

6 February 2008

ASX Announcement

## MAJOR COPPER - GOLD ACQUISITION

Genesis Minerals Limited (ASX: GMD; "Genesis" or "the Company") is pleased to announce it has secured an option to acquire a 100% interest in the Merceditas copper-gold project in northern Chile.

Highlights of the acquisition include:

- Secured option to acquire a 100% interest in the significant Merceditas copper - gold project in Chile, comprising the Paula and Lucy Prospects.
- Potential for 30 to 40 million tonnes of high grade oxide copper ore (0.7% to 1% copper + gold credit).
- Low capital, near term open pit production opportunity.
- Significant copper oxide mineralisation defined at surface over 5km by 3km area.
- Significant trench results from the Paula Prospect include:
  - 102m @ 1.32% copper
  - 81m @ 1.35% copper
  - 21m @ 2.52% copper
  - 111m @ 0.82% copper
  - 39m @ 0.84% copper and 0.82g/t gold
  - 38m @ 1.13% copper
  - 15m @ 1.34% copper and 0.87 g/t gold
  - 45m @ 0.7% copper
  - 18m @ 1.22% copper
- Only limited drill testing of oxide mineralisation at the Paula Prospect with considerable exploration upside.
- Lucy Prospect offers large tonnage "porphyry copper" style mineralisation/opportunity - open at depth and along strike.
- Drilling to commence June 2008 quarter.
- JORC compliant resource anticipated to be completed in 2<sup>nd</sup> half of 2008.
- Project located in a world class copper province.
- Politically stable country with excellent infrastructure.

"The Merceditas Project is a high quality, advanced project which gives Genesis a great near term production opportunity" commented Michael Fowler Genesis' Managing Director, "This is a major step in fulfilling our primary objective of acquiring a significant mineral deposit that can be readily brought into production."

Genesis Minerals Limited has reached agreement with Andes Pacific Development S.A., a private Chilean company, to acquire a 100% interest in the 18 km<sup>2</sup> Merceditas copper-gold project in northern 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 and hosts numerous deposits including Candelaria (470Mt @ 0.95% copper) and Manto Verde (350Mt @ 0.75% copper). The Merceditas Project is located north of the city of Copiapó, approximately 1,000km north of Santiago, the capital of Chile. The Project is located in the Atacama Desert and is easily accessible by road. It is located in an area that is serviced by very good infrastructure.



*Project Location Map*

**Initial Exploration Target**

The Merceditas Project comprises two main prospects, Paula and Lucy. Significant copper oxide mineralisation has been defined at surface over a 5km by 3km area and is exposed in a number of trenches. Only limited drilling has been completed at the Paula and Lucy Prospects to test the oxide mineralisation, which is known to extend to 80 to 110m below surface in both areas. Previous exploration at the Project was terminated in 1999 in a period of low-metal prices and no further work has been completed since that time.

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Previous resource estimates have been completed but are not considered JORC compliant. Based on historic information the Company has determined an initial exploration target estimate for the Paula and Lucy prospects of **200 million tonnes of ore at grades of approximately 0.5% copper and 0.25g/t gold. Importantly potential exists to delineate 30 to 40 million tonnes of medium to high grade copper oxide ore (0.7% to 1% copper + gold credits) within the prospects.** This copper oxide ore potentially provides the Company with a low capital, near term production opportunity during a period of historically high copper prices.

The estimates presented here are conceptual targets that may result from the completion of a JORC-compliant resource calculation. It should not be understood as indicating the existence of resources in the sense implied by the JORC Code as a JORC-compliant resource is yet to be calculated. There has been insufficient or unverified exploration data to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

## **PROPOSED DEVELOPMENT PROGRAM**

Genesis will immediately commence exploration activities at the Merceditas Project. The initial focus will be on testing the copper oxide potential at both the Paula and Lucy prospects.

The initial exploration program will include a trench re-sampling program, a significant drilling program to comprehensively test the copper oxide mineralisation, geophysical data processing and initial metallurgical testing of the copper oxide mineralisation. It is anticipated this work will facilitate the calculation of a JORC compliant resource by the second half of 2008.

Genesis is committed to establishing a significant mining operation at the project. There is considerable potential to delineate a copper oxide resource that could be amenable to extraction by conventional SX-EW processing and exploited as a standalone operation. The Company is targeting the completion of a bankable feasibility study within 36 months.

## **TERMS OF AGREEMENT**

Genesis has executed an Option agreement with Andes Pacific Development S.A. ("Andes Pacific") giving the Company the exclusive right to earn 100% of the Merceditas Project by completing a feasibility study on all or part of the Project and by making staged payments totalling US\$6,000,000 over a 36 month period. Andes Pacific will be paid a further US\$10 per tonne of contained copper metal within Measured and Indicated JORC (2004) defined Mineral Resources as defined in the feasibility study.

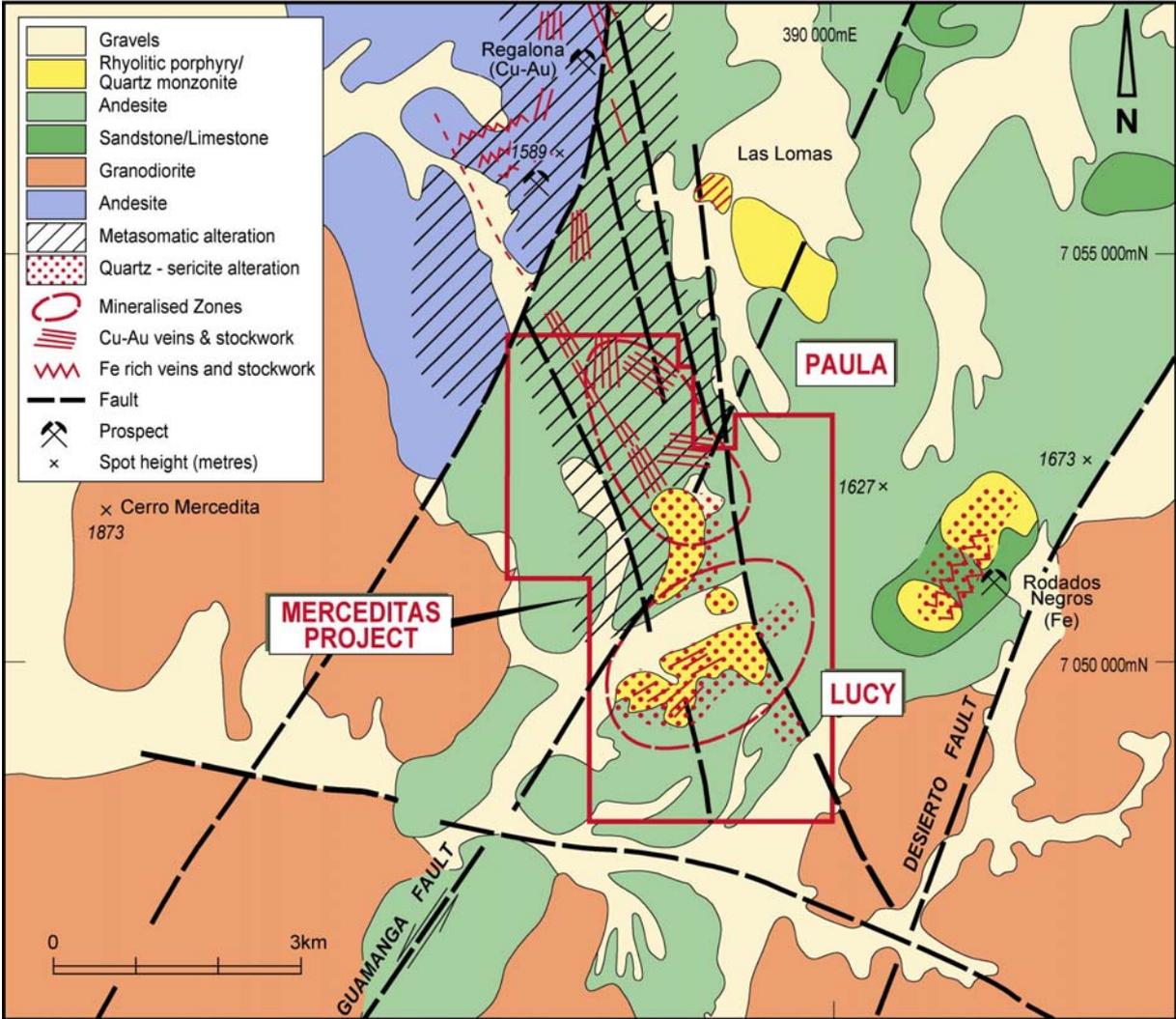
Genesis paid Andes Pacific US\$250,000 on executing the Option agreement. A further US\$250,000 is to be paid to Andes Pacific 35 days from signing, providing due diligence is completed to the Company's satisfaction. Further payments of US\$1,500,000, US\$2,000,000 and US\$2,000,000 are due within 12, 24 and 36 months of the execution of the Option agreement respectively.

Genesis has committed to spend a minimum of \$US750,000 within 12 months of executing the agreement, subject to satisfactory completion of due diligence.

If Genesis elects to proceed to develop the Project based on the feasibility study Genesis will pay Andes a further US\$2,000,000.

Andes Pacific will be entitled to a 2% net smelter royalty on all production from the project.

Additionally, 500,000 options exercisable at 20 cents will be issued as part of the acquisition cost.



*Prospect Location Map*

**MERCEDITAS PROJECT BACKGROUND**

The Merceditas Project, comprising 11 exploitation concessions, is located about 85 km north of the city of Copiapó and about 20 km west of the town of Inca de Oro. It lies about 20 km to the west of the paved highway that joins Copiapó and Diego de Almagro and is situated at low altitude, with altitudes ranging between 1,300 and 1,600 m. The north railway line and the SIN (National Interconnected System) electric lines traverse the adjacent area. The project is 60 km from the Pacific Ocean, and 100km and 70km from the ports of Caldera and Chañaral respectively.

Previously Minera Mantos Blancos carried out exploration (geological mapping, trenching, drilling) at the Lucy Prospect between 1992 and 1993. The entire Project area was explored from 1998 to 1999 by Minera Outokumpu Chile as part of its regional exploration program in Chile. Minera Outokumpu Chile carried out geological mapping, trenching, geochemical sampling, geophysical magnetic surveys

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and wide spaced drilling at both the Paula and Lucy Prospects. Outokumpu terminated its exploration in Chile in late 1999. Andes Pacific acquired the Project shortly thereafter.

Andes Pacific compiled previous exploration data and carried out a detailed project review, but no further exploration has been completed since 1999.

### *Paula Prospect*

Mineralisation at the Paula Prospect is interpreted to occur in six mineralised bodies that are hosted by amphibole rich andesites with variably altered zones of biotite-chlorite, specularite hematite, magnetite, albite and epidote. Mineralisation occurs in the form of veins, veinlets, stockworks, breccias and disseminations. It displays widths of 20m to more than 200m and lengths between 400m and 2,000m. Copper oxide mineralisation occurs in the form of chrysocolla and malachite, with the oxidised zone occurring to depths of 90m to 100m below surface. Primary copper mineralisation is associated with chalcopyrite.

The area has undergone geological, geophysical, and geochemical studies, with 22 trenches excavated for 6,180 m and 14 holes drilled for a total of 2,430 m.

Significant trench results from the Paula Prospect include:

- 102m @ 1.32% copper
- 81m @ 1.35% copper
- 21m @ 2.52% copper
- 39m @ 0.84% copper and 0.82g/t gold
- 38m @ 1.13% copper
- 15m @ 1.34% copper and 0.87 g/t gold
- 45m @ 0.7% copper
- 111m @ 0.82% copper
- 18m @ 1.22% copper

Only 6 of the 14 previous holes were drilled to test the oxide portion of the prospect. The other 8 holes were drilled to test primary mineralisation targets. Significant results include:

RC-19	60m @ 0.59% copper from 10 metres - oxide
RC-25	30m @ 0.60% copper from 50 metres - oxide
RC-3	10m @ 0.76% copper from 36 metres - oxide
RC-2	12m @ 1.00% copper from 0 metres - oxide
RC-15	6m @ 1.59% copper from 12 metres - oxide
RC-4	76m @ 0.44% copper from 130 metres - primary



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SRP-12 A	86m @ 0.54% Cu from 92 metres
SRP-17	96m @ 0.4% Cu from 20 metres
SHP-4	62m @ 0.37% Cu and 0.32g/t Au from 0 metres

## CORPORATE

Genesis Minerals Limited listed on the ASX on the 3 August 2007 following its fully subscribed Initial Public Offer of 15 million shares at \$0.20 per share. Genesis currently has 23 million shares on issue.



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

*Genesis has not reported resources from this project. While the Company remains optimistic it will report resources in the future, any discussion in relation to targets, exploration potential, resources, or ore is only conceptual in nature as there has been insufficient or unverified exploration data to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

*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 their information in the form and context in which it appears.*

Table 1. Paula Prospect Trench Intersections

Trench ID	Start UTM North	Start UTM East	Length (m)	Azimuth Mag	Intersection
Trench 2	7,052,440	388,210	209	045	102m @ 1.32% copper from 60m
Trench 16	7,052,350	387,860	390	030	81m @ 1.35% copper from 260m
Trench 18	7,053,700	387,590	200	030	21m @ 2.52% copper from 60m
Trench 3	7,052,880	387,170	700	030	111m @ 0.82% copper 520m
Trench 16	7,052,350	387,860	390	030	39m @ 0.84% copper and 0.82g/t gold from 130m
Trench 5	7,053,040	386,860	230	030	38m @ 1.13% copper from 70m
Trench 6	7,052,730	387,440	170	030	15m @ 1.34% copper and 0.87 g/t gold from 74m
Trench 26	7,054,020	387,090	280	030	45m @ 0.7% copper from 165m
Trench 12	7,053,090	386,750	110	030	18m @ 1.22% copper from 35m
Trench 19	7,053,700	387,680	172	030	24m @ 1.04% copper from 64m
Trench 3	7,052,880	387,170	700	030	39m @ 0.87% copper from 62m

Intersections > 0.5% copper

Maximum internal dilution 6m, 0.3% lower cut, no upper cut