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Quarterly Activities Report – June 2014

HIGHLIGHTS

Plavica Au-Ag-Cu Project

- No drilling completed during the quarter ended 30 June 2014 (**Quarter**).
- The first part of the Macedonian Government required Final Feasibility Study (**FFS**) which was submitted to the Government by Genesis JV Partner, RIK Sileks AD, last Quarter, was approved by the Government. The rest of the FFS will be submitted, together with the application for an Exploitation Licence by RIK Sileks AD.
- A JORC 2012 compliant Inferred Resource is currently being undertaken over Plavica by International Geological & Mining Consultants (**IGMC**).
- A new zone of mineralisation was identified during reconnaissance mapping some 700m North-East of the main Plavica deposit. Rock chip samples have returned up to 9.66 g/t Au. This zone will be tested once drilling resumes.

EXPLORATION & DEVELOPMENT PROGRESS DURING THE QUARTER

REPUBLIC OF MACEDONIA

PLAVICA HIGH SULPHIDATION EPITHERMAL GOLD-COPPER-SILVER PROJECT *(Figures 1 & 2)*

No drilling was completed during the Quarter. Work has focussed on consolidating the geological interpretation at Plavica and the undertaking of an Inferred Resource compliant with the JORC 2012 code. The Resource is being undertaken by IGMC and will be released in the following Quarter.

The Geological Report and Resource (non JORC Compliant) known as the 'Elaborate', compiled by local Macedonian consultants was submitted to the Government of Macedonia by Genesis' Joint Venture Partner RIK Sileks AD. The Elaborate is the first part to be submitted and it has been approved by the Macedonian Government. The other reports, which comprise the Macedonian FFS when taken collectively with the Elaborate, have been submitted to RIK Sileks AD for review.

Geological mapping around the main Plavica ore zones is ongoing. A new zone of mineralisation exhibiting vuggy silica and limonite after sulphides was discovered approximately 700m NE of the main pod of mineralisation at Plavica *(Figure 3)*. This zone returned rock chip samples up to 9.66 g/t Au. This zone will be drill tested once extensional drilling resumes at Plavica.

Figure 1 Location of the Plavica Gold-Copper-Silver Project, Republic of Macedonia.

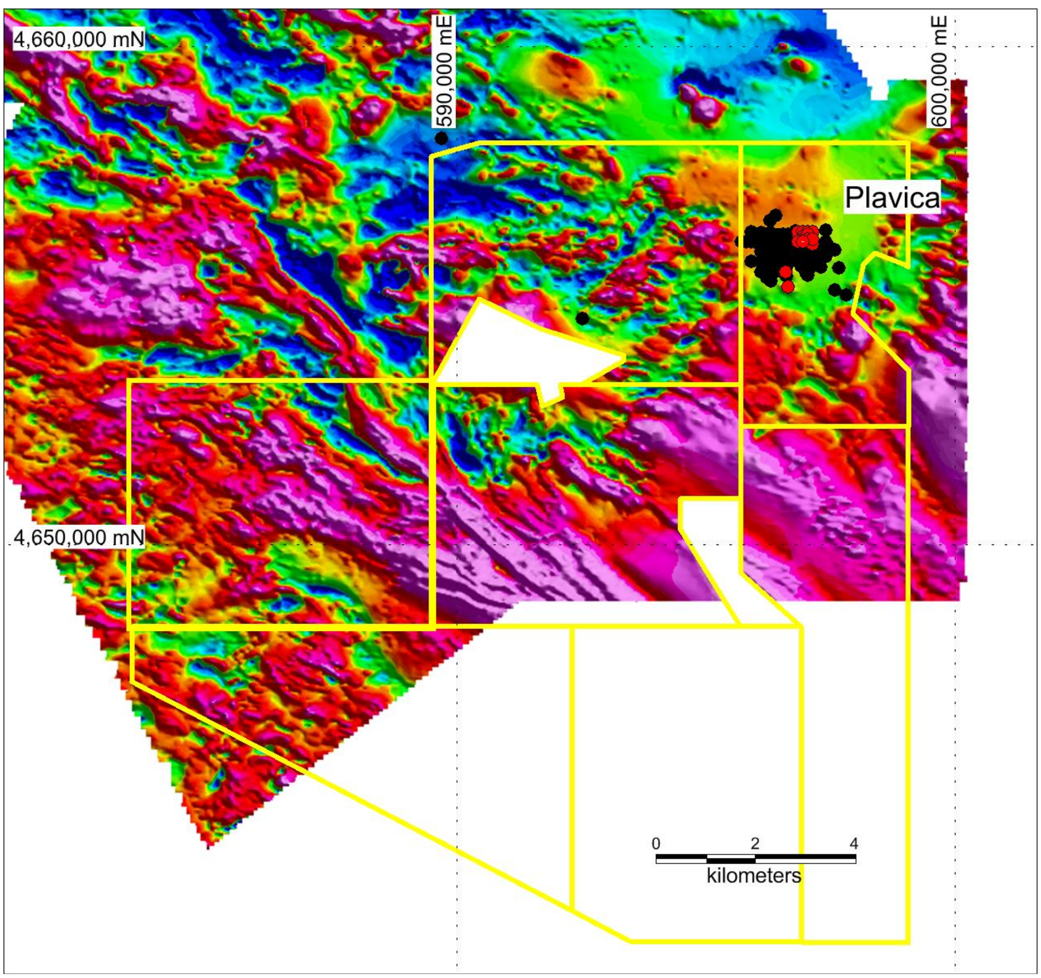

Figure 2   Plavica Gold-Copper-Silver Project Tenements, overlying RTP Magnetics.

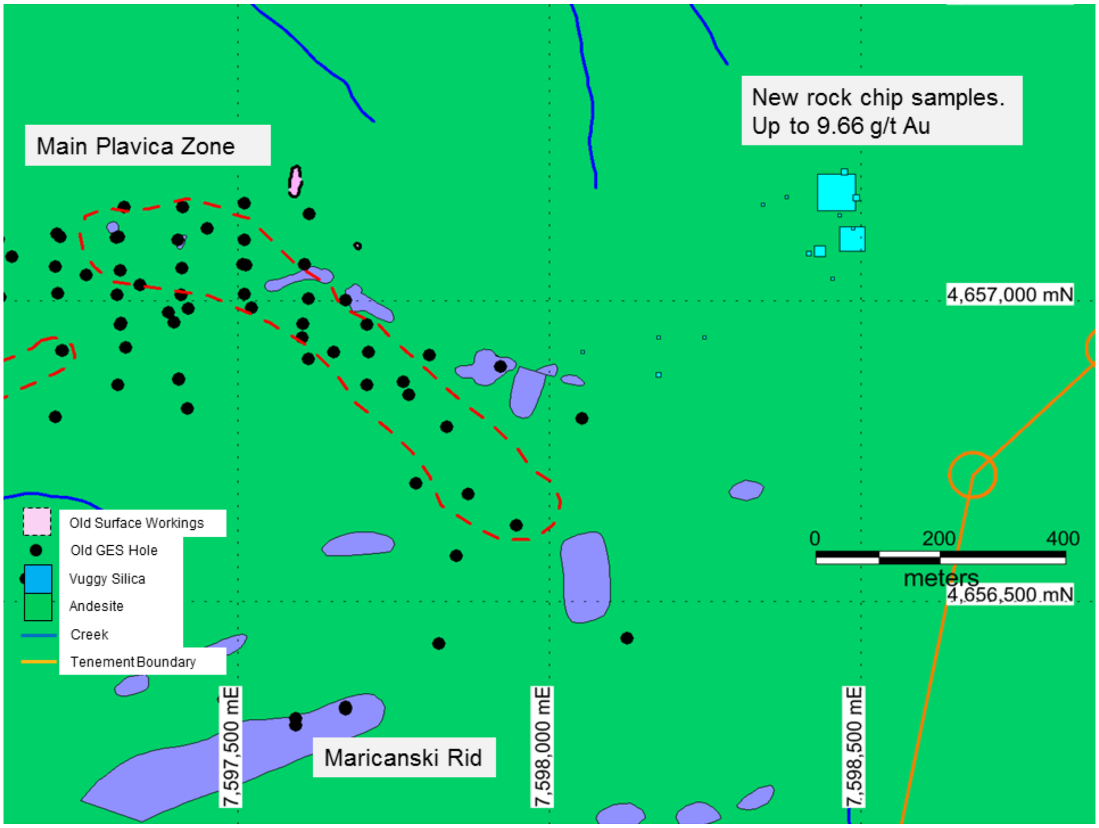

Figure 3 Location of new mineralised zone, Plavica Gold-Copper-Silver Project. Gauss Kruger Co-ordinate System.

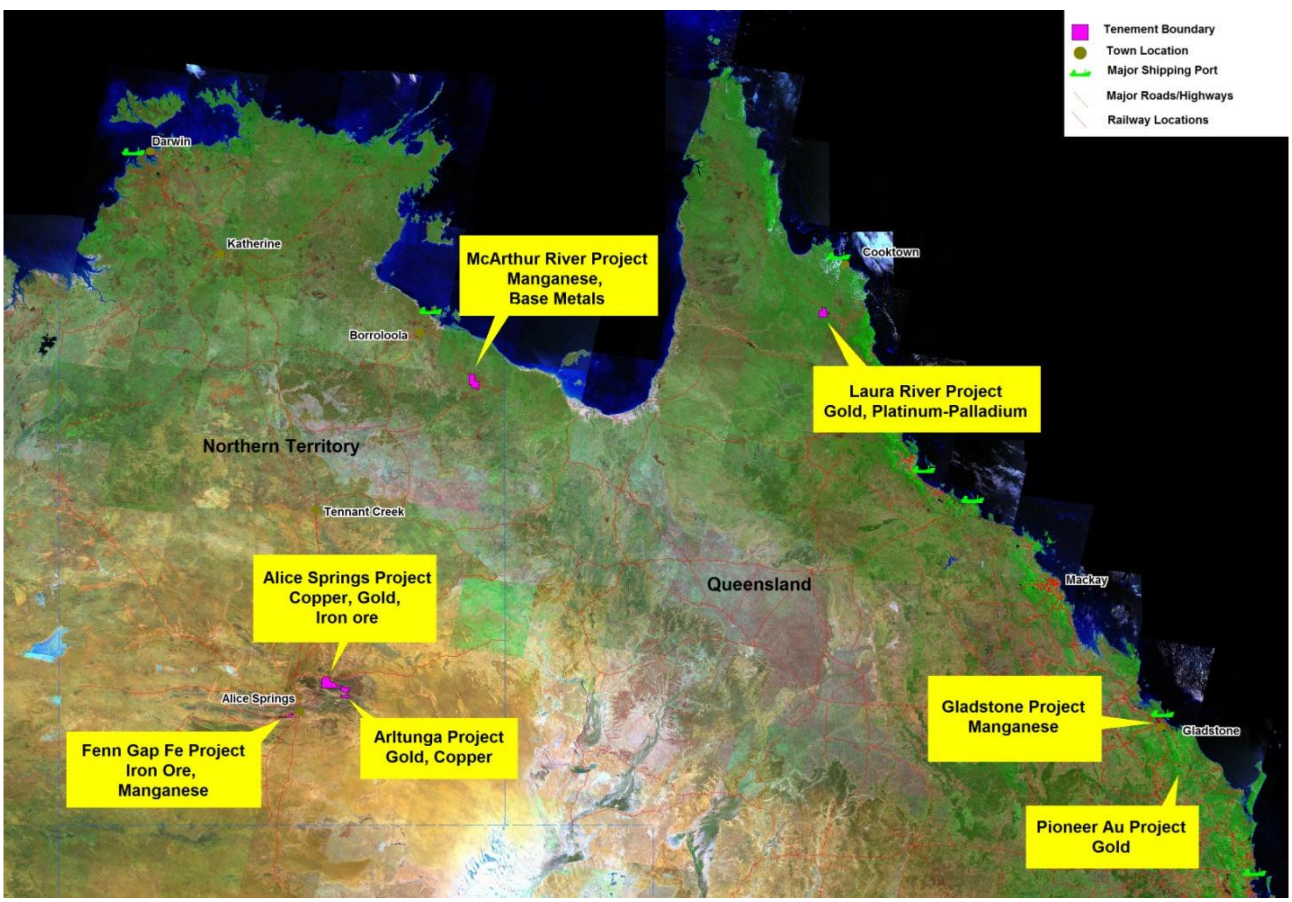

Figure 4 Location of Australian Projects.

AUSTRALIA

ARLTUNGA PROJECT: Copper, Gold, (GES 100%)

The Arltunga Gold Project consists of Exploration Licence EL25238 covering 95.2 sq km, is located approximately 110 km northeast of Alice Springs *(Figure 4)* in the vicinity of the Arltunga Goldfield. Thirty three historical gold mines and prospects are known in the licence area.

The Licence Renewal was approved on the 6 June 2013 for a term of 2 years and will expire on 7 November 2014. All 31 sub-blocks were retained.

The 7th Annual Technical Report was submitted and has been accepted as satisfactory.

A Mine Management Plan (MMP) Update was lodged on 14 March 2014.

A CLC Sacred Site Clearance Certificate Application was lodged on 4 February 2014.

A brief site visit was made in May 2014 to determine site access, meet landowners and check locations of previous sampling and previously planned work programs.

Further reconnaissance work with a full review of all available data is planned for Q3 2014 with the aim of defining targets for Reverse Circulation drilling in Q4 2014.

ALICE SPRINGS PROJECT: Copper, Gold, Iron (GES 100%)

The Alice Springs Project consists of Exploration Licence EL24817 covering 372.59 sq km, is located approximately 110-155 km northeast from Alice Springs in the Northern Territory *(Figure 4)*.

A Licence Renewal Application was lodged on 1 April 2014 requesting another two year period, the current licence expired on the 17 April 2014. This application is pending.

The 8th Annual Technical Report was submitted on 17 April 2014 and has been accepted as satisfactory.

The title area remains unchanged at 118 blocks.

A Mine Management Plan (MMP) was submitted to the NT Government on 9 December 2013 in anticipation of a drilling program in the second half of 2014.

A CLC Sacred Site Clearance Certificate Application was lodged on 4 February 2014.

A brief site visit was made in May 2014 to determine site access, meet landowners and check locations of previous sampling and planned work.

Further reconnaissance work is planned for Q3 2014 with the aim of defining targets for Reverse Circulation drilling in Q4 2014.

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

The Gladstone-Mount Miller Project consists of Exploration Licence (EPM15771) covering 63.93 sq km and Mining Lease Application (MLA80166) covering 32.24 Ha and is located approximately 15 km by road from the port of Gladstone on the east coast of central Queensland *(Figure 4)*.

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% MnO_2.

The Licence Renewal was approved on the 7 May 2013 for a term of 5 years and will expire on 18 June 2017. All 21 sub-blocks were retained.

Work was restricted to a brief site visit and reconnaissance of the Mt Miller Mine to determine access and locate previous drill collars. A review of data is being undertaken to confirm if more drilling is necessary and if other prospect areas on the tenement require drill testing during Q3 or Q4 2014.

PIONEER PROJECT: Gold (GES 100%)

The Pioneer Project consists of one granted Exploration Permit Mineral (EPM15619) covering 6.23 sq km approximately 70 km by road from Bundaberg via the Bruce Highway in Queensland *(Figure 4)*.

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.

A Licence Renewal Application was lodged on 14 April 2014 requesting another two year period. The Application for renewal was approved on 15 May 2014 and the licence now expires on 2 August 2016.

As per the conditions of the exploration permit Genesis were required to relinquish 2 sub blocks from EPM 15619. Pursuant to section 793 of the *Mineral Resources Act 1989 (MRA*), the relinquishment was accepted by the Department of Natural Resources and Mines Queensland on 22 August 2013. The tenement area has been reduced from 12.67 sq km to 6.23 sq km.

No work was carried out apart from a brief site visit in May 2014 to meet landowners and attempt to locate drill collars from the 1970 Queensland Department of Mines diamond drilling program. A review of all available data is underway with a view to drilling some of the old lodes once the tenement is renewed.

McARTHUR RIVER PROJECT: Manganese (GES 100%)

The McArthur River project consists of Exploration Licence EL24814 covering 380.88 sq km and is located approximately 850 km south east of Darwin in the Northern Territory and 450 km north-west of Mount Isa in Queensland *(Figure 4)*.

The project area contains the Masterton No2 manganese occurrence.

A Licence Renewal Application was lodged on 1 April 2014 requesting another two year period, the current licence expires on 17 April 2014. This application is pending.

The 8th Annual Technical Report was submitted on 17 April 2014 and has been accepted as satisfactory.

The title area remains at 116 blocks.

A Mine Management Plan (MMP) Update was submitted to the NT Government on 1 November 2013.

No work was carried out. A full review of all data available is underway to guide further exploration on the tenement.

LAURA RIVER Au-Pt PROJECT: (EMP15242) (GES:100%)

The Laura River project consists of Exploration Licence EPM15242 covering 165.35 sq km is centered on the Cape York Peninsular township of Laura, 210km north-west of Cairns and 88km west of Cooktown in North Queensland *(Figure 4)*. The area is prospective for gold. Several historical alluvial workings are found in the vicinity of the Laura River and tributaries.

A Licence Renewal Application was lodged on 2 May 2014 requesting another two year period. This application is pending.

FENN GAP Mn-Fe PROJECT: (EMP24839) (GES:100%)

The Fenn Gap project consists of one Exploration Licence EL24839 which covers a total area of 26.93 sq km, is located approximately 25 km south west of Alice Springs in the Northern Territory *(Figure 4)*. The project is 25 km from major infrastructure such as the Stuart Highway and Alice to Adelaide Railway.

A Licence Renewal Application was lodged on 17 April 2014 requesting another two year period, the current licence expires on 6 May 2014. This application is pending.

The 6th Annual Technical Report was submitted on 7 May 2014 and has been accepted as satisfactory.

Genesis were issued with a Partial Cancellation Notice (Loss of Block Penalty) for Fenn Gap on 23 June 2014, requesting the relinquishment of 13 sub blocks. EL24839 now comprises of 14 sub blocks covering 26.93 sq km.

Work was restricted to a review of previous work, a brief site visit and subsequent planning for fieldwork in the second half of 2014.

TENEMENTS AS AT 30 JUNE 2014

PROJECT	TENEMENT NUMBER	COMMODITY	COMPANY'S BENEFICIAL INTEREST	CURRENT AREA (KM^2)	CURRENT HOLDER	COUNTRY/ STATE
Alice Springs	EL24817	Copper-Iron-Gold	100%	372.59	Genesis	NT
Arltunga	EL25238	Gold-PGE	100%	95.2	Genesis	NT
Fenn Gap	EL24839	Iron-Manganese	100%	26.93	Genesis	NT
Laura River	EMP15242	Gold-PGE	100%	165.35	Genesis	QLD
Pioneer	EPM15619	Gold	100%	6.23	Genesis	QLD
McArthur River	EL24814	Manganese-Base Metals	100%	380.88	Genesis	NT
Gladstone	EPM15771	Manganese	100%	63.93	Genesis	QLD
Mt Miller	MLA80166	Manganese	100%	32.24 Ha	Genesis	QLD
Plavica & Crn Vrv	19-6077/1	Gold-Silver-Copper	62%*	26.35	Sileks AD Kratovo	Macedonia
Plavica & Crn Vrv	19-6648/1	Gold-Silver-Copper	62%*	17.41	Sileks AD Kratovo	Macedonia
Plavica & Crn Vrv	19-6082/1	Gold-Silver-Copper	62%*	26.4	Sileks AD Kratovo	Macedonia
Plavica & Crn Vrv	19-6070/1	Gold-Silver-Copper	62%*	27.61	Sileks AD Kratovo	Macedonia
Plavica & Crn Vrv	19-6083/1	Gold-Silver-Copper	62%*	28.07	Sileks AD Kratovo	Macedonia
Plavica & Crn Vrv	19-6078/1	Gold-Silver-Copper	62%*	29.11	Sileks AD Kratovo	Macedonia
Plavica & Crn Vrv	19-6081/1	Gold-Silver-Copper	62%*	29.99	Sileks AD Kratovo	Macedonia

During the quarter, the Company did not acquire or dispose of any tenements, and did not increase, decrease or acquire any new percentage interests in any farm-in or farm-out agreement.

**The Company's acquisition of the 62% participating interest is subject to Genesis meeting the conditions of its joint venture agreement with Genesis' joint venture partner, RIK Sileks AD Kratovo; including the condition that Genesis pays for all work expenditures up to the completion of the final feasibility study.*

CORPORATE UPDATES

Events during the quarter

Blumont takeover bid: On 9 April 2014, following discussions between Genesis and Blumont Group Ltd (which made an off-market takeover bid offer for all the issued shares of Genesis (**Offer**) under a Bidder's Statement dated 21 March 2014) about certain aspects of the Offer, and given the Board's view that it would only be appropriate to issue Genesis' Target's Statement in response to the Offer when matters under discussion had concluded, Genesis made an application to Australian Securities and Investments Commission (**ASIC**) for relief to extend the deadline by which Genesis had to send its Target's Statement to its shareholders from 10 April 2014 to 24 April 2014. Genesis received relief from ASIC on 9 April 2014. On 22 April 2014, Blumont lodged a Second Supplementary Bidder's Statement advising of an increase to its offer consideration, such that under the varied offer, accepting Genesis shareholders will receive 9.5 Blumont shares for every 2 Genesis shares. Genesis lodged its Target's Statement with ASX and ASIC on 23 April 2014, and mailed the Target's Statement to its shareholders on the same day.

Increase in loan facility limit: On 28 April 2014, Genesis (with the consent of Blumont) entered into an deed of vairation with its lender Axle Capital Sdn Bhd to vary the terms of the parties' existing loan facility agreement. Pursuant to the varied agreement, the lender increased the limit under the existing loan facility provided to Genesis from $3 million to $7 million.

Director resignation: Mr Patrick Volpe resigned as a Non-Executive Director of Genesis on 17 June 2014.

Expiry of options: During the quarter, the following classes of options on issue in the Company expired, and all options belonging to those classes which were not exercised by their relevant expiry dates lapsed:

- 19,409,424 unquoted options exercisable at $0.10, expiring 4 May 2014
- 7,110,952 unquoted options exercisable at $0.10, expiring 11 May 2014

Events subsequent

Nil

Securities on issue as at 30 June 2014:

CLASS OF SECURITIES	NO. OF SECURITIES ON ISSUE
Fully paid ordinary shares	**165,762,564**

Board and Management as at 30 June 2014

Mr Eddie Pang	Executive Chairman
Mr Alex Lim	Non-Executive Director
Mr Deric Wee	Non-Executive Director
Mr John Zee	Non-Executive Director
Ms Sophie Karzis	Company Secretary
Ms Patricia Wong	Chief Financial Officer
Mr James Patterson	Exploration Manager

COMPETENT PERSON

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by James Patterson, a Competent Person who is a Member of the Australian Institute of Geoscientists.

James Patterson is a full-time employee of Genesis. James Patterson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. James Patterson consents to the inclusion in the report of the matters based on his information in the form and context of which it appears.

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's website at: www.genesisresourcesltd.com.au

Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

GENESIS RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
22 114 787 469	30 June 2014

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	(1,096)	(5,304)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(523)	(1,655)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	23
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(39)	(70)
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(1,657)	(7,006)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(29)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(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	-	(29)
1.13	Total operating and investing cash flows (carried forward)	(1,657)	(7,035)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,657)	(7,035)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,262
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	400	4,400
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other- transaction costs	-	(50)
	Net financing cash flows	400	6,612
	Net increase (decrease) in cash held	(1,257)	(423)
1.20	Cash at beginning of quarter/year to date	1,820	1,138
1.21	Exchange rate adjustments to item 1.20	(20)	(172)
1.22	**Cash at end of quarter**	543	543

Payments to directors of the entity, associates of the directors, 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	-
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.

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 (refer to (i) and (ii) below)	9,000	4,400
3.2	Credit standby arrangements	-	-

(i) In September 2013, the Company entered into a loan agreement with an unrelated Malaysian based financing company pursuant to which the financing company made available a loan facility to the Company, with a $3 million facility limit (**First Loan Facility**). In April 2014, the parties reached an agreement to increase the First Loan Facility limit from $3 million to $7 million on the same terms and conditions provided for in the existing loan agreement. Total funds of $4.6 million remain available for draw down by Genesis under the First Loan Facility.

(ii) In October 2013, the Company announced it had entered into a loan agreement with an unrelated third party lender pursuant to which the lender made available a loan facility to the Company, with a $2 million facility limit (**Second Loan Facility**). The Company has drawn down the maximum available funds of $2 million under the Second Loan Facility.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	727
4.2	Development	-
4.3	Production	-
4.4	Administration	338
	Total	**1,065**

(iii) Whilst the Company expects that its estimated cash flows will exceed its cash currently at hand, the Company has access to a total of $4.6 million

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	543	1,820
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Term deposit – bank guarantee)	78	78
Total: cash at end of quarter (item 1.22)	**621**	**1,898**

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements and petroleum 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)*	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	**+Ordinary securities**	165,762,564	165,762,564	Fully paid	Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Genesis issued a total of 10,000 ordinary fully paid shares during the quarter upon the exercise of options	10,000	10,000 fully paid shares were issued upon the payment of the exercise price of $0.10 per option.	All shares are fully paid ($0.10 per share for 10,000 shares)
7.5	**+Convertible debt securities** *(description)*	-	-	-	-

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	**Options** *(description and conversion factor)*	-	-	-	-
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	10,000 unlisted options to acquire ordinary shares, exercisable at $0.10, expiring 4/5/2014, were exercised during the quarter	-	Exercise price of the 10,000 options was 10 cents per option	-
7.10	Expired during quarter	i) 19,409,424 unlisted options to acquire ordinary shares, exercisable at $0.10, expiring 4/5/2014 (conversion factor 1:1) ii) 7,110,952 options unlisted options to acquire ordinary shares, exercisable at $0.10, expiring 11/5/2014 (conversion factor 1:1)	- -	i) Exercise price:10 cents ii) Exercise price:10 cents	- -
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

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 5).

2 This statement does give a true and fair view of the matters disclosed.

Eddie Pang
Executive Chairman
31 July 2014

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 and petroleum 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 or petroleum tenement, it should disclose the 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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+ See chapter 19 for defined terms.