospective for gold mineralisation. The project has Mineral Resources (Indicated and Inferred) for a contained 0.766Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$11.00M (notional \$14.36 A\$/metal ounce on 100% terms).	0.766	\$11.00M	\$14.36
Corcoesto Gold Deposit, Spain	July 2010: Edgewater Exploration Ltd entered into an acquisition agreement with Lundin Mining Corporation for 100% of the Corcoesto Gold Deposit in Spain for US\$8.00M in cash in staged payments. The project is prospective for gold. The project has Mineral Resources (Measured, Indicated and Inferred) of 22.2Mt @ 1.68g/t Au for a contained 1.200Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$8.75M (notional \$7.29 A\$/metal ounce on 100% terms).	1.200	\$8.75M	\$7.29
Amulsar Gold Project, Armenia	April 2010: Lydian International Ltd entered into an acquisition agreement with Newmont Mining Corporation for 47.5% of the Amulsar Gold Project in Armenia for US\$15.00M in cash in staged payments. The project is prospective for gold. The project has an Inferred Mineral Resource of 49.60Mt @ 0.90g/t Au for a contained 1.400Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$32.00M (notional \$22.85 A\$/metal ounce on 100% terms).	1.400	\$32.00M	\$22.85



Table 11 Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Europe				
Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Ounce (A\$)
Agi Dagı and Kirazlı Gold Projects, Turkey	September 2009: Alamos Gold Inc entered into an acquisition agreement with Fronteer Development Corporation for 100% of the Agi Dagı and Kirazlı Gold Projects for US\$80.24M in cash and shares. The project is prospective for gold and silver. The project has Mineral Resources (Measured, Indicated and Inferred) of 56.9Mt @ 1.10/t Au and 7.46g/t Ag for a contained 2.215Moz of gold equivalent. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$86.88M (notional \$39.22 A\$/metal ounce on 100% terms).	2.215	\$86.88M	\$39.22
Breznik and Rakitovo Gold-Silver projects, Bulgaria	March 2009: Euromax Resources Limited entered into an acquisition agreement with International Resource Holdings Limited for 100% of the Breznik and Rakitovo Gold-Silver projects in Bulgaria for US\$0.11M in. The project is prospective for gold and silver. The project has Mineral Resources (Indicated and Inferred) of 1.77Mt @ 1.92/t Au and 5.90g/t Ag for a contained 0.115Moz of gold equivalent. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$0.17M (notional \$1.46 A\$/metal ounce on 100% terms).	0.115	\$0.17M	\$1.46

Note: Differences may occur due to rounding errors



Transaction Date	Property Value \$M	Contained AuEq Moz	\$/oz Gold	Au Price¹ on Trans Date A\$/oz Au	\$/oz as % of Au Price
24-Feb-11	66.89	1.223	54.70	1,409.10	3.88
23-Sep-09	86.88	2.215	39.22	1,159.87	3.38
18-Aug-11	36.50	0.858	42.54	1,729.77	2.46
28-Jul-11	33.97	0.985	34.48	1,463.44	2.36
23-Apr-10	32.00	1.400	22.85	1,229.06	1.86
27-Oct-10	11.00	0.766	14.36	1,343.44	1.07
27-Jul-10	8.75	1.200	7.29	1,299.63	0.56
17-Mar-09	0.17	0.115	1.46	1,389.00	0.10

¹The gold price used was converted to Australian dollars using the exchange rate on the date of the transaction.

11.5.1.2 Reported Market Transactions Involving Gold Projects in Australia

Ravensgate's analysis of Australian market transactions for Gold projects indicates an implied value between \$5.95 to \$67.57 per ounce of contained gold metal for low confidence Mineral Resources through to moderate to high confidence Mineral resources (Table 13). Within the range of \$5.95 to \$67.57, transactions involving lower confidence Mineral Resources had a range of \$5.95 to \$13.16 per ounce of gold metal. Transactions involving moderate confidence Mineral Resources had a range of \$25.42 to \$36.00.

To take into account the change in gold price over time, the implied value per ounce of contained gold is divided by the gold spot price in Australian dollars at the time of the transaction and expressed as a percentage (Table 14). This gave a range from 0.37% to 4.18%. Within this range, transactions involving lower confidence Mineral Resources had a range of 0.37% to 0.82% and transactions involving moderate confidence Mineral Resources had a range of 1.61% to 4.18%, with higher grade gold Mineral Resources having the higher percentages and the medium to lower grade gold Mineral Resources the lower percentages.



Table 13 Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Australia

Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value/Metal Ounce (A\$)
Coogee Gold Deposit, Western Australia	January 2012: Ramelius Resources Limited entered into an acquisition agreement with Terrain Minerals Limited for 100% of the Coogee Gold Deposit for \$0.90M in cash. The project is prospective for gold mineralisation. The project has a Mineral Resource (Indicated & Inferred) of 0.28Mt @ 3.91g/t Au for a contained 0.035Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$0.90M (notional \$25.86 A\$/metal ounce on 100% terms).	0.035	\$0.90M	\$25.86
Fortnum Gold Project, Western Australia	January 2012: Resources And Investment NL entered into an acquisition agreement with Bluecrest Mercantile Master Fund Limited for 100% of the Fortnum Gold Project for \$35.0M in cash and shares. The project is prospective for gold mineralisation. The project has Mineral Resources (Indicated & Inferred) of 16.6Mt @ 2.20g/t Au for a contained 1.20Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$35.0M (notional \$29.22 A\$/metal ounce on 100% terms).	1.20	\$35.0M	\$29.22
Golden Crown, Western Australia	December 2011: Bulletin Resources Limited entered into an acquisition agreement with Northern Star Resources Limited for 100% of the Golden Crown and Faugh-a-Ballagh Projects for \$0.20M in cash and shares. The project is prospective for gold mineralisation. The project has Inferred Mineral Resources of 0.32Mt @ 3.20g/t Au for a contained 0.034Moz of gold. Assuming the terms of the agreement were met, the implied discounted cash equivalent on 100% equity basis is \$0.20M (notional \$5.95 A\$/metal ounce on 100% terms).	0.034	\$0.20M	\$5.95



Table 13 Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Australia

Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value/Metal Ounce (A\$)
Barlee Gold Project, Western Australia	December 2011: Ramelius Resources Limited entered into an acquisition agreement with Beacon Minerals for 80% of the Barlee Gold Project for \$4.0M in cash. The project is prospective for gold mineralisation. The project has an Inferred Mineral Resource of 0.38Mt @ 6.00g/t Au for a contained 0.074Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$5.0M (notional \$67.57 A\$/metal ounce on 100% terms).	0.074	\$5.00M	\$67.57
Eureka Gold Project, Western Australia	December 2011: Greenstone Minerals Pty Ltd entered into an acquisition agreement with Central Iron Ore Limited for 100% of the Eureka Gold Project for \$4.0M in cash and shares in staged payments. The project is prospective for gold and has a Measured Mineral Resource of 0.45Mt @ 4.40g/t Au for a contained 0.064Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$3.83M (notional \$59.69 A\$/metal ounce on 100% terms).	0.064	\$3.83M	\$59.69
Tunkillia Gold Project, South Australia	December 2011: Mungana Goldmines Limited entered into an acquisition agreement with Minotaur Exploration Limited for 55% of the Tunkillia Gold Project for \$6.0M in cash and shares. The project is prospective for gold. The project has Mineral Resources (Measured, Indicated & Inferred) of 15.5Mt @ 1.6g/t Au and 5.5g/t Ag for a contained 0.834Moz of gold equivalent. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$10.91M (notional \$13.08 A\$/metal ounce on 100% terms).	0.834	\$10.91M	\$13.08



Table 13 Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Australia

Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value/Metal Ounce (A\$)
Red Dam, Western Australia	October 2011: Phoenix Gold Limited entered into an acquisition agreement with Carbine Resources Limited for 100% of the Red Dam Project for \$1.94M in cash and shares. The project is prospective for gold mineralisation. The project has Mineral Resources (Indicated & Inferred) of 1.87Mt @ <u>2.44g/t Au</u> for a contained 0.147Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$1.94M (notional \$13.16 A\$/metal ounce on 100% terms).	0.147	\$1.94M	\$13.16
Boorara, Western Australia	August 2011: MacPhersons Reward Gold Limited entered into an acquisition agreement with Polymetals Mining Limited for 100% of the Boorara Project for \$3M in cash and shares. The project is prospective for gold mineralisation. The project has Mineral Resources (Indicated & Inferred) of 1.91Mt @ <u>1.36g/t Au</u> for a contained 0.083Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$3.0M (notional \$36.00 A\$/metal ounce on 100% terms).	0.083	\$3.0M	\$36.00
Mt Martin, Western Australia	August 2011: Alacer Gold Corp entered into an acquisition agreement with Australian Mines Limited for 100% of the Mt Martin project for \$7.5M in cash payments over 2 years. The project is prospective for gold mineralisation. The project has Mineral Resources (Indicated & Inferred) of 2.86Mt @ <u>2.29g/t Au</u> for a contained 0.211Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$7.16M (notional \$33.88 A\$/metal ounce on 100% terms).	0.211	\$7.16M	\$33.88



Table 13 Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Australia

Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value/Metal Ounce (A\$)
Nannine, Western Australia	July 2011: Reed Resources Limited entered into an acquisition agreement with a private party for 100% of the Nannine project for \$1.5M in cash and shares. The project is prospective for gold mineralisation. The project has an Inferred Mineral Resource of 0.58Mt @ <u>3.2g/t Au</u> for a contained 0.059Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$1.5M (notional \$25.42 A\$/metal ounce on 100% terms).	0.059	\$1.5M	\$25.42
Springfield, New South Wales	April 2011: Meridien Resources Limited has entered into an acquisition agreement with Jaguar Minerals Limited for 80% of the Springfield Project for \$0.3M in cash and shares. The project is prospective for gold mineralisation. The project has an Inferred Mineral Resource of 1.05Mt @ <u>1.4g/t Au</u> for a contained 0.047Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$0.38M (notional \$7.98 A\$/metal ounce on 100% terms).	0.047	\$0.38M	\$7.98
Blue Funnel, Western Australia.	March 2011: Phoenix Gold Limited entered into an acquisition agreement with Golden Deeps Limited for a 95% interest in the Blue Funnel Project for \$1.1M in cash and shares. The project is prospective for gold mineralisation. The project has a Mineral Resource of 0.303Mt @ <u>3.9g/t Au</u> for a contained 0.038Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$1.16M (notional \$30.47 A\$/metal ounce on 100% terms).	0.038	\$1.16M	\$30.47



Table 13 Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Australia

Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value/Metal Ounce (A\$)
Meekatharra, Western Australia	January 2011: Reed Resources Limited entered into an acquisition agreement with Mercator Gold Australia Pty Ltd for 100% of their Meekatharra project for \$28M. The Meekatharra project is prospective for gold mineralisation. The project has a total Mineral Resource Inventory (Indicated & Inferred) of 44.68Mt @ <u>1.7g/t of Au</u> for a contained 2.466Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$28M (notional \$11.35 A\$/metal ounce on 100% terms).	2.466	\$28M	\$11.35
Bullant, Western Australia	July 2010: Argent Minerals Limited entered an acquisition agreement with Barrick Gold Corporation to acquire 100% of the Bullant tenement package for \$5.35M. The project is prospective for gold mineralisation. The project has a Mineral Resource (Measured, Indicated & Inferred) of 0.894Mt @ <u>5.16g/t Au</u> for a contained 0.149Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$5.35M (notional \$35.83 A\$/metal ounce on 100% terms).	0.149	\$5.35M	\$35.83
Mount Monger and Moyagee Projects, Western Australia	September 2007: Silver Lake Resources Limited entered into an acquisition agreement with Perilya Limited for 100% of the Mount Monger and Moyagee Projects, which included the Daisy Milano Gold mine for \$14.50M. The projects have Mineral Resources (Indicated & Inferred) of 0.220Mt @ <u>33.2g/t Au</u> (Mount Monger) and 0.820Mt @ <u>8.5g/t Au</u> (Moyagee) for a total contained 0.459Moz. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis \$14.50M (notional \$31.59 A\$/metal ounce on 100% terms).	0.459	\$14.50M	\$31.59

Note: Differences may occur due to rounding errors



Table 14 Summary of Market Transactions Involving Gold Exploration Projects with Low to High-Confidence Mineral Resource within Australia

Transaction Date	Property Value \$M	Contained Gold Moz	\$/oz Gold	Au Price ¹ on Trans Date A\$/oz Au	\$/oz as % of Au Price
08-Dec-11	5.00	0.074	67.57	1,670.41	4.18
18-Sep-07	14.50	0.459	31.59	850.62	3.71
05-Dec-11	3.83	0.064	59.69	1,705.98	3.50
28-Jul-10	5.35	0.149	35.83	1,281.15	2.80
31-Mar-11	1.16	0.038	30.47	1,395.69	2.18
04-Aug-11	7.16	0.211	33.88	1,563.11	2.17
10-Aug-11	3.00	0.083	36.00	1,744.53	2.06
09-Jan-12	35.00	1.198	29.22	1,578.66	1.85
06-Jul-11	1.50	0.059	25.42	1,426.91	1.78
10-Jan-12	0.90	0.035	25.86	1,604.42	1.61
31-Oct-11	1.94	0.147	13.16	1,608.35	0.82
12-Jan-11	28.00	2.466	11.35	1,396.81	0.81
05-Dec-11	10.91	0.834	13.08	1,705.98	0.77
08-Apr-11	0.38	0.047	7.98	1,404.84	0.57
22-Dec-11	0.20	0.034	5.95	1,588.03	0.37

¹The gold price used was converted to Australian dollars using the exchange rate on the date of the transaction.

11.5.1.3 Reported Market Transaction Involving Exploration Area Manganese Projects in Australia

Ravensgate's analysis of Australian market transactions for Exploration Area asset manganese projects (Table 15), indicate an implied value between \$65 and \$68,027 per km² for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. The implied value per km² is dependent on the type of licence, whether it is an Exploration Licence or Mining Licence. With lower implied values per km² for Exploration Licences compared to Mining Licences. The implied value was also affected by the strategic importance of the licences and the presence of known manganese mineralisation upon them.



Table 15 Market Transactions Involving Manganese Exploration Projects at the Exploration Area Stage within Australia				
Project	Transaction Details & Type	Area (km²)	Purchase Price 100% Basis (A\$)	Implied Value / km² (A\$)
Wounded Knee Project, Pilbara, Western Australia	February 2012: Northern Manganese Limited entered into an acquisition agreement with a Private Prospector for 100% of an exploration licence for \$0.35M in cash and shares. The project is prospective for manganese and has an area of 111.4km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.35M (notional \$3,161 A\$/km ² on 100% terms).	111.4	\$0.35M	\$3,161
Bootu Creek, Northern Territory	February 2012: Bligh Resources Limited entered into an acquisition agreement with Hunan Zhenxing Co. Ltd, for 80% of an exploration licence for an initial cash payment of \$0.05M and \$0.19M in shares in 8 months time. Additional milestone payments are required should a JORC resource be estimated. The project is prospective for manganese and has an area of 546km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.29M (notional \$530 A\$/km ² on 100% terms).	546	\$0.29M	\$530
Earaheedy Project, Pilbara, Western Australia	November 2011: Aurium Resources Limited entered into an acquisition agreement with a Private party for 100% of an exploration licence for \$0.015M in cash. The project is prospective for manganese and iron and has an area of 3km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.02M (notional \$5,000 A\$/km ² on 100% terms).	3	\$0.02M	\$5,000



Table 15 Market Transactions Involving Manganese Exploration Projects at the Exploration Area Stage within Australia				
Project	Transaction Details & Type	Area (km²)	Purchase Price 100% Basis (A\$)	Implied Value / km² (A\$)
Carpentaria Basin, Northern Territory	May 2011: Groote Resources Limited entered into an acquisition agreement with North Manganese Pty Ltd for 100% of seven shallow marine exploration licence applications for \$0.25M in cash. The project is prospective for manganese and has an area of 3,856km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.25M (notional \$65 A\$/km ² on 100% terms).	3,856	\$0.25M	\$65
McArthur River, Northern Territory	August 2010: Brumby Resources Limited entered into an acquisition agreement with a Private party for 80% of an exploration licence for \$0.61M in cash and shares. The project is prospective for manganese and base metals and has an area of 650km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.77M (notional \$1,178 A\$/km ² on 100% terms).	650	\$0.77M	\$1,178
Eyre Peninsula, South Australia	March 2010: Archer Exploration Limited entered into a joint venture/farmin agreement with UraniumSA Limited for 100% of all mineral rights except uranium on two exploration licences for a minimum exploration spend of \$0.30M over 2 years. The project is prospective for manganese and iron and has an area of 1,042km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.27M (notional \$262 A\$/km ² on 100% terms).	1,042	\$0.27M	\$262



Table 15 Market Transactions Involving Manganese Exploration Projects at the Exploration Area Stage within Australia				
Project	Transaction Details & Type	Area (km²)	Purchase Price 100% Basis (A\$)	Implied Value / km² (A\$)
Jamieson Tank, Eyre Peninsula, South Australia	January 2010: OM Holdings Limited entered into a joint venture/farmin agreement with Archer Exploration Limited for 60% of an exploration licence, for a minimum exploration spend of \$0.60M over 4 years. The project is prospective for manganese and has an area of 54km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.83M (notional \$15,305 A\$/km ² on 100% terms).	54	\$0.83M	\$15,305
Capricorn Southeast Project, Pilbara, Western Australia	December 2009: Aurora Minerals Limited entered into a joint venture/farmin agreement with a private party for 80% of an exploration licence, for an initial cash and share payment of \$0.98M and a minimum exploration spend of \$1.00M over 3 years. The project is prospective for manganese and has an area of 46.95km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$2.31M (notional \$49,275 A\$/km ² on 100% terms).	46.95	\$2.31M	\$49,275
Mount Chester Project, Ravensthorpe, Western Australia	December 2009: Pioneer Resources Limited entered into an acquisition agreement with Galaxy Resources Limited for the remaining 25% of the Mount Chester Manganese project consisting of one mining licence for \$0.075M in cash. The project is prospective for manganese and has an area of 4.41km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.30M (notional \$68,027 A\$/km ² on 100% terms).	4.41	\$0.30M	\$68,027



Table 15 Market Transactions Involving Manganese Exploration Projects at the Exploration Area Stage within Australia				
Project	Transaction Details & Type	Area (km²)	Purchase Price 100% Basis (A\$)	Implied Value / km² (A\$)
Gladstone Project, Queensland & McArthur River Project, Northern Territory	November 2009: Genesis Resources Limited entered into an acquisition agreement with WDR Base Metals Pty Limited for the remaining 45% interest in the Gladstone project in Queensland and the McArthur River project in the Northern Territory for \$0.75M in cash. The projects are prospective for manganese and have an area of 568.6km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$1.67M (notional \$2,931 A\$/km ² on 100% terms).	568.6	\$1.67M	\$2,931
Skull Springs Project, Pilbara, Western Australia	October 2009: Shaw River Resources Limited entered into a joint venture/farmin agreement with Talisman Mining for 70% of an exploration licence, for an initial cash and share payment of \$0.23M and a minimum exploration spend of \$0.30M over 2 years. The project is prospective for manganese and has an area of 223km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.72M (notional \$3,221 A\$/km ² on 100% terms).	223	\$0.72M	\$3,221
Kimberley, Western Australia	September 2009: AusQuest Limited entered into a joint venture/farmin agreement Legacy Iron Ore Ltd for an 80% interest in two exploration licences, for a minimum exploration spend of \$0.40M over 4 years. The project is prospective for manganese and has an area of 87km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.41M (notional \$4,750 A\$/km ² on 100% terms).	87	\$0.41M	\$4,750



Table 15 Market Transactions Involving Manganese Exploration Projects at the Exploration Area Stage within Australia				
Project	Transaction Details & Type	Area (km²)	Purchase Price 100% Basis (A\$)	Implied Value / km² (A\$)
Waddikee project, South Australia	August 2009: OM Holdings Limited entered into a joint venture/farmin agreement with Monax Mining Limited for a 60% interest in manganese and iron minerals for a minimum exploration spend of \$2.00M over 4 years. The project is prospective for manganese and iron and has an area of 1,004km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$2.75M (notional \$2,744 A\$/km ² on 100% terms).	1,004	\$2.75M	\$2,744
Woodie Woodie, Pilbara, Western Australia	November 2008: Jupiter Mines Limited into an acquisition agreement with Pallinghurst Resources and Red Rock Resources for 100% of their Woodie Woodie project for \$9.30M in shares. The project is prospective for manganese and iron and has an area of 696km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$9.30M (notional \$13,362 A\$/km ² on 100% terms).	696	\$9.30M	\$13,362
Mt Minnie Project, Western Australia	October 2008: Shaw River Resources Limited entered into an acquisition agreement with Contact Uranium Limited for 85% interest in 8 exploration licences for \$0.12M in shares. The project is prospective for manganese and iron and has an area of 370km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.14M (notional \$382 A\$/km ² on 100% terms).	370	\$0.14M	\$382



Table 15 Market Transactions Involving Manganese Exploration Projects at the Exploration Area Stage within Australia				
Project	Transaction Details & Type	Area (km²)	Purchase Price 100% Basis (A\$)	Implied Value / km² (A\$)
South Woodie Woodie Project, Pilbara, Western Australia	October 2007: Spitfire Resources Limited entered into an acquisition agreement with Planet Mining Pty Ltd for an 80% interest in the project for \$5.00M in shares. The project is prospective for manganese and has an area of 433km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$6.25M (notional \$14,434 A\$/km ² on 100% terms).	433	\$6.25M	\$14,434



11.5.1.4 *Reported Market Transaction Involving Low Confidence Manganese Exploration Targets or Mineral Resources in the World.*

Ravensgate's analysis of market transactions of low confidence manganese Exploration Targets of Mineral Resources returned few transactions, so transactions from around the world were used as an indicator of implied value. The market transactions (Table 16), indicate an implied value between \$0.34 and \$10.14 per tonne of manganese metal for low confidence Exploration Targets and Mineral Resources for Advanced Exploration Area mineral assets.



Table 16 Market Transactions Involving Low Confidence Manganese Exploration Targets or Mineral Resources within the World				
Project	Transaction Details & Type	Contained Mn Metal Tonnes (T)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Tonne (A\$)
Emang Manganese Project, South Africa	July 2011: Segue Resources Limited entered into an acquisition agreement with Emang Mmogo Mining Resources (Pty) Ltd for an initial 30% interest in the Emang Manganese project in South Africa for \$2.91M in cash. The project is prospective for manganese and has an exploration target of 45-60Mt @ 28-48% Mn for a contained 12.6-28.8Mt of manganese metal. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$9.70M (notional \$0.34-0.77 A\$/metal tonne on 100% terms).	12.6-28.8Mt	\$9.70M	\$0.34-0.77
Otjozondou Manganese Project, Namibia	December 2010: Shaw River Resources Limited entered into an acquisition agreement with Otjozondou Holdings Pty Ltd for a 75.5% interest in the Otjozondou Manganese Project in Namibia for US\$15.0M in cash and shares. The project is prospective for manganese and has an exploration target of 35-50Mt @ 23-27% Mn for a contained 8.1-13.5Mt of manganese metal. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$21.00M (notional \$1.56-2.61 A\$/metal tonne on 100% terms).	8.1-13.5Mt	\$21.00M	\$1.56-\$2.61
San Francisco Manganese Mine, Mexico	December 2010: Azure Minerals Limited entered into an acquisition agreement with a Private vendor for 100% of the not operating San Francisco Manganese mine for US\$15.0M in cash. The project is prospective for manganese and has an exploration target of 3.2-5.8Mt @ 35-42% Mn and a non JORC mineral resource estimate of 0.81Mt @ 38.81% Mn for a total contained of 1.43-2.75Mt of manganese metal. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$14.53M (notional \$5.29-10.14 A\$/metal tonne on 100% terms).	3.2-5.8Mt	\$14.53M	\$5.29-10.14



11.5.1.5 *Reported Market Transactions Involving Exploration Area Gold Projects in Australia*

Ravensgate's analysis of Australian market transactions for Exploration Area asset gold projects (Table 17), indicates an implied value between \$159 and \$456,116 per km² for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. The implied value per km² is dependent on the type of licence, whether it is an Exploration Licence, Prospecting Licence or Mining Licence. With lower implied values per km² for Exploration Licences compared to Prospecting Licences and lower implied values per km² for Prospecting Licences compared to Mining Licences. The implied value was also affected by the strategic importance of the licences and the presence of known gold mineralisation upon them.



Table 17 Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Australia

Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
Maryborough Basin, Queensland	April 2012: Integrated Resources Group Limited entered into an acquisition agreement with MAuB Pty Ltd for 88-100% of the Maryborough Basin project for \$3.25M in shares. The project is prospective for gold, copper and silver and has an area of 2,478km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$2.67M (notional \$1,078 A\$/km ² on 100% terms).	2,478	\$2.67M	\$1,078
Leonora, Western Australia	April 2012: Midas Resources Limited entered into a joint venture/farmin agreement with Cazador Resources Limited to earn a 75% interest in the project with an exploration spend of \$0.50M over three years. The project is prospective for gold and has an area of 156km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.58M (notional \$3,704 A\$/km ² on 100% terms).	156	\$0.58M	\$3,704
Oak River, Queensland	March 2012: Planet Metals Limited entered into an acquisition agreement with Callabonna Uranium Limited for 100% of an exploration licence for \$0.065M. The project is prospective for gold and copper and has an area of 201.7km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.07M (notional \$322 A\$/km ² on 100% terms).	201.7	\$0.07M	\$322
Geko Gold Project, Western Australia	January 2012: GGG Resources Plc and Auzex Resources Limited entered into an acquisition agreement with an unknown party for 100% of the Geko Gold Project, comprising of one mining lease for an option payment of \$0.20M and an additional \$3.00M in cash and shares in 6 months time. The project is prospective for gold and has an area of 10km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$3.13M (notional \$312,936 A\$/km ² on 100% terms).	10	\$3.13M	\$312,936



Table 17 Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Australia

Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
Kambalda, Western Australia	January 2012: Mincor Resources NL entered into an acquisition agreement with Jupiter Mines Limited for 100% of an exploration licence for \$0.2M. The project is prospective for nickel and gold and has an area of 56.4km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.20M (notional \$3,546 A\$/km ² on 100% terms).	56.4	\$0.20M	\$3,546
West Roxby, South Australia	December 2011: BHP Billiton Olympic Dam Corporation Pty Ltd entered into an acquisition agreement with Archer Exploration Limited for 80% of five exploration licences for \$3.0M initially and a \$3.0M exploration spend over 3 years. The project is prospective for gold and copper and has an area of 4,421km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$7.00M (notional \$1,583 A\$/km ² on 100% terms).	4,421	\$7.00M	\$1,583
Boomara Project, Queensland	December 2011: Xstrata Mt Isa Mines entered into a joint venture/farmin agreement with Mt Isa Metals Limited to earn initially 51% of the Boomara project for a minimum exploration spend of \$1.00M over 3 years. The project is prospective for gold, copper and iron (IOCG) and has an area of 650km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$1.70M (notional \$2,615 A\$/km ² on 100% terms).	650	\$1.70M	\$2,615
Nimbus, Western Australia	December 2011: Macphersons Reward Gold Limited entered into an acquisition agreement with Northern Mining Limited for 100% of a single strategic prospecting licence for \$0.50M. The project is prospective for gold and has an area of 1.075km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.50M (notional \$465,116 A\$/km ² on 100% terms).	1.075	\$0.50M	\$465,116



Table 17 Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Australia

Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
Nimbus, Western Australia	December 2011: Macphersons Reward Gold Limited entered into an acquisition agreement with Cazaly Resources Limited for 100% of a number of prospecting licences for initially \$0.30M in cash and shares and a further cash payment of \$0.70M in three years. The project is prospective for gold and has an area of 30.1km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.83M (notional \$27,439 A\$/km ² on 100% terms).	30.1	\$0.83M	\$27,439
Nimbus, Western Australia	December 2011: Macphersons Reward Gold Limited entered into an acquisition agreement with a private individual for 100% of five prospecting licences for \$0.10M in cash and shares. The project is prospective for gold and has an area of 8.06km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.10M (notional \$12,405 A\$/km ² on 100% terms).	8.06	\$0.10M	\$12,405
Nimbus, Western Australia	December 2011: Macphersons Reward Gold Limited entered into an acquisition agreement with a private individual for 100% of one prospecting licence for \$0.005M in cash and shares. The project is prospective for gold and has an area of 8.06km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.005M (notional \$6,595 A\$/km ² on 100% terms).	0.76	\$0.005	\$6,595
Red October, Western Australia	November 2011: Saracen Mineral holdings Limited entered into an acquisition agreement with Rubicon Resources Limited for 100% of exploration tenements for \$0.85M in cash. The project is prospective for gold and has an area of 1,147km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.85M (notional \$741 A\$/km ² on 100% terms).	1,147	\$0.85M	\$741



Table 17 Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Australia

Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
Linden, Western Australia	November 2011: Exterra Resources Limited entered into an acquisition agreement with an unknown party for 100% of an exploration licence for \$0.05M in cash. The project is prospective for gold and has an area of 9.04km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.05M (notional \$5,533 A\$/km ² on 100% terms).	9.04	\$0.05M	\$5,533
Earaheedy, Western Australia	November 2011: Aurium Resources Limited entered into an acquisition agreement with a private party for 100% of an exploration licence for \$15,000 in cash. The project is prospective and has an area of 3.00km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.015M (notional \$5,000 A\$/km ² on 100% terms).	3.00	\$0.015M	\$5,000
Esk Trough Project, Queensland	October 2011: Coppermoly Limited entered into a joint Venture/farmin agreement with ActivEX Limited to earn an initial 51% in the Esk Trough project with a minimum exploration spend of \$3.00M over 3 years. The project is prospective for gold and copper and has an area of 386.5km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$5.10M (notional \$13,192 A\$/km ² on 100% terms).	386.5	\$5.10M	\$13,192
Zelica Project, Western Australia	September 2011: Exterra Resources Limited entered into an acquisition agreement with an unknown party for 100% of a prospecting licence for \$50,000. The prospecting licence is prospective for gold and has an area of 1.75km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.05M (notional \$28,571 A\$/km ² on 100% terms).	1.75	\$0.05M	\$28,571



Table 17 Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Australia

Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
Broughton Creek, Queensland	September 2011: Orion Metals Limited entered into a joint venture/farmin agreement with Broughton Minerals Pty Ltd to earn an initial 50% interest in the project for an initial \$0.15M cash payment and a minimum exploration spend of \$2.00M over 5 years. The project is prospective for gold and REE and has an area of 278km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$3.45M (notional \$12,417 A\$/km ² on 100% terms).	278	\$3.45M	\$12,417
Oak River, Queensland	September 2011: Planet Metals Limited entered into a joint venture/farmin agreement with Callabonna Uranium Limited for an initial 51% interest in three exploration licences for a minimum exploration spend of \$0.75M over 2 years and 10 months. The project is prospective for gold and copper and has an area of 345.2km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$1.28M (notional \$3,722 A\$/km ² on 100% terms).	345.2	\$1.28M	\$3,722
Linden and Pelt Well Projects, Western Australia	September 2011: Power Resources Limited entered into an acquisition agreement with a private party for a 90% interest in the Linden and Pelt Well projects for \$20,000 cash. The projects are prospective for gold mineralisation and have a combined total area of 3.42km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.022M (notional \$6,498 A\$/km ² on 100% terms).	3.42	\$0.022M	\$6,498



Table 17 Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Australia

Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
Beatons Creek Project, Western Australia	August 2011: Novo Resources Corp entered into a joint venture farm-in agreement with Millennium Minerals Limited for a 70% interest in three mining licences for an initial payment of \$0.5M in shares and a minimum expenditure of \$1.0M over 2 years. The tenements are prospective for gold and have an area of 8.32km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$2.01M (notional \$240,730 A\$/km ² on 100% terms).	8.36	\$2.01M	\$240,730
Tuckanarra Project, Western Australia	August 2011: Phosphate Australia Limited entered into an acquisition agreement with Gold & Minerals Resources Pty Ltd for 100% of the Tuckanarra gold project for \$130,000. The licences are prospective for gold and have an area of 270km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.13M (notional \$481 A\$/km ² on 100% terms).	270	\$0.13M	\$481 / km ²
Cheritons, Western Australia	August 2011: Silver Stone Resources Limited entered into an acquisition agreement with Riedel Resources Limited for 100% of an exploration licence for \$0.21M in cash and shares. The project is prospective for gold and has an area of 55km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.21M (notional \$3,818 A\$/km ² on 100% terms).	55	\$0.21M	\$3,818



Table 17 Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Australia

Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
Mt Isa, Queensland	July 2011: Syndicated Metals Limited entered into a joint venture/farmin agreement with Deep Yellow Limited to earn 80% of all mineral rights except uranium in the project for a minimum exploration spend of \$0.80M over 4 years. The project is prospective for gold, copper and iron and has an area of 650km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.83M (notional \$1,271 A\$/km ² on 100% terms).	650	\$0.83M	\$1,271
Muddawerrie and Livingstone Projects, Western Australia	June 2011: Talisman Mining Limited entered into acquisition agreement with an unknown party for 80% of the Muddawerrie and Livingstone projects for \$0.68M in shares. The projects are prospective for gold and have a total area of 260km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.85M (notional \$3,269 A\$/km ² on 100% terms).	260	\$0.85M	\$3,269
Scotia Project, Western Australia	June 2011: Aphrodite Gold Limited entered into a joint venture/farmin agreement with Breakaway Resources Limited to earn an initial interest of 51% of gold rights only of the Scotia project for a minimum exploration spend of \$0.40M within 1 year. The project is prospective for gold and has a total area of 159.2km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.75M (notional \$4,697 A\$/km ² on 100% terms).	159.2	\$0.75M	\$4,697



Table 17 Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Australia

Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
Porters Mount, New South Wales	April 2011: Flinders Exploration Limited entered into an acquisition agreement with Capital Mining Limited for 100% of the Porters Mount project for \$0.60M in cash and shares. The project is prospective for gold and base metals and has an area of 66km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.60M (notional \$9,091 A\$/km ² on 100% terms).	66	\$0.60M	\$9,091
Mount Fisher Project, Western Australia	March 2011: Rox Resources Limited entered into an acquisition agreement with Avoca Resources Limited to acquire 100% of the Mount Fisher gold and nickel project for \$1.0M in shares. The tenements are prospective for gold and have an area of 615km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$1.00M (notional \$1,626 A\$/km ² on 100% terms).	615	\$1.00M	\$1,626
Muriels, Western Australia	February 2011: Vector Resources Limited entered into an acquisition agreement with a private party to acquire 100% of the Muriels project comprising of 1 mining lease and 8 prospecting licences for \$0.25M in cash. The project is prospective for gold and has an area of 17.72km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.25M (notional \$14,108 A\$/km ² on 100% terms).	17.72	\$0.25M	\$14,108



Table 17 Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Australia

Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
Illaara, Western Australia	February 2011: Alphabrace Resources Pty Ltd entered into a farmin joint venture agreement with Australian Minerals & Mining Group Limited to earn 51% of its Illaara project by expending \$1.0M over 3 years. The Illaara project consists of one exploration licence, is prospective for Gold, Copper, Zinc and Silver and has an area of 167km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$1.70M (notional \$10,177 A\$/km ² on 100% terms).	167	\$1.70M	\$10,177
Rockwood, Queensland	February 2011: Fitzroy Resources Limited entered into an acquisition agreement with Kangaroo Resources Limited for 100% of one exploration permit for \$0.05M in cash. The project is prospective for base metals and has an area of 315km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.05M (notional \$159 A\$/km ² on 100% terms).	315	\$0.05	\$159 / km ²
Broads Dam Project, Western Australia	January 2011: Phoenix Gold Limited entered into an acquisition agreement with Australian Gold Investments Limited to acquire 100% of their Broads Dam Gold project for \$2.5M in cash and shares. The Broads Dam project consists of 14 prospecting licences with an area of 24.28km ² , which are prospective for gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$2.5M (notional \$102,965 A\$/km ² on 100% terms).	24.28	\$2.50M	\$102,965



Table 17 Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Australia

Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
Paynes Find, Western Australia	January 2011: Paynes Find Gold Limited entered into an acquisition agreement with Provider Express Pty Ltd to acquire 100% of a prospecting licence for \$60,000. The prospecting licence is prospective for gold and has an area of 0.43km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.06M (notional \$139,535 A\$/km ² on 100% terms).	0.43	\$0.06M	\$139,535
Tin Dog Project, Western Australia	December 2010: Saracen Mineral Holdings Limited entered into an acquisition option agreement with an unknown party to acquire 80% of the Tin Dog project for \$430,000. The project consists of three prospecting licences and one mining licence, prospective for gold with a total area of 1.53km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.54M (notional \$351,307 A\$/km ² on 100% terms).	1.53	\$0.54M	\$351,307
Peak Hill-Doolgunna, Western Australia	December 2010: Lodestar Minerals Limited entered into an acquisition agreement with an unknown party for 100% of two exploration licences in the Peak Hill-Doolgunna district for \$0.06M in cash and shares. The project is prospective for gold and base metals and has an area of 190km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.06M (notional \$303 A\$/km ² on 100% terms).	190	\$0.06M	\$303 / km ²
Barlee, Western Australia	November 2010: Beacon Minerals entered into an acquisition agreement with an unknown party for four exploration licences in the Barlee area for \$0.12M in cash. The project is prospective for gold and has an area of 100km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.12M (notional \$1,150 A\$/km ² on 100% terms).	100	\$0.12M	\$1,150



Table 17 Market Transactions Involving Gold Exploration Projects at the Exploration Area Stage within Australia

Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
Tropicana Belt, Western Australia	October 2010: Sirius Resources NL entered into an acquisition agreement with Mark Creasy for a 70% interest in exploration licences near Tropicana for \$2.76M in shares. The project tenements are prospective for gold and have an area of 2,300km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$3.94M (notional \$1,714 A\$/km ² on 100% terms).	2,300	\$3.94M	\$1,714
Mt Carbine, Queensland	May 2010: Icon Resources Limited entered into an acquisition agreement with Kangaroo Resources Limited for 100% of two exploration permits near Mt Carbine for \$0.09M. The project is prospective for tungsten and tin and has an area of 210km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.09M (notional \$417 A\$/km ² on 100% terms).	210	\$0.09M	\$417 / km ²
Martins Well, South Australia	March 2010: Strategic Minerals Corporation NL has entered into a joint venture/farmin agreement with Aldershot Resources NL to earn a 70% interest in the project with a minimum exploration spend of \$0.25M over 2 years. The project is prospective for gold, copper and iron and has an area of 784km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.32M (notional \$4147 A\$/km ² on 100% terms).	784	\$0.32M	\$414 / km ²

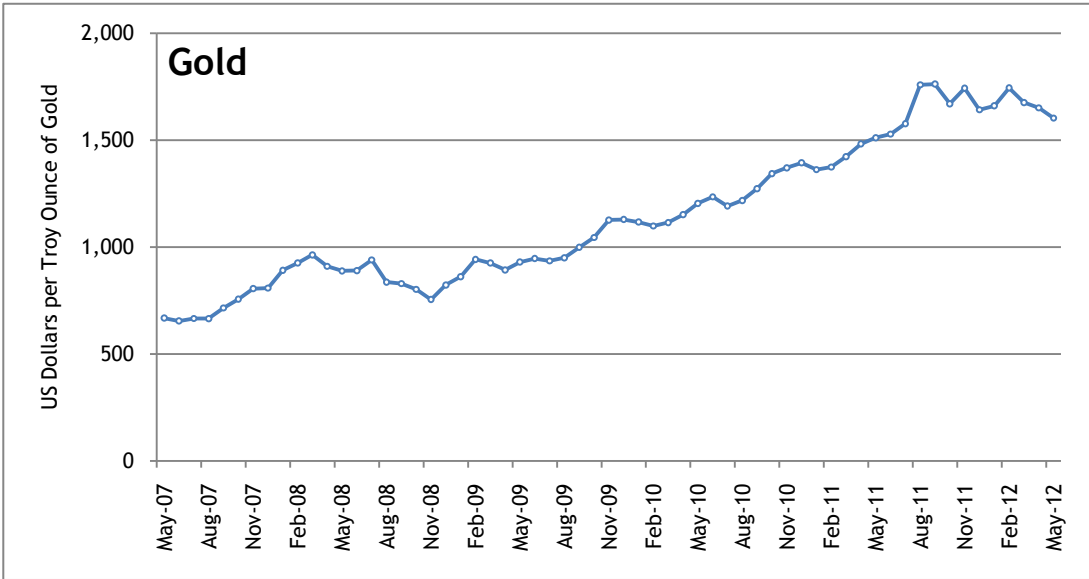
Note: Differences may occur due to rounding errors



11.5.2 Commodity Prices

Ravensgate has examined the historical commodity charts (Figure 12, Figure 13, Figure 14 and Figure 15) for general trends over time. A general analysis of the price chart for Gold in Figure 12 shows a continuous price increase with only a short period of slight price decline between April and November 2008. In recent months the gold price has remained relatively steady although showing a significant rise in late 2011 interpreted to be partly a response to the “European Debt Crisis”. Copper in Figure 13 shows the price being steady until July 2008 where there is a drop to December 2008, followed by a gradual increase until February 2011, where the price remained steady until July 2011 where it dropped back and steadied again. Silver in Figure 14 had a small price rise in January 2008, followed by a price drop in August 2008, from November 2008 it has slowly risen until September 2010, where it rose steadily until April 2011, where it has slowly declined. Manganese in Figure 15 shows a rapid increase in price until April 2008, where it remained steady until August 2008, followed by a rapid decline until June 2009, where it increased until October 2009, since then the price has remained relatively steady. Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

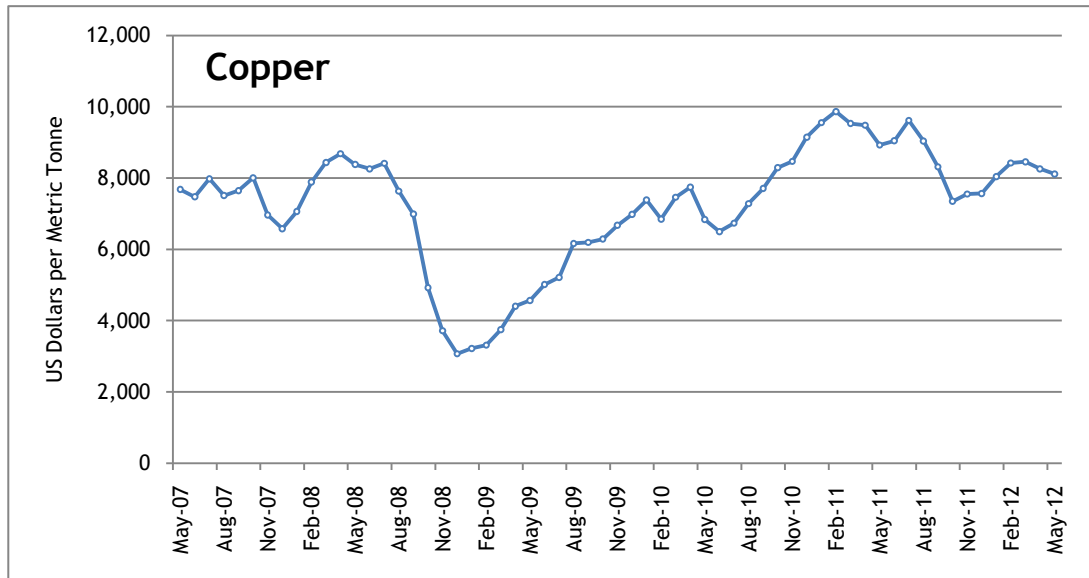
Figure 12 Gold Five Year Monthly Average Price Chart to May 2012



Source: Metalprices.com

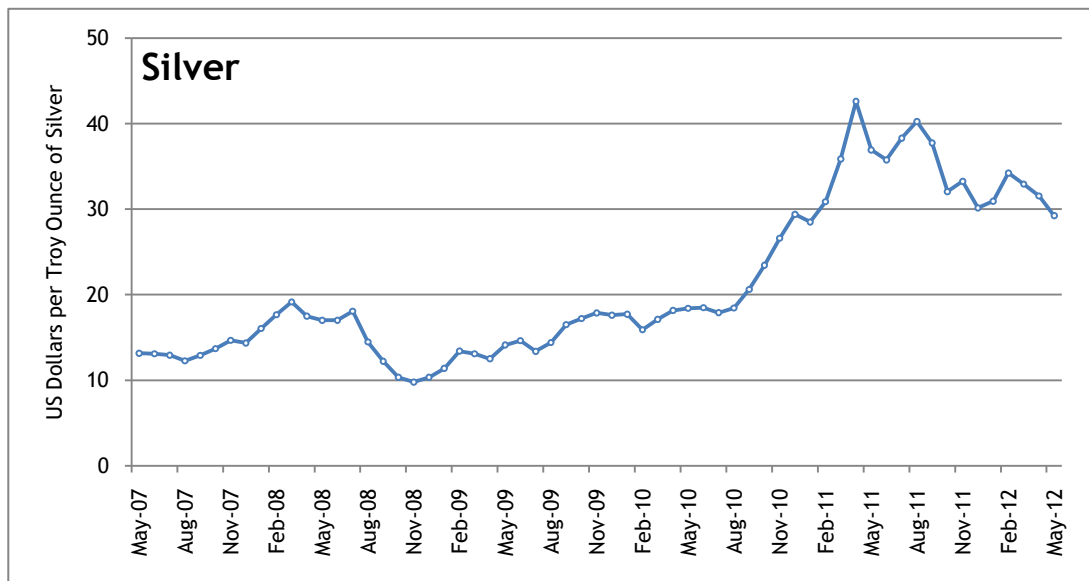


Figure 13 Copper Five Year Monthly Average Price Chart to May 2012



Source: Metalprices.com

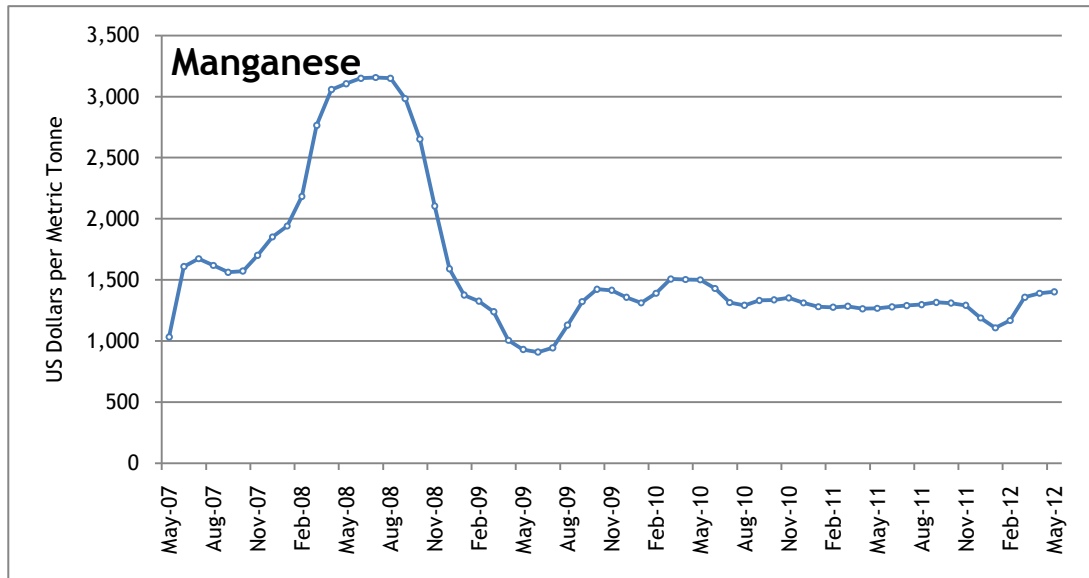
Figure 14 Silver Five Year Monthly Average Price Chart to May 2012



Source: Metalprices.com



Figure 15 Manganese Five Year Monthly Average Price Chart to May 2012



Source: Metalprices.com



11.6 Mineral Asset Valuations

11.6.1 Plavica Gold and Copper Project, Macedonia

11.6.1.1 Selection of Valuation Method

The Plavica Gold and Copper Project, which Genesis is earning a 62% interest can be classified as an “Advanced Exploration Area” mineral asset where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A JORC compliant Mineral Resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category;

A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as listed in Section 3.5. In valuing the mineral asset of the Plavica Project, Ravensgate considers the ‘DCF/NPV’ method inappropriate. For the valuation of Genesis’ reported Mineral Resources, Ravensgate has valued the reported Mineral Resources as reported in Section 3.5 at the various cut-offs used.

Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 11.1 and the geological / exploration information outlined in Section 3.

11.6.1.2 Project Analysis - Comparable Transactions Method

Ravensgate’s analysis of gold market transactions in Europe and Australia (Table 11 and Table 13 respectively) indicates that the implied value of lesser advanced exploration projects with gold Mineral Resources generally range from \$1.46 to \$14.36 per contained resource ounce of gold metal in Europe and \$5.95 to \$13.16 per contained resource ounce of gold metal in Australia. More advanced or strategic exploration projects with gold Mineral Resources, which are not operating mines generally range from \$22.85 to \$39.22 per contained resource ounce of gold metal in Europe and \$25.42 to \$36.15 per contained resource ounce of gold metal in Australia. In general it can be seen that the value of gold resources between geographic locations does not vary greatly. Ravensgate considers the European transaction for \$1.46 per contained resource ounce of gold metal to be an outlier and have ignored it from further analysis. Analysing the transactions of the lesser advanced exploration projects in Europe and Australia, excluding the more advanced exploration projects taking into account the change in the gold price over time, expressing the dollar value per ounce of gold as a percentage of the gold price (Table 14), the average of these transactions is 0.77%, which equates to \$9.90 using the Gold Spot Price 12 June 2012 of \$1,613.88 (US\$1,1595.50). Ravensgate has discounted this value by 20% for perceived country risk, due to the sovereign risk and the risks outlined in Section 11.4.

Ravensgate has derived an implied range of \$6.92 to \$8.99 with a preferred value of \$7.92 per ounce of contained gold equivalent (AuEq) to apply to the Plavica Mineral Resources listed in Section 3.5 using the Gold Spot Price 12 June 2012 of \$1,596.74 (US\$1,548.75). These derived values are based on the dollar value per ounce of gold expressed as a percentage of the gold price, where a range from 0.54% to 0.70% has been applied and the preferred value is based on 0.61%. This range reflects the lower confidence and grade gold Mineral Resources and makes allowances for any country risk. These values relate to approximately \$43.80M to \$56.88M for the contained metal within the current Mineral Resource Estimates (6,329,414 oz AuEq metal) for a 100% interest in the Plavica project. From this range a preferred value of \$50.12M has been selected which reflects a value of \$7.92 per contained resource ounce of gold, which reflects the outcome of successful exploration to date and the quality of the Mineral Resources.



Technically Genesis has a 0% interest in the Plavica project as they are still within the earn in phase of their joint venture with Sileks, therefore the technical mineral asset value is \$0.00. Though this does not reflect a fair market value of the project and as such Ravensgate were asked by RSM to provide a technical mineral asset value for a 62% interest in the project. A summary of the valuations of the Plavica Project can be found below in Table 18.

Plavica Project	Mineral Asset	Ownership %	Area km ²	Valuation		
				Low \$M	High \$M	Preferred \$M
Current Interest	Advanced Exploration Area	0%	-NA-	0.00	0.00	0.00
Assumed 62% Interest	Advanced Exploration Area	62%	-NA-	27.16	35.26	31.08

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

11.6.2 Gladstone-Mount Miller Manganese Project, Queensland

11.6.2.1 Selection of Valuation Method

The Gladstone-Mount Miller Manganese Project is considered to be an “Advanced Exploration Area” mineral asset, where substantial work has been completed, styles of mineralisation are understood and there is encouragement that further work will led to delineation of a JORC (2004) Mineral Resource. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been reported for the Gladstone-Mount Miller project. An exploration target for the project was been reported in 2009 of between 35,000t to 206,000t with an average grade of 35 - 50% Mn.

The commodity item of interest for exploration is primarily manganese mineralisation.

Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 11.1 and the geological / exploration information outlined in Section 4.

11.6.2.2 Project Analysis - Comparable Transactions Method

Ravensgate’s analysis of Australian market transactions for Exploration Area mineral asset Manganese projects (Table 15) suggests an implied value between \$65 to \$68,027 per square kilometre for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. Within this range more “green-fields” exploration projects range from \$250 to \$1500 per square kilometre, more advanced projects were prospects have been defined range from \$1,500 to \$5,500 per square kilometre, and most advanced “brownfields” projects typically range from \$5,500 to \$15,000 per square kilometre. Assets of strategic value sit at the highest end of the range (\$15,000 to \$68,000 per square kilometre).



Ravensgate's analysis of the manganese market transactions for exploration area/advanced exploration stage manganese projects (Table 16) with Exploration Targets as per JORC (2004) reported indicates an implied value between \$0.34 to \$10.34 per tonne of Mn metal. Of note is that there are very few transactions (only 3) and that higher values are assigned to potentially higher grade deposits.

Ravensgate considers that the best approach to arrive at an appropriate valuation for Gladstone/Mount Miller is use comparable transactions, using the Exploration target that has been reported to value the historic Mount Miller Mine area (i.e., on basis of potential Mn tonnage), and using comparison on a square kilometre basis on which to value the surrounding exploration licence.

An Exploration Target of 35,000t to 206,000t with an average grade of 35 - 50% Mn has been reported for the Mount Millar project by Odessa, 2009. Ravensgate has selected \$5.00 per tonne and \$11.00 per tonne of Mn metals as being appropriate values to use given that the Mount Miller deposit is high grade and situated very favourably with respect to infrastructure. On this basis Ravensgate believes a valuation range of between \$0.09M and \$0.79M is appropriate with a preferred valuation at the high end of the range at \$0.79M (\$11.00/tonne Mn metal).

Ravensgate has derived an implied range of \$5,500 to \$15,000 per square kilometre with a preferred value of \$13,000 per square kilometre to apply to the area of the soon to be reduced Gladstone exploration licence, which has an area of 9km². These values relate to approximately \$0.02M to \$0.14M. From this range a preferred value of \$0.12M has been selected, which reflects a value of \$13,000 per square kilometre. This value reflects the stage of exploration at the project and the quality of the exploration ground.

Combining both the valuation of the Mount Miller mine area and the surrounding Gladstone leases a valuation range of \$0.11M to \$0.93M with a preferred value of \$0.91M. Ravensgate believes this value reflects the stage of exploration at the project and the quality of the exploration ground. The high preferred value reflects the strategic value of the licence, the high grade manganese exploration target and the potential to define new manganese mineralisation zones along strike from Mount Miller.

11.6.3 McArthur River Manganese Project, Northern Territory

11.6.3.1 Selection of Valuation Method

The McArthur River Manganese Project is considered to be an "Exploration Area" mineral asset, where mineralisation may or may not have been identified, but where specifically a JORC compliant mineral resource has not been identified. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been reported for the McArthur River project. The commodity item of interest for exploration is primarily manganese mineralisation.

Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 11.1 and the geological / exploration information outlined in Section 5.

11.6.3.2 Project Analysis - Comparable Transactions Method

Ravensgate's analysis of the manganese market transactions for early-stage, conceptual manganese projects (Table 15), indicates an implied value between \$65 to \$68,027 per square kilometre. Ravensgate considers that the lower end of the range to be more appropriate for valuing Exploration Area Mineral Assets while the higher end of the range be more appropriate for valuing Advanced Exploration Area Mineral Assets where a resource estimate may not yet have been undertaken but the project is of a more advanced and/or strategic nature. This reflects the greater value inherent in Advanced Exploration Area Mineral Assets where considerable exploration has been undertaken and



specific mineralisation targets identified while Exploration Area Mineral Assets may or may not have any mineralisation identified.

Ravensgate considers that the manganese transaction for \$65 per square kilometre to not be appropriate for valuing the McArthur River manganese project as this transaction is for exploration licences under application in a shallow marine environment. The transactions for \$68,027 and \$49,275 per square kilometre are also not considered appropriate for valuing the McArthur River project as respectively they were for a single higher value mining licence and an exploration licence that held significant strategic value to the farminor Aurora Minerals Limited. Removing these transactions gives an implied value between \$262 and \$15,305 per square kilometre for early stage, conceptual manganese projects. From within this range, Ravensgate considers a range from \$500 to \$1,500 to be appropriate for early stage, conceptual manganese projects, this relates to \$0.25M to \$0.76M. Ravensgate has a preferred value in the middle of the range of \$0.51M reflecting the early stage that exploration is at, and given that no significant results have been returned from drilling to date and that no mineral resource in accordance with the JORC Code (2004) has been defined. The value of \$0.51M relates back to an implied value of \$1,000 per square kilometre. It is a large project area still at an early stage of exploration, drilling to date has not identified depth extensions to surface manganese gossans, there are still some geophysical targets to be tested. The project area also contains some base metal potential.

11.6.4 Fenn Gap Manganese Project, Northern Territory

11.6.4.1 Selection of Valuation Method

The Fenn Gap Manganese Project is considered to be an “Exploration Area” mineral asset, where mineralisation may or may not have been identified, but where specifically a JORC compliant mineral resource has not been identified. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been reported for the Fenn Gapp project. The commodity item of interest for exploration is primarily manganese mineralisation.

Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 11.1 and the geological / exploration information outlined in Section 6.

11.6.4.2 Project Analysis - Comparable Transactions Method

Ravensgate’s analysis of the manganese market transactions for early-stage, conceptual manganese projects (Table 15), indicates an implied value between \$65 to \$68,027 per square kilometre. Ravensgate considers that the lower end of the range to be more appropriate for valuing Exploration Area Mineral Assets while the higher end of the range be more appropriate for valuing Advanced Exploration Area Mineral Assets where a resource estimate may not yet have been undertaken but the project is of a more advanced and/or strategic nature. This reflects the greater value inherent in Advanced Exploration Area Mineral Assets where considerable exploration has been undertaken and specific mineralisation targets identified while Exploration Area Mineral Assets may or may not have any mineralisation identified.

Ravensgate considers that the manganese transaction for \$65 per square kilometre to not be appropriate for valuing the Fenn Gap manganese project as this transaction is for exploration licences under application in a shallow marine environment. The transactions for \$68,027 and \$49,275 per square kilometre are also not considered appropriate for valuing the Fenn Gap project as respectively they were for a single higher value mining licence and an exploration licence that held significant strategic value to the farminor Aurora Minerals Limited. Removing these transactions gives an implied value between \$262 and \$15,305 per square kilometre for early stage, conceptual manganese projects. From within this range, Ravensgate considers a range from \$2,000 to \$14,500 to be



appropriate for early stage, conceptual manganese projects, this relates to \$0.10M to \$0.76M. Ravensgate has a preferred value at the lower end of the range of \$0.26M reflecting the early stage that exploration is at, and given that no significant results have been returned from drilling to date and that no mineral resource in accordance with the JORC Code (2004) has been defined. The drilling to date has downgraded the potential that the surface Fe-Mn mineralisation extends to any great depth, which limited the tonnage potential of the area; hence the lower end of the range was selected. The value of \$0.26M relates back to an implied value of \$5,000 per square kilometre.

11.6.5 Pioneer Gold Project, Queensland

11.6.5.1 Selection of Valuation Method

The Pioneer Gold Project owned 100% by Genesis can be classified as “Exploration Area” mineral assets where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified. The commodity item of interest for exploration is Gold mineralisation.

Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 11.1 and the geological / exploration information outlined in Section 7.

11.6.5.2 Project Analysis - Comparable Transactions Method

Ravensgate’s analysis of Australian market transactions for Exploration Area mineral asset gold±copper±iron projects (Table 17) suggests an implied value between \$159 and \$465,116 per km² for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. Within this range more “green-fields” exploration projects range from \$159 to \$1,500 per square kilometre, more advanced projects where prospects have been defined range from \$1,500 to \$5,500 per square kilometre, and most advanced “brownfields” projects typically range from \$5,500 to \$15,000 per square kilometre. Assets of strategic value sit at the highest end of the range (\$15,000 to \$465,116 per square kilometre).

Ravensgate has derived an implied range of \$5,500 to \$15,000 per square kilometre with a preferred value of \$13,000 per square kilometre to apply to the area of the Pioneer exploration licences, which has an area of 12.47km². These values relate to approximately \$0.07M to \$0.19M. From this range a preferred value of \$0.16M has been selected, which reflects a value of \$13,000 per square kilometre. This value reflects the stage of exploration at the project and the quality of the exploration ground. A preferred value at the higher end of the range was selected because the project area is considered prospective, as it has had historic gold production of 1,500oz of gold, contains 1,000m strike of narrow high grade gold veins with little drilling making it prospective at depth and having potential for new vein positions.

11.6.6 Alice Springs Copper, Gold and Iron Project, Northern Territory

11.6.6.1 Selection of Valuation Method

The Alice Springs Gold, Copper and Iron Project owned 100% by Genesis can be classified as “Exploration Area” mineral assets where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified. The commodity item of interest for exploration is Gold and Copper mineralisation.

Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 11.1 and the geological / exploration information outlined in Section 8.



11.6.6.2 Project Analysis - Comparable Transactions Method

Ravensgate's analysis of Australian market transactions for Exploration Area mineral asset gold±copper±iron projects (Table 17) suggests an implied value between \$159 and \$465,116 per square kilometre for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. Within this range more "green-fields" exploration projects range from \$159 to \$1,500 per square kilometre, more advanced projects where prospects have been defined range from \$1,500 to \$5,500 per square kilometre, and most advanced "brownfields" projects typically range from \$5,500 to \$15,000 per square kilometre. Assets of strategic value sit at the highest end of the range (\$15,000 to \$465,116 per square kilometre).

Ravensgate has derived an implied range of \$1,500 to \$5,500 per square kilometre with a preferred value of \$2,500 per square kilometre to apply to the area of the Alice Springs exploration licence, which has an area of 495.7km². These values relate to approximately \$0.74M to \$2.73M. From this range a preferred value of \$1.24M has been selected, which reflects a value of \$2,500 per square kilometre. This value reflects the stage of exploration at the project and the quality of the exploration ground. The project is at the drilling stage having high grade lenses of oxide copper, moderate grade gold, prospective Fe and Mn targets and other base metals.

11.6.7 Arltunga Gold, Copper and Iron Project, Northern Territory

11.6.7.1 Selection of Valuation Method

The Arltunga Gold, Copper and Iron Project owned 100% by Genesis can be classified as "Exploration Area" mineral assets where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified. The commodity item of interest for exploration is Gold and Copper mineralisation.

Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 11.1 and the geological / exploration information outlined in Section 9.

11.6.7.2 Project Analysis - Comparable Transactions Method

Ravensgate's analysis of Australian market transactions for Exploration Area mineral asset gold±copper±iron projects (Table 17) suggests an implied value between \$159 and \$465,116 per square kilometre for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. Within this range more "green-fields" exploration projects range from \$159 to \$1,500 per square kilometre, more advanced projects where prospects have been defined range from \$1,500 to \$5,500 per square kilometre, and most advanced "brownfields" projects typically range from \$5,500 to \$15,000 per square kilometre. Assets of strategic value sit at the highest end of the range (\$15,000 to \$465,116 per square kilometre).

Ravensgate has derived an implied range of \$1,500 to \$5,500 per square kilometre with a preferred value of \$4,500 per square kilometre to apply to the area of the Arltunga exploration licence, which has an area of 95.2km². These values relate to approximately \$0.14M to \$0.52M. From this range a preferred value of \$0.43M has been selected, which reflects a value of \$4,500 per square kilometre. This value reflects the stage of exploration at the project and the quality of the exploration ground. The higher preferred value within the range reflects the number of prospects defined and that the project has a historic high grade narrow vein goldfield with production over 1,000oz gold.



11.6.8 Laura River Gold Project, Queensland

11.6.8.1 Selection of Valuation Method

The Laura River Gold Project owned 100% by Genesis can be classified as “Exploration Area” mineral assets where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified. The commodity item of interest for exploration is Gold and Copper mineralisation.

Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 11.1 and the geological / exploration information outlined in Section 10.

11.6.8.2 Project Analysis - Comparable Transactions Method

Ravensgate’s analysis of Australian market transactions for Exploration Area mineral asset gold±copper±iron projects (Table 17) suggests an implied value between \$159 and \$465,116 per square kilometre for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. Within this range more “greenfields” exploration projects range from \$159 to \$1,500 per square kilometre, more advanced projects where prospects have been defined range from \$1,500 to \$5,500 per square kilometre, and most advanced “brownfields” projects typically range from \$5,500 to \$15,000 per square kilometre. Assets of strategic value sit at the highest end of the range (\$15,000 to \$465,116 per square kilometre).

Ravensgate has derived an implied range of \$159 to \$1,500 per square kilometre with a preferred value of \$450 per square kilometre to apply to the area of the Laura River exploration licences, which has an area of 330.7km². These values relate to approximately \$0.05M to \$0.50M. From this range a preferred value of \$0.15M has been selected, which reflects a value of \$450 per square kilometre. This value reflects the very early stage of exploration at the project and the quality of the exploration ground. The project area has extensive alluvial gold workings, which warrants further work. The main hard rock target is finding the source of the alluvial gold, for which little work has been done to date.

11.7 Valuation Summary

Ravensgate has concluded that Genesis’ Projects are of merit (although at varying stages of exploration and subsequent Mineral Asset classification), and worthy of further exploration. A summary of Genesis’ project valuations in current ownership percentage terms is provided in Table 19. The applicable valuation date is 12 June 2012 and is derived from using Comparable Transactions valuation method. The value of the listed projects is considered to lie in a range from \$1.34M to \$6.38M, within which range Ravensgate has selected a preferred value of \$3.66M. Ravensgate were also asked by RSM to value a 62% interest in the Plavica project. This 62% interest is considered to lie in a range from \$27.16M to \$35.26M, within which Ravensgate has selected a preferred value of \$31.08M.



Table 19 Genesis - Summary Valuation for their Projects						
Genesis Projects	Mineral Asset	Ownership %	Area km²	Valuation		
				Low \$M	High \$M	Preferred \$M
Plavica	Advanced Exploration Area	0%	-NA-	0.00	0.00	0.00
Gladstone-Mount Miller	Advanced Exploration Area	100%	-NA-	0.11	0.93	0.91
McArthur River	Exploration Area	100%	505.6	0.25	0.76	0.51
Fenn Gap	Exploration Area	100%	98	0.10	0.76	0.26
Pioneer	Exploration Area	100%	12.5	0.07	0.19	0.16
Alice Springs	Exploration Area	100%	495.7	0.74	2.73	1.24
Arltunga	Exploration Area	100%	95.2	0.14	0.52	0.43
Laura River	Exploration Area	100%	330.7	0.05	0.50	0.15
TOTAL	Various	0% & 100%	-NA-	1.47	6.38	3.66

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.



12. TENEMENT DETAILS

Table 20 Project Tenement Details Macedonia and Australia				
Tenement ID	Status	Area (km²)	Expiry	Holder
Plavica Project, Macedonia				
19-6077/1	Granted	26.35		100% Sileks Genesis earning 62%
19-6648/1	Granted	17.41		100% Sileks Genesis earning 62%
19-6082/1	Granted	26.4		100% Sileks Genesis earning 62%
19-6070/1	Granted	27.61		100% Sileks Genesis earning 62%
19-6083/1	Granted	28.07		100% Sileks Genesis earning 62%
19-6078/1	Granted	29.11		100% Sileks Genesis earning 62%
19-6081/1	Granted	29.99		100% Sileks Genesis earning 62%
Gladstone-Mount Miller Project, Queensland, Australia				
EPM 15771*	Granted	63 Reducing to 9	18/06/2012	100% Genesis
McArthur River Project, Northern Territory, Australia				
EL 24814*	Granted	505.6	17/04/2012	100% Genesis
Fenn Gap Project, Northern Territory, Australia				
EL 24839	Granted	98	05/05/2014	100% Genesis
Pioneer Project, Queensland				
EPM 15619*	Granted	12.5	01/08/2011	100% Genesis
Alice Springs Project, Northern Territory, Australia				
EL 24817 *	Granted	770.5 Reducing to 495.7	17/04/2012	100% Genesis
Arltunga Project, Northern Territory, Australia				
EL 25238	Granted	95.2	07/11/2012	100% Genesis
Laura River Project, Queensland, Australia				
EPM 15242	Granted	330.7	22/08/2012	100% Genesis

*A tenement application to extend the life of the tenement has been submitted to the relevant State or Territory Department.



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14. GLOSSARY

A\$	Australian dollars.
Andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
Data	Data pertaining to the physical properties of the Earth's crust at or near surface and collected from an aircraft.
Assay	A procedure where the element composition of a rock soil or mineral sample is determined.
Chalcopyrite	CuFeS_2 , a copper ore.
Craton	Is an old and stable part of the continental lithosphere.
Dacite	Is an igneous, volcanic rock. It has an aphanitic to porphyritic texture and is intermediate in composition between andesite and rhyolite.
Density	Mass of material per unit volume.
Deposit	A mineralised body which has been physically delineated by sufficient drilling and found to contain sufficient average grade of metal or metals to warrant further exploration and development expenditure.
Diamond drilling	A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
Dip	The angle at which a rock stratum or structure is inclined from the horizontal.
Dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
Facies	Characteristic features of rocks such as sedimentary rock type, mineral content, metamorphic grade, fossil content and bedding characteristics.
Fault zone	A wide zone of structural dislocation and faulting.
Feldspar	A group of rock forming minerals.
Felsic	An adjective indicating that a rock contains abundant feldspar and silica.
Foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
Footwall	Surface of rock along the fault plane having rock below it.
g/t	Grams per tonne.
Gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
Galena	Is the natural mineral form of lead sulphide. It is the most important lead ore mineral.
Geochemical	Pertains to the concentration of an element.
Geophysical	Pertains to the physical properties of a rock mass.
GIS database	A system devised to present partial data in a series of compatible and interactive layers.
Gneiss	Coarse-grained, banded metamorphic rock.
Granite	A common type of intrusive, felsic, igneous rock.



Greenstones	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
Hangingwall	The mass of rock above a fault, vein or zone of mineralisation.
Igneous	A rock that has solidified from molten rock or magma.
In-situ	In the natural or original position.
Intermediate	A rock unit which contains a mix of felsic and mafic minerals.
Intrusion/Intrusive	A body of igneous rock that invades older rock.
Joint venture	A business agreement between two or more commercial entities.
JORC	Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia).
JORC Code	A code developed by the Australian Joint Ore Reserves Committee which sets minimum standards for public reporting of exploration results, Mineral Resources and Ore Reserves.
kg/m ³	Kilogram per cubic metre.
kg/t	Kilograms per tonne, a standard mass unit for demonstrating the concentration of uranium in a rock.
Lithology	A term pertaining to the general characteristics of rocks.
M	Millions.
Mafic	A dark igneous rock composed dominantly of iron and magnesium minerals (such as basalt).
Magnetometer	An instrument which measures the earth's magnetic field intensity.
Mass recovery	The percentage of mass recovered after processing.
Metamorphism	Process by which changes are brought about to rock in the earth's crust by the agencies of heat, pressure and chemically active fluids.
Mineralisation	A geological concentration minerals or elements of prospective economic interest.
Mineral	A substance occurring naturally in the earth which may or not be of economic value.
Mineralised zone	Any mass of rock in which minerals of potential commercial value may occur.
Mineral Resource	A mineral inventory that has been classified to meet the JORC code standard.
mRL	Metres reduced level, refers to the height of a point relative to a datum surface.
Mt	Million Tonnes.
Open pit	A mine working or excavation open to the surface.
Ore	Material that contains one or more minerals which can be recovered economically.
Ore Reserve	An Ore Reserve that has been classified to meet the JOR code standard.
Orogen	A belt of deformed rocks, usually comprising metamorphic and intrusive igneous rocks, mostly occurring along the collision zone between cratons.
Outcrops	Surface expression of underlying rocks.



Outlier	A limited area of younger rocks completely surrounded by older rocks.
Percussion drilling	Drilling method of where rock is broken by the hammering action of a drill bit.
ppb	Parts per billion; a measure of low level concentration.
Proterozoic	Geological eon that extended from 2.5 billion to 542 million years ago.
Pyrite	A common, pale bronze iron sulphide mineral.
Pyrrhotite	A common, pale bronze iron sulphide mineral.
RAB drilling	A relatively inexpensive and less accurate drilling technique (compared to RC drilling) involving the collection of sample returned by compressed air from outside the drill rods.
RC drilling	Reverse Circulation drilling, whereby rock chips are recovered by airflow returning inside the drill rods, rather than outside, thereby returning more reliable samples.
Reserves	The portion of a mineral deposit which could be economically extracted or produced at the time of the Reserve determination. These are classified as either proven, probable or possible Ore Reserves based on the JORC code.
Resource	An occurrence of material of intrinsic economic interest in a form that provides reasonable prospects for eventual economic extraction. These are classified as Measured, Indicated or Inferred ore resources based on the JORC code.
Rock chip sampling	The collection of rock specimens for mineral analysis.
Sandstone	Sedimentary rock comprising predominantly of sand.
Sedimentary	Rocks formed by the deposition of particles carried by air, water or ice.
Shale	Fine grained sedimentary rock with well-defined bedding planes.
Sphalerite	(Zn,Fe)S is a mineral that is the chief ore of zinc.
Spot price	Current delivery price of a commodity traded in the spot market.
Strike	The bearing of a rock formation.
Stratiform	The arrangement of mineral deposit in strata or layers.
Strike	Horizontal direction or trend of a geological structure.
t	Tonne.
Tpa	Tonnes per annum.
Tenements	Large tracts of land granted under lease to mining companies and prospectors by the government.
US\$	United States Dollars