

Quarterly Activities Report – December 2017

HIGHLIGHTS

Plavica Au-Ag-Cu Project

The Resource model for the Oxide Gold at Plavica was updated by Golder Associates and was published in November 2017. The total Measured, Indicated and Inferred Mineral Resources as at November 2017 are estimated at 37.4 million tonnes (MT) at 0.77 grams per tonne of gold (ppm Au) containing 926,000 ounces of gold and 7.7 M ounces of silver.

This material is all within oxide and partial oxide (transitional) material which metallurgical test-work shows is recoverable by heap leaching methods. This resource represents an upgrade of 18 % on the total ounces of the same material reported in December 2016.

EXPLORATION & DEVELOPMENT PROGRESS DURING THE QUARTER

REPUBLIC OF MACEDONIA

PLAVICA HIGH SULPHIDATION EPITHERMAL GOLD-COPPER-SILVER PROJECT (*Figure 1*)

Following the granting of the 30-year Exploitation Licence at Plavica in May 2015, work has since focussed on extending and better understanding the previously known mineralisation at both the Plavica and Maricanski Rid prospects with a focus on the oxide gold potential.

The total Measured, Indicated and Inferred Mineral Resources as at November 2017 are estimated at 37.4 million tonnes (MT) at 0.77 grams per tonne of gold (ppm Au) containing 926,000 ounces of gold and 7.7 M ounces of silver.

This material is all within oxide and partial oxide (transitional) material which metallurgical testwork shows is recoverable by heap leaching methods. This resource represents an upgrade of 18 % on the total ounces of the same material reported the previous year (Dec 2016). The primary mineralisation (non oxidised) component was not targeted in 2017.

The resource estimate follows a series of reverse circulation and diamond drilling campaigns completed to define mineralisation along both the main Plavica ridge and Maricanski Rid. Mineralisation is continuous for over 1km at Plavica and 700m at Maricanski Rid and has been drilled to depths of over 300m.

The full report can be found on the Genesis Resources website.

No drilling was completed during the Quarter. Field work consisted of continued collection of data from water monitoring boreholes, wells and surface monitoring points throughout the project and collection of Flora and Fauna data to be used in an ESIA.



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



Figure 2 Location of Australian Projects.

AUSTRALIA

ARLTUNGA PROJECT: Copper, Gold (EL25238) (GES 100%)

The Aritunga Gold Project consists of Exploration Licence EL25238 covering 95.2 sq km, is located approximately 110 km northeast of Alice Springs (*Figure 2*) in the vicinity of the Aritunga Goldfield. Thirty three historical gold mines and prospects are known in the licence area.

A Licence Renewal Application was lodged on the 26 October 2016 and approved on the 21 March 2017 for a further two year period. The new expiry date is the 7 November 2018. All 31 sub blocks were retained.

The 11th Annual Technical Report was lodged on 10 November 2017.

The Mining Management Plan (MMP) update was approved on the 10 October 2017.

The Central Land Council Sacred Site Clearance Certificate was extended on the 30 August 2017. The new expiry date is the 31 December 2018.

A full review of all available data is currently underway, with the aim of defining targets for Reverse Circulation drilling in 2018.

No field work was carried out during the current Quarter.

ALICE SPRINGS PROJECT: Copper, Gold, Iron (EL24817) (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 2*).

The Mining Management Plan (MMP) update was approved on the 10 November 2017.

A Licence Renewal Application was lodged on 5 April 2016. It was approved on 13 May 2016 for a further term of 2 years and will expire on 17 April 2018. All 118 sub-blocks were retained.

The 11th Annual Technical Report was lodged on 21 April 2017 and accepted as satisfactory by the DME on the 26 April 2017.

The Central Land Council Sacred Site Clearance Certificate was extended on the 30 August 2017. The new expiry date is the 31 December 2018.

No field work was carried out. In addition a full review of all available data is underway to define targets for RC drill testing during 2018.

GLADSTONE-MOUNT MILLER PROJECT: Manganese (EPM15771) (GES 100%)

The Gladstone-Mount Miller Project consists of Exploration Licence (EPM15771) covering 42.62sq km and is located approximately 15 km by road from the port of Gladstone on the east coast of central Queensland (*Figure 2*).

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.

A Licence Renewal Application was lodged on the 17 February 2017 and approved on the 17 March 2017. The new expiry date is the 19 June 2019. All 7 sub blocks were retained.

The 10th Annual Technical Report was lodged on 23 June 2017.

No field work was carried out. A review of all available data is underway to confirm if more drilling is necessary at the Mt Miller mine and if other prospect areas on the tenement require drill testing during 2018.

Withdrawal of Mining Lease Application

In May 2017, Genesis advised the Queensland Government's Department of Natural Resources and Mines (DNRM) that Genesis requested to withdraw its Mining Lease 80166 (ML) application. The request was approved by the DNRM.

The Company's decision not to progress the ML from application to grant stage at this time is consistent with its current strategy of focusing on a program of works for the exploration permit, rather than the ML application itself.

Genesis' withdrawal of the ML application will allow the area to fall back within the underlying exploration permit held by Genesis, and for exploration activities to continue. The withdrawal will not affect any entitlements that Genesis currently has through the underlying exploration permit, and the permit continues to provide the Company with security of tenure for any future mining lease applications.

The Company intends to continue its exploration programs at this tenement, whilst re-assessing the viability of submitting another mining lease application at a later stage.

PIONEER PROJECT: Gold (EPM15619) (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 2*).

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 28 April 2016 requesting another two year period. The renewal application was approved on the 30 June 2016. The new expiry date is the 2 August 2018. The 2 sub blocks were retained.

The 11th Annual Technical Report was lodged on 4 August 2017.

No field work was carried out. A review of all available data is underway to compile all geological mapping and define targets for drill testing during 2018.

McARTHUR RIVER PROJECT: Manganese (EL24814) (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 2*).

The project area contains the Masterton No2 manganese occurrence.

The Mining Management Plan Update lodged on the 25 October 2017 was approved on the 13 November 2017.

A Licence Renewal Application was lodged on 5 April 2016. It was approved on 13 May 2016 for a further term of 2 years and will expire on 17 April 2018. All 116 sub-blocks were retained.

The 11th Annual Technical Report was lodged on 24 April 2017 and accepted as satisfactory by the DME on the 27 April 2017.

No field 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 82.67 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.

The 10th Annual Technical Report was lodged on the 25 August 2017.

A Licence Renewal Application was lodged on the 19 May 2016 requesting another 2 year term. The renewal application was approved on the 26 August 2016. The new expiry date is the 23 August 2018.

As per the conditions of the exploration permit Genesis were required to relinquish 25 sub blocks from EPM 15242. A Partial Relinquishment Report was lodged on the 20 June 2016. 25 of the 50 sub blocks were relinquished, 25 sub-blocks were retained. EPM15242 now covers 82.67sq km.

A Partial Surrender of an Environmental Authority was lodged on the 22 June 2016 and approved on the 30 June 2016.

No field work was carried out.

FENN GAP Mn-Fe PROJECT: (EL24839) (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 2*). The project is 25 km from major infrastructure such as the Stuart Highway and Alice to Adelaide Railway.

The Mining Management Plan (MMP) update was lodged on the 21 December 2017.

A Licence Renewal Application requesting another two-year period was lodged on the 26 April 2016. The renewal application was approved on the 25 July 2016. The new expiry date is the 5 May 2018.

The 9th Annual Technical Report was lodged on 8 May 2017 and accepted as satisfactory by the DME on the 24 May 2017.

No field work was carried out. A full review of existing data has been completed. A further, more detailed review of drilling data is underway to determine if drilling has adequately tested the known manganese mineralisation.

TENEMENTS AS AT 31 December 2017

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%	82.67	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%	42.62	Genesis	QLD
Plavica & Crn Vrv	19-6648/1	Gold-Silver-Copper	62%	16.85	Silgen Resources	Macedonia

All tenements noted above are Exploration Licences except Plavica in Macedonia which is an Exploitation Licence.

CORPORATE UPDATES

Securities on issue as at 31 December 2017

CLASS OF SECURITIES	NO. OF SECURITIES ON ISSUE
Fully paid ordinary shares	751,085,469

Board and Management as at 31 December 2017

Mr Eddie Pang	Managing Director / Executive Chairman
Mr Deric Wee	Non-Executive Director
Mr Kim Heng Lim	Non-Executive Director
Mr Chin Niap Mah	Non-Executive Director
Mr James Patterson	Exploration Manager / Non-Executive Director
Mr Yau Young Lim	Non-Executive Director
Ms Sophie Karzis	Company Secretary
Ms Patricia Wong	Chief Financial Officer

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 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.

-ENDS

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

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, 01/05/13, 01/09/16

Name of entity

GENESIS RESOURCES LIMITED

ABN

22 114 787 469

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(544)	(1,244)
(b) development	-	-
(c) production	-	-
(d) staff costs	(174)	(369)
(e) administration and corporate costs	(209)	(464)
1.3 Dividends received	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(14)	(22)
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(941)	(2,098)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(6)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(5)	(6)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	400	500
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	450	1,474
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	850	1,974

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	208	278
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(941)	(2,098)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	850	1,974
4.5	Effect of movement in exchange rates on cash held	(7)	(43)
4.6	Cash and cash equivalents at end of period	105	105

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	105	208
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits - bank guarantee)	98	98
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	203	306

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
-
-

None

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

None

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	7,000	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

- (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**) at 8% per annum. 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 \$7 million remain available for draw down by Genesis under the First Loan Facility.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	427
9.2 Development	-
9.3 Production	-
9.4 Staff costs	174
9.5 Administration and corporate costs	179
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	780

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


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(Director)

Date: 31 January 2018

Print name: Eddie Pang

Executive Chairman

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.