ASX Release

GENESIS RESOURCES LIMITED

(ASX:GES)

11 January 2013

Statement from Shareholder

Genesis Resources Limited (the **Company**) advises that it has received the attached statement (**Statement**) from a shareholder. Under section 249P of the *Corporations Act 2001* (Cth), the Company is required to circulate the Statement to shareholders.

The Company advises that the Statement has been despatched to all shareholders today. In addition, the Company has despatched to shareholders a letter in response to the Statement, which states the following:

- the Company is circulating the Statement to fulfil a statutory requirement, even though the Board does not agree with the opinions set out in the Statement;
- the Board is focussed on developing the Company's mineral resources and thereby building shareholder value. All of its recent actions relating to company meetings and capital raising have been taken with the benefit of external formal legal advice; and
- the Board is reluctant to have its attention or financial resources diverted by responding to a baseless campaign to destabilise it, a possible effect of which could be to deteriorate the value of shareholders' investments.

-Ends

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Section 249P Member's Statement

1. This Statement is distributed to shareholders of Genesis Resources Ltd (**GES**) at the request of Berne No 132 Nominees Pty Ltd, which holds shares in GES for Indigo Pearl Capital Ltd (**Member**), regarding resolutions at the meeting requisitioned by S Active Holding Sdn Bhd (**SActive**) including to re-appoint directors removed at the 2012 AGM of GES.

2. At the AGM, a resolution was proposed to ratify a prior share issue to SActive (**Resolution 8**).

3. All resolutions (including those now proposed by SActive) failed at the AGM, apart from Resolution 8.

4. The AGM Notice stated that Resolution 8 would be a special resolution. At the AGM, the Chairman announced the company would treat it as an ordinary resolution. A shareholder objected because shareholders should have been given prior notice of the intention to treat it as an ordinary resolution. The shareholder submitted that treating the resolution as an ordinary resolution was possibly misleading to shareholders who had made their decisions regarding voting and attendance based on the resolution being a special resolution.

5. The Member also objected to Resolution 8 because it had no faith the Board would act in the best interests of shareholders in conducting any further placement. The Member's view was based on:
    a. the Board's past performance in placing the shortfall from the Rights Issue announced in August 2012 where:
        i. the Member was contacted by the underwriter following close of the Rights Issue asking whether it was prepared to subscribe for any of the shortfall;
        ii. the Member indicated willingness to subscribe for all or part;
        iii. after the underwriter advised the Board of the Member's interest, the Board decided to allocate the shortfall to a director, SActive and a new shareholder.
    b. the Board placing just under 15% of GES shares to SActive in August 2012 at 12 cents a share, where the Member had made offers to subscribe for 15% at the same price on at least two earlier occasions.

6. Despite the objections, the Chairman allowed Resolution 8 as an ordinary resolution by a bare majority of 50.25%.

7. On 26 November 2012 GES released the AGM results to ASX stating, among other things, that:

    "*… for the sake of clarity, the Board has determined that this resolution be put once again to shareholders as an ordinary resolution at the next shareholders' meeting of the Company*".

8. This intention was reiterated in GES's later release the same day (**Requisition Announcement**) regarding the SActive requisition, where the Board stated that "*The Board will seek this opportune moment to put the resolution the subject of Item 8 of the Notice of 2012 AGM to shareholders again as an ordinary resolution … at the EGM*"

9. On 3 December 2012, the Board made a "Clarification" announcement stating that it intended to treat shareholder approval of Resolution 8 at the AGM as valid and effective to pass the resolution and to treat the issue as finalised. It also stated that in its previous announcements it had "raised the prospect" of Resolution 8 being put to shareholders again. This statement is not supported by the unequivocal and unqualified statements of intention in the Results Announcement and the Requisition Announcement, making the December Announcement apparently misleading and deceptive.

10. On 10 December 2012 the Company made a release to ASX (**Placement Announcement**) advising it had completed a placement of 18,000,000 shares (**Placement**), representing 14.76% of GES's issued share capital, at an issue price of $0.10 per share.

11. The Member is concerned that:

    a. without Resolution 8 the Board would not have been able to make the Placement;

    b. SActive's meeting was requisitioned prior to the Placement and the Placement therefore has the effect of diluting the shareholdings of the Member and other shareholders who voted against the resolutions at the AGM; and

    c. to the Member's knowledge, the Board made no attempt to contact the Member or other shareholders who voted against the AGM resolutions to understand their concerns prior to the Placement.

12. The Member believes, based on information released by GES to ASX, that the current Board and the directors proposed by the SActive Resolutions do not have the necessary skills or experience to properly manage the Plavica Project or other assets of the Company, and particularly:

    a. GES has made only limited progress on its projects over the past two and a half years.

    b. Throughout 2012, the majority of funds raised by GES appear from Quarterly Reports lodged at ASX to have been spent on administration, rather than exploration and evaluation.

    c. No directors appear to have a successful track record in feasibility studies, development or operation of resource projects.

    d. The December Announcement indicates that the Board has not undertaken to date sufficient work on the Plavica licences to satisfy minimum expenditure obligations.

13. Finally, at the AGM, Mr Karajas (a director removed at the AGM), in his Plavica Project presentation, noted that the company's JORC Inferred Resource was based on unreliable results and was "*not exactly accurate but they* (the consultants who prepared the report) *had done their best*". The Member notes that the JORC Inferred Resource has been relied on by the Company for a number of purposes. The Member further notes that Mr Karajas was not involved in the preparation of the JORC Inferred Resource.

14. For the above reasons, the Member requests that shareholders vote against the resolutions proposed by SActive.