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Quarterly Activities Report – June 2012

HIGHLIGHTS

Plavica Au-Ag-Cu Project

- Planning of a drill-hole program for the 2nd quarter of the financial year is progressing.
- Drilling will focus on acquiring the data necessary to elevate the Resource from JORC Inferred to Indicated Category.
- The geological model is being developed by analysis of the geological data available from drill-holes, outcrop and underground workings.
- Preparations are in hand to establish a specific gravity database.
- The appointment of a specialist resource and feasibility company to give advice regarding on-going work programs.

Gladstone-Mount Miller Mn Project

- Mount Miller Mining Lease (EA MIN201115110): Agreement reached with both Queensland Main Roads and Queensland National Railways, such that the Mining Lease can be progressed.
- Diamond drilling program planned at Mount Miller subject to the EPM being exempted from Urban Restricted zoning around Gladstone. Genesis submitted a justification to be exempt from this zone and is still awaiting a reply, although agreed to, in principal by the Government.

Pioneer Au Project

- No work carried out.
- Renewal application submitted.

Information in this report that relates to exploration activity and results was compiled under the guidance of John Howard who is a Member of the Australasian Institute of Geoscientists. Mr Howard 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 by the JORC code, 2004. Mr Howard consents to the release of the information compiled in this report in the form and context in which it appears.

PLAVICA PROJECT, MACEDONIA

EXPLORATION & DEVELOPMENT PROGRESS DURING THE QUARTER

PLAVICA PROJECT: Gold, Silver and Copper (GES earning 62%)

The Ministry of Economics within the Republic of Macedonia (FYROM) has granted 7 concession licences over Plavica Project to the joint venture partner of Genesis Resources Limited (**Genesis** or the **Company**), RIK Sileks AD Kratovo (**Sileks**), for a term of 4 years (Genesis has the right to earn a 62% joint venture interest). The project is made up of 7 exploration licences covering over 184.94 sq km in the Carpathian Volcanic Arc, a major epithermal province running through Eastern Europe, and is highly prospective for gold, copper and silver, lead and zinc mineralisation.

The project was the site of mining activity in Roman times and then again during the 1930s, reputedly of high grade gold. Over eighty, mostly vertical diamond drill-holes by the Yugoslav Government searching for porphyry copper mineralisation, and 10 angled diamond drill-holes by Rio Tinto and European Minerals searching for gold mineralisation, was augmented by Genesis during 2011 with 12 diamond drill-holes. A significant gold-copper-silver resource was defined.

Mineral Resource Estimate

The resource estimate was generated by Mr Alfred Gillman of Odessa Resources Pty Ltd in compliance with the guidelines of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004). The resource was classified as an Inferred Resource due primarily to the 100 x 100m spacing of the majority of drill-holes, doubts about the consistency of the assays and the lack of a coherent geological model to control the grade interpolations and the lack of specific gravity (SG) determinations.

A report was received from Odessa recommending a program of angled drill-holes on a wide-spaced grid which will test the validity of the assay data base. The geological model is being developed using a combination of historical geological logs of the Yugoslav drill core and re-examination of selected, mineralised sections of that core. At this stage of investigation there appears to be both structural and stratigraphic control on the mineralisation, but more work is required. Equipment was purchased to carry out the large numbers of SG measurements required for robust resource estimation. As these and other issues are addressed, the Resource will be elevated to the JORC Indicated Category.

Preliminary mining, metallurgical, environmental and economic analysis encouraged Genesis to seek the advice of a company specializing in feasibility studies. An appointment will be made shortly to assist in the on-going program design appropriate to eventually achieve, if warranted, Final Feasibility status.

AUSTRALIA

EXPLORATION & DEVELOPMENT PROGRESS DURING THE QUARTER

GLADSTONE-MOUNT MILLER PROJECT: Manganese (GES 100%)

The Gladstone-Mount Miller Project consists of Exploration Licence (EPM15771) and Mining Lease Application (MLA80166) and 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 was 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 from 71% to 75% MnO₂.

On 21 April 2011, the Queensland Government Department of Environment and Resource Management granted an Environmental Authority (Mining Lease) Non Code Compliant Level 2 Mining Project (EA MIN201115110) for the Mount Miller Mine. The required compensation agreement with Queensland National Railways is now ready to be signed and with Queensland Main Roads is already signed. However, as the former Agreement is only valid for six months, activation of the Agreements must wait until the Queensland Government provides clarification of the Urban Restricted zone around the Gladstone Township. The EA will then be activated on the Mineral Lease which covers the Mt Miller Mine.

The diamond drilling program which was planned at Mount Miller to establish the depth and strike extent of mineralisation was again postponed pending the outcome of the application for an Urban Restricted zone exemption.

PIONEER PROJECT: Gold (GES 100%)

The Pioneer Project consists of one granted Exploration Permit Mineral (EPM15619) covering 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 gold 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.

No work was done apart from statutory reporting.

ALICE SPRINGS and ARLTUNGA PROJECTS: Copper, Gold, Iron (GES 100%)

The Alice Springs and Arltunga Projects consist of two Exploration Licences, EL24817 and EL25238 respectively, located approximately 110-155 kilometres northeast from Alice Springs in the Northern Territory.

No work was done apart from statutory reporting.

Management plans were prepared and submitted to the Northern Territory Government and negotiations are pending with regard to Aboriginal heritage; however, these applications are on hold pending the Company's decision to go ahead.

A partial reduction will be submitted for Alice Springs.

McARTHUR RIVER PROJECT: Manganese (GES 100%)

The McArthur River project is located approximately 850 kilometres south east of Darwin in the Northern Territory and 450 kilometres north-west of Mount Isa in Queensland.

The project area contains the Masterton No2 manganese occurrence.

No work was undertaken during the period.

A partial reduction will be submitted for this EL.

LAURA RIVER Au-Pt PROJECT: (EMP15242)

No work was carried out.

CORPORATE

Rights Issue

On 27 March 2012 the Company announced a pro-rata non-renounceable rights issue offer on a 1-for-2 basis at an issue price of 4.5 cents per share with 1 free attaching option (exercisable at 10 cents and expiring 2 years from the date of issue) (**Attaching Option**) for every share subscribed (**Offer**).

Pursuant to the Offer, the Company issued 26,540,376 fully paid ordinary shares in the capital of the Company at an issue price of 4.5 cents each, and 26,540,376 free Attaching Options. The Company raised a total of \$1,194,316.92 (before expenses of the offer) under the Offer.

A table showing the Company's capital structure subsequent to the Offer is set out below.

Securities on Issue as at 30 June 2012

Fully paid ordinary shares

ITEM	NO. OF SECURITIES
Total fully paid ordinary shares on issue	79,621,128
Total options to acquire fully paid ordinary shares on issue	27,040,376
Unlisted options exercisable at \$0.20 on or before 27 October 2012	500,000
Unlisted options exercisable at \$0.10 on or before 4 May 2014	19,429,424
Unlisted options exercisable at \$0.10 on or before 11 May 2014	7,110,952

Board and Management as at 30 June 2012

Mr Eddie Pang	Chairman	6 March 2009 – present
Mr Peter Kong	Managing Director	11 May 2012 – present
Dr Allan John Parker	Non-Executive Director	7 August 2010 – 27 July 2012
Mr Patrick Volpe	Non-Executive Director	11 May 2012 – present
Mr Deric Wee	Non-Executive Director	11 December 2009 – present
Mr John Zee	Non-Executive Director	11 May 2012 – present
Ms Sophie Karzis	Company Secretary	1 December 2010 – present

Tenements as at 30 June 2012

Project	Tenement Number	Area (sq km)	Current Holder	State
Alice Springs	EL24817	495.7	Genesis Resources	NT
Arltunga	EL25238	95.2	Genesis Resources	NT
Fenn Gap	EL24839	52.43	Genesis Resources	NT
Laura River	EMP15242	165.35	Genesis Resources	QLD
Pioneer	EPM15619	12.47	Genesis Resources	QLD
McArthur River	EL24814	505.6	Genesis Resources	NT
Gladstone	EPM15771	63.93	Genesis Resources	QLD
Mt Miller MLA	MLA80166	32.24 Ha	Genesis Resources	QLD
Total Australia		1,422.92		
Plavica (7 leases)		184.9	RIK Sileks AD Kratovo	Macedonia
TOTAL		1,607.82		

About Genesis Resources Limited

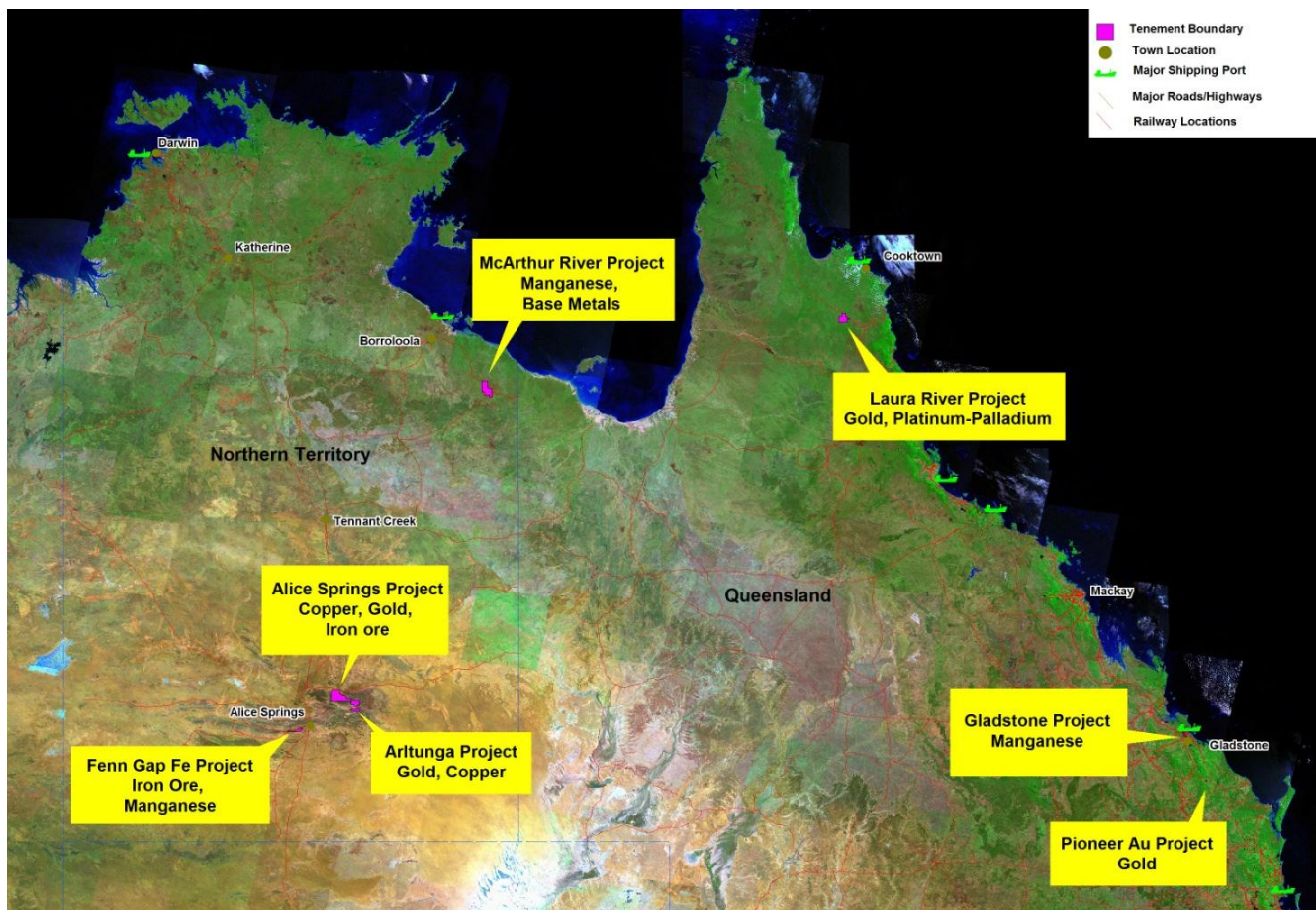
Genesis Resources Limited is an Australian company with a portfolio of quality gold, iron, manganese, uranium and base metal (copper-zinc-silver) in the highly prospective Proterozoic and Phanerozoic metallogenic provinces of northern and central Australia.

Genesis has signed a Joint Venture over an advanced copper-gold project (Plavica) within the Former Yugoslav Republic of Macedonia. The Plavica Project lies within Carpathian Volcanic Arc, a major epithermal province running through Eastern Europe, which is highly prospective for gold, copper and silver mineralisation.

Genesis' projects are close to established infrastructure including railways, shipping ports, highways, power stations and populated areas.

The Company's objective is to provide rapid capital growth through mineral discoveries and development of economic deposits in Australia and overseas.

For more information please visit the Company website at: www.genesisresourcesltd.com.au



Location of Genesis Resources Limited's Australian projects

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Genesis Resources Limited

ABN

22 114 787 469

Quarter ended (" current quarter")

30 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A' 000	Year to date (12 months) \$A' 000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(143)	(1,061)
(b) development	-	-
(c) production	-	-
(d) administration	(504)	(898)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	15
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	8	64
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(634)	(1,880)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(2)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	481
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(2)	479
1.13	Total operating and investing cash flows (carried forward)	(636)	(1,401)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,194	1,194
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	1,194	1,194
	Net increase (decrease) in cash held	558	(207)
1.20	Cash at beginning of quarter/year to date	193	958
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	751	751

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	15
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

None

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A' 000	Amount used \$A' 000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A' 000
4.1 Exploration and evaluation	787
4.2 Development	-
4.3 Production	-
4.4 Administration	334
Total	1,121

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A' 000	Previous quarter \$A' 000
5.1 Cash on hand and at bank	751	193
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Term Deposit)	78	67
Total: cash at end of quarter (item 1.22)	829	260

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	Nil		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	79,621,128	79,621,128	

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-		
7.5	*Convertible debt securities (description)	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	500,000 options (expiring 27/10/2012) to acquire ordinary shares (conversion factor 1 : 1)		Exercise price 20 cents	
7.8	Issued during quarter	19,429,424 options (expiring 4/5/2014) to acquire ordinary shares (conversion factor 1 : 1) 7,110,952 options (expiring 11/5/2014) to acquire ordinary shares (conversion factor 1 : 1)		Exercise price 10 cents	

+ See chapter 19 for defined terms.

7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	Nil			
7.12	Unsecured notes <i>(totals only)</i>	Nil			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.



Peter Kong

Managing Director

31 July 2012

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the

+ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity quarterly report

change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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