

## Summary

Negotiations are continuing with potential Joint Venture partners and investors for the development of the Merceditas Project in Chile. A short list of six interested parties has been developed and discussions with these parties are progressing with an outcome to these discussions expected in the next 4 weeks.

Genesis continues to review numerous opportunities in Latin America and has progressed negotiations to acquire a high grade copper-gold project in Chile which can potentially be moved rapidly towards production.

## Merceditas Project Background, Chile

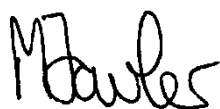
The Merceditas Project is located in northern Chile's Iron-Oxide-Copper-Gold ("IOCG") belt which is one of the most prospective IOCG provinces in the world. It is located approximately 1,000km north of Santiago, the capital of Chile, in the Atacama Desert and is easily accessible by road in an area that is serviced by very good infrastructure.

To date Genesis has completed 67 RC drill holes at the Merceditas Project, in two phases, for 5,320 metres. This drilling comprised mostly wide spaced drilling at the Principal Zone SE and the Pupy Zone at the Paula Prospect and limited drilling at the Lucy Prospect. The mineralised zones defined to date remain open along strike and at depth. Only limited drilling has been completed to date below 80m depth.

An Inferred Resource has been estimated for the Paula and Lucy Prospects comprising **6.4Mt @ 0.65% copper for 41,300 tonnes of contained copper** (0.5% Cu cut off). In addition the Lucy Prospect contains 3.9Mt @ 0.16g/t gold for 19,700 ounces of gold. Both resources remain open in a number of areas and considerable potential exists to substantially increase the resource through further exploration.

## Corporate

The AGM for Genesis was held on Wednesday 25<sup>th</sup> November 2009. All resolutions were passed.



**Michael Fowler**  
**Managing Director**

## Further Information

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## Genesis Minerals Limited

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## Registered Office

23 Altona St  
West Perth WA 6005

## Issued Capital

30.41 million shares  
9.75 million options

## ASX Code: GMD

## Board Members

Michael Haynes  
Chairman

Michael Fowler  
Managing Director/CEO

Graeme Smith  
Non Executive Director  
Company Secretary

## Chile Office

Alcántara 200, 6th Floor  
Las Condes  
Santiago, Chile

*The information in this announcement was compiled by Michael Fowler, Genesis Minerals Limited Managing Director, who is a Member of The Australasian Institute of Mining and Metallurgy. Michael Fowler has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code. Michael Fowler consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

**Genesis Minerals Limited**

ABN

72 124 772 041

Quarter ended ("current quarter")

31 December 2009

### Consolidated statement of cash flows

|                                                   |                                                            | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|---------------------------------------------------|------------------------------------------------------------|----------------------------|---------------------------------------|
| <b>Cash flows related to operating activities</b> |                                                            |                            |                                       |
| 1.1                                               | Receipts from product sales and related debtors            | -                          | -                                     |
| 1.2                                               | Payments for (a) exploration and evaluation                | (53)                       | (83)                                  |
|                                                   | (b) development                                            | -                          | -                                     |
|                                                   | (c) production                                             | -                          | -                                     |
|                                                   | (d) administration                                         | (128)                      | (302)                                 |
| 1.3                                               | Dividends received                                         | -                          | -                                     |
| 1.4                                               | Interest and other items of a similar nature received      | 3                          | 6                                     |
| 1.5                                               | Interest and other costs of finance paid                   | -                          | -                                     |
| 1.6                                               | Income taxes paid                                          | -                          | -                                     |
| 1.7                                               | Other (provide details if material)                        | -                          | -                                     |
| <b>Net Operating Cash Flows</b>                   |                                                            | <b>(178)</b>               | <b>(379)</b>                          |
| <b>Cash flows related to investing activities</b> |                                                            |                            |                                       |
| 1.8                                               | Payment for purchases of:                                  |                            |                                       |
|                                                   | (a) prospects                                              | -                          | -                                     |
|                                                   | (b) equity investments                                     | -                          | -                                     |
|                                                   | (c) other fixed assets                                     | -                          | -                                     |
| 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)                        | -                          | -                                     |
| <b>Net investing cash flows</b>                   |                                                            | <b>-</b>                   | <b>-</b>                              |
| 1.13                                              | Total operating and investing cash flows (carried forward) | <b>(178)</b>               | <b>(379)</b>                          |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|                                                   |                                                                   |       |       |
|---------------------------------------------------|-------------------------------------------------------------------|-------|-------|
| 1.13                                              | Total operating and investing cash flows (brought forward)        | (178) | (379) |
| <b>Cash flows related to financing activities</b> |                                                                   |       |       |
| 1.14                                              | Proceeds/(over subscription) from issues of shares, options, etc. | -     | 357   |
| 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) Share issue transaction costs | -     | (29)  |
|                                                   | <b>Net financing cash flows</b>                                   | -     | 328   |
|                                                   | <b>Net increase (decrease) in cash held</b>                       | (178) | (51)  |
| 1.20                                              | Cash at beginning of quarter/year to date                         | 413   | 286   |
| 1.21                                              | Exchange rate adjustments to item 1.20                            | -     | -     |
| 1.22                                              | <b>Cash at end of quarter</b>                                     | 235   | 235   |

**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<br>\$A'000 |
|------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2                                                              | 60                         |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10                                                                | -                          |
| 1.25 | Explanation necessary for an understanding of the transactions                                                                |                            |
|      | Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation. |                            |

**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.

- 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.

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | NIL                         | NIL                    |
| 3.2 Credit standby arrangements | NIL                         | NIL                    |

### Estimated cash outflows for next quarter

|                                | \$A'000   |
|--------------------------------|-----------|
| 4.1 Exploration and evaluation | 25        |
| 4.2 Development                | -         |
| <b>Total</b>                   | <b>25</b> |

### 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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--------------------------------------------------|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 235                        | 413                         |
| 5.2 Deposits at call                             | -                          | -                           |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details)                      | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>235</b>                 | <b>413</b>                  |

### Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

## Issued and quoted securities at end of current quarter

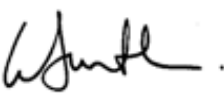
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|      |                                                                                                                            | Total number         | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|------|----------------------------------------------------------------------------------------------------------------------------|----------------------|---------------|-----------------------------------------------|--------------------------------------------------|
| 7.1  | <b>Preference securities</b><br><i>(description)</i>                                                                       |                      |               |                                               |                                                  |
| 7.2  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                      |               |                                               |                                                  |
| 7.3  | <b>*Ordinary securities</b>                                                                                                | 30,417,510           | 30,417,510    |                                               |                                                  |
| 7.4  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |                      |               |                                               |                                                  |
| 7.5  | <b>*Convertible debt securities</b><br><i>(description)</i>                                                                |                      |               |                                               |                                                  |
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |                      |               |                                               |                                                  |
| 7.7  | <b>Options</b><br><i>(description and conversion factor)</i>                                                               | 9,250,000<br>500,000 | -<br>-        | Exercise price<br>20 cents<br>20 cents        | Expiry date<br>15 May 2012<br>28 February 2013   |
| 7.8  | Issued during quarter                                                                                                      |                      |               |                                               |                                                  |
| 7.9  | Exercised during quarter                                                                                                   |                      |               |                                               |                                                  |
| 7.10 | Expired during quarter                                                                                                     |                      |               |                                               |                                                  |
| 7.11 | <b>Debentures</b><br><i>(totals only)</i>                                                                                  |                      |               |                                               |                                                  |
| 7.12 | <b>Unsecured notes</b> <i>(totals only)</i>                                                                                |                      |               |                                               |                                                  |

+ See chapter 19 for defined terms.

## 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.

Sign here:  Date: **29 January 2010**  
(Director / Company secretary)

Print name: **Graeme Smith**

## 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 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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