GENESIS MINERALS LIMITED

ABN 72 124 772 041

Notice of General Meeting and Explanatory Memorandum

For a General Meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth on 21 March 2012 at 10am (WST)

This notice of General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

An independent expert's report is attached to this Notice, in Annexure E, as required by ASIC Regulatory Guide 74. The report concludes that the transaction the subject of Resolutions 1, 5 and 6 in this Notice of Meeting is fair and reasonable to the Company's non-associated Shareholders, for the reasons set out in the report.

Please contact the Company Secretary on (08) 9 389 2124 if you wish to discuss any matter concerning the Meeting.

GENESIS MINERALS LIMITED
ABN 72 124 772 041

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Shareholders of Genesis Minerals Limited will be held at the Celtic Club, 48 Ord Street, West Perth on 21 March 2012 at 10 am (Western Standard Time) (**Meeting**).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form, form part of this Notice of Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 48 hours prior to the Meeting.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in the Glossary of the Explanatory Memorandum.

AGENDA

1 RESOLUTION 1 – ISSUE OF SECURITIES TO INVESTMET LIMITED AND CONVERSION OF LOAN

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"*That subject to the passing of Resolutions 2, 5, and 6, for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, Shareholders approve:*

(a) *the issue to Investmet Limited of up to 18,000,000 Shares at an issue price of $0.10 each;*

(b) *the grant to Investmet Limited, of up to 18,000,000 Free Attaching Options on the terms set out in Annexures A - C;*

(c) *the issue to Investmet Limited of up to 5,000,000 Shares upon conversion of the Convertible Notes;*

(d) *the grant to Investmet Limited of up to 5,000,000 Conversion Options on the terms set out in Annexure A – C; and*

(e) the increase in the Voting Power of Investmet Limited as a result of the issue of the Shares the subject of (a) and (c) above, and the exercise of the Free Attaching Options and Conversion Options the subject of (b) and (d) above,

on the terms set out in the Explanatory Memorandum."

A voting exclusion statement is set out below.

Shareholders should carefully consider the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd for the purposes of the Shareholder approval required under section 611 (item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Transaction to the non-associated shareholders of the Company. The Independent Expert Report has determined that the issue of Shares, Free Attaching Options and Conversion Options the subject of Resolutions 1, 5 and 6 is **fair and reasonable** to the non-associated shareholders of the Company.

2 RESOLUTION 2 – ISSUE OF SECURITIES TO SOPHISTICATED INVESTORS

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"*That subject to the passing of Resolutions 1, 5 and 6, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue to of up to:*

(a) *1,200,000 Shares at an issue price of $0.10 each; and*

(b) *1,200,000 Free Attaching Options on the terms set out in Annexures A - C;*

to sophisticated and professional investors on the terms set out in the Explanatory Memorandum."

A voting exclusion statement is set out below.

3 RESOLUTION 3 – ISSUE OF OPTIONS TO MICHAEL FOWLER

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"F*or the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of 2,000,000 Director Options to Michael Fowler at an exercise price of 150% of the VWAP of the fully paid ordinary Shares of the Company on the ten trading days prior to the date of issue and expiring on 31 December 2014 and otherwise on the terms and conditions outlined in Annexure D on the terms set out in the Explanatory Memorandum."*

A voting exclusion statement is set out below.

4 RESOLUTION 4 – ISSUE OF OPTIONS TO MICHAEL HAYNES

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"*For the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of up to 500,000 Director Options to Michael Haynes at an exercise price of 150% of the VWAP of the fully paid ordinary Shares of the Company on the ten trading days prior to the date of issue and expiring on 31 December 2014 and otherwise on the terms and conditions outlined in Annexure D on the terms set out in the Explanatory Memorandum."*

A voting exclusion statement is set out below.

5 RESOLUTION 5 – ISSUE OF SHARES AND OPTIONS TO DAMIAN DELANEY

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"*That subject to the passing of Resolutions 1, 2 and 6, and for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, section 611 (item 7) of the Corporations Act and for all other purposes, Shareholders approve the:*

(a) issue to Mr Damian Delaney of up to 200,000 Shares at an issue price of $0.10 each;

(b) grant to Mr Damian Delaney of up to 200,000 Free Attaching Options on the terms set out in Annexures A – C;

(c) grant to Mr Damian Delaney 4,000,000 Options at an exercise price of 150% of the VWAP of the fully paid ordinary Shares of the Company on the ten trading days prior to the date of issue and expiring on 31 December 2014 and otherwise on the terms and conditions outlined in Annexure D; and

(d) increase in Damian Delaney's Voting Power as a result of the issue of the Shares and any exercise of the Options the subject of the Resolutions put to the Meeting,

on the terms set out in the Explanatory Memorandum."

A voting exclusion statement is set out below.

Shareholders should carefully consider the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd for the purposes of the Shareholder approval required under section 611 (item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Transaction to the non-associated shareholders of the Company. The Independent Expert Report has determined that the issue of Securities the subject of Resolutions 1, 5 and 6 is **fair and reasonable** to the non-associated shareholders of the Company.

6 RESOLUTION 6 – ISSUE OF SHARES AND OPTIONS TO MICHAEL FOTIOS AND DELTA RESOURCE MANAGEMENT PTY LTD

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"*That subject to the passing of Resolutions 1, 2 and 5, for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, Shareholders approve the:*

(a) issue to Mr Michael Fotios and Delta Resource Management Pty Ltd of up to 2,600,000 Shares at an issue price of $0.10 each in aggregate;

(b) issue to Mr Michael Fotios and Delta Resource Management Pty Ltd of up to 2,600,000 Free Attaching Options in aggregate on the terms set out in Annexures A – C;

(c) grant of a total of 3,000,000 Options in aggregate, at an exercise price of 150% of the VWAP of the fully paid ordinary Shares of the Company on the ten trading days prior to the date of issue and expiring on 31 December 2014 and otherwise on the terms and conditions outlined in Annexure D and on the terms set out in the Explanatory Memorandum; and

(d) increase in Voting Power of Michael Fotios and Delta Resource Management Pty Ltd as a result of the issue of the Shares, and any exercise of the Options, the subject of the Resolutions put to the Meeting.

A voting exclusion statement is set out below.

Shareholders should carefully consider the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd for the purposes of the Shareholder approval required under section 611 (item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Transaction to the non-associated shareholders of the Company. The Independent Expert Report has determined that the issue of Options the subject of Resolutions 1, 5 and 6 is **fair and reasonable** to the non-associated shareholders of the Company.

7 RESOLUTION 7 – ELECTION OF DAMIAN DELANEY AS A DIRECTOR

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That for all purposes Damian Delaney be elected as a Director with effect from close of the Meeting."

8 VOTING PROHIBITION AND EXCLUSION STATEMENTS

Listing Rule 14.11

Under Listing Rule 14.11, the Company will disregard any votes cast on the following Resolutions by the following persons:

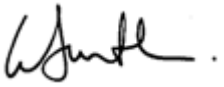
Resolution	Persons excluded from voting
Resolutions 1, 5 and 6 Issue of Securities	The Company will disregard any votes cast on Resolution 1, 5 and 6 by a person who may participate in the proposed issue or any person who may obtain a benefit if the Resolution is passed other than in their capacity as a holder of ordinary securities, and associates of those persons, (and for the purposes of Item 7 of Section 611 of the Corporations Act, by any person proposing to acquire Voting Power in the Company in excess of 20% by way of the proposed subscription and any of their Associates).
Resolution 2 Issue of Securities	The Company will disregard any votes cast on Resolution 2 by a person who may participate in the proposed issue or any person who may obtain a benefit if the Resolution is passed other than in their capacity as a holder of ordinary securities, and associates of those persons.
Resolution 3 Issue of Director Options to Mr Fowler	The Company will disregard any votes cast on this Resolution by Mr Fowler or his nominees and associates of those persons.
Resolution 4 Issue of Director Options to Mr Haynes	The Company will disregard any votes cast on this Resolution by Mr Haynes or his nominees and associates of those persons.

However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for the person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board of Directors



Graeme Smith
Director \ Company Secretary
21 February 2012

GENESIS MINERALS LIMITED
ABN 72 124 772 041

EXPLANATORY MEMORANDUM

1 INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the Celtic Club, 48 Ord Street, West Perth on 21 March 2012 at 10am WST. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

Please contact the Company Secretary on (08) 9389 2124 if you wish to discuss any matter concerning the Meeting.

2 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

All Shareholders are invited and encouraged to attend the Meeting. If a Shareholder is unable to attend in person, they can appoint a representative (or "proxy") to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form. The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 10am (WST) on 19 March 2012. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

BY MAIL	BY FAX	BY HAND
PO Box 1153 West Perth WA 6877	+61 8 9389 2199 proxy@dwcorporate.com	Unit 6 / 1 Clive Street West Perth WA 6005

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

2.2 Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

2.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 4pm (WST) on 19 March 2012.

3 SUMMARY OF THE PROPOSED RESOLUTIONS

3.1 Background

At the General Meeting, Shareholders will be asked to consider the following Resolutions:

(a) authorising the allotment and issue of up to 22,000,000 Shares and 22,000,000 Free Attaching Options pursuant to a placement (**Placement**) to Investmet Limited (**Investmet**) and its nominees comprising the Investmet Associates and sophisticated and professional investors;

(b) authorising the allotment and issue of up to 5,000,000 Shares and 5,000,000 Free Attaching Options by way of conversion of the Loan under the terms of the Convertible Note Agreement to Investmet;

(c) appointing one new Director, Damian Delaney;

(d) granting 2,500,000 Options to two current Directors;

(e) granting 4,000,000 Options to the proposed new Director Damian Delaney;

(f) granting 3,000,000 Options in total to Michael Fotios and his Associate Delta Resource Management Pty Ltd; and

(g) approving the increase in the Voting Power of Investmet Limited, Mr Michael Fotios, Delta Resource Management Pty Ltd and Damian Delaney which is caused by the issue of the Shares and any exercise of Options the subject of the Resolutions being put to the Meeting.

The resolutions are ordinary resolutions requiring them to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

The next stage of the Company's restructure will be to conduct a fully underwritten non-renounceable rights issue to raise up to approximately $1.31 million by the issue of up to 13,114,810 shares at an issue price of $0.10 cents each on the basis of one new Share for every eight Shares held at the record date together with one Free Attaching Option for every Share subscribed for (**Rights Issue**). One third of the Options issued pursuant to the Rights Issue will have an exercise price of $0.12 cents exercisable within 12 months of issue, one third will have an exercise price of $0.15 cents exercisable within 24 months of issue and the remaining third will have an exercise price of $0.20 cents exercisable within 36 months of issue.

The Rights Issue will incorporate a top up facility allowing shareholders to apply for Shortfall Securities in addition to their Rights Issue entitlement. The total amount of Shares offered will change depending on how many Shares and Options are issued pursuant to the Placement and depending on whether any Options are exercised prior to the Rights Issue record date.

Subject to an underwriting agreement being entered into, the Rights Issue will be underwritten by Investmet.

The effect of Investmet underwriting the Rights Issue will be that the voting power of Invetsmet will increase depending on the extent of the Shortfall Shares subscribed for by Investmet under

the underwriting agreement. The greater the number of Shortfall Shares, the greater the increase in Investmet's voting power. At the date of this Notice the number of the Shortfall Shares is not known, accordingly a table setting out a range of possible increases in Investmet's voting power is set out in Section 4.5.

3.2 Purpose of Placement and Loan

The purpose of the Placement is to raise up to $2,200,000 to fund the Company's exploration projects and to meet the administration costs of the Company.

The balance of the funds will be used for general working capital.

Details of the Placement were released to the market on 23 November 2011.

For general working capital requirements prior to completion of the Placement, Investmet agreed to provide a loan facility of $500,000 to the Company with a maturity date of 30 April 2012 (**Loan**).

The terms of the Loan and the conditions for conversion of the Loan are set out in the Convertible Note Agreement. Investmet may elect to convert the Loan into Shares when completion occurs under the Placement at a conversion price of $0.10 plus the right to be granted a Conversion Option for each Share issued.

3.3 Increases in Voting Power

Resolutions 1, 5 and 6 are necessary in order to comply with specific requirements of the Corporations Act concerning the extent to which Investmet and the Investmet Associates will increase their respective Voting Power in excess of 20% which is the basic threshold beyond which increases are prohibited by the Corporations Act unless shareholder approval or other exceptional circumstances apply.

Resolutions 1, 5 and 6 seek Shareholder approval for the increase in Voting Power of Investmet and the Investmet Associates as a result of the issue of the Shares and any exercise of the Free Attaching Options, Conversion Options and the Associate Options. Full details of the change in Voting Power of Investmet and the Investmet Associates are set out in section 4.5 below. Full details of the proposed capital structure are set out in section 3.5 below.

3.4 Proposed timetable

An indicative timetable of events relating to the Proposed Transactions is outlined below. The timetable is indicative only and is subject to change.

Date of General Meeting	21 March 2012
Issue of Shares and Options under Resolutions 1,2,5 and 6	Within one week of Meeting
Conversion of Loan	On date of Meeting if all the Resolutions are passed; otherwise, may occur on business day following Meeting
Issue of Options under Resolutions 3,4,5 and 6	No later than 1 month after the Meeting

3.5 Pro forma capital structure

The capital structure of the Company following the Proposed Transactions is summarized below.

	Quoted Shares	Unquoted Options
Capital Structure Prior to Resolutions	**77,918,477**	**12,900,000**
Issue of Shares and Free Attaching Options to Investmet, Investmet Associates, and sophisticated investors under Resolutions 1, 2, 5 and 6	22,000,000	22,000,000
Conversion of Loan under Resolution 1	5,000,000	5,000,000
Grant of Director Options Resolutions 3 and 4		2,500,000
Grant of Investmet Associate Options under Resolutions 5 and 6		7,000,000
TOTAL	**104,918,477**	**49,400,000**

3.6 Plans for the Company if Resolution 1 is not passed

If Resolution 1 is not passed:

(a) the Company will continue to consider raising additional capital to fund its exploration activities and for general working capital, and

(b) the Loan may be converted by Investmet at a conversion price of $0.06 on the next business day following the Meeting. If Investmet does not convert the Loan, the Loan must be repaid by 30 April 2012, or earlier on 20 business days' notice if certain events of default by the Company occur.

3.7 Directors' Statement in relation to Investmet and Investmet Associates

Investmet's strategic investment will provide the Company with funds to underpin its ongoing exploration efforts in Chile and Argentina, where the Company has an excellent suite of exploration projects that provide considerable potential to make a significant discovery. Investmet has a proven track record of providing funding and technical support for junior resources companies and it look forward to working closely with the Company.

4 RESOLUTION 1 – ISSUE OF SECURITIES AND CONVERSION OF LOAN

4.1 Background

Resolution 1 seeks Shareholder approval for the issue of Shares and Free Attaching Options pursuant to the Placement to Investmet, and the issue of Shares and Conversion Options to Investmet upon conversion of the Loan. It also seeks Shareholder approval for the increase in Investmet's Voting Power caused by the issue of these Shares and the increase in Investmet's Voting Power caused by any exercise of these Options by Investmet.

4.2 Placement

The purpose of the Placement of 18,000,000 Shares and 18,000,000 Free Attaching Options is to raise up to $1,800,000 to fund the Company's exploration projects and to meet the administration costs of the Company.

The Shares will be issued at an issue price of $0.10 each, and the Shares will rank equally with the existing Shares on issue, the terms of which are in the public domain.

The Free Attaching Options will be granted on the terms and conditions set out in Annexures A - C, one third of which are exercisable at $0.12 within 12 months of grant, one third of which are exercisable at $0.15 within 24 months of grant and one third of which are exercisable at $0.20 within 36 months of grant.

If the Free Attaching Options are exercised the funds will be applied to fund ongoing exploration.

4.3 Convertible Note

As announced to the ASX on 23 November 2011, the Company has entered into a Convertible Note Agreement with Investmet.

Pursuant to the Convertible Note Agreement Investmet agreed to lend $500,000 to the Company for working capital, repayable on a maturity date of 30 April 2012 unless an event of default has occurred or the Loan has been converted into Shares. Five convertible notes with a face value of $100,000 were issued on each advance of $100,000 made by Investmet to the Company since 23 November 2011.

Investmet may elect to convert the Loan to Shares on the day that the Securities are issued pursuant to Resolution 1 at a conversion price of $0.10 per Share plus a Conversion Option on the same terms as the Free Attaching Options proposed to be granted under Resolution 1.

In the event that Shareholders do not approve Resolution 1, Investmet may elect to convert the Loan to Shares at a conversion price of $0.06 per Share on the business day after the date of the Meeting.

If Investmet does not convert the Loan, the Loan must be repaid by 30 April 2012, or earlier on 20 business days' notice if certain events of default by the Company occur.

4.4 The General Background to the Corporations Act and Listing Rules Requirements for Resolutions 1, 5 and 6

Resolutions 1, 5 and 6 are necessary in order to comply with specific requirements of the Listing Rules and the Corporations Act concerning the extent to which Investmet and each of the Investmet Associates will increase their Voting Power in the Company in excess of 20% which is the basic threshold beyond which increases are prohibited by the Corporations Act unless shareholder approval or other exceptional circumstances apply.

A general explanation of what approvals are necessary and why is set out below, which is then followed by the specific information that the Company is required to provide to Shareholders in relation to Resolutions 1, 5 and 6.

Section 611 of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of a company if, because of the acquisition, that person's or another person's

Voting Power in the company increases to more than 20%. Section 611 of the Corporations Act sets out certain exceptions to the general prohibition and permits an increase in Voting Power over 20%. Item 7 of section 611 of the Corporations Act provides a mechanism by which shareholders may approve an issue of shares in a company to a person which would otherwise result in that person's, or another person's, Voting Power increasing to more than 20%.

If Investmet or the Investmet Associates are issued Shares pursuant to Resolutions 1, 5 and 6 without shareholder approval, or otherwise complying with the permitted exceptions in section 611 of the Corporations Act, Investmet and each of the Investmet Associates will be in breach of section 606 of the Corporations Act because their respective Voting Power will increase to over 20% (This is on the assumption that no Existing Options are exercised.)

In addition, if Investmet or the Investmet Associates exercise any of the Options issued to Investmet or the Investmet Associates without shareholder approval or otherwise complying with the permitted exceptions in section 611 of the Corporations Act, the Voting Power of Investmet and each of the Investmet Associates will further increase in breach of section 606 of the Corporations Act (This is on the assumption that no Existing Options and Options issued to Investmet or the Investmet Associates are exercised.)

Under the Corporations Act a person's Voting Power in GMD is the total of the votes attaching to GMD shares in which that person has a Relevant Interest, plus the Relevant Interest of that person's Associates in GMD.

Under section 608(1) of the Corporations Act, in addition to being the registered holder of shares, a relevant interest in shares is also achieved by having power to exercise or control the exercise of votes or disposal of the shares. Under section 608(3) of the Corporations Act, a person having a voting power of 20% or more in a company has the same relevant interest that the company has in another entity.

For example, Michael Fotios has a voting power in excess of 20% in Investmet, and therefore Michael Fotios is deemed by section 608(3) of the Corporations Act to have the same Relevant Interest in GMD which Investmet has in GMD.

Associates are determined as a matter of fact, for example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

Damian Delaney is regarded as an Associate of Investmet Limited because he has been nominated to the GMD Board by Investmet Limited. This nominee relationship suggests that Mr Delaney is likely to vote and exercise his role as a Director of the Company, consistent with the wishes and intentions of Investmet, whether by a formal or informal arrangement, understanding, or acting in concert with Investmet.

Mr Fotios and his controlled entity Delta Resource Management Pty Ltd are associates of one another because of the degree of control and common interests between them in relation to their investments.

As a result:

(a) In calculating the Voting Power of Mr Fotios, the Relevant Interest of Investmet Limited must be added to the Relevant Interest of Mr Fotios and the Relevant Interest of Mr Fotios' Associate Delta Resource Management Pty Ltd; and

(b) in calculating the Voting Power of Damian Delaney, the Relevant Interest of Mr Delaney's Associate Investmet Limited must be added to Mr Delaney's Relevant Interest in GMD.

In order for the Company to comply with the requirements of the Corporations Act, the Company has provided the information which ASIC Regulatory Guide 74 requires the Company to provide to Shareholders when seeking approval in accordance with item 7 of section 611 of the Corporations Act.

The information is presented in this Explanatory Statement under the heading "Section 611 Corporations Act approval information" so that Shareholders can refer to and understand the individual and cumulative effect of Resolutions 1, 5 and 6 for which Shareholder approval is sought in accordance with section 611 of the Corporations Act.

4.5 Changes in Voting Power

If Resolutions 1, 2, 5 and 6 are approved, the Company's share capital is set out in section 3.4.

Following the issue of the Shares under Resolutions 1, 5 and 6:

(a) Investmet Limited will have a Relevant Interest in 23,000,000 Shares, and a Voting Power of 23,000,000 Shares, or **21.92%** of the total 104,918,477 Shares on issue following implementation of the Resolutions but assuming no exercise of Existing Options.

(b) Damian Delaney will have a Relevant Interest in 200,000 Shares and a Voting Power of 23,200,000 Shares (this includes his Associate Investmet's Relevant Interest in 23,000,000 Shares), or **22.11%** of the total 104,918,477 Shares on issue following implementation of the Resolutions but assuming no exercise of Existing Options.

(c) Michael Fotios will have a Relevant Interest in 23,000,000 Shares (ie the same Relevant Interest held by Investmet under s608(3) of the Corporations Act), a Relevant Interest in 2,000,000 Shares and a Voting Power of 25,600,000 Shares (this includes his Associate Delta Resource Management Pty Ltd's Relevant Interest of 600,000 Shares), or **24.4%** of the total 104,918,477 Shares on issue following implementation of the Resolutions but assuming no exercise of Existing Options.

Following the exercise of the Options granted to Investmet under Resolution 1, Damian Delaney under Resolution 5 and Michael Fotios and Delta Resource Management Pty Ltd under Resolution 6, and assuming no exercise of Existing Options or exercise of Options granted to sophisticated investors, Michael Fowler or Michael Haynes under Resolutions 2, 3 and 4 respectively:

(d) Investmet Limited will have a Relevant Interest in 46,000,000 Shares, and a Voting Power of 46,000,000 Shares, or **33.40%** of the total 137,718,477 Shares on issue, following implementation of the Resolutions and exercise of those specified Options and assuming no exercise of any other Options.

(e) Damian Delaney will have a Relevant Interest in 4,400,000 Shares and a Voting Power of 50,400,000 Shares (this includes his Associate Investmet's Relevant Interest in 46,000,000 Shares), or **36.60%** of the total 137,718,477 Shares on issue, following implementation of the Resolutions and exercise of those specified Options and assuming no exercise of any other Options.

(f) Michael Fotios will have a Relevant Interest in 46,000,000 Shares (ie the same Relevant Interest held by Investmet under s608(3) of the Corporations Act), a Relevant Interest in

7,000,000 Shares and a Voting Power of 54,200,000 Shares (this includes his Associate Delta Resource Management Pty Ltd's Relevant Interest of 1,200,000 Shares), or **39.36%** of the total 137,718,477 Shares on issue, following implementation of the Resolutions and exercise of those specified Options and assuming no exercise of any other Options.

There is a risk that Investmet and the Investmet Associates could use their respective Voting Powers as Shareholders to pursue interests which are different to the interests of current Shareholders.

If Resolutions 1, 2, 5 and 6 are approved, it is proposed that Mr Damian Delaney, an Investmet Associate, will join the board of the Company as a nominee Director of Investmet under Resolution 7. Investmet also has the right under its agreement with the Company to appoint another nominee director to the Board in the future if it elects to do so.

If Investmet underwrites the Rights Issue, and assuming the issue of Shares under Resolutions 1,2,5 and 6 and the exercise of Options granted to Investmet and Investmet Associates only, the voting power of Investmet will increase to the extent of the Shortfall Shares subscribed for by Investmet.

The table below sets out a range of possible increases in Investmet's voting power.

	Shares	**Options**	**Shares if Investmet & Associate options exercised**
Current Capital Structure	**77,918,477**	**12,900,000**	
Issue of Shares and Free Attaching Options to Investmet, Investmet Associates, and sophisticated investors under Resolutions 1, 2, 5 and 6	22,000,000	22,000,000	
Conversion of Loan under Resolution 1	5,000,000	5,000,000	
Grant of Investmet Associate Options under Resolutions 5 and 6		7,000,000	
	104,918,477	**46,900,000**	**137,718,477**
Investmet Holding	23,000,000	23,000,000	46,000,000
Voting Power	21.92%		33.40%
Investmet and Associates Holdings	25,800,000	32,800,000	58,600,000
Voting Power	24.59%		42.55%

Current Capital Structure	Shares	Options	Shares if Investmet & Associate options exercised
Brought Forward	**104,918,477**	**46,900,000**	
1 for 8 Proposed Rights Issue	13,114,810	13,114,810	
New Securities on issue	**118,033,287**	**60,014,810**	**163,948,096**

Effect on Investmet & Associates Voting Power on different levels of take-up of rights issue by Shareholders

0% take up by Shareholders			
Underwritten Shares to be taken up	13,114,810	13,114,810	
Investmet and Associates Holdings	38,914,810	45,914,810	84,829,619
Voting Power	32.97%		51.74%

25% take up by Shareholders (incl. Investmet)			
Underwritten Shares to be taken up	9,836,107	9,836,107	
Investmet and Associates Holdings	36,442,357	43,442,357	79,884,714
Voting Power	30.87%		48.73%

50% take up by Shareholders (incl. Investmet)			
Underwritten Shares to be taken up	6,557,405	6,557,405	
Investmet and Associates Holdings	33,969,905	40,969,905	74,939,810
Voting Power	28.78%		45.71%

100% take up by Shareholders (incl. Investmet)			
Underwritten Shares to be taken up	0	0	
Investmet and Associates Holdings	29,025,000	36,025,000	65,050,000
Voting Power	24.59%		39.68%

Effect on other possible takeover offers

If the Proposed Transactions proceed, it may influence a decision by any other third party to bid for the Company. Other third parties may be reluctant to make a takeover offer because they would not be confident that they could acquire a 90%, or at least 50% interest in the Shares. In other words, Investmet and its Associates' interest may be seen as a "blocking stake".

Key implications and risks if Resolutions 1, 2, 5 and 6 are not approved

Shareholders should also be aware that, if Resolutions 1, 2, 5 and 6 are not passed the Company will continue to operate as it did prior to the transaction. However, the Directors believe the Proposed Transactions represent the best option for Shareholders given the Company's current financial position.

If Resolutions 1, 2, 5 and 6 are not passed, given the Company's current position, it may prove difficult for the Company to secure future capital. In these circumstances, risks of the Company being unable to continue would be heightened.

Independent Expert's Report

To assist Shareholders to assess the Proposed Transactions, BDO Corporate Finance (WA) Pty Ltd (**Independent Expert**) has been appointed to prepare an Independent Expert's Report, the purpose of which is to state whether or not, in their opinion, the proposed issue of Shares, Free Attaching Options and Conversion Options under Resolutions 1, 5 and 6 to Investmet and the Investmet Associates is 'fair' and 'reasonable' to Shareholders not associated with the Proposed Transactions.

The Independent Expert's Report provides the opinion that the Proposed Transactions are fair and reasonable to the Shareholders.

It is recommended that Shareholders read the Independent Expert's Report in full, as set out in Annexure E.

Fair

The issue of Shares will be deemed by the Independent Expert to be 'fair' if the offer price or consideration for those Shares is equal to or higher than the assessed fair value of Shares.

The Independent Expert has assessed the Proposed Transactions as fair to Shareholders not associated with the Proposed Transactions.

Reasonable

The issue of the Shares is deemed to be 'reasonable' if it is assessed by the Independent Expert to be fair or, if the Independent Expert has assessed the issue of those Shares as 'not fair', if there are other significant factors, which justify the acceptance and approval by the Shareholders.

The independent Expert has concluded that the Proposed Transactions are reasonable to Shareholders not associated with the Proposed Transactions.

It is recommended that Shareholders read the Independent Expert's Report in full, as set out in Annexure E.

Directors' interests in Shares

As at the date of this Explanatory Memorandum, the Directors had the following direct and indirect interests in Shares:

Director	Number of Shares
Mr Fowler	3,166,667

Director	Number of Shares
Mr Haynes	993,334
Mr Smith	100,001

The Directors do not have any material personal interest in the outcome of Resolutions 1, 5 and 6 and their interests arise solely in their capacity as Shareholders.

Any subsequent acquisitions or disposals by Directors will be announced to the ASX in accordance with legal requirements.

4.6 Section 611 Corporations Act Approval Information

Resolutions 1, 5 and 6 seek Shareholder approval of the Proposed Transactions for the purposes of item 7 of section 611 of the Corporations Act (and exception 16 to ASX Listing Rule 7.2) to enable Investmet to increase its Voting Power from nil to 33.40%, to allow Damian Delaney to increase his Voting Power from nil to 36.60% and to allow Michael Fotios and Delta Resource Management Pty Ltd to increase their respective Voting Power from nil to 39.36%.

Item 7 of section 611 requires the following information to be provided to Shareholders:

(a) *The identity of the person proposing to make the acquisition and their associates.*

Under Resolutions 1, 5 and 6, Shares (including Shares following any exercise of Options) will be issued to Investmet, Damian Delaney, Michael Fotios and Delta Resource Management Pty Ltd.

(b) *The maximum extent of the increase in that person's Voting Power in the Company that would result from the acquisition.*

Investmet does not currently hold any shares in the Company (and therefore has no Voting Power in Company). Accordingly, the maximum extent to which the Voting Power of Investmet may increase is 33.40%.

Damian Delaney does not currently hold any Shares in the Company (and therefore has no Voting Power in Company). Accordingly, the maximum extent to which the Voting Power of Damian Delaney may increase is 36.60%.

Michael Fotios and Delta Resource Management Pty Ltd do not currently hold any Shares in the Company (and therefore have no Voting Power in Company). Accordingly, the maximum extent to which the Voting Power of Michael Fotios and Delta Resource Management Pty Ltd may increase is 39.36%.

(c) *The Voting Power that person would have as a result of the acquisition.*

If the Shares are issued and all Options granted to Investmet, Damian Delaney, Michael Fotios and Delta Resource Management Pty Ltd are exercised, the Voting Power of Investmet will be 33.40%, the Voting Power of Damian Delaney will be 36.60% and the Voting Power of Michael Fotios and Delta Resource Management Pty Ltd will be 39.36%.

(d) *The maximum extent of the increase in the Voting Power of each of that person's associates that would result from the acquisition.*

If the Shares are issued and all Options granted to Investmet, Damian Delaney, Michael Fotios and Delta Resource Management Pty Ltd are exercised, the Voting Power of

Damian Delaney will be 36.60% and the Voting Power of Michael Fotios and Delta Resource Management Pty Ltd will be 39.36%.

(e) *The Voting Power that each of that person's associates would have as a result of the acquisition.*

Other than the Investmet and the Investmet Associates (who are associates), no Investmet associates have a relevant interest in Shares.

4.7 Additional Information for Shareholders

ASIC Regulatory Guide 74 Acquisitions Agreed to by Shareholders requires that the following information be provided to Shareholders to enable Shareholders to make an informed decision on the Resolutions.

(a) *The identity of the allottee or purchaser and any person who will have a relevant interest in the shares to be allotted or purchased.*

The Shares under Resolutions 1, 5 and 6 will be allotted to Investmet, Damian Delaney, Michael Fotios and Delta Resource Management Pty Ltd.

In addition Michael Fotios will have a relevant interest in the Shares issued to Investmet by virtue of section 608(3) of the Corporations Act because Michael Fotios holds more than 20% of Investmet.

(b) *Full particulars (including the number and the percentage) of the shares in the company to which the allottee or purchaser is or will be entitled immediately before and after the proposed acquisition.*

Neither Investmet nor the Investmet Associates currently holds any Shares in the Company (and therefore currently has no Voting Power in Company).

Investmet Limited will have a Relevant Interest in 46,000,000 Shares, and a Voting Power of 46,000,000 Shares, or 33.40% of the total 137,718,477 Shares on issue, following implementation of the Resolutions and exercise of those specified Options and assuming no exercise of any other Options.

Damian Delaney will have a Relevant Interest in 4,400,000 Shares and a Voting Power of 50,400,000 Shares (this includes his Associate Investmet's Relevant Interest in 46,000,000 Shares), or 36.60% of the total 137,718,477 Shares on issue, following implementation of the Resolutions and exercise of those specified Options and assuming no exercise of any other Options.

Michael Fotios will have a Relevant Interest in 46,000,000 Shares (ie the same Relevant Interest held by Investmet under s608(3) of the Corporations Act), a Relevant Interest in 10,000,000 Shares and a Voting Power of 54,200,000 Shares (this includes his Associate Delta Resource Management Pty Ltd's Relevant Interest of 1,200,000 Shares), or 39.36% of the total 137,718,477 Shares on issue, following implementation of the Resolutions and exercise of those specified Options and assuming no exercise of any other Options. The new Shares will rank pari passu with the existing Shares.

(c) *The identity, associations (with the allottee, purchaser or vendor and with any of their associates) and qualifications of any person who it is intended will become a director if the Shareholders agree to the allotment or purchase.*

One nominee of Investmet will be elected to the Board, Mr Damian Delaney. Investmet also has the right under its agreement with the Company to appoint another nominee director to the Board in the future if it elects to do so.

(d) *A statement of the allottee's or purchaser's intentions regarding the future of the company if Shareholders agree to the allotment or purchase, and in particular, any intention to change the business of the company; any intention to inject further capital into the company and if so, how, the future employment of the present employees of the company; any proposal whereby any property will be transferred between the company and the allottee, vendor or purchaser or any person associated with any of them; and any intention to otherwise redeploy the fixed assets of the company.*

Investmet and their Associates currently have no intention to:

(a) change the Company's ongoing business and operations or undertake any further capital raisings;

(b) change the current employment structure of the Company;

(c) transfer any property between the Company and Investmet or any person associated with Investmet; or

(d) redeploy the fixed assets of the Company.

(e) *Particulars of the terms of the proposed allotment or purchase and any other contract or proposed contract between the allottee and the company or vendor or any of their associates which is conditional upon, or directly or indirectly dependent on, Shareholders' agreement to the allotment or purchase.*

The particulars of the Proposed Transactions are set out in section 3.1 of the Explanatory Memorandum.

(f) *When the allotment is to be made or the purchase is to be completed.*

If Shareholders approve Resolutions 1, 5 and 6, the issue of Shares, Free Attaching Options and Conversion Options to Investmet and the Investmet Associates will take place on the business day after the Meeting.

The issue of the Shares in consideration for conversion of the Loan under the Convertible Note Agreement, and the granting of the Conversion Options will depend upon Investmet electing to convert the Loan into Shares.

(g) *An explanation of the reasons for any proposed allotment*

An explanation of the rationale for the Transaction is set out in section 3.2 of this Explanatory Memorandum.

(h) *The interests of the Directors in the Resolution.*

The Directors do not have a material personal interest in the outcome of the Resolutions other than in their capacity as Shareholders. The Directors' interests in Shares are set out in section 4.5 of this Explanatory Memorandum.

(i) *The identity of the Directors who approved or voted against the proposal to put the Resolution to Shareholders and the relevant information memorandum.*

All of the Directors voted to put this Resolution and the information contained in the Notice of Meeting and this Explanatory Memorandum to Shareholders.

(j) *The recommendation or otherwise of each director as to whether the non-associated Shareholders should agree to the acquisition, and the reasons for that recommendation or otherwise*

The Directors' recommendations are set out in section 4.9 of this Explanatory Memorandum.

(k) *Any intention of the acquirer to change significantly the financial or dividend policies of the company.*

The intentions of Investmet are set out in section 4.7(d) of this Explanatory Memorandum.

(l) *An analysis of whether the proposal is fair and reasonable when considered in the context of the interests of the Shareholders other than those involved in the proposed allotment or purchase or associated with such persons.*

In accordance with ASIC Regulatory Guide 74, the Directors commissioned BDO Corporate Finance (WA) Pty Ltd to prepare an Independent Expert's Report which assesses whether the Proposed Transaction is fair and reasonable to Shareholders who are not associated with the Proposed Transaction. The report is set out in Annexure E. The Independent Expert's Report has concluded that the Proposed Transaction is fair and reasonable to Shareholders who are not associated with the Proposed Transaction.

Neither the Company nor the Directors are aware of any additional information not set out in this Explanatory Memorandum that would be relevant to Shareholders in deciding how to vote on the Resolution.

4.8 Listing Rule 7.1 Approval Not Required

Listing Rule 7.2, exception 16 states that Listing Rule 7.1 does not apply to an issue of securities approved by shareholders for the purposes of item 7 of section 611 of the Corporations Act. Accordingly, Resolutions 1, 5 and 6 do not seek approval for the issue of Shares, Free Attaching Options and Conversion Options to Investmet or the Investmet Associates for the purposes of Listing Rule 7.1.

4.9 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 1, 5 and 6 because the result of these Resolutions being passed will be to provide the Company with sufficient capital to explore its exploration projects in South America. Without an injection of capital, the Company may not be able to meet its exploration commitments.

5 RESOLUTION 2 – ISSUE OF SECURITIES TO SOPHISTICATED INVESTORS

Resolution 2 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of up to:

(c) 1,200,000 Shares at an issue price of $0.10 each;

(d) 1,200,000 Free Attaching Options on the terms set out in Annexures A - C;

to sophisticated and professional investors. It is inter-conditional with the passing of Resolutions 1, 5 and 6 with the intent that either all the 22,000,000 Placement Shares and 22,000,000 Free Attaching Options are issued under Resolutions 1, 2, 5 and 6 or none at all.

Resolution 2 is necessary in order to comply with the specific requirements of Listing Rule 7.1 which provides generally that a company may not issue securities equal to more than 15% of the Company's issued share capital in any 12 months without obtaining shareholder approval. Resolution 2 seeks this approval. Listing Rule 7.2 3 requires disclosure of the following information.

The 1,200,000 Shares and 1,200,000 Free Attaching Options will be allotted and issued not later than 3 months after the date of Shareholder approval, on one occasion and not on a progressive basis, to sophisticated and professional investors who are not related parties of the Company and who are not Associates of Investmet or the Investmet Associates.

The issue price for the Shares is $0.10 to raise total funds of $120,000 to fund the Company's exploration projects.

The Shares will be issued on the same terms as the existing Shares on issue the terms of which are already in the public domain.

The 1,200,000 Options will be granted on the terms and conditions set out in Annexures A to C, one third of which are exercisable at $0.12 within 12 months of grant, one third of which are exercisable at $0.15 within 24 months of grant and one third of which are exercisable at $0.20 within 36 months of grant.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2 as this will provide the Company with additional working capital to explore its exploration projects in South America.

6 RESOLUTIONS 3 AND 4 – ISSUE OF OPTIONS TO MICHAEL FOWLER AND MICHAEL HAYNES

6.1 Introduction

The Board proposes to grant a total of 2,500,000 Director Options. It is proposed that 2,000,000 Director Options be granted to Mr Fowler and 500,000 Director Options be granted to Mr Haynes. Both Mr Fowler and Mr Haynes are Directors of the Company.

The Director Options will be granted for nil consideration on the following terms:

Name	Number of Options	Exercise Price	Expiry Date	Vesting
Michael Fowler	2,000,000	150% of the VWAP of the fully paid ordinary shares 10 days prior to, and including, the date of shareholder approval	31 Dec 2014	Immediately
Michael Haynes	500,000	150% of the VWAP of the fully paid ordinary shares 10 days prior to, and including, the date of shareholder approval	31 Dec 2014	Immediately

The full terms of the Director Options are set out in Annexure D to this Explanatory Memorandum.

The Directors consider that the incentive represented by the grant of the Director Options are a cost effective and efficient means for the Company to provide a reward and an incentive.

The exercise price will only be known on the date of issue. Assuming that the Director Options were issued on the date of this Notice, the exercise price would be $0.23. On that basis, in the event that all the Director Options are exercised the Directors (or their nominees) will need to pay a total of $575,000 to the Company.

The funds raised from the exercise of the Options will be used for working capital.

6.2 Requirement for Shareholder approval

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. If shareholder approval is obtained under Listing 10.11, shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in the 15% annual limit permitted by Listing Rule 7.1.

6.3 Chapter 2E of the Corporations Act - Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

(a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

(b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Fowler and Mr Haynes are related parties of the Company.

Resolutions 3 and 4 provide for the issue of securities to a related party, which is a financial benefit requiring Shareholder approval in the absence of a specified exception applying.

6.4 Information required by Chapter 2E of the Corporations Act

For the purpose of Chapter 2E of the Corporations Act the following information is provided.

(a) *The related party to whom the resolutions would permit the financial benefit to be given.*

The related parties are Mr Fowler and Mr Haynes or their nominees.

(b) The nature of the financial benefit

The financial benefit proposed to be given is the granting of 2,000,000 Director Options to Mr Fowler and 500,000 Director Options to Mr Haynes.

The proposed financial benefit is the grant to Directors or their nominees, for no issue price, that number of Director Options shown beside the name of the Director in Table 1 below. Each Option will allow Directors to subscribe for one ordinary fully paid Share in the Company. The exercise price of each Option is also detailed in Table 1.

Table 1 - Details of Director Options

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Michael Haynes	Chairman	500,000	150% of the VWAP of the fully paid ordinary shares 10 days prior to, and including, the date of shareholder approval	31 Dec 2014	Immediately	$50,000
Michael Fowler	Managing Director	2,000,000	150% of the VWAP of the fully paid ordinary shares 10 days prior to, and including, the date of shareholder approval	31 Dec 2014	Immediately	$202,000

The Options form part of the Directors' incentive for continuing and future efforts. Options are considered to be the appropriate incentive at the Company's current size and stage of development, being an exploration company with limited cash reserves. If the Directors are to derive any value from the Director Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Director Options is at a significant premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded over the previous 6 months, the Director Options represent an incentive to Directors to achieve this significant increase in the Share price, which would result in an increase in Shareholder value.

The exercise price of the Director Options is structured to ensure that the Director Options are granted at a significant premium to the current share price as at the date of shareholder approval. The Company reviewed the practices of other exploration companies of a similar size and stage of development to determine the number of options required to be issued to attract and retain senior directors. Based on that review, the Board determined the number of Director Options proposed in Resolutions 3 and 4 to be appropriate.

(c) *Directors recommendation and basis of financial benefit*

Messrs Haynes and Fowler do not wish to make a recommendation about the proposed Resolutions 3 and 4 as they will receive a financial benefit from the passing of the Resolutions in relation to the grant of the Director Options and do not consider themselves sufficiently independent to make a recommendation.

Mr Smith, the third Director considers that the particular number of Director Options to be issued to Messrs Fowler and Haynes is reasonable and appropriate to adequately reward and incentivize Messrs Fowler and Haynes to provide dedicated and ongoing commitment and effort to the Company. Mr Smith recommends that Shareholders approve Resolutions 3 and 4.

(d) *Total remuneration package of Messrs Fowler and Haynes*

Mr Fowler currently receives a salary of $275,000 per annum, plus superannuation. Mr Haynes currently receives director fees of $50,000 per annum, plus superannuation.

(e) *Existing relevant interests*

At the date of this Notice, the Relevant Interests of Messrs Fowler and Haynes are set out in the table below.

Director	**Shareholding**
Michael Haynes	993,334
Michael Fowler	3,166,667

Messrs Haynes and Fowler have noted their respective material personal interests in the approval of Resolutions 3 and 4 in relation to the Director Options.

(f) *Dilution*

The total value of the Options to be issued is outlined in Table 2 below. If Options granted to Directors (or their nominee) are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

The exercise of the Director Options is subject to the terms and conditions as set out in Annexure D to this Explanatory Memorandum and as otherwise mentioned above.

As at the date of this Notice, the issued capital of the Company comprised 77,918,477 Shares.

If all Director Options granted as proposed above are exercised, and assuming:

(a) all existing Options on issue have been exercised;

(b) all of the Share issues proposed under Resolutions 1, 2, 5 and 6 are issued to their maximum extent; and

(c) the Free Attaching Options, Conversion Options and Associate Options are exercised,

the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

Table 2

	Existing Shares & Options
Shares on Issue	151,818,477
Options to be granted	2,500,000
New Total	154,318,477
Dilutionary Effect	1.6%

(g) Trading history

The Options will not be quoted on ASX and as such have no actual market value.

The Shares of the Company have been traded on ASX since July 2007. The highest, lowest and the latest closing price of the Shares trading on the ASX over the last 12 months are as follows:

	Price	Date
Highest price	$0.45	27 January 2011
Lowest price	$0.07	1 November 2011
Latest price	$0.17	15 February 2012

(h) *Valuation of financial benefit*

The Directors, in conjunction with the Company's advisers have provided an indicative value to the options by reference to the Black-Scholes valuation method, based upon the assumptions outlined in Table 3. The valuation cannot be finalised until the grant date of the Director Options.

The market price of the Company's Shares during the term of the Director Options will normally determine whether or not the Option holder exercises the Director Options. At the time any Director Options are exercised and Shares are issued pursuant to the exercise of the Director Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Director Options.

The Director Options are capable of being converted to Shares by payment of the exercise price.

Under the Australian equivalent of IFRS, the Company is required to expense the value of the Director Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Director Options to Directors or their nominee pursuant to Resolutions 3 and 4.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this resolution.

Table 3 - Option Valuation details

Details	Input
Share price	$0.15
Exercise Price	$0.23
Risk Free Rate (RBA Cash Rate)	3.38%
Volatility (Annualised)	130%
Start Date	21 March 2012
Expiry Date	31 December 2014
Value per Option	**$0.1012**

6.5 Requirement for Shareholder approval – Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. If shareholder approval is obtained under Listing 10.11, shareholder approval is not required under Listing Rule 7.1 and the proposed issue will be included in 15% annual limit permitted by Listing Rule 7.1.

6.6 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue:

- The Director Options will be issued to Messrs Fowler and Haynes, Directors of the Company.
- The maximum number of securities to be issued is 2,500,000.
- The securities will be issued no later than 1 month after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date.
- The Director Options are issued to Messrs Fowler and Haynes to provide an incentive to provide dedicated and ongoing commitment and effort to the Company. No funds will be raised from the issue.
- The Director Options will be granted on the terms and conditions set out in Annexures A to C.
- A voting exclusion statement is included in the Notice.

6.7 Directors' recommendation

Mr Smith recommends that Shareholders approve the granting of the Director Options. It will allow the Company to adequately reward and incentivize Messrs Fowler and Haynes whilst preserving the Company's limited cash reserves.

Messrs Fowler and Haynes decline to make a recommendation to Shareholders in relation to Resolutions 3 and 4 as they have a material personal interest in the outcome of the Resolutions.

7 RESOLUTION 5 – ISSUE OF SHARES AND OPTIONS TO DAMIAN DELANEY

7.1 Introduction

Resolution 5 seeks Shareholder approval for the issue of 200,000 Shares, 200,000 Free Attaching Options and 4,000,000 Associate Options to Mr Damian Delaney for the purposes of ASX Listing Rule 10.11, Item 7 of section 611 of the Corporations Act, and Chapter 2E of the Corporations Act.

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of a company if, because of the acquisition, that person's or another person's Voting Power in the company increases to more than 20%. Section 611 of the Corporations Act sets out certain exceptions to the general prohibition and permits an increase in Voting Power over 20%. Item 7 of section 611 of the Corporations Act provides a mechanism by which shareholders may approve an issue of shares in a company to a person which would otherwise result in that person's, or another person's, Voting Power increasing to more than 20%. Information has been provided under the heading of Resolution 1 in relation to the increase in Voting Power caused by the proposed issue of Securities under Resolution 1 and 5. Please refer to sections 4.4 to 4.9 inclusive of this Explanatory Statement.

Resolution 7 proposes that Mr Delaney will, on completion of the Proposed Transactions, join the Board. He is therefore a related party of the Company for the purposes of ASX Listing Rule 10.11 and the Corporations Act.

The table below discloses the Securities in relation to which Shareholder approval is being sought for the purposes of ASX Listing Rule 10.11.

Securities	Subscription or Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
200,000 Shares	$0.10 each	n/a	n/a	$20,000
200,000 Free Attaching Options	1/3 are exercisable at $0.12 1/3 are exercisable at $0.15 1/3 are exercisable at $0.20	1/3 are exercisable 12 months from date of issue 1/3 are exercisable 24 months from date of issue 1/3 are exercisable 36 months from date of issue	Immediately	$19,000
4,000,000 Associate Options	150% of the VWAP of the fully paid ordinary shares 10 days prior to, and including, the date of shareholder approval	31 Dec 2014	Immediately	$404,000

The Shares and the Free Attaching Options will be issued at an issue price of $0.10 each on one date no later than one month after the Meeting, and the Shares will rank equally with the existing Shares on issue, the terms of which are in the public domain.

The funds raised from the issue of the Shares, $20,000, will be used for working capital.

The full terms of the Free Attaching Options are set out in Annexure A-C to this Explanatory Memorandum.

The full terms of the Associate Options are set out in Annexure D to this Explanatory Memorandum.

The issue of the Securities to Damian Delaney was agreed with Investmet as part of and conditional on the Proposed Transactions being approved by Shareholders.

The exercise price of the Associate Options will only be known on the date of issue. Assuming that the Associates Options were issued on the date of this Notice, the exercise price would be $0.23. On that basis, in the event that all the Options are exercised the Director (or his nominees) will need to pay a total of $920,000 to the Company.

The funds raised from the exercise of the Options will be used for working capital.

7.2 Requirement for Shareholder approval

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. If shareholder approval is obtained under Listing 10.11, shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in 15% annual limit permitted by Listing Rule 7.1.

7.3 Chapter 2E of the Corporations Act - Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

(i) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

(j) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Delaney is a related party of the Company as it is reasonably likely that he will become a Director of the Company in the future as indicated by Resolution 7.

Resolution 5 provides for the issue of securities to a related party, which is a financial benefit requiring Shareholder approval in the absence of a specified exception applying. The 200,000 Shares and 200,000 Free Attaching Options which are proposed to be issued to Damian Delaney under Resolution 5 are regarded by the Directors as issues made on arm's length terms, consistent with the issue of the remainder of the Placement Shares and Free Attaching Options under Resolutions 1 and 2, and therefore, the Directors consider that there is no requirement to obtain Shareholder approval in relation to the issue of the Shares and Free Attaching Options for the purposes of Chapter 2E of the Corporations Act.

7.4 Information required by Chapter 2E of the Corporations Act

For the purpose of Chapter 2E of the Corporations Act the following information is provided.

(k) *The related party to whom the resolutions would permit the financial benefit to be given.*

The related party is Mr Delaney or his nominee.

(l) *The nature of the financial benefit*

The financial benefit proposed to be given is the granting of 4,000,000 Associate Options to Mr Delaney.

Each Option will allow Damian Delaney to subscribe for one ordinary fully paid Share in the Company if exercise occurs and the exercise price is paid before the Options expires. The exercise price and expiry date of each Associate Option is detailed in section 7.1.

If Damian Delaney is to derive any value from the Associate Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Associate Options is at a significant premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded over the previous 6 months, the Associate Options represent an incentive to Investmet Associates to achieve this significant increase in the Share price, which would result in an increase in Shareholder value.

The exercise price of the Associate Options is structured to ensure that the Associate Options are granted at a significant premium to the current share price as at the date of shareholder approval.

(m) *Directors recommendation and basis of financial benefit*

The Directors consider that the particular number of Associate Options to be issued to Mr Delaney is reasonable and appropriate. The Directors recommend that Shareholders approve Resolution 5.

(n) *Total remuneration package of Mr Delaney*

Mr Delaney does not currently receive any remuneration from the Company. If Resolution 7 is passed and Mr Delaney is appointed a Director he will be entitled to Directors fees on the same basis as the existing Directors.

Subject to the passing of Resolution 1 & 2, Mr Delaney will be engaged as Company Secretary from the conclusion of the meeting for an initial period of 12 months. Mr Delaney will be entitled to fees totaling $36,000 for the provision of these services.

(o) *Existing relevant interests*

At the date of this Notice, the relevant interest of Mr Delaney is are set out in the table below. This will change as disclosed under the heading Resolution 1, if Resolutions 1, 2, 5 and 6 are all passed by Shareholders.

Director	**Relevant Interest**
Damian Delaney	Nil

(p) *Dilution*

If the Associate Options are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

The exercise of the Associate Options is subject to the terms and conditions as set out in Annexure D to this Explanatory Memorandum and as otherwise mentioned above.

As at the date of this Notice, the issued capital of the Company comprised 77,918,477 Shares.

If all Associate Options granted as proposed above and in Resolution 6 are exercised, and assuming:

(a) all existing Options on issue have been exercised;

(b) all of the Share issues proposed under Resolutions 1, 2, 5 and 6 are issued to their maximum extent;

(c) the Free Attaching Options, Conversion Options and Director Options are exercised, an

(d) the Associate Options the subject of Resolution 6 are exercised,

the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

Table 4

	Existing Shares & Options
Shares on Issue	147,318,477
Options to be granted under Resolutions 5 and 6	7,000,000
New Total	154,318,477
Dilutionary Effect	4.5%

(q) Trading history

The Options will not be quoted on ASX and as such have no actual market value.

The fully paid ordinary Shares of the Company have been traded on ASX since July 2007. The highest, lowest and the latest closing price of the Shares trading on the ASX over the last 12 months are as follows:

	Price	**Date**
Highest price	$0.45	27 January 2011
Lowest price	$0.07	1 November 2011
Latest price	$0.17	15 February 2012

(r) *Valuation of financial benefit*

The Directors, in conjunction with the Company's advisers have provided an indicative value to the Associate Options by reference to the Black-Scholes valuation method, based upon the assumptions outlined in Table 2. The valuation cannot be finalised until the grant date of the Associate Options.

The market price of the Company's Shares during the term of the Associate Options will normally determine whether or not the Option holder exercises the Associate Options. At the time any Associate Options are exercised and Shares are issued pursuant to the exercise of the Associate Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Associate Options.

The Associate Options are capable of being converted to Shares by payment of the exercise price.

Under the Australian equivalent of IFRS, the Company is required to expense the value of the Associate Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any

costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Associate Options to Damian Delaney or his nominee pursuant to Resolution 5.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this resolution.

Table 5 - Option Valuation details

Details	Input
Share price	$0.15
Exercise Price	$0.23
Risk Free Rate (RBA Cash Rate)	3.38%
Volatility (Annualised)	130%
Start Date	21 March 2012
Expiry Date	31 December 2014
Value per Option	**$0.1012**

7.5 Directors' recommendation

The Directors recommend that Shareholders approve the granting of the Associate Options.

8 RESOLUTION 6 – ISSUE OF SHARES AND OPTIONS TO MICHAEL FOTIOS AND DELTA RESOURCE MANAGEMENT PTY LTD

8.1 Introduction

Resolution 6 seeks Shareholder approval for the issue of:

(a) 2,000,000 Shares to Michael Fotios;

(b) 2,000,000 Free Attaching Options to Michal Fotios;

(c) 600,000 Shares to Delta Resource Management Pty Ltd which is an entity controlled by Michael Fotios and an Associate of Michael Fotios;

(d) 600,000 Free Attaching Options to Delta Resource Management Pty Ltd;

(e) 3,000,000 Associate Options to Michael Fotios,

and the increase in Voting Power of Michal Fotios and Delta Resource Management Pty Ltd as a result of the issue of the Shares the subject of (a) and (c) above, and the exercise of the Free Attaching Options and Associate Options the subject of (b), (d) and (e) above, for the purposes

of Item 7 of section 611 of the Corporations Act.

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of a company if, because of the acquisition, that person's or another person's Voting Power in the company increases to more than 20%. Section 611 of the Corporations Act sets out certain exceptions to the general prohibition and permits an increase in Voting Power over 20%. Item 7 of section 611 of the Corporations Act provides a mechanism by which shareholders may approve an issue of shares in a company to a person which would otherwise result in that person's, or another person's, Voting Power increasing to more than 20%.

Information has been provided under the heading of Resolution 1 in relation to the increase in Voting Power of Michael Fotios and Delta Resource Management Pty Ltd caused by the proposed issue of Securities under Resolution 1 and 6. Please refer to sections 4.4 to 4.9 inclusive of this Explanatory Statement.

The Shares and Free Attaching Options described above will be issued at an issue price of $0.10 each on one date no later than one month after the Meeting, and the Shares will rank equally with the existing Shares on issue, the terms of which are in the public domain.

The funds raised from the issue of all the Shares, $260,000, will be used for working capital.

The full terms of the Free Attaching Options are set out in Annexure A-C to this Explanatory Memorandum.

The full terms of the Associate Options are set out in Annexure D to this Explanatory Memorandum.

The Directors recommend that Shareholders approve the issue of the Securities under Resolution 6.

9 RESOLUTION 7 – ELECTION OF DAMIAN DELANEY AS A DIRECTOR

Resolution 7 proposes the election of Investmet Associate Damian Delaney as a Director of the Company with effect from close of the Meeting. Information about his background and the experience which Mr Delaney brings to the Board is included in the ASX announcement by the Company on 23 November 2011.

Existing Director and Company Secretary Graeme Smith intends to resign with effect from close of the Meeting should the appointment of Mr Delaney under this Resolution 7 be approved by Shareholders.

SCHEDULE 1 - DEFINITIONS

In this Notice and Explanatory Memorandum:

Associate	has the meaning given to it in the Corporations Act.
Associate Options	means the Options proposed to be granted to the Investmet Associates under Resolutions 5 and 6, on the terms and conditions set out in Annexure D.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Chairman	means the Chairman of the Company.
Company or Genesis or GMD	means Genesis Minerals Limited (ABN 72 124 772 041).
Conversion Options	means 5,000,000 Options proposed to be granted to Investmet upon Conversion of the Loan in accordance with the Convertible Note Agreement and on the terms and conditions set out in Annexure D.
Convertible Notes	Means up to 5 convertible notes each with a face value of $100,000 issued under the terms of the Convertible Note Agreement.
Convertible Note Agreement	Means the Loan and Convertible Note Agreement between the Company and Investmet dated 22 November 2011 which sets out the terms of the Loan, the issue of the Convertible Notes and the conversion of the Convertible Notes into Shares and Conversion Options.
Corporations Act	means the Corporations Act 2001 (Cth) as amended.
Director	means a director of the Company.
Director Options	means 2,500,000 Options to be issued to Directors pursuant to Resolutions 2 and 3 on the terms and conditions set out in Annexure D.
Free Attaching Options	means Options to be granted to Investmet pursuant to the Placement in accordance with Resolution 1 on the terms and conditions set out in Annexures A to C.
Investmet or Investmet Ltd	means Investmet Limited ACN 125 585 935.
Investmet Associates	means Mr Damian Delaney, Mr Michael Fotios and Delta Resource Management Pty Ltd.
Listing Rules	means the listing rules of the ASX.
Loan	means the Loan of up to $500,000 provided by Investmet to the Company under the Convertible Note Agreement.
Meeting or **General Meeting**	means the meeting of Shareholders as outlined in this Notice.

Michael Fotios	Means Michael Fotios as trustee for the Michael Fotios Family Trust
Notice	means this notice of meeting.
Option	means an option to be issued a Share and in particular the Free Attaching Options, Conversion Options, Director Options and Associate Options.
Placement	means the issue of up to 22,000,000 Shares at an issue price of $0.10 per Share together with a Free Attaching Option for each Share subscribed for to Investmet and its nominees.
Proposed Transaction(s)	means the Placement, the conversion of the Loan under the Convertible Note Agreement and the granting of the Associate Options.
Related Party	has the meaning given to it in the Corporations Act.
Relevant Interest	has the meaning given to it in the Corporations Act.
Resolution	means a resolution put to the Meeting.
Rights Issue	means the proposed rights issue of Shares and free attaching options as set out in section 3.1 of the Explanatory Memorandum.
Securities	means Options and Shares.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Shortfall Options	means those free attaching options offered under the Rights Issue and not subscribed to by Shareholders.
Shortfall Securities	means Shortfall Shares and Shortfall Options.
Shortfall Shares	means those Shares offered under the Rights Issue and not subscribed to by Shareholders.
Voting Power	has the meaning given to it in the Corporations Act.
VWAP	means the volume weighted average price of trades of the relevant security on the ASX.

GENESIS MINERALS LIMITED **PROXY FORM**

ACN 124 772 041

The Company Secretary
Genesis Minerals Limited
C/- DWCorporate Pty Ltd
PO Box 1153, WEST PERTH WA 6872
Facsimile: +618 9389 2199
Email: proxy@dwcorporate.com

Shareholder Details

Name: .....

Address: .....

Contact Telephone No: .....

Contact Name (if different from above): .....

Appointment of Proxy

I/We being a shareholder/s Genesis Minerals Limited and entitled to attend and vote hereby appoint

☐ The Chairman of the meeting (mark with an 'X')

OR

☐ Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Genesis Minerals Limited to be held 21 March 2012 and at any adjournment of the meeting.

☞ ☐

IMPORTANT

If you wish to instruct your proxy how to vote, insert "X" in the appropriate column against the item of business set out below.

If you do not wish to direct your proxy how to vote on all resolutions, please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy for all resolutions even if he has an interest in the outcome of the resolution and votes cast by him other than as a proxy holder will be disregarded because of that interest. The Chairman has advised that his intention is to vote in favour of the resolutions.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Voting directions to your proxy – please mark ☒ to indicate your directions

Ordinary Business		For	Against	Abstain*
Resolution 1.	Issue of Securities to Investmet Limited and Conversion of Loan	☐	☐	☐
Resolution 2.	Issue of Securities to Sophisticated Investors	☐	☐	☐
Resolution 3.	Issue Options to Michael Fowler	☐	☐	☐
Resolution 4.	Issue of Options to Michael Haynes	☐	☐	☐
Resolution 5.	Issue of Shares & Options to Damian Delaney	☐	☐	☐
Resolution 6.	Issue of Shares & Options to Michael Fotios & Delta Resource Management Pty Ltd	☐	☐	☐
Resolution 7.	Election of Damian Delaney as a Director	☐	☐	☐

*If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointment of a second proxy (see instructions overleaf). ☐ %

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form.

PLEASE SIGN HERE **This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented**

Individual or Shareholder 1	Shareholder 2	Shareholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A Shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the Shareholder's proxy. A proxy need not be a Shareholder of the Company.

2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded.

3. The proxy form must be signed personally by the Shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or its duly authorised attorney. In the case of joint Shareholders, this proxy must be signed by each of the joint Shareholders, personally or by a duly authorised attorney.

4. If a proxy is executed by an attorney of a Shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.

5. To be effective, forms to appoint proxies **must be received by the Company by 10:00 am on 19 March 2012** by post, email or facsimile to the respective addresses stipulated in this proxy form.

6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:

   (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and

   (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and

   (c) if the proxy is the Chair, the proxy must vote on a poll and must vote that way, and

   (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

7. ***Transfer of non-chair proxy to chair in certain circumstances***

   Section 250BC of the Corporations Act provides that, if:

   (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and

   (b) the appointed proxy is not the chair of the meeting; and

   (c) at the meeting, a poll is duly demanded on the resolution; and

   (d) either of the following applies:

      i. the proxy is not recorded as attending the meeting;

      ii. the proxy does not vote on the resolution,

   the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in any way that the proxy sees fit.

ANNEXURE A

TERMS AND CONDITIONS

OPTIONS EXPIRING 1 MARCH 2013

The Options to be issued pursuant to the Resolutions will be issued on the following terms:

1. Each Option shall be issued for no consideration.

2. The exercise price of each Option will be $0.12 (**"Exercise Price"**).

3. Each Option entitles the holder to subscribe for one Share in Genesis Minerals Limited ACN 124 772 041 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.

4. The Options will vest immediately.

5. The Options will lapse at 5.00 pm, Western Standard Time on 1 March 2013 ("**Expiry Date**").

6. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.

7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.

8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.

9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.

10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

11. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.

12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.

13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

14. The Company will pursuant to the exercise of an Option apply to ASX for quotation of all the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules. Application will not be made for the Options to be quoted on the Official List of ASX.

ANNEXURE B

TERMS AND CONDITIONS

OPTIONS EXPIRING 1 MARCH 2014

The Options to be issued pursuant to the Resolutions will be issued on the following terms:

1. Each Option shall be issued for no consideration.

2. The exercise price of each Option will be $0.15 (**"Exercise Price"**).

3. Each Option entitles the holder to subscribe for one Share in Genesis Minerals Limited ACN 124 772 041 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.

4. The Options will vest immediately.

5. The Options will lapse at 5.00 pm, Western Standard Time on 1 March 2014 ("**Expiry Date**").

6. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.

7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.

8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.

9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.

10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

11. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.

12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.

13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

14. The Company will pursuant to the exercise of an Option apply to ASX for quotation of all the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules. Application will not be made for the Options to be quoted on the Official List of ASX.

ANNEXURE C

TERMS AND CONDITIONS

OPTIONS EXPIRING 1 MARCH 2015

The Options to be issued pursuant to the Resolutions will be issued on the following terms:

1. Each Option shall be issued for no consideration.

2. The exercise price of each Option will be $0. 20 (**"Exercise Price"**).

3. Each Option entitles the holder to subscribe for one Share in Genesis Minerals Limited ACN 124 772 041 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.

4. The Options will vest immediately.

5. The Options will lapse at 5.00 pm, Western Standard Time on 1 March 2015 ("**Expiry Date**").

6. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules;

7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.

8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.

9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.

10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

11. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.

12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.

13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

14. The Company will pursuant to the exercise of an Option apply to ASX for quotation of all the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules. Application will not be made for the Options to be quoted on the Official List of ASX.

ANNEXURE D

TERMS AND CONDITIONS

OPTIONS EXPIRING 31 DECEMBER 2014

The Options to be issued pursuant to the Resolutions will be issued on the following terms:

1. Each Option shall be issued for no consideration.

2. The exercise price of each Option will be 150% of the VWAP of the fully paid ordinary shares of the Company on the ten days prior to the date of issue (**"Exercise Price"**).

3. Each Option entitles the holder to subscribe for one Share in Genesis Minerals Limited ACN 124 772 041 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.

4. The Options will vest immediately.

5. The Options will lapse at 5.00 pm, Western Standard Time on 31 December 2014 ("**Expiry Date**").

6. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.

7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.

8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.

9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.

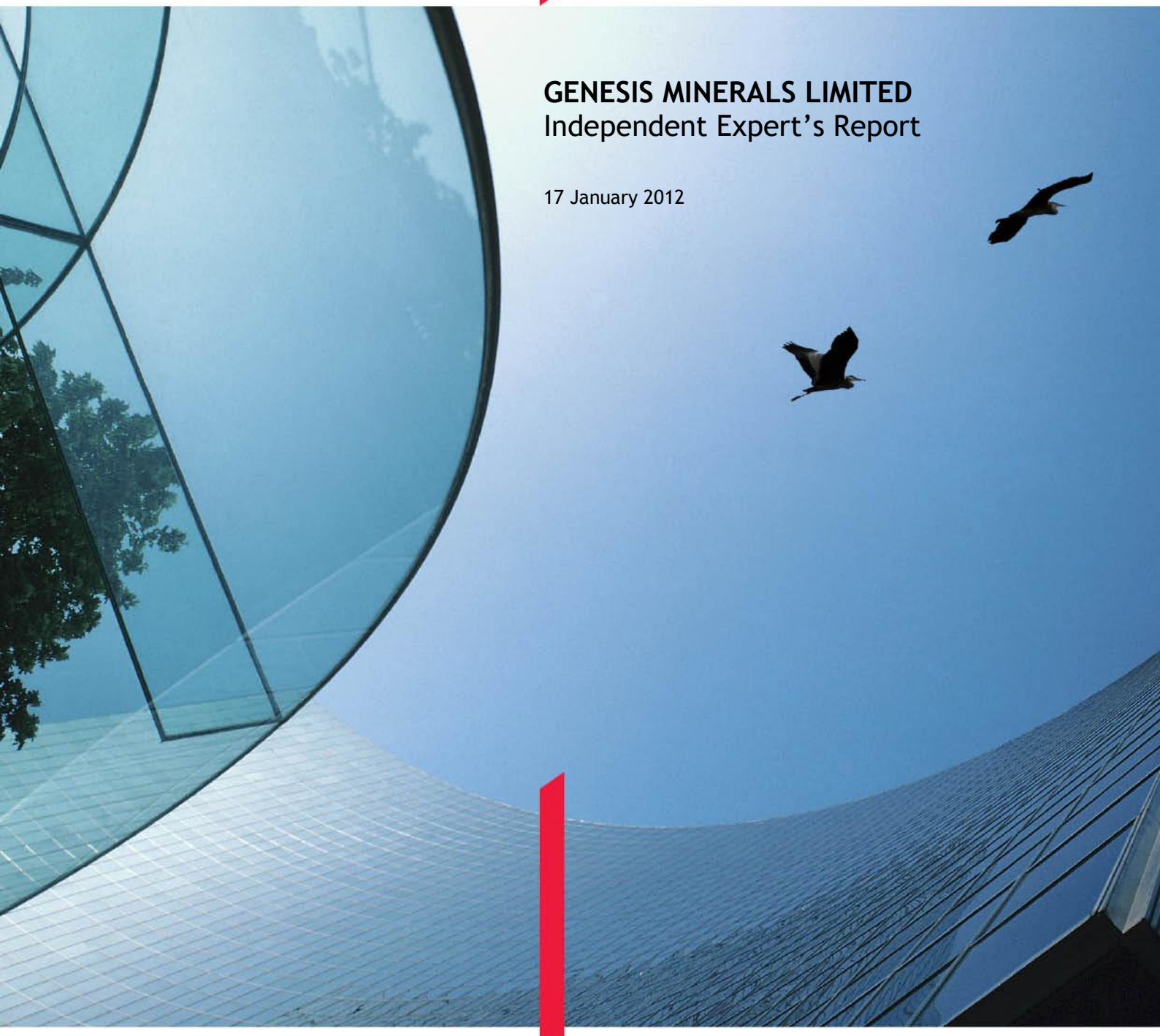
10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

11. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.

12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.

13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

14. The Company will pursuant to the exercise of an Option apply to ASX for quotation of all the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules. Application will not be made for the Options to be quoted on the Official List of ASX.



GENESIS MINERALS LIMITED
Independent Expert's Report

17 January 2012

BDO

Financial Services Guide

17 January 2012

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (**"BDO"** or **"we"** or **"us"** or **"ours"** as appropriate) has been engaged by Genesis Minerals Ltd (**"Genesis"**) to provide an independent expert's report on the Placement of fully paid ordinary shares and unlisted options to Investmet Ltd and its associates (**"Investmet"**). You will be provided with a copy of our report as a retail client because you are a shareholder of Genesis.

Financial Services Guide
In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (**"FSG"**). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs.
You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice

Fees, Commissions and Other Benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately $25,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.
We have received a fee from Genesis for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 Subiaco WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (“**FOS**”). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561.
Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details
You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

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Appendix 1 – Glossary

Appendix 2 – Valuation Methodologies

Appendix 3 – Independent Valuation Report prepared by Agricola Mining Consultants Pty Ltd – Genesis Minerals Limited's mineral assets

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17 January 2012

Genesis Minerals Limited
Unit 6, 1 Clive Street
WEST PERTH WA 6000

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 23 November 2011, Genesis Minerals Limited (**"Genesis"** or **"the Company"**) announced a $3.1 million capital raising via a two-tranche share placement. Stage 1 of the capital raising involves the issue of 18 million fully paid ordinary shares at $0.10 per share together with 18 million free unlisted options to Investmet Ltd and its associates (**"Investmet"**), with the option to issue a further 4 million shares and 4 million options on the same terms, as required.

The Company has also entered into a Convertible Note Agreement with Investmet. Pursuant to the Convertible Note Agreement, Investmet agreed to provide a loan facility of $500,000 to the Company with a maturity date of 30 April 2012 (**"Convertible Note"**). Investmet may elect to convert the Convertible Note on the day of the Placement at a conversion price of $0.10 (**"Conversion Price"**) plus a free attaching option (**"Conversion Options"**) subject to shareholder approval. If shareholder approval is not received, Investmet may elect to convert the Convertible Note at a conversion price of $0.06 or Genesis will be required to repay the loan by 30 April 2012.

In total, the Company proposes to issue the following to Investmet and its associates:

- Issue up to 18 million shares at an issue price of $0.10 per share and up to 18 million free attaching options, to Investmet;
- Issue up to 5 million shares and 5 million conversion options upon conversion of Convertible Notes, to Investmet;
- Issue up to 200,000 shares at an issue price of $0.10 per share, 200,000 free attaching options and a further 4 million options to Mr Damian Delaney; and
- Issue a total of up to 2.6 million shares at an issue price of $0.10 per share, 2.6 million free attaching options and a further 3 million options to Mr Michael Fotios and Delta Resources Management Pty Ltd (**"Delta Resources"**).

(in total referred to as the **"Placement"**).

For the purposes of this report, Mr Damian Delaney, Mr Michael Fotios and Delta Resources are deemed to be associates of Investmet.

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Under Resolution 2 of the attached Notice of Meeting and subject to shareholder approval of the above Placement, the Company also proposes to issue 1.2 million shares at an issue price of $0.10 per share and 1.2 million free attaching options to sophisticated and professional investors who are not considered related parties to the Company and who are not considered associates of Investmet.

Stage 2 of the capital raising will comprise a fully underwritten one for eight non-renounceable pro-rata entitlement issue, following completion of the Placement to Investmet (**"Rights Issue"**). The Stage 2 issue will be made available to all Genesis shareholders.

Genesis is seeking the approval of its shareholders, under section 611 item 7 the Corporations Act, for the Placement as it involves Investmet and its associates having the potential to acquire greater than 20% of the issued capital of Genesis.

2. Summary and Opinions

2.1. Purpose of the report

The directors of Genesis have requested that BDO Corporate Finance (WA) Pty Ltd (**"BDO"**) prepare an independent expert's report (**"our Report"**) to express an opinion as to whether or not the Placement to Investmet and its associates is fair and reasonable to the non associated shareholders of Genesis (**"Shareholders"**).

Our Report is prepared pursuant section 611 of the Corporations Act 2001 (**"the Act"**) and is to be included in the Notice of Meeting for Genesis in order to assist the Shareholders in their decision as to whether or not to approve the Placement.

2.2. Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (**"ASIC"**) Regulatory Guide 111 (**"RG 111"**), 'Content of Expert's Reports' and Regulatory Guide 112 (**"RG 112"**) 'Independence of Experts'.

In arriving at our opinion, we have assessed the terms of the Placement as outlined in the body of this report. We have considered:

- A comparison between the amount that will be received by the Company from the issue of shares, conversion of the Convertible Note and the exercise of options and the value of a Genesis share to Shareholders;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Placement; and
- The position of Shareholders should the Placement not proceed.

2.3. Opinion

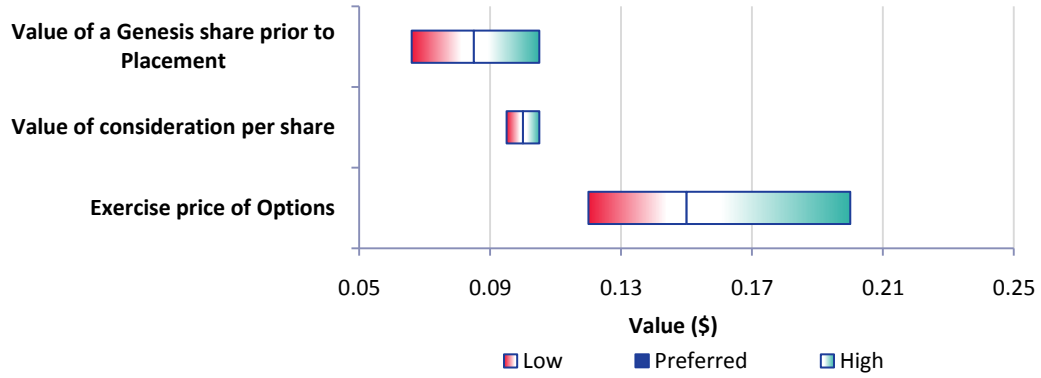
We have considered the terms of the Placement as outlined in the body of this report. We have concluded that the Placement is fair and reasonable to Shareholders.

2.4. Fairness

In Section 10 we determined that the consideration to be received for the issue of shares, conversion of the Convertible Note and the exercise price of the options is greater than the preferred value of a Genesis share prior to the Placement, as detailed below:

	Ref	Low $	Preferred $	High $
Value of a Genesis share prior to Placement	9.3	$0.066	$0.085	$0.104
Value of consideration per share and Conversion Price	4	$0.100	$0.100	$0.100
Exercise price of Tranche 1 Options	4	$0.120	$0.120	$0.120
Exercise price of Tranche 2 Options	4	$0.150	$0.150	$0.150
Exercise price of Tranche 3 Options	4	$0.200	$0.200	$0.200

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, both the issue of the shares and the exercise of the options are fair for Shareholders.

2.5. Reasonableness

We have considered the analysis in Section 11 of this report, in terms of both;

- advantages and disadvantages of the Placement; and
- alternatives, including the position of Shareholders if the Placement does not proceed.

In our opinion, the position of Shareholders if the Placement is approved is more advantageous than the position if the Placement is not approved. Accordingly, in the absence of any other relevant information and we believe that Placement is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	**Advantages**	**Section**	**Disadvantages**
10	The Placement is fair	11.5	Dilution of existing Shareholders' interest
11.4	Immediate funds received	11.5	Investmet will gain a significant level of control of Genesis
11.4	No requirement for Genesis to source alternative funding arrangements		
11.4	No changes to current operating arrangements		
11.4	Conversion price of Convertible Note		

Other key matters we have considered for the Placement include:

Section	Description
11.1	Alternative proposals
11.2	The practical level of control
11.3	Consequences of not approving the Placement

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

As at the date of our report Investmet or its associates do not hold any shares in Genesis. Assuming no other shares are issued by Genesis or options exercised, the Placement will increase Investmet and its associates holding to 24.59% with a potential maximum holding of 42.18% (see Section 4).

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

Regulatory Guide 74 issued by ASIC deals with "Acquisitions Agreed to by Shareholders". It states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Genesis, by either:

- undertaking a detailed examination of the Placement themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Genesis have commissioned this Independent Expert's Report to assist Shareholders in deciding whether to approve the Placement.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of "fair and reasonable". In determining whether the Placement is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction it should be analysed on a basis consistent with a takeover bid.

In our opinion the Placement is a control transaction as defined by RG 111 and we have therefore assessed the Placement to consider whether in our opinion it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the amount that will be received by the Company from the issue of shares, conversion of the Convertible Note and the exercise of options and the value of a Genesis share to Shareholders (fairness – see Section 10 "Is the Placement Fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see Section 11 "Is the Placement Reasonable?").

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances.

4. Outline of the Transaction

On 23 November 2011, Genesis announced a $3.1 million capital raising via a two-tranche share placement. Stage 1 of the capital raising involves the issue of 18 million fully paid ordinary shares at $0.10 per share together with 18 million free unlisted options to Investmet Ltd and its associates, with the option to issue a further 4 million shares and 4 million options on the same terms, as required.

Under the Placement, Investmet has agreed to initially subscribe for 18 million fully paid shares at $0.10 per share together with 18 million free unlisted options for nil consideration. The terms of the options are as follows:

- 6 million options exercisable at $0.12 within 12 months of issue (**"Tranche 1 Options"**);
- 6 million options exercisable at $0.15 within 24 months of issue (**"Tranche 2 Options"**); and
- 6 million options exercisable at $0.20 within 36 months of issue (**"Tranche 3 Options"**).

The additional 4 million shares and 4 million options will be issued as follows:

- Up to 200,000 shares issued at $0.10 per share and 200,000 free attaching options, on the same terms as above, issued to Mr Damian Delaney who is deemed to be an associate of Investmet;
- Up to 2.6 million shares issued at $0.10 per share and 2.6 million free attaching options, on the same terms as above, issued to Mr Michael Fotios and Delta Resources who are both deemed to be associates of Investmet; and
- Up to 1.2 million shares issued at $0.10 per share and 1.2 million free attaching options, issued on the same terms as above, to be issued to sophisticated and professional investors who are not deemed to be associates of Investmet.

The Company also proposes to grant to Mr Damian Delaney a further 4 million options and to Mr Michael Fotios and Delta Resources a total of 3 million options. These options will have an exercise price of 150% of the volume weighted average price (**"VWAP"**) of the fully paid ordinary shares of the Company on the ten days prior to the date of issue and will expire on 31 December 2014.

The Company has also entered into a Convertible Note Agreement with Investmet. Pursuant to the Convertible Note Agreement, Investmet agreed to provide a loan facility of $500,000 to the Company with a maturity date of 30 April 2012. Investmet may elect to convert the Convertible Note on the day of the Placement at a conversion price of $0.10 plus a free attaching option subject to shareholder approval. The Conversion Options will have the same terms as the free attaching options outlined above. If shareholder approval is not received, Investmet may elect to convert the Convertible Note at a conversion price of $0.06 or Genesis will be required to repay the loan by 30 April 2012.

If the Placement is approved, Investmet and its associates have the potential to acquire 24.59% in the issued capital of Genesis. If Investmet and its associates exercise all options held, it could acquire a maximum of 42.18%, provided no other shares are issued or options exercised. These movements are shown in the table below:

	Investmet & Associates	Other Shareholders	Total
Issued shares as at date of this report	**-**	**77,918,477**	**77,918,477**
% holdings as at date of this report	*0.00%*	*100.00%*	*100.00%*
Initial shares to be issued as part of initial Placement	18,000,000	-	18,000,000
Additional shares to be issued upon conversion of $500,000 loan	5,000,000	-	5,000,000
Issue of shares to Damian Delaney	200,000	-	200,000
Issue of shares to Michael Fotios and Delta Resources	2,600,000	-	2,600,000
Issue of shares to sophisticated investors	-	1,200,000	1,200,000
Total	**25,800,000**	**79,118,477**	**104,918,477**
% holdings	*24.59%*	*75.41%*	*100.00%*
Conversion of options issued at date of this report			
Options to be issued as part of initial Placement	18,000,000	-	18,000,000
Options issued upon conversion of $500,000 loan	5,000,000	-	5,000,000
Options issued to Damian Delaney	4,200,000	-	4,200,000
Options issued to Michael Fotios and Delta Resources	5,600,000	-	5,600,000
Options issued to sophisticated investors	-	1,200,000	1,200,000
Total	**58,600,000**	**80,318,477**	**138,918,477**
% holdings	*42.18%*	*57.82%*	*100.00%*

Note: The above table assumes no existing options are exercised and no options to be issued to Michael Fowler or Michael Haynes under Resolutions 3 and 4 of the attached Notice of Meeting are exercised.

Stage 2 of the capital raising will comprise a fully underwritten one for eight non-renounceable pro-rata entitlement issue following completion of the Placement. This Rights Issue will be made to all Genesis shareholders with registered addresses in Australia and New Zealand on a record date to be announced.

5. Profile of Genesis Minerals Limited

Genesis Minerals Limited is an Australian-based mineral exploration company which was incorporated on the 16 April 2007 and listed on the Australian Securities Exchange (**"ASX"**) on 2 August 2007. The Company is involved in the acquisition of base metal and gold deposits. Genesis proposes to establish itself as a mid-tier resource company and aims to achieve this through the continual discovery and appraisal of opportunities both in Australia and South America.

Genesis' Board of Directors consists of Michael Fowler as Managing Director and CEO, Michael Haynes as the Chairman and Graeme Smith as Non Executive Director.

Genesis currently has four active projects, the Dinamarquesa and Cerro Verde Gold and Copper Projects and the Poncha and Los Opeñas Gold Projects, located in Northern Chile and Argentina respectively.

The most recent capital raising undertaken by Genesis was in March 2011, where the Company raised $1.845 million through a placement of 9.225 million fully paid ordinary shares to sophisticated investors at $0.20 per share.

5.1 Chile Projects

The Dinamarquesa and Cerro Verde projects operated by Genesis are located in the Atacama Desert, Chile, about 850km north of Santiago. Dinamarquesa is 90km north of the city of Copiapó and 75km east of the Pacific Ocean whilst Cerro Verde is 80km south of Copiapó. Exploration can be conducted at all times of the year.

Dinamarquesa

In August 2010, Genesis entered into an agreement with a privately owned Chilean company to acquire a 100% interest in the Dinamarquesa Project. Dinamarquesa is located within the Inca de Oro gold-copper belt. The exploration commenced in November 2010 and to date there have been results for both gold and porphyry copper mineralisation.

Cerro Verde

Genesis entered into an agreement with a private Chilean company to acquire a 100% interest in the Cerro Verde Gold-Copper-Silver Project. An initial exploration program comprising activities such as rock chip sampling and geological mapping was implemented in August 2011. To date, gold, copper and silver mineralisation has been discovered over a 10km^2 area, with these being examined before drilling commences.

5.2 Argentina Projects

Genesis has agreements with a wholly owned subsidiary of Teck Resources Limited (**"Teck"**) to acquire 100% of Teck's right and interest in the Poncha and Los Opeñas epithermal gold projects in the San Juan Province of Argentina. The Poncha and Los Opeñas Projects are located 200km northwest of the regional capital San Juan and about 40km northwest of the town of Rodeo in the foothills of the Andes.

Poncha

From mid-September 2011, plans for the commencement of an exploration program began. The proposed drilling program is planned to commence in late February 2012.

Los Openas

Epithermal vein systems have been identified at this site previously a wholly owned subsidiary of Teck. A short mapping and sampling program was conducted during August-September 2011, with plans for a 1,500m drill program. Drilling is yet to begin on this project.

5.3 Historical Balance Sheet

Genesis Statement of Financial Position	Unaudited as at 31-Oct-11 $	Audited as at 30-Jun-11 $	Reviewed as at 31-Dec-10 $
CURRENT ASSETS			
Cash and cash equivalents	113,153	1,556,883	626,627
Trade and other receivables	41,743	7,437	18,166
TOTAL CURRENT ASSETS	154,896	1,564,320	644,793
NON-CURRENT ASSETS			
Property, plant and equipment	14,032	13,196	2,742
TOTAL NON-CURRENT ASSETS	14,032	13,196	2,742
TOTAL ASSETS	168,928	1,577,516	647,535
CURRENT LIABILITIES			
Trade and other payables	275,257	110,783	148,279
TOTAL CURRENT LIABILITIES	275,257	110,783	148,279
TOTAL LIABILITES	275,257	110,783	148,279
NET ASSETS	(106,328)	1,466,733	499,256
EQUITY			
Contributed equity	7,849,148	7,849,148	5,606,621
Reserves	333,991	353,910	246,764
Accumulated losses	(8,289,468)	(6,736,325)	(5,354,129)
TOTAL EQUITY	(106,328)	1,466,733	499,256

Source: Genesis' management accounts for the period ended 31 October 2011, audited financial statements for the year ended 30 June 2011 and reviewed financial statements the half-year ended 31 December 2010.

5.4 Historical Income Statements

Genesis Statement of Comprehensive Income	Audited for the year ended 30-Jun-11 $	Audited for the year ended 30-Jun-10 $
Revenue		
Other income	38,977	11,106
Expenses		
Depreciation	(1,732)	(3,501)
Salaries and employee benefits	(330,944)	(363,826)
Exploration	(1,475,095)	(144,284)
Impairment of exploration expenditure	(137,426)	(12,045)
Corporate expenses	(170,304)	(104,603)
Administration expenses	(242,731)	(125,208)
Share based payments expense	(178,362)	(32,925)
Loss from continuing operations before income tax	(2,497,617)	(775,286)
Income tax expense		
Loss from continuing operations after income tax	**(2,497,617)**	**(775,286)**
Foreign currency translation differences	48,292	6,257
Total comprehensive loss for the year	**(2,449,325)**	**(769,029)**

Source: Genesis audited financial statement for the years ended 30 June 2011 and 2010.

Commentary on Historical Financial Statements

We have not undertaken a review of Genesis' unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

Cash was $1.56 million as at 30 June 2011. This resulted from a share placement undertaken in March 2011 to raise $1.8 million through the issue of 9.225 million ordinary shares. There were also 4.5 million options exercised during the period.

The Company's only revenue is derived from interest earned on bank accounts. During the financial year ended 30 June 2011 all exploration expenditure was written off totalling approximately $1.48 million. The share based payment expense of $178,362 for the year ended 30 June 2011 relates to options issued to employees and contractors.

5.5 Capital Structure

The share structure of Genesis as at 13 January 2012 is outlined below:

	Number
Total ordinary shares on issue	77,918,477
Top 20 shareholders	38,330,808
Top 20 shareholders - % of shares on issue	49.19%

Source: Genesis Minerals Ltd management

The range of shares held in Genesis as at 13 January 2012 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	12	2,516	0.00%
1,001 - 5,000	30	102,062	0.13%
5,001 - 10,000	63	575,223	0.74%
10,001 - 100,000	256	9,968,163	12.79%
100,001 - and over	122	67,270,513	86.33%
TOTAL	**483**	**77,918,477**	**100.00%**

Source: Genesis Minerals Ltd management

The ordinary shares held by the most significant shareholders as at 13 January 2012 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Penson Australia Nominees Pty Ltd	5,041,666	6.47%
Argonaut Equity Partners Pty Limited	4,686,667	6.01%
Westoria Resource Investments Ltd	4,000,000	5.13%
HSBC Custody Nominees (Australia) Limited	3,225,289	4.14%
Subtotal	16,953,622	21.76%
Others	60,964,855	78.24%
Total ordinary shares on Issue	**77,918,477**	**100.00%**

Source: Genesis Minerals Ltd management

Genesis has the following Options on issue as at 13 January 2012:

	Number
Options exercisable at $0.20 expiring on 28 February 2013	500,000
Options exercisable at $0.20 expiring on 15 May 2012	9,250,000
Options exercisable at $0.15 expiring on 23 August 2013	75,000
Options exercisable at $0.20 expiring on 23 August 2013	75,000
Options exercisable at $0.10 expiring on 30 September 2012	600,000
Options exercisable at $0.31 expiring on 30 November 2013	2,400,000

Source: Genesis Minerals Ltd management

6. Economic Analysis

Growth in the global economy has moderated this year after a strong performance in 2010. Some of the slowing reflected temporary factors, and as these passed, the pace of expansion in the United States and much of Asia began to pick up around midyear. China's growth has been slowing, as policymakers there had intended. Trade in Asia is now, however, seeing some effects of a significant slowing in economic activity in Europe.

The sovereign credit and banking problems in Europe, to which European governments are still seeking to craft a full response, are likely to weigh on economic activity there over the period ahead. Financial markets have experienced considerable turbulence, and financing conditions have become much more difficult, especially in Europe. This, together with precautionary behaviour by firms and households, means that the likelihood of a further material slowing in global growth has increased. Commodity prices have reflected this, declining further over recent months and taking pressure off CPI inflation rates. This has increased the scope for some easing in monetary policy in a number of countries.

Information about the Australian economy suggests output growth has been close to trend, with demand growth stronger than that. The terms of trade have now peaked and will decline somewhat in the near term, but they remain very high. In response, investment in the resources sector is picking up very strongly, with much more to come. Some related service sectors are enjoying better-than-average conditions. In other sectors, changed behaviour by households and the high exchange rate have had a noticeable dampening effect. The unemployment rate has increased a little since mid year, though it remains close to 5 per cent.

CPI inflation on a year-ended basis remained above the target at the latest reading, due to the effects of weather events last summer, but is now starting to decline as production of key crops recovers. Moreover, with labour market conditions now softer, the likelihood of a significant acceleration in labour costs outside the resources and related sectors in the near term has lessened. Accordingly, the Bank's current judgment is that inflation is likely to be consistent with the 2–3 per cent target in 2012 and 2013, abstracting from the impact of the carbon pricing scheme.

The reduction in the cash rate as a result of the Board's previous decision flowed through to lending rates, which are now around their average level of the past 15 years. Short-term market interest rates have tended to decline a little further in recent weeks, though term funding conditions for financial institutions have become more difficult. Credit growth remains subdued and asset prices have declined further over recent months. The exchange rate has been quite variable over the past few months, but remains at a historically high level.

Overall, the Board concluded, on the basis of all the available information, that the inflation outlook afforded scope for a modest reduction in the cash rate. The Board will continue to set policy as needed to foster sustainable growth and low inflation over time.

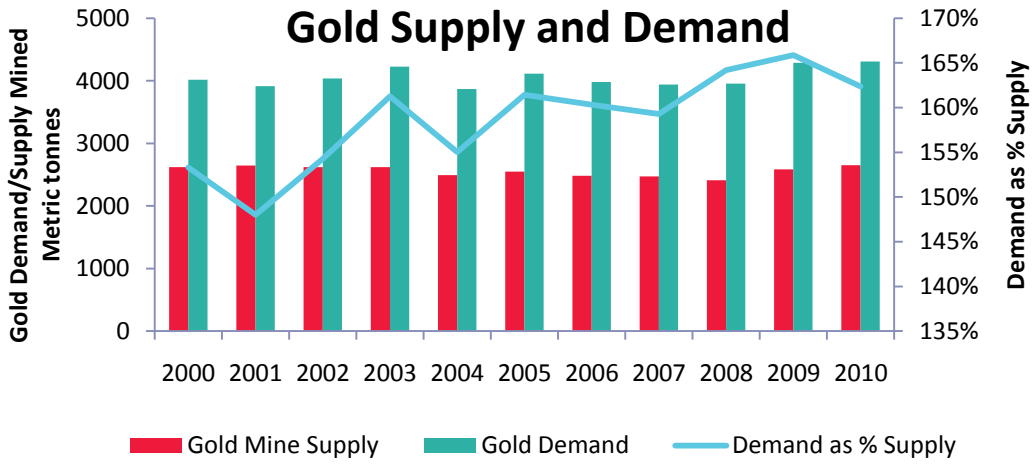
Source: www.rba.gov.au *Statement by Glenn Stevens, Governor: Monetary Policy Decision 6 December 2011*

7. Industry Analysis

7.1 Gold

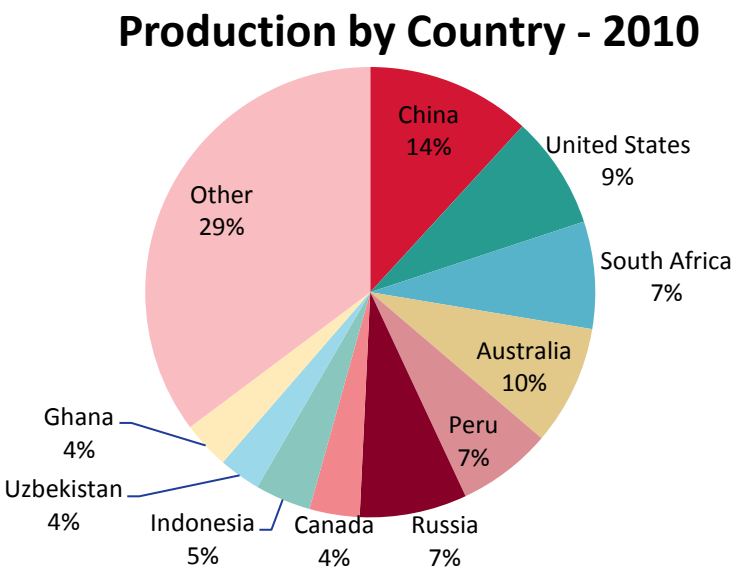
Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling. Approximately two-thirds of annual demand for gold is driven by jewellery fabrication, with the remainder driven by industrial use and investment in gold.

As illustrated in the chart below, gold mine production was approximately 2,652 metric tonnes in 2010 and gold consumption was 4,306 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainly during the past 18 months has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased by 9% between 2008 and 2010, with demand as a percentage of supply increasing from 164.2% in 2008 to 166.5% over the same period.



Source: Bloomberg and BDO Analysis

Until the late 1980's South Africa produced approximately half of total gold production. More recently however, gold production has become geographically segmented, as shown in the chart below, with production dominated by China.

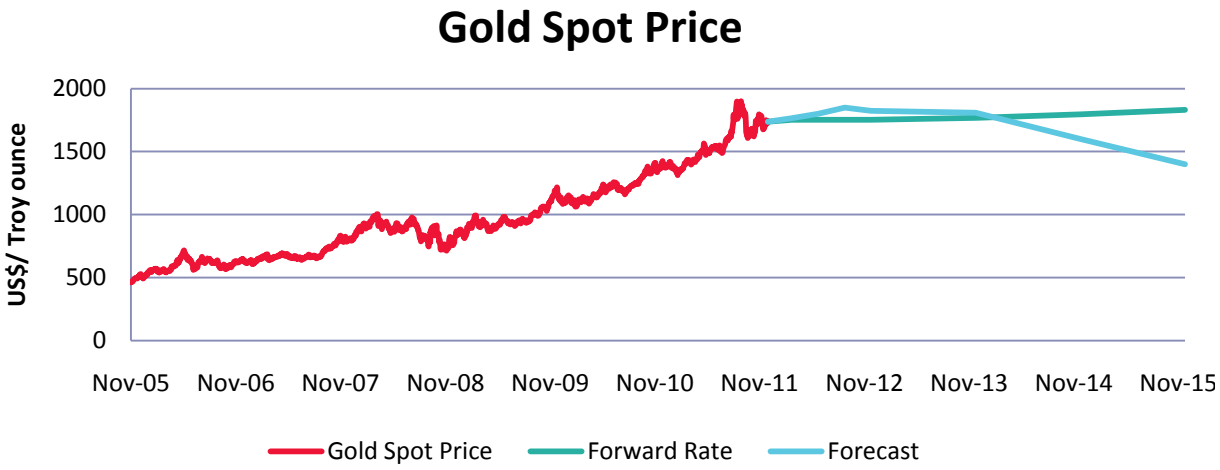


Source: BDO Analysis

7.1.1 Gold Pricing

The price of gold fluctuates on a daily basis depending on global demand and supply factors. The price trend over the last two years is reflective of weak global economic conditions driving demand. As can be seen in the graph below, the value of gold peaked at USD$1,900 per ounce on 5 September 2011. This peak was largely caused by the recent debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as the yellow metal. Prices have since contracted, reaching a low of USD$1,609 in late September 2011.

The outlook for gold prices is that they will fall over the next three years to approximately $1,400 in 2015. The current forward rate suggests that the price of gold will stabilise at current levels over the next three years. Nevertheless, growth in global money supply, U.S dollar depreciation and overall uncertainty in global financial markets may continue to drive investors toward using precious metals as a store of value. This could be further fuelled by the rapidly increasing appetite for precious metals from China.



Source: Bloomberg and BDO Analysis

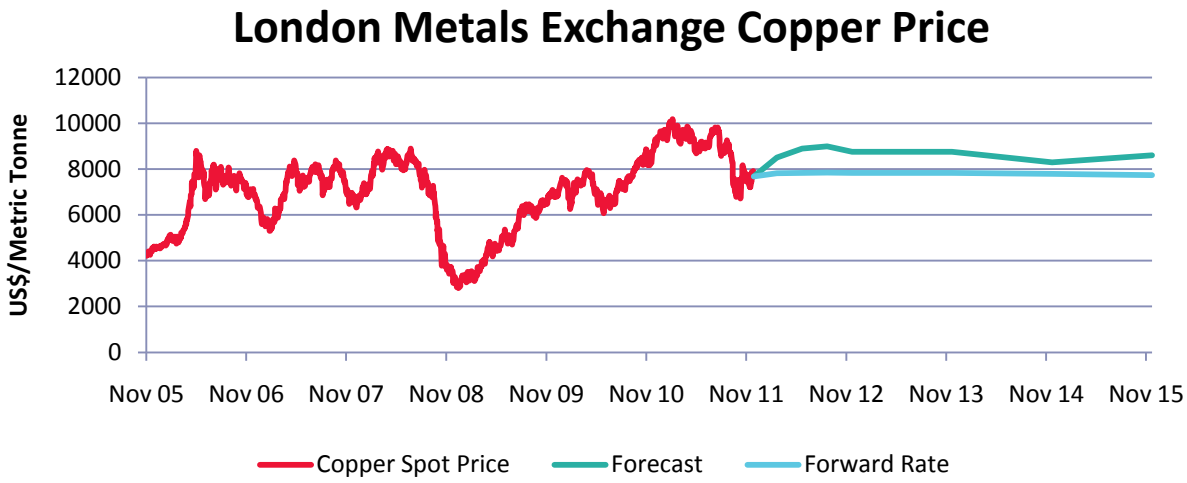
7.2 Copper

Copper is a soft malleable, ductile metal used primarily for its excellent electrical and thermal conductive properties and its resistance to corrosion. As well as electrical and electronic applications, copper is utilised extensively as an alloy. Copper is produced from an oxide or sulphide ore from which it is converted to copper metal. The majority of copper ore bodies can be classified as either porphyries (where copper occurs in igneous rock), strata bound ore bodies (sedimentary rock), and volcanic hosted massive sulphide deposits (volcanic rock along with other base metal sulphides). In these deposits copper is mined in very low concentrations and consequently is a volume intensive process. For this reason open pit mining is the preferred method of extraction, however underground mining and leach mining are also used in limited circumstances.

According to the International Copper Study Group, the global growth in copper demand to exceed global growth in copper production and the annual production deficit, estimated at 200,000 metric tonnes of refined copper in 2011, is expected to be about 250,000 mt in 2012. Currently, China has a 39% share in the world's copper. Total copper capacity growth for mines is expected to average 4.4% until 2014, according to the ICSG, while total refining capacity is expected to grow about 3.3%. The ICSG also expects that in 2012, China's copper usage is forecast to increase around 6% on 2011 consumption. Thus they are expected to continue being the predominant country for copper demand.

7.2.1 Current and future copper prices

Copper is a global commodity and, as such, prices are determined by global supply and demand factors. Due to this, copper prices have historically reflected global economic cycles and experienced major fluctuations reflecting equity market movements. At the beginning of 2008, supply concerns, falling inventories and increased demand from emerging economies provoked a significant and accelerated rise in the copper price. Prices increased even further in the latter half of 2010, reaching a peak of US$9,600/tonne in the last quarter. In 2011, copper activity recovered, as producers expanded their resource and reserve bases in order to capitalise on record prices. Copper prices have also dropped this year as the market adjusted to overvalued 2010 figures.



Source: Bloomberg and BDO Analysis

Looking forward, analysts are predicting the copper price to remain relatively stable with a slight depreciation. The consensus view expects copper prices to average $9,624 in 2012, representing a 4.1% increase from 2011. According to the ICSG, global refined demand is expected to rise 3.6% in 2012 on strong emerging market construction activity and the continued development of China's electrical grid. Forecasts are approximately US$8,762/t, US$8,300/t and US$8,600/t for 2013, 2014 and 2015 respectively

7.3 South American Mining Industry

South America has long been recognised as a region of favourable geological endowment and potentiality. The continent boasts an impressive range of world class resources and reserves including copper, gold, silver and iron ore. Forecasts in relation to the future of the Latin American mining industry are generally positive. This sentiment is held due to the comparative advantages that mining in South America exhibits in comparison to the challenges posed by Africa and the transitional economies of Europe's east. These favourable conditions include significant flexibility in transferring exploration rights as well as the increasing diversity and sophistication of the industrial and technological base. These factors are considered to be vital to mining houses, financiers and institutional investors. Additionally, Latin America is a developing economy; issues characteristic to emerging continents as well as their impacts on mining activities should be considered.

Chile is considered by some to be the mining capital of South America. Chile contains approximately 24% of the world's copper and has other significant mineral reserves of molybdenum, iron ore, lithium, gold and silver. As a result of these reserves, global mine production is led by Chile. They are the world's largest producer of copper, with 34% of total production.

Mining infrastructure in Chile is well developed and skilled labour and equipment is readily available. Large scale foreign investment has occurred for more than 25 years and resulted in the development of world class mines such as Escondida, Zadivar, Spence, Lomas Bayas, Los Bronces and more. Legislation in Chile is favourable towards mining companies, as there is no differentiation between foreign and domestic companies, security over the tenure of mining and exploration leases as well as a balanced tax rate. The government also has free trade agreements with Australia and the US, among other countries. Most mining

in Chile is focused in the Norte Grande region, spanning most of the Atacama Desert, north of the country. This region is mineral rich and is where both of Genesis' Chilean based projects are located.

Silver mining has taken a back seat in comparison to copper mining, with production of silver decreasing in recent times. Silver is now often found incidental to active mining operations of other minerals such as gold and copper.

8. Valuation Approach Adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ("**FME**")
- Discounted Cash Flow ("**DCF**")
- Quoted Market Price Basis ("**QMP**")
- Net Asset Value ("**NAV**")
- Market Based Assessment
- Multiple of Exploration Expenditure ("**MEE**")

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

In our assessment of the value of a Genesis share we have chosen to employ the following methodologies:

- Net Asset Value on a going concern basis (**"NAV"**) as our primary valuation; and
- Quoted Market Price (**"QMP")** as our secondary valuation.

We have chosen these methodologies for the following reasons:

- Being an exploration company, the core value of Genesis is in the exploration assets it holds. We have instructed Agricola Mining Consultants Pty Ltd (**"Agricola"**) to act as independent specialist to value these assets and have considered these in the context of Genesis' other assets and liabilities on a Net Asset Value basis.
- The QMP basis is a relevant methodology to consider because Genesis shares are listed on the ASX. This means there is a regulated and observable market where Genesis shares can be traded. However, in order for QMP to be considered appropriate, the company's shares should be liquid and the market should be fully informed as to Genesis' activities. We have considered these factors in Section 9.2.
- Future Maintainable Earnings are not appropriate for exploration assets and sufficient information is not available for a Discounted Cash Flow valuation approach to be undertaken.

Our assessment of the value of a Genesis share prior to the Placement has been undertaken in Section 9. We have compared this value obtained to the value of the consideration to be received by Genesis for the Placement and conversion of Convertible Note, which is $0.10 per share, as well as the consideration that will be received upon the exercise of the options.

9. Valuation of Genesis prior to the Placement

9.1 Net Asset Valuation of Genesis

The value of Genesis Minerals assets on a going concern basis is reflected in our valuation below:

Genesis Statement of Financial Position	31-Oct-11	Low value	Preferred value	High value
	$	$	$	$
CURRENT ASSETS				
Cash and cash equivalents	113,153	113,153	113,153	113,153
Trade and other receivables	41,743	41,743	41,743	41,743
TOTAL CURRENT ASSETS	154,896	154,896	154,896	154,896
NON-CURRENT ASSETS				
Property, plant and equipment	14,032	14,032	14,032	14,032
Exploration expenditure	-	5,270,000	6,740,000	8,220,000
TOTAL NON-CURRENT ASSETS	14,032	5,284,032	6,754,032	8,234,032
TOTAL ASSETS	168,928	5,438,928	6,908,928	8,388,928
CURRENT LIABILITIES				
Trade and other payables	275,257	275,257	275,257	275,257
TOTAL CURRENT LIABILITIES	275,257	275,257	275,257	275,257
TOTAL LIABILITES	275,257	275,257	275,257	275,257
NET ASSETS	(106,328)	5,163,672	6,633,672	8,113,672
Shares on issue (number)		77,918,477	77,918,477	77,918,477
Value per share ($)		$0.066	$0.085	$0.104

We have been advised that there has not been a significant change in the net assets of Genesis since 31 October 2011 apart from the adjustments discussed below. The table above indicates the net asset value of a Genesis share is between $0.066 and $0.104, with a preferred value of $0.085. We have not assumed that any of the $0.10 options currently on issue will be exercised in the 'high value' scenario as we do not consider the impact to be material.

The following adjustments were made to the net assets of Genesis as at 31 October 2011 in arriving at our valuation.

9.1.1 Valuation of Genesis' mineral assets

We instructed Agricola to provide an independent market valuation of the exploration assets held by Genesis. A copy of Agricola's Report is attached at Appendix 3. The table below provides a summary of this valuation:

Genesis Minerals Limited	Low value	Preferred value	High value
Mineral Asset Valuation	$m	$m	$m
Dinamarquesa Project	1.38	1.73	2.08
Cerro Verde Project	2.86	3.65	4.45
Los Openas Project	0.53	0.70	0.86
Poncha Project	0.50	0.66	0.82
Total	**5.27**	**6.74**	**8.22**

The table above indicates a range of values between $5.27 million and $8.22 million, with a preferred value of $6.74 million.

Agricola considered a number of different valuation methods when valuing the mineral assets held by Genesis and Agricola's independent valuation report can be found at Appendix 3.

9.2 Quoted Market Prices for Genesis' Securities

To provide a comparison to the valuation of Genesis in Section 9.1, we have also assessed the quoted market price for a Genesis share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

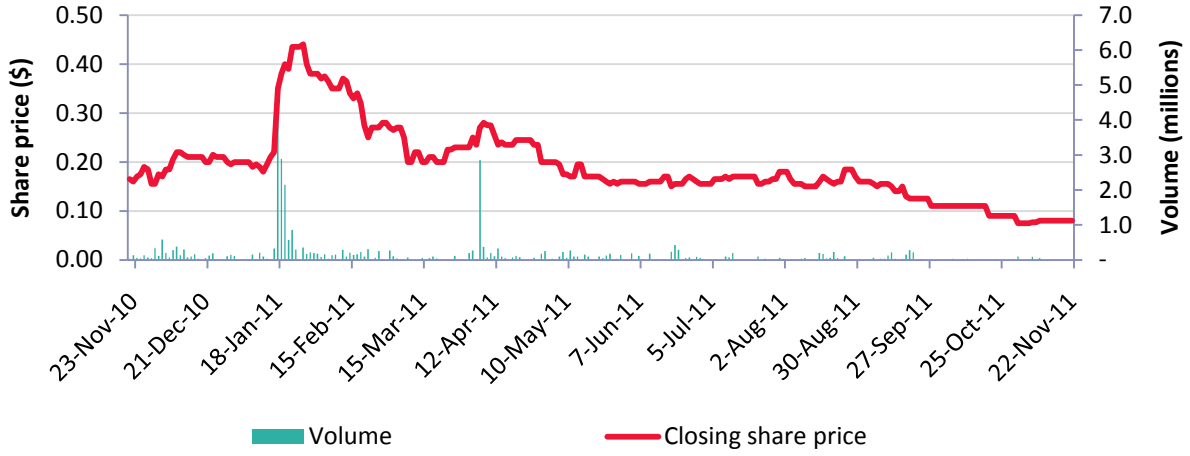
Whilst Investmet will not be obtaining 100% of Genesis, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 11.

Therefore, our calculation of the quoted market price of a Genesis share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Genesis share is based on the pricing prior to the announcement of the Placement. This is because the value of a Genesis share after the announcement may include the affects of any change in value as a result of the Placement. However, we have considered the value of a Genesis share following the announcement when we have considered reasonableness in Section 11.

Information on the Placement was announced to the market on 23 November 2011. The following chart provides a summary of the share price movement over the year to 22 November 2011 which was the last trading day prior to the announcement.



Source: Bloomberg and BDO Analysis

The daily price of Genesis shares from 23 November 2010 to 22 November 2011 has ranged from a low of $0.07 on 1 November 2011 to a high of $0.45 on 27 January 2011.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement $ (movement)	Closing Share Price Three Days After Announcement $ (movement)
21-Nov-11	Trading Halt	0.080 (◂ 0%)	0.125 (▲ 56%)
31-Oct-11	Quarterly Activities and Cashflow Report	0.090 (◂ 0%)	0.075 (▼ 17%)
11-Oct-11	Further Positive Results From the Dinamarquesa Project	0.110 (◂ 0%)	0.110 (◂ 0%)
16-Sep-11	Porphyry Copper Potential Confirmed at Dinamarquesa	0.150 (▲ 7%)	0.130 (▼ 13%)
30-Aug-11	Exploration Commences at Cerro Verde Project Chile	0.170 (▼ 8%)	0.160 (▼ 6%)
16-Aug-11	Field Work Commences at Los Open as Project	0.160 (▲ 7%)	0.160 (◂ 0%)
28-Jul-11	Quarterly Report and Appendix 5B	0.165 (▲ 3%)	0.180 (▲ 9%)
08-Jun-11	Second Phase Drilling Program Commences	0.155 (◂ 0%)	0.160 (▲ 3%)
29-Apr-11	March 2011 Quarterly Activities and Cashflow Report	0.200 (▼ 15%)	0.200 (◂ 0%)
06-Apr-11	Rights to Acquire Two High Grade Gold Projects	0.270 (▲ 15%)	0.275 (▲ 2%)
24-Mar-11	Genesis Raises $1.8 million in Placement	0.225 (▲ 13%)	0.230 (▲ 2%)
22-Mar-11	Trading Halt	0.200 (◂ 0%)	0.225 (▲ 13%)
02-Mar-11	Porphyry Copper Potential Confirmed	0.270 (▼ 4%)	0.270 (◂ 0%)

18-Feb-11	Further High Grade Gold Mineralisation at Dinamarquesa	0.320	(▼6%)	0.275	(▼14%)
31-Jan-11	Quarterly Activities Report and Appendix 5B	0.380	(▼5%)	0.370	(▼3%)
18-Jan-11	Very high grade gold mineralisation at Dinamarquesa	0.350	(▲59%)	0.390	(▲11%)
29-Nov-10	Dinamarquesa Project Update	0.185	(▼3%)	0.175	(▼5%)
29-Nov-10	Cerro Verde Sampling Update	0.185	(▼3%)	0.175	(▼5%)

Source: ASX company anncounements

On 18 January 2011 the Company anncounced postive drilling results from the Dinamarquesa Project in Northern Chile. The price increased approximately 59% from $0.22 on the day preceding the annoucement to $0.35 at close of trading on the announcement date. The share price continued to appreciate over the three days following the announcement to $0.39 until it peaked at $0.45 on 27 January 2011.

To provide further analysis of the market prices for a Genesis share, we have also considered the volume weighted average market price for 10, 30, 60 and 90 day periods to 22 November 2011.

	22-Nov-11	10 Days	30 Days	60 Days	90 Days
Closing price	$0.080				
Weighted Average price		$0.080	$0.081	$0.128	$0.142

Source: BDO Analysis

The above volume weighted average prices are prior to the date of the announcement of Placement, to avoid the influence of any increase in price of Genesis shares that has occurred since the announcement.

An analysis of the volume of trading in Genesis shares for the twelve months to 22 November 2011 is set out below:

	Share price low	Share price high	Cumulative volume traded	As a % of issued capital
1 Trading Day	$0.080	$0.080	-	0.00%
10 Trading Days	$0.079	$0.081	79,877	0.10%
30 Trading Days	$0.070	$0.110	301,143	0.39%
60 Trading Days	$0.070	$0.165	1,609,076	2.07%
90 Trading Days	$0.070	$0.185	2,828,336	3.63%
180 Trading Days	$0.070	$0.300	12,342,452	15.84%

Source: BDO Analysis

This table indicates that Genesis's shares display a low level of liquidity, with 15.84% of the Company's current issued capital being traded in a 6 month period and only 3.63% over the last 90 trading days. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG

111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

Genesis' Quoted Market Price results in the following valuation range:

	Low ($)	Midpoint ($)	High ($)
Quoted Market Price	$0.08	$0.10	$0.12

Our assessment is that a range of values for a Genesis share based on market pricing is between $0.08 and $0.12 with a midpoint value of $0.10.

Control Premium

The concept of a premium for control reflects the additional value that attaches to a controlling interest. In determining whether including a control premium is appropriate in this instance, we believe there are two key considerations. Firstly, we believe it is appropriate to consider the level of control currently held by Investmet and what additional level of control/ability to influence the Company Investmet would gain if the Placement is accepted and whether a premium for control is appropriate given the current position of the company.

We have reviewed control premiums paid by acquirers of gold mining companies, both listed and unlisted. We have summarised our findings below:

Transaction Period	Number of Transactions	Average Deal Value (AUD $m)	Average Control Premium (%)
2010	14	993.62	54.59
2009	15	114.50	23.38
2008	5	370.44	23.33
2007	13	245.05	25.73
2006	13	142.54	19.53
Total	**60**	**373.23**	**29.31**

Source: BDO Analysis and Bloomberg

We have reviewed the announced control premia paid by acquirers for target mining companies listed on the ASX since 2005. A summary of the control premia is noted in the table below:

Year	Number of Transactions	Average Announced Total Value ($M)	Average Control Premium
2011	9	941	31.03
2010	26	342	43.89
2009	33	91	34.36
2008	8	591	38.87
2007	25	353	23.70
2006	29	175	22.26
2005	8	84	52.28
		Average	**35.20**
		Median	**34.36**

Source: BDO Analysis and Bloomberg

Based on the tables above, we observe that an average control premium of 29.31% has been paid when acquiring gold companies between 2006 and 2010. Across the general Australian mining industry, the average annual control premium paid for effective control transactions over 2005 to 2011 ranged between 23.70% and 52.28% with an average of 35.20%.

Taking the factors above into consideration in applying a control premium to Genesis' quoted market share price we believe an appropriate range to be 20% - 30% which is consistent with our analysis above.

Quoted market price including control premium

Applying a control premium to Genesis' quoted market share price results in the following quoted market price value including a premium for control:

	Low $	Midpoint $	High $
Quoted Market Price value	$0.08	$0.10	$0.12
Control premium	20%	25%	30%
Quoted Market Price valuation including a premium for control	**$0.096**	**$0.125**	**$0.156**

Therefore, our valuation of a Genesis share based on the quoted market price method and including a premium for control is between $0.096 and $0.156, with a midpoint value of $0.125.

9.3 Assessment of Genesis Value

The results of the valuations performed are summarised in the table below:

	Low $	Preferred $	High $
Net Asset Value (Section 9.1)	$0.066	$0.085	$0.104
Quoted Market Price (Section 9.2)	$0.096	$0.125	$0.156

We have based our valuation of a Genesis share on the net asset value methodology and based on the results above we consider the value of a Genesis share to be between $0.066 and $0.104, with a preferred value of $0.085.

The net asset value methodology has been deemed most reliable for this purpose due to the core value of Genesis being in the exploration assets that it holds in its balance sheet and for which we have received an independent valuation.

From our analysis of the quoted market price of a Genesis share we note that 15.84% of the Company's issued capital had been traded in a six month period and 3.63% over the last 90 trading days, which represents a low level of liquidity. We consider that due to the low level of liquidity, the quoted market price methodology is not as reliable as the Net Asset Value methodology in determining the value of a Genesis share. The principal cause of the difference between the values derived under the Net Asset Value and the QMP methodologies is the lack of trading in Genesis securities on the ASX which means that the ASX price is not reflective of the value of a Genesis share.

10. Is the Placement Fair?

The value of a Genesis share prior to the Placement compared to the consideration per share offered by Investmet, conversion price of the Convertible Note and the exercise price for each tranche of options issued to Investmet is shown in the table below:

	Ref	Low $	Preferred $	High $
Value of a Genesis share prior to Placement	9.3	$0.066	$0.085	$0.104
Value of consideration per share and Conversion Price	4	$0.10	$0.10	$0.10
Exercise price of Tranche 1 Options	4	$0.12	$0.12	$0.12
Exercise price of Tranche 2 Options	4	$0.15	$0.15	$0.15
Exercise price of Tranche 3 Options	4	$0.20	$0.20	$0.20

We note from the table above that the preferred value of a Genesis share prior to the Placement is less than the consideration per share offered by Investmet, the conversion price of the Convertible Note and the exercise price of all tranches of Options. Therefore, we consider that the Placement is fair.

11. Is the Placement Reasonable?

We have considered the following factors in forming an opinion as to whether the Placement is reasonable.

11.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Genesis a premium over the value ascribed to that resulting from the Placement.

11.2 Practical Level of Control

If the Placement is approved then Investmet and its associates will hold a voting power of approximately 24.59% in Genesis but could increase this voting power to 42.18% if Investmet and its associates are able to exercise all of their options.

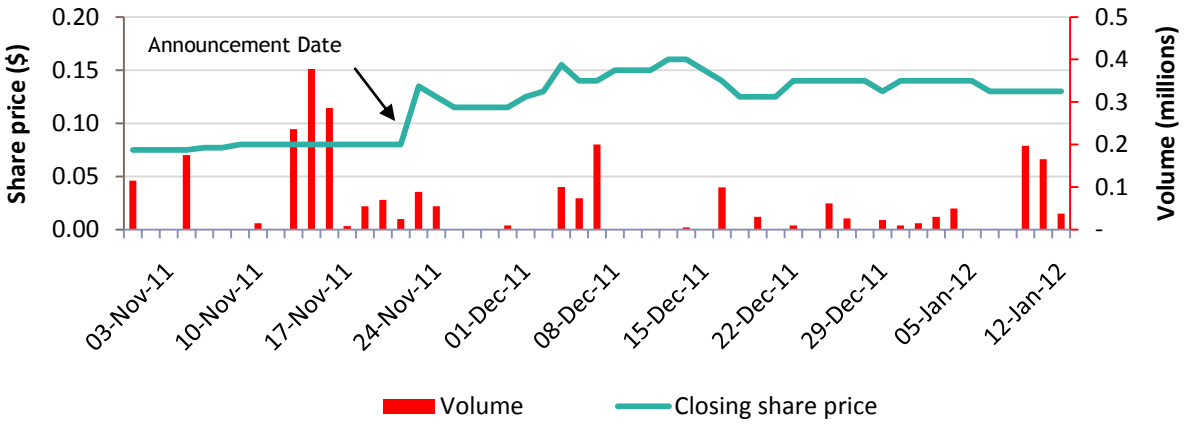
When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue to be voted in favour to approve a matter. If the Placement is approved then Investmet and its associates will not be able to pass general or special resolutions. However, if any of the options issued to Investment are exercised (and no other options are exercised) then Investment will be able to block special resolutions as Investmet and its associates will have a voting power of more than 25% of the Company's issued shares.

Investmet and its associate's control of Genesis following the Placement will be significant when compared to all other shareholders. In our opinion, while Investmet and its associates will be able to significantly influence the activities of Genesis, it will not be able to exercise a similar level of control as if it held 100% of Genesis.

11.3 Consequences of not Approving the Placement

Potential decline in share price

We have analysed movements in Genesis' share price since the Placement was announced. A graph of Genesis' share price since the announcement is set out below.



Source: Bloomberg and BDO Analysis

Based on the chart above, it appears that Genesis' share price has increased from $0.08 on 22 November 2011 to a high of $0.16 on 13 December 2011. Given the above analysis it is possible that if the Placement is not approved then Genesis' share price may decline.

11.4 Advantages of Approving the Placement

We have considered the following advantages when assessing whether the Placement is reasonable.

Advantage	Description
The Placement is fair	As set out in Section 10 the Placement is fair. RG 111 states that an offer is reasonable if it is fair.
Immediate funds received	By accepting the Placement, Genesis will have access to an immediate injection of $2.2 million from Investmet and its associates (including funds from sophisticated investors) for expansion of their exploration assets. Further to this Genesis will receive additional funds upon the conversion of any options issued to Investmet and its associates.
No requirement for Genesis to source alternative funding arrangements	As at 31 October 2011 Genesis has $113,153 cash in its balance sheet. If the Placement is approved and Genesis receives $2.2 million immediately, Genesis will not need to seek short term funding arrangements with alternative investors. The Directors have indicated that this cash will be used to fund the ongoing exploration efforts in Chile and Argentina.
No changes to current operating arrangements	We are not aware of any operational changes that Investmet and its associates wish to introduce if the Placement is approved.
Conversion price of Convertible Note	If the Placement is approved Investmet can convert the Convertible Note to equity in Genesis at a conversion price of $0.10 each plus one free attaching option. If the Proposal is not approved this conversion price will be $0.06 or the Company will have to repay the loan by 30 April 2012.

11.5 Disadvantages of Approving the Placement

If the Placement is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of existing Shareholders' interest	Investmet and its associates currently do not have any shareholder interest in Genesis. If the Placement is approved, Investmet and its associates could obtain a maximum interest of 42.18% the share capital of Genesis. This means that the interest of current shareholders will be diluted from 100% to 57.82%.
Investmet will gain a significant level of control of Genesis	As outlined in Section 4, the maximum interest that Investmet and its associates could obtain is 42.18%, which will give them a significant level of control over the Company in comparison to other shareholders. Although Investmet and its associates will not control enough voting power to pass or block general resolutions, the Placement will make it easier for them to obtain the number of votes required to do so. If only its options are exercised, Investmet and its associates will gain the capacity to block special resolutions. Further to this shareholder approval will be sought to appoint Investmet nominee director, Mr Damian Delaney, to the Genesis Board of Directors.

12. Conclusion

We have considered the terms of the Placement as outlined in the body of this report and have concluded that the Placement is fair and reasonable to the Shareholders of Genesis.

13. Sources of Information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Genesis for the years ended 30 June 2011 and 30 June 2010;
- Reviewed financial statements of Genesis for the half year ended 31 December 2010;
- Unaudited management accounts of Genesis as at 31 October 2011;
- Independent Valuation Report of Genesis Minerals Ltd mineral assets dated 21 December 2011 performed by Agricola Mining Consultants Pty Ltd;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Genesis.

14. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $25,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Genesis in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Genesis, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Genesis and Investmet and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independence of Genesis and Investmet and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Genesis, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Genesis and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

15. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 150 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia. Sherif Andrawes is the Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 13 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the

preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

16. Disclaimers and Consents

This report has been prepared at the request of Genesis for inclusion in the Notice of Meeting which will be sent to all Genesis Shareholders. Genesis engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the Placement of shares and options to Investmet and its associates.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Genesis or Investmet in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Investmet. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the transactions, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Genesis, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon an independent mineral valuation for properties held by Genesis.

The valuer engaged for the geological valuation, Agricola Mining Consultants Pty Ltd, possesses the appropriate qualifications and experience in the minerals industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Adam Myers

Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001
Agricola	Agricola Mining Consultants Pty Ltd
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Genesis Minerals Ltd
Conversion Price	The $500,000 loan will be converted into equity at $0.10
Convertible Note	Loan of $500,000 from Investmet repayable on a maturity date of 30 April 2012. Investmet may elect to convert the Convertible Note on the day of the Placement at a conversion price of $0.10 plus a free attaching conversion option subject to shareholder approval. If shareholder approval is not received this loan will be converted at $0.06 or will have to be repaid by the Company by 30 April 2012.
DCF	Discounted Future Cash Flows
Delta Resources	Delta Resources Management Pty Ltd
EBIT	Earnings before interest and tax
FME	Future Maintainable Earnings
Genesis	Genesis Minerals Ltd
Investmet	Investmet Ltd and its associates (which includes Mr Damian Delaney, Mr Michael Fotios and Delta Resources Management Pty Ltd)
NAV	Net Asset Value
Our Report	This Independent Expert's Report prepared by BDO
Placement	The proposed issue of fully paid ordinary shares and unlisted options to Investmet and its associates (which includes Mr Damian Delaney, Mr Michael Fotios and Delta Resources Management Pty Ltd)
Rights Issue	Stage 2 of the capital raising which will comprise a one for eight non-renounceable pro-rata entitlement issue which will follow the completion of the Placement

Shareholders	Shareholders of Genesis not associated with Investmet
Tranche 1 Options	6 million options exercisable at $0.12 within 12 months of issue
Tranche 2 Options	6 million options exercisable at $0.15 within 24 months of issue
Tranche 3 Options	6 million options exercisable at $0.20 within 36 months of issue
VWAP	Volume Weighted Average Price
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 Net asset value ("NAV")

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 Quoted Market Price Basis ("QMP")

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

3 Capitalisation of future maintainable earnings ("FME")

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("**EBIT**") or earnings before interest, tax, depreciation and amortisation ("**EBITDA**"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

6 Multiple of Exploration Expenditure ("MEE")

The Past Expenditure method is a method of valuing exploration assets in the resources industry. It is applicable for areas which are at too early a stage of prospectivity to justify the use of alternative valuation methods such as DCF. The Past Expenditure method is often referred to as the Multiple of Exploration Expenditure method.

Past expenditure, or the amount spent on exploration of a tenement, is commonly used as a guide in determining value. The assumption is that well directed exploration adds value to a property. This is not always the case and exploration can also downgrade a property. The Prospectivity Enhancement Multiplier ("**PEM**") which is applied to the effective expenditure therefore commonly ranges from 0.5 to 3.0. The PEM generally falls within the following ranges:

- 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration;
- to 2.0 where strong indications of potential for economic mineralisation have been identified; and
- to 3.0 where ore grade intersections or exposures indicative of economic resources are present.

Appendix 3 – Independent Valuation

Malcolm Castle
Agricola Mining Consultants Pty Ltd
P.O. Box 473, South Perth, WA 6951
Phone: 08 9368 4923
Fax: 08 9368 4932
Mobile: 04 1234 7511
Email: mjcastle@optusnet.com.au
ABN: 84 274 218 871

21 December 2011

The Directors
Genesis Minerals Limited
Unit 6, 1 Clive Street
West Perth, WA, 6005

Dear Sirs,

Re: INDEPENDENT VALUATION OF THE MINERAL ASSETS of GENESIS MINERALS LIMITED in CHILE and ARGENTINA

I have been commissioned by the Directors of Genesis Minerals Limited ("Genesis" or the "Company") to provide a Mineral Asset Valuation Report ("Report") of the Cerro Verde and Dinamarquesa (Chile) and the Poncha and Los Opeñas projects (Argentina), for use by BDO Corporate Finance (WA) Pty Ltd in their Independent Expert's Report.

This report serves to comment on the geological setting and exploration results on the properties and presents a technical and market valuation for the exploration assets based on the information in this Report.

The Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation. Details in respect to the legal status and tenure of the tenements comprising the Project were reviewed from documents issued by the respective governments and included in the data supplied by the company.

DECLARATIONS

Relevant codes and guidelines

This report has been prepared as a technical assessment and valuation in accordance with the *Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the "VALMIN Code")*, which is binding upon Members of the

Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the Australian Securities and Investments Commission ("ASIC") and the ASX Limited ("ASX") which pertain to Independent Expert Reports (Regulatory Guides RG111 and RG112).

Where mineral resources have been referred to in this report, the classifications are consistent with the *"Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"),* prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia, effective December 2004.

Under the definition provided by the VALMIN Code, the properties are classified as 'exploration areas', which are inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential.

Sources of Information

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. I have endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to the Company, along with a written request to identify any material errors or omissions prior to lodgement.

In compiling this report, I did not carry out a site visit to any of the Company's Project areas. Based on my professional knowledge and experience and the availability of extensive databases and technical reports made available by various Government Agencies, I consider that sufficient current information was available to allow an informed appraisal to be made without such a visit.

The independent technical report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears. I have no reason to doubt the authenticity or substance of the information provided.

Qualifications and Experience

The person responsible for the preparation of this report is:

Malcolm Castle, B.Sc.(Hons), GCertAppFin (Sec Inst), MAusIMM

> **Malcolm Castle** has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company 20 years ago and specialises in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including uranium, gold, base metals, iron ore

and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical Audits in many countries.

Mr. Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc.(Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.

Mr. Castle is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has the appropriate relevant qualifications, experience, competence and independence to be considered as an "Expert" and "Competent Person" under the Australian Valmin and JORC Codes, respectively.

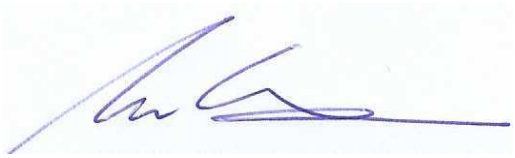
Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources of Genesis has been prepared by Mr Michael Fowler of Managing Director of Genesis Minerals Limited, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Fowler has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves., Mr Fowler consents to the inclusion in this report of the matters based on their information in the form and context in which they appear.

Independence

I am not, nor intend to be a director, officer or other direct employee of the Company and have no material interest in the Projects or the Company. The relationship with the Company is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully



Malcolm Castle

B.Sc.(Hons) MAusIMM, GCertAppFin (Sec Inst)

PROJECT REVIEW

PROJECT OVERVIEW

The Company's projects include Dinamarquesa and Cerro Verde in Chile and Poncha and Los Opeñas in Argentina.

DINAMARQUESA - CHILE

The Dinamarquesa Project in northern Chile is located within the highly mineralised Inca de Oro gold-copper belt which forms part of the well-endowed Paleocene Porphyry belt of northern Chile. Limited previous wide spaced drilling at the Project has delineated a number of high grade gold structures.

The Project is located in the Atacama Desert in an area with excellent infrastructure about 850 km north of Santiago, 90 km north of the city of Copiapó and 75km east of the Pacific Ocean. The Project is 3km south west of the small town of Inca de Oro which is connected by a sealed highway between Copiapó in the south and Diego de Almagro in the north. The altitude ranges from 1,600 to 2,100m, with low relief. The Dinamarquesa Project covers an area of approximately 695 Ha and comprises 11 concessions. Gold-copper mineralisation in the Inca de Oro district has been known since the time of the Incas. In “modern times” it is estimated that over 500,000 ounces of gold have been mined from numerous high grade veins in the district. The grade of the veins ranged from 10 to 100g/t gold. The majority of production took place between 1930 and 1945.

Recent exploration activity in the district has mostly comprised evaluation of the potential of the porphyry systems in the area. Between 2005 and 2007 Codelco (Chilean State National Copper Corporation) defined an Indicated and Inferred sulphide Mineral Resource of 259 million tonnes grading 0.46% copper and 0.13g/t gold at the Inca de Oro Copper-Gold Project (Pan Aust ASX Release 1 March 2010). At the Carmen Project, located 4km south of the Company’s Dinamarquesa Project, resources of 41 million tonnes @ 0.6g/t gold and 0.4% copper have been delineated.

Pan Aust has recently revised the resources for the Inca de Oro Deposit, 4km east (769.7Mt @ 0.32% copper and 0.09g/t gold, Pan Aust ASX Release 8 June 2011) and the Carmen Deposit 5km south, within the Inca de Oro porphyry belt.

The initial drilling program completed by Genesis, along with a mapping program, defined an extensive high grade vein system over at least 500m of strike. The vein system is open along strike and at depth.

Highly encouraging results returned from the initial wide spaced testing of the vein system included:

2m @ 102.8 g/t gold
2m @ 6.5 g/t gold
1m @ 17.7 g/t gold
0.34m @ 21.0g/t gold
0.37m@ 6.5g/t gold
0.6m @ 3.7g/t gold

Primary copper-gold-molybdenum mineralisation was also returned from the initial drilling program that targeted porphyry hosted mineralisation at the Project – the "Inca Porphyry". These results together with recent geological mapping highlighted the significance of the porphyry copper system at Dinamarquesa. Drilling results received from the first program included:

Hole	Northing	Easting	mRL	Azi	Dip	Depth (m)	From	To	Length (m)	Cu %	Au ppm	Mo ppm
DG10-01	7,037,220	406,610	1728	0	-70	300	4.50	20	16	0.25	0.23	25
							25	39	14	0.24	0.18	51
							49	105	56	0.29	0.18	39
							112	130	18	0.35	0.29	22
							199	244	45	0.26	0.51	53
							248	252	4	0.46	0.15	40
DG10-02	7,037,101	406,300	1722	0	-70	300	9	49	40	0.29	0.11	53
							50	56	6	0.34	0.10	55
							78	80	2	0.45	0.19	41
							107	115	8	0.30	0.18	32
							161	163	2	0.82	0.00	5
DG10-03	7,037,299	406,514	1718	0	-70	303	41	59	18	0.37	0.38	94
							158	166	8	0.20	0.12	40
							169	174	5	0.20	0.12	35

Hole	Northing	Easting	mRL	Azi	Dip	Depth (m)	From	To	Length (m)	Cu %	Au ppm	Mo ppm
							185	216	31	0.25	0.23	106
							233	251	18	0.29	0.40	68
							298	303	5	0.22	0.14	65
DG10-05	7,037,370	406,610	1726	0	-70	320	2.7	37	34.3	0.31	0.22	19
							42	46	4	0.23	0.15	21
							55	63	8	0.29	0.18	83
							67	80	13	0.37	0.23	82
							96	125	29	0.23	0.11	69
							131	166	35	0.28	0.13	85
							172	189	17	0.14	0.09	543
							226	231	5	0.27	0.13	326
DG11-07	7,037,147	406,499	1733	0	-55	380	4	105	101	0.28	0.24	40

- Final assay results from ½ NQ or HQ diamond core
- Lower cut of 1g/t gold.
- Analysis completed by ANALMIN laboratory in La Serena, Chile.
- All samples were analysed for gold by fire assay, total copper (3 acid digest with AAS finish), molybdenum (4 acid digest with AAS finish)
- Reference standards, duplicate and blank samples were routinely submitted and were within acceptable limits based on current data.

- Drill hole collar position surveyed - PSAD56 Zone 19S by GPS and down hole survey by gyroscope by Comprobe

A second drilling program was completed at the Dinamarquesa Project during August 2011. The purposes of this program were to follow-up high grade intersections returned from previous first pass, wide-spaced drilling and to further test the porphyry copper-gold mineralisation at the project.

Highly encouraging results were returned from holes drilled to assess the porphyry hosted copper-gold-molybdenum mineralised system, with extensive zones of copper-gold +/- molybdenum mineralisation intersected. Results include:

Hole	Northing	Easting	mRL	Azi	Dip	Depth (m)	From	To	Length (m)	Cu %	Au ppm	Mo ppm	Comments
DG11-10	7,037,274	406,650	1730	337	-60	250	27	40	13	0.30	0.23		
							95	96	1	0.93	**12.50**		**Gold Intersection**
							113	163	50	0.29	0.15		
DG11-12	7,037,182	406,582	1727	334	-55	270.4	29	49	20	0.29	0.19	55	
							58	70	12	0.25	0.09	101	
							80	126	46	0.21	0.13	73	
							169	179	10	0.12	0.09	267	
							190	200	10	0.15	**1.70**	112	**Gold Intersection**
DG11-13	7,037,230	406,616	1730	335	-70	250.10	5.7	39	33.3	0.25	0.16	37	
							42	182.5	140.5	0.24	0.13	89	
							210	250.1	40.1	0.17	0.14	105	
DG11-14	7,037,173	406,504	1732	334	-55	250	13.6	77	63.4	0.27	0.24		
DG11-15	7,037,270	406,680	1730	335	-70	250	47	59	12	0.23	0.14	92	

Hole	Northing	Easting	mRL	Azi	Dip	Depth (m)	From	To	Length (m)	Cu %	Au ppm	Mo ppm	Comments
							65	80	15	0.35	0.26	169	
							121.25	133	11.75	0.19	**1.00**	71	**Gold Intersection**
							165	177	12	0.24	0.26	44	
DG11-16	7,037,126	406,414	1740	335	-55	252.8	105.02	105.66	0.64	0.44	8.19		Gold
							143.45	143.65	0.2	0.03	8.73		Gold
							176	177	1	0.17	1.07		Gold
							179.56	179.81	0.25	0.15	6.39		Gold
							198	199	1	0.05	1.56		Gold
							209	210.35	1.35	0.59	1.31		Gold
hole	**Northing**	**Easting**	**mRL**	**Azi**	**Dip**	**Depth (m)**	**From**	**To**	**Length (m)**	**Cu %**	**Au ppm**	**Mo ppm**	comments
DG11-17	7,037,230	406,616	1730	334	-55	200	45	62	17.00	0.29	0.15	174	
							65	145	80.00	0.28	0.16	117	
							145.48	145.68	0.20	0.27	49.2	305	Gold
							157.8	167	9.20	0.27	0.25	130	
							170.2	170.5	0.3	0.05	21.1	323	Gold
DG11-18	7,037,238	406,680	1730	335	-60	250	34	43	9	0.21	0.14	49	
							69	85	16	0.20	0.17	43	
							128	145	17	0.18	0.76	45	

Hole	Northing	Easting	mRL	Azi	Dip	Depth (m)	From	To	Length (m)	Cu %	Au ppm	Mo ppm	Comments
							156.7	172	15.3	0.30	0.21	23	
							203	222	19	0.25	0.11	101	

- Final assay results from ½ HQ diamond core
- Analysis completed by ALSlaboratory in Coquimbo, Chile.
- All samples were analysed for gold by fire assay, total copper (4acid digest with AAS finish), molybdenum (4 acid digest with AAS finish).
- Reference standards, duplicate and blank samples were routinely submitted and were within acceptable limits based on current data.
- Drill hole collar position surveyed - PSAD56 Zone 19S by GPS and down hole survey by gyroscope by Comprobe

Further high-grade, vein hosted gold mineralisation was also intersected in the drilling at the Dinamarquesa Project. Results included:

DG11-10 1.0m @ 12.5g/t gold

DG11-17 0.2m @ 49.2g/t gold

0.3m @ 21.1g/t gold

DG11-16 0.64m @ 8.2g/t gold

0.2m @ 8.7g/t gold

Wider zones of gold mineralisation were also intersected in drilling, including:

DG11-12 10.0m @ 1.7g/t gold

DG11-15 11.7m @ 1.0g/t gold

These results are very encouraging and further detailed drilling is required to define the continuity and extent of the vein mineralisation.

The recent drilling and interpretation has highlighted:

i. That a previously unknown copper-gold-molybdenum mineralised quartz-feldspar porphyry intrusion has intruded the older tonalite porphyry and andesitic units

ii. That the high-grade gold veins are probably part of a low sulphidation epithermal system;

iii. The presence of a porphyry copper system, developed with the intrusion of a quartz feldspar porphyry with strong biotite alteration; and

iv. The presence of quartz-pyrite and quartz-pyrite-chalcopyrite stockworks along with the increased occurrence of A, B and D type veinlets and the emergence of molybdenite in quartz veinlets, indicating clearly the upper levels of a porphyry system domain.

Please note, where assay values for rock chip samples and drill intercepts are quoted they represent the best results from a series of lower grade values. They should not be taken to represent the average grade of the samples unless otherwise stated.

CERRO VERDE, CHILE

Mining in the area dates back to the 1800s but only limited modern exploration has been completed at the Project. Numerous high grade structures remain untested and the potential to discover new veins is considered high; as is the potential to define a large porphyry system on the Project.

The Project is located in the Atacama Desert in an area serviced by very good infrastructure about 750 km north of Santiago, 80 km south of the city of Copiapó and 75km east of the Pacific Ocean. The Project is easily accessed by a sealed road and well-formed gravel roads from Copiapó. The altitude ranges from 1,800 to 2,200m, with low to moderate relief.

The Project hosts a sub-parallel swarm of precious and base metal-bearing quartz specularite veins exposed along the western flank of a caldera system that is elongated north-south. The host rocks comprise a sequence of Palaeocene andesitic volcaniclastics, dacite and rhyolite flows, flow-domes, diatreme-like breccias, and dikes capped by a blanket of rhyolitic ignimbrites. Ore-bearing veins cut the entire stratigraphic column. Mineralised veins and structures strike north to north east with moderate to steep dips to the east and west.

Historic mining in the area dates back to the 1800s with several high grade veins mined at depth. Only limited historic mining records are currently available to Genesis. However, records indicate that in 1869 some 8,500 tonnes at ~17% copper were extracted from mines in the area. Small scale mining and reclamation of old stockpiles continues at present.

Minor surface exploration was completed by Homestake between 1998 and 1999. Between 2004 and 2005, Hochschilds (MH Chile) explored the area by surface mapping, sampling (334 surface samples) and limited diamond drilling (1,219m completed). The surface rock chip sampling by Hochschilds highlighted significant gold, copper and silver surface mineralisation over a 4km by 2km area. Strong arsenic, barium, bismuth, mercury, molybdenum, lead and stibnite anomalism is also present.

No other modern exploration is known to have been conducted at the Project.

PONCHA AND LOS OPEÑAS PROJECTS, SAN JUAN ARGENTINA

Genesis Minerals Limited has entered into agreements with Teck Argentina Ltd. ("Teck"), a wholly owned subsidiary of Teck Resources Limited, to acquire 100% of Teck's right and interest in the Poncha and Los Opeñas epithermal gold projects in San Juan Province, Argentina.

Work carried out previously by Teck and other operators at the Projects indicates that significant epithermal gold systems may be present. Both Projects contain numerous drill ready targets. The Projects are located in the mining friendly San Juan Province, which has both large operating and development stage projects.

The Poncha and Los Opeñas Projects are located 200km northwest of the regional capital San Juan and about 40km northwest of the town of Rodeo in the foothills of the Andes, at elevations of between 2,800m and 4,500m above sea level. Infrastructure in the area is good and access to the Projects is gained via good paved and gravel roads from Rodeo. The Projects are approximately 25km apart.

Poncha Project - Teck first identified the Poncha Project in 2005. Exploration between 2006 and 2009 at the Poncha Project comprised drilling of 18 holes for 6,531m, geochemical sampling, geophysical surveying and geological mapping. Two targets were explored during this period; a northern porphyry copper-gold target and a southern epithermal gold target. The majority of the drilling was completed at the southern epithermal target.

Wide-spaced drilling at the southern epithermal target returned results (Genesis ASX Release April 6 2011) including:

Hole ID	GK2PoE	GK2PoN	mRL	Azimuth	Dip	Depth	From	To	Length	Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)
PC1	2,445,609	6,693,155	4,190	180	-65	319.1	229	238	9	0.52	<1			
							290	291	1	1.82	<1			
PC2	2,445,124	6,692,524	4,300	0	-60	301	40	48	8	0.75	6.16	149	721	1556
							151	155	4	0.63	3.44	1110	153	1135
PC4	2,445,625	6,692,750	4,280	0	-80	351	0	54	54	<0.1	<1			2758
PC8	2,445,618	6,692,505	4,178	0	-60	450	207	208	1	0.63	33.12	3562	1484	10001

Hole ID	GK2PoE	GK2PoN	mRL	Azimuth	Dip	Depth	From	To	Length	Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)
							431	432	1	1.78	64.77	279	949	10001
							445	446	1	0.53	7.55	220	960	10001
PC9	2,445,846	6,692,698	4,180	0	-60	296.35	57	62	5	0.33	3.49	12	80	101
							107	113	6	7.40	7.13	1096	2138	5997
							251	265	14	0.52	2.32	58	147	1473
PC10	2,446,097	6,692,631	4,109	0	-70	269	202	222	20	0.37	4.00	264	112	964
PC11	2,444,635	6,692,130	4,365	0	-60	200	37	40	3	0.49	1.98	60	1532	5521
PC12	2,445,801	6,693,040	4,148	180	-70	335	161	164	3	0.56	<1	23	142	3885
							186	187	1	0.69	3.28	31	695	3638
							229	230	1	2.13	11.02	41	514	391
PC13	2,445,241	6,693,093	4,292	180	-70	395	36	41	5	0.26	7.3	1089	635	1114
							129	395	266	1.21	3.3	281	336	1318
						incl	133	155	22	3.02	5.4	542	191	3300
						incl	270	331	61	3.04	7.16	457	699	1649
PC14	2,445,122	6,692,907	4,395	0	-80	354	217	320	103	0.19	<1	50	101	1505
PC15	2445197.0	6693135.0	4290	180	-70	500	71	77	6	1.16	7.59	330	2855	4370
PC16	2,445,197	6,693,135	4,290	180	-70	500	219	228	9	1.19	12.4	578	2033	2868

Holes not listed did not report significant intersections >0.2g/t gold.

A recent mapping program and re-interpretation by Teck identified a strong north to north northeast control on gold mineralisation associated with jarosite-pyrolusite faults and/or phreatomagmatic breccia bodies. This north to north northeast orientation has had very limited testing and will be subject to testing by east-west orientated drilling in a forthcoming drilling program. An initial area of 800m x 400m will be targeted. This area occurs within a much larger target area under scree cover.

Los Opeñas Project - Teck completed geochemical sampling, first pass mapping and rock chip sampling (897 samples) at Los Opeñas between 2005 and 2009. An extensive epithermal vein system was identified from this work. Rock samples at surface returned values as high as 49g/t gold and 183g/t gold, and up to 6,789g/t silver. Channel sampling of mapped breccia bodies have returned results including 20m @ 4.69g/t gold associated with strongly anomalous zinc, lead and silver.

No drilling has been undertaken at the Project. Exploration will focus on drill testing the 4.5km of high grade vein structures that have been defined to date.

Analysis of the alteration, structural setting and geochemistry of the Poncha and Los Opeñas Projects, together with their spatial association with diatreme breccias, highlight the possibility for "intermediate sulphidation" epithermal gold systems. They appear similar to gold-rich systems of the south west Pacific (e.g. Kelian, Indonesia, 8Moz gold, Acupan (Baguio district), Philippines 6Moz gold), and to those being developed in northern South America (e.g., Fruta del Norte, Ecuador, 10Moz gold) and in Mexico (e.g. Penasquito 40Moz gold (eq)). The target types for both Projects are multimillion ounce bulk mineable and high grade vein/structural targets.

Tenement Status

Genesis Minerals Limited Tenement Details

Project	Country	Tenement ID	National Roll Number	Status	Equity	Km2	Expiry Date	Rent A$
Dinamarquesa	Chile	Coya 1/60	031022031-0	Granted	RTE 100%	3	No expiry date	$717
Dinamarquesa	Chile	Coya 61/120	031022032-9	Granted	RTE 100%	2.73	No expiry date	$717
Dinamarquesa	Chile	Dinamarquesa	031020677-6	Granted	RTE 100%	0.05	No expiry date	$1,434
Dinamarquesa	Chile	Idolatria	031020676-8	Granted	RTE 100%	0.05	No expiry date	$358
Dinamarquesa	Chile	Gold Copper 1 al 20	031022817-6	Granted	RTE 100%	0.2	No expiry date	$1,434
Dinamarquesa	Chile	Lastenia Segunda	031022341-7	Granted	RTE 100%	0.31	No expiry date	$717
Dinamarquesa	Chile	India 1/9	031021240-7	Granted	RTE 100%	0.28	No expiry date	$717
Dinamarquesa	Chile	Lastenia O Guias D	031020601-6	Granted	RTE 100%	0.02	No expiry date	$143
Dinamarquesa	Chile	India Chica	031021386-1	Granted	RTE 100%	0.01	No expiry date	$717
Dinamarquesa	Chile	Copiapina	031020697-0	Granted	RTE 100%	0.15	No expiry date	$358
Dinamarquesa	Chile	Hortensia	031020697-0	Granted	RTE 100%	0.15	No expiry date	$358
Cerro Verde	Chile	AGUA AMARILLA	032010397-5	Granted	RTE 100%	0.05	No expiry date	$38
Cerro Verde	Chile	VISCACHA	032011066-1	Granted	RTE 100%	0.05	No expiry date	$38
Cerro Verde	Chile	LINDEROS	032011094-7	Granted	RTE 100%	0.03	No expiry date	$23
Cerro Verde	Chile	SERENA	032011205-2	Granted	RTE 100%	0.01	No expiry date	$8
Cerro Verde	Chile	COQUIMBANA	032010394-0	Granted	RTE 100%	0.06	No expiry date	$45
Cerro Verde	Chile	SIERRALTA	032011206-0	Granted	RTE 100%	0.02	No expiry date	$15
Cerro Verde	Chile	MERCEDITAS	032011546-9	Granted	RTE 100%	0.02	No expiry date	$15
Cerro Verde	Chile	SANTA FE	032011220-6	Granted	RTE 100%	0.05	No expiry date	$38
Cerro Verde	Chile	PIMIENTA 1 al 2	032011474-8	Granted	RTE 100%	0.02	No expiry date	$15

Genesis Minerals Limited Tenement Details

Project	Country	Tenement ID	National Roll Number	Status	Equity	Km2	Expiry Date	Rent A$
Cerro Verde	Chile	TIFUCA	032010262-6	Granted	RTE 100%	0.01	No expiry date	$8
Cerro Verde	Chile	VISCACHITA 2/7	032010248-0	Granted	RTE 100%	0.3	No expiry date	$227
Cerro Verde	Chile	VISCACHITA II	032012081-0	Granted	RTE 100%	0.05	No expiry date	$38
Cerro Verde	Chile	MEJICANA	032011780-1	Granted	RTE 100%	0.02	No expiry date	$15
Cerro Verde	Chile	ESPINA DE UNA FLOR	032010585-4	Granted	RTE 100%	0.01	No expiry date	$8
Cerro Verde	Chile	JORGE IGNACIO 1-4	032011113-7	Granted	RTE 100%	0.11	No expiry date	$83
Cerro Verde	Chile	MARIA INES	032011753-4	Granted	RTE 100%	0.03	No expiry date	$23
Cerro Verde	Chile	NUEVA ESPERANZA	032010524-2	Granted	RTE 100%	0.01	No expiry date	$8
Cerro Verde	Chile	NUEVA FARELLON 1-3	032011024-6	Granted	RTE 100%	0.15	No expiry date	$113
Cerro Verde	Chile	SAN JOSE	032010459-9	Granted	RTE 100%	0.05	No expiry date	$38
Cerro Verde	Chile	BUENOS AIRES	032010124-7	Granted	RTE 100%	0.02	No expiry date	$15
Cerro Verde	Chile	RINCON 3-5	032011760-7	Granted	RTE 100%	0.15	No expiry date	$113
Cerro Verde	Chile	GUIAS	032010320-7	Granted	RTE 100%	0.05	No expiry date	$38
Cerro Verde	Chile	VIRGEN 7 1 - 60	032016975-5	Granted	RTE 100%	2.92	No expiry date	$2,207
Cerro Verde	Chile	SARA I/II	032030073-8	Granted	RTE 100%	0.1	No expiry date	$76
Cerro Verde	Chile	CARMEN	032010935-3	Granted	RTE 100%	0.05	No expiry date	$38
Cerro Verde	Chile	CATALINA 1 1-220	032017287-K	Granted	RTE 100%	2.2	No expiry date	$1,663
Cerro Verde	Chile	CATALINA 2 1-278	032017289-6	Granted	RTE 100%	2.78	No expiry date	$2,101
Cerro Verde	Chile	CATALINA 3 1-149	032017288-8	Granted	RTE 100%	1.49	No expiry date	$1,126
Cerro Verde	Chile	CATALINA 4 1-60	032018779-6	Granted	RTE 100%	3	in process	$2,268
Cerro Verde	Chile	CATALINA 5 1-60	032018780-K	Granted	RTE 100%	3	in process	$2,268
Cerro Verde	Chile	CATALINA 6 1-40	032018781-8	Granted	RTE 100%	2	in process	$1,512
Cerro Verde	Chile	CATALINA 7 1-40	032018782-6	Granted	RTE 100%	2	in process	$1,512
Cerro Verde	Chile	CATALINA 8 1-15	032018783-4	Granted	RTE 100%	0.15	in process	$113
Cerro Verde	Chile	CATALINA 9	03201E263-0	Granted	RTE 100%	3	26/01/2013	$454
Cerro Verde	Chile	CATALINA 10	03201E264-9	Granted	RTE 100%	3	26/01/2012	$454
Cerro Verde	Chile	CATALINA 11	03201E265-7	Granted	RTE 100%	3	26/01/2013	$454
Cerro Verde	Chile	CATALINA 12	03201E266-5	Granted	RTE 100%	3	26/01/2013	$454
Cerro Verde	Chile	CATALINA 13	03201E267-3	Granted	RTE 100%	3	26/01/2013	$454
Cerro Verde	Chile	CATALINA 16	03201E284-3	Granted	RTE 100%	2	29/12/2012	$302
Los Openas	Argentina	Gladys Natalia	194.459-A-81	Granted	RTE 100%	0.06	No expiry date	$240
Los Openas	Argentina	San Antonio	295.240-E-89	Granted	RTE 100%	0.05	No expiry date	$240
Los Openas	Argentina	Nancy Noemi	194.265-H-81	Granted	RTE 100%	0.15	No expiry date	$240
Los Openas	Argentina	San Judas Tadeo	14-BIS-H-46	Granted	RTE 100%	0.06	No expiry date	$240
Los Openas	Argentina	Lila	184.171-H-82	Granted	RTE 100%	0.12	No expiry date	$240
Los Openas	Argentina	Patrocino	306.498-P-88	Granted	RTE 100%	0.07	No expiry date	$240
Los Openas	Argentina	San Jose	306.499-P-88	Granted	RTE 100%	0.05	No expiry date	$240
Los Openas	Argentina	Vega Redonda	1124.354-H-07	Granted	RTE 100%	0.03	No expiry date	$240
Los Openas	Argentina		306.492-H-88	Granted	RTE 100%	1.11	No expiry date	$240
Los Openas	Argentina		1249-T-05	Granted	RTE 100%	14.67	No expiry date	$240
Poncha	Argentina	Melinda	1467-M-05	Granted	RTE 100%	15.26	No expiry date	$12,000
Poncha	Argentina	Colanguil	0483-R-95	Granted	RTE 100%	15.3	No expiry date	$6,400
TOTAL AREA						**95.83**		**$46,883**

Genesis Minerals Limited has the right to earn 100% of the Dinamarquesa and Cerro Verde Projects in northern Chile and 100% of the Poncha and Los Opeñas Projects in San Juan Argentina.

Chile Projects

On 28th September 2010 Genesis executed an Option Agreement with a private Chilean Company Sociedad Legal Minera Gold Copper Primera de Sierra El Inca providing it the exclusive right to acquire a 100% interest in the Dinamarquesa Project. The Option payment schedule is listed in the Table below.

Due Date	Payment	Comment
September28 2010	US$125,000	Paid
June 30 2011	US$125,000	Paid
December 30 2011	US$100,000	Paid
September 30 2012	US$350,000	24 months from signing agreement
September 30 2013	US$600,000	36 months from signing agreement
September 30 2014	US$3,000,000	48 months from signing agreement
Total	**US$4,300,000**	

A minimum expenditure of US$400,000 was required on the project during the first 12 months of the option agreement. This expenditure commitment has been met. A 3% NSR is payable on all minerals capped at US$3.5 million.

On September 27th 2010 Genesis executed an Option Agreement with a private Chilean Company Compañía Minera Don Mario SCM providing it the exclusive right to acquire a 100% interest in the Cerro Verde Project. The Option payment schedule is listed in the Table below.

Due Date	Payment	Comment
September 27 2010	US$30,000	Paid
September 27 2011	US$75,000	Paid
September 27 2012	US$150,000	24 months from signing agreemen
September 27 2013	US$300,000	36 months from signing agreement
September 27 2014	US$900,000	48 months from signing agreement
September 27 2015	US$2,525,000	60 months from signing agreement
Total	**US$4,000,000**	

A minimum expenditure of US$150,000 was required on the project during the first 12 months of the option agreement. This expenditure commitment has been met. After commercial production begins at the Cerro Verde Project Compañía Minera Don Mario SCM will be entitled to receive from Genesis a 2% NSR. Genesis shall have the option to purchase a 1% of such NSR (reduce the NSR to 1%) at any time by paying Compañía Minera Don Mario SCM US$2 million. Standard terms and conditions will apply to any Royalty payments.

Argentina Projects

Genesis executed two Agreements in April 2011 with Teck Argentina Ltd which give Genesis the exclusive right to acquire 100% interests in Teck's right and interest to the Poncha and Los Opeñas Projects.

The Poncha Agreement with Teck requires Genesis to undertake work expenditures on the Project totalling US$5,000,000 and issue a further 1,500,000 Genesis shares to Teck on or before March 31, 2014 to acquire a 100% interest, with a commitment to complete 4,000m of drilling on the Poncha Project by June 30, 2012.

The Los Openas Agreement with Teck requires Genesis to undertake work expenditures on the Project totalling US$500,000 and issue a further 500,000 Genesis shares to Teck on or before March 31, 2013 to acquire a 100% interest, with a commitment to complete 1,500m of drilling on the Los Openas Project by June 30, 2012.

Teck can earn back to a 60% interest in the Poncha Project by incurring expenditures equal to four times Genesis' expenditures multiplied by the percentage interest Teck is earning back, to a maximum of $12 million over 3 years. The right to earn back expires within 60 days of Genesis notifying Teck that it has earned 100% in the Project. If Teck elects not to earn back in, Teck's interest will revert to a 2% NSR on production. Genesis will make all payments to ensure the licences are kept in good standing.

Teck can earn back to a 60% interest in the Los Openas Project by incurring expenditures equal to four times Genesis' expenditures multiplied by the percentage interest Teck is earning back, to a maximum of $1.2 million. The right to earn back expires within 60 days of Genesis notifying Teck that it has earned 100% in the Project. If Teck elects not to earn back in, Teck's interest will revert to a 2% NSR on production.

VALUATION ASSESSMENT

The projects in Chile and Argentina are advanced exploration projects for gold and silver with significant earlier exploration.

The 'Geoscientific Rating' method of valuation for exploration tenements is the preferred valuation method as it focusses on the prospectivity of the area.

The method systematically assesses and grades of four key technical attributes of a tenement to arrive at a series of multiplier factors. The Basic Acquisition Cost (BAC) is the important input to the method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environment etc) and statutory expenditure for a period of 12 months. Equity and grant status are also taken into account. Each factor then multiplied serially to the BAC. The 'Base Value is multiplied by the prospectivity rating to establish the overall technical value of each mineral property.

Paragraph 65 of RG 111 discusses a preference for the use of more than one valuation methodology. In the absence of a resource estimate in accordance with the JORC code an alternative method to the Geoscientific Rating method might consider past expenditure on the tenements and the uplift of value provided by encouraging result.

Past expenditures for the projects are not available from the previous explorers and reliance is placed on the Geoscientific method.

BASE ACQUISITION COST

This represents the exploration cost for the current period of the tenements. The current Base Acquisition Cost (BAC) for exploration projects is considered to be the average expenditure for Exploration licences in tenements in Western Australia. Early stage exploration projects attract a BAC of $375 - $400 per square kilometre. Mining Leases attract a Base Acquisition Cost of $10,000 to $10,500 per square kilometre and Prospecting Licences attract $3,500 to $3,750.

A Base Acquisition Cost of $2,000 to $2,500 per square kilometre has been applied to the tenements Chile and Argentina in recognition of the significantly higher exploration expense for logistics and drilling with a minimum expenditure per tenement of $1000 - $1250.

A discount of 40% is applied to pending tenements if appropriate to recognise the uncertainty of the grant process. This does not apply to tenements which are granted. Details of the tenements were supplied by the company and have not been independently audited. Genesis has the right to earn a 100% equity in all of the tenements.

Base Value = [Area][Grant Factor]*[Equity]*[Base Acquisition Cost]*

Genesis Minerals Limited Tenement Details

Project	State	Tenement ID	Equity	Km2	Status
Dinamarquesa	Chile	Coya 1/60	100%	3.00	Granted
Dinamarquesa	Chile	Coya 61/120	100%	2.73	Granted
Dinamarquesa	Chile	Dinamarquesa	100%	0.05	Granted
Dinamarquesa	Chile	Idolatria	100%	0.05	Granted
Dinamarquesa	Chile	Gold Copper 1 al 20	100%	0.20	Granted
Dinamarquesa	Chile	Lastenia Segunda	100%	0.31	Granted
Dinamarquesa	Chile	India 1/9	100%	0.28	Granted
Dinamarquesa	Chile	Lastenia O Guias D	100%	0.02	Granted
Dinamarquesa	Chile	India Chica	100%	0.01	Granted
Dinamarquesa	Chile	Copiapina	100%	0.15	Granted
Dinamarquesa	Chile	Hortensia	100%	0.15	Granted
Cerro Verde	Chile	AGUA AMARILLA	100%	0.05	Granted
Cerro Verde	Chile	VISCACHA	100%	0.05	Granted
Cerro Verde	Chile	LINDEROS	100%	0.03	Granted
Cerro Verde	Chile	SERENA	100%	0.01	Granted
Cerro Verde	Chile	COQUIMBANA	100%	0.06	Granted
Cerro Verde	Chile	SIERRALTA	100%	0.02	Granted
Cerro Verde	Chile	MERCEDITAS	100%	0.02	Granted
Cerro Verde	Chile	SANTA FE	100%	0.05	Granted
Cerro Verde	Chile	PIMIENTA 1 al 2	100%	0.02	Granted
Cerro Verde	Chile	TIFUCA	100%	0.01	Granted
Cerro Verde	Chile	VISCACHITA 2/7	100%	0.30	Granted
Cerro Verde	Chile	VISCACHITA II	100%	0.05	Granted
Cerro Verde	Chile	MEJICANA	100%	0.02	Granted
Cerro Verde	Chile	ESPINA DE UNA FLOR	100%	0.01	Granted
Cerro Verde	Chile	JORGE IGNACIO 1-4	100%	0.11	Granted
Cerro Verde	Chile	MARIA INES	100%	0.03	Granted
Cerro Verde	Chile	NUEVA ESPERANZA	100%	0.01	Granted
Cerro Verde	Chile	NUEVA FARELLON 1-3	100%	0.15	Granted
Cerro Verde	Chile	SAN JOSE	100%	0.05	Granted
Cerro Verde	Chile	BUENOS AIRES	100%	0.02	Granted
Cerro Verde	Chile	RINCON 3-5	100%	0.15	Granted
Cerro Verde	Chile	GUIAS	100%	0.05	Granted
Cerro Verde	Chile	VIRGEN 7 1 - 60	100%	2.92	Granted
Cerro Verde	Chile	SARA I/II	100%	0.10	Granted
Cerro Verde	Chile	CARMEN	100%	0.05	Granted
Cerro Verde	Chile	CATALINA 1 1-220	100%	2.20	Granted
Cerro Verde	Chile	CATALINA 2 1-278	100%	2.78	Granted
Cerro Verde	Chile	CATALINA 3 1-149	100%	1.49	Granted
Cerro Verde	Chile	CATALINA 4 1-60	100%	3.00	Granted
Cerro Verde	Chile	CATALINA 5 1-60	100%	3.00	Granted
Cerro Verde	Chile	CATALINA 6 1-40	100%	2.00	Granted

Genesis Minerals Limited Tenement Details

Project	Project	Project	Project	Project	Project
Cerro Verde	Chile	CATALINA 7 1-40	100%	2.00	Granted
Cerro Verde	Chile	CATALINA 8 1-15	100%	0.15	Granted
Cerro Verde	Chile	CATALINA 9	100%	3.00	Granted
Cerro Verde	Chile	CATALINA 10	100%	3.00	Granted
Cerro Verde	Chile	CATALINA 11	100%	3.00	Granted
Cerro Verde	Chile	CATALINA 12	100%	3.00	Granted
Cerro Verde	Chile	CATALINA 13	100%	3.00	Granted
Cerro Verde	Chile	CATALINA 14	100%	2.00	Granted
Cerro Verde	Chile	CATALINA 15	100%	2.00	Granted
Cerro Verde	Chile	CATALINA 16	100%	2.00	Granted
Los Openas	Argentina	Gladys Natalia	100%	0.06	Granted
Los Openas	Argentina	San Antonio	100%	0.05	Granted
Los Openas	Argentina	Nancy Noemi	100%	0.15	Granted
Los Openas	Argentina	San Judas Tadeo	100%	0.06	Granted
Los Openas	Argentina	Lila	100%	0.12	Granted
Los Openas	Argentina	Patrocino	100%	0.07	Granted
Los Openas	Argentina	San Jose	100%	0.05	Granted
Los Openas	Argentina	Vega Redonda	100%	0.03	Granted
Los Openas	Argentina		100%	1.11	Granted
Los Openas	Argentina		100%	14.67	Granted
	Argentina				
Poncha	Argentina	Melinda	100%	15.26	Granted
Poncha	Argentina	Colanguil	100%	15.30	Granted
TOTAL AREA				**95.83**	

The Status of the tenements has been based on a recent independent enquiry, pursuant to Cl 67 of the Valmin Code, by myself.

PROSPECTIVITY ASSESSMENT FACTORS

A detailed assessment of the prospectivity of tenements was carried out. The geoscientific rating chosen for each element are included in the following table.

This includes a consideration of

- Regional mineralization, old and current workings and the validity of conceptual models.
- Local mineralization within the tenements and the application of conceptual models within the tenements.
- Identified anomalies warranting follow up within the tenements.
- The proportion of structural and lithological settings within the tenements and difficulty encountered by cover rocks and other factors.

KILBURN RATING CRITERIA - SIMPLIFIED				
Rating	Off Site Factor	On Site Factor	Anomaly Factor	Geological Factor
1	Indications of Prospectivity	Indications of Prospectivity	No targets outlined	Generally favourable geological environment
2	Resource targets Identified	Targets identified with successful early drilling	Exposure of mineralised zones or surface drilling (RAB)	Generally favourable lithology with structures or exposures of mineralised zones
3	Along Strike or adjacent to known mineralization	Grade intercepts on adjacent sections - Exploration Targets Estimated from sound evidence	Significant grade intercepts not yet linked on cross and long sections	Significant mineralised zones exposed in prospective host rocks
4		Inferred Resource identified not yet estimated	Grade intercepts on adjacent sections	

Assessments in each category are based on a set scale (see above and appendix) and are multiplied together to arrive at a "prospectivity index".

*Prospectivity Index = [Off Site Factor]*On Site Factor]*[Anomaly Factor]*[Geology Factor]*

PROSPECTIVITY ASSESSMENT FACTORS:

Genesis Minerals Limited Prospectivity Factors

Project	State	Tenement ID	Off Site		On Site		Anomaly		Geology	
			Low	High	Low	High	Low	High	Low	High
Dinamarquesa	Chile	Coya 1/60	4.00	4.10	2.50	2.60	2.25	2.35	2.50	2.60
Dinamarquesa	Chile	Coya 61/120	4.00	4.10	2.50	2.60	2.25	2.35	2.50	2.60
Dinamarquesa	Chile	Dinamarquesa	4.00	4.10	2.50	2.60	2.25	2.35	2.50	2.60
Dinamarquesa	Chile	Idolatria	4.00	4.10	2.50	2.60	2.25	2.35	2.50	2.60
Dinamarquesa	Chile	Gold Copper 1 al 20	4.00	4.10	2.50	2.60	2.25	2.35	2.50	2.60
Dinamarquesa	Chile	Lastenia Segunda	4.00	4.10	2.50	2.60	2.25	2.35	2.50	2.60
Dinamarquesa	Chile	India 1/9	4.00	4.10	2.50	2.60	2.25	2.35	2.50	2.60
Dinamarquesa	Chile	Lastenia O Guias D	4.00	4.10	2.50	2.60	2.25	2.35	2.50	2.60
Dinamarquesa	Chile	India Chica	4.00	4.10	2.50	2.60	2.25	2.35	2.50	2.60
Dinamarquesa	Chile	Copiapina	4.00	4.10	2.50	2.60	2.25	2.35	2.50	2.60
Dinamarquesa	Chile	Hortensia	4.00	4.10	2.50	2.60	2.25	2.35	2.50	2.60
Cerro Verde	Chile	AGUA AMARILLA	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	VISCACHA	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	LINDEROS	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	SERENA	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	COQUIMBANA	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	SIERRALTA	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	MERCEDITAS	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10

Genesis Minerals Limited Prospectivity Factors

Project	State	Tenement ID	Off Site		On Site		Anomaly		Geology	
			Low	High	Low	High	Low	High		
Cerro Verde	Chile	SANTA FE	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	PIMIENTA 1 al 2	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	TIFUCA	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	VISCACHITA 2/7	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	VISCACHITA II	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	MEJICANA	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	ESPINA DE UNA FLOR	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	JORGE IGNACIO 1-4	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	MARIA INES	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	NUEVA ESPERANZA	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	NUEVA FARELLON 1-3	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	SAN JOSE	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	BUENOS AIRES	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	RINCON 3-5	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	GUIAS	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	VIRGEN 7 1 - 60	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	SARA I/II	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CARMEN	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 1 1-220	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 2 1-278	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 3 1-149	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 4 1-60	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 5 1-60	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 6 1-40	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 7 1-40	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 8 1-15	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 9	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 10	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 11	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 12	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 13	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 14	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 15	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Cerro Verde	Chile	CATALINA 16	2.50	2.60	2.00	2.10	2.25	2.35	2.00	2.10
Los Openas	Argentina	Gladys Natalia	1.50	1.60	2.00	2.10	2.50	2.60	1.50	1.60
Los Openas	Argentina	San Antonio	1.50	1.60	2.00	2.10	2.50	2.60	1.50	1.60
Los Openas	Argentina	Nancy Noemi	1.50	1.60	2.00	2.10	2.50	2.60	1.50	1.60
Los Openas	Argentina	San Judas Tadeo	1.50	1.60	2.00	2.10	2.50	2.60	1.50	1.60
Los Openas	Argentina	Lila	1.50	1.60	2.00	2.10	2.50	2.60	1.50	1.60
Los Openas	Argentina	Patrocino	1.50	1.60	2.00	2.10	2.50	2.60	1.50	1.60
Los Openas	Argentina	San Jose	1.50	1.60	2.00	2.10	2.50	2.60	1.50	1.60
Los Openas	Argentina	Vega Redonda	1.50	1.60	2.00	2.10	2.50	2.60	1.50	1.60
Los Openas	Argentina		1.50	1.60	2.00	2.10	2.50	2.60	1.50	1.60
Los Openas	Argentina		1.50	1.60	2.00	2.10	2.50	2.60	1.50	1.60
Poncha	Argentina	Melinda	1.50	1.60	2.00	2.10	1.50	1.60	1.50	1.60
Poncha	Argentina	Colanguil	1.50	1.60	2.00	2.10	1.50	1.60	1.50	1.60

TECHNICAL VALUE

An estimate of technical value has been compiled for the tenements based on the base acquisition cost, area, grant status, equity and ratings for prospectivity.

Technical Value = [Base Value][Prospectivity Index]*

Prospect Name		Tenement	Technical Value		
			Low	High	Preferred
Dinamarquesa	Chile	Coya 1/60	337,500	488,495	409,666
Dinamarquesa	Chile	Coya 61/120	307,125	444,530	372,796
Dinamarquesa	Chile	Dinamarquesa	56,250	81,416	68,278
Dinamarquesa	Chile	Idolatria	56,250	81,416	68,278
Dinamarquesa	Chile	Gold Copper 1 al 20	56,250	81,416	68,278
Dinamarquesa	Chile	Lastenia Segunda	56,250	81,416	68,278
Dinamarquesa	Chile	India 1/9	56,250	81,416	68,278
Dinamarquesa	Chile	Lastenia O Guias D	56,250	81,416	68,278
Dinamarquesa	Chile	India Chica	56,250	81,416	68,278
Dinamarquesa	Chile	Copiapina	56,250	81,416	68,278
Dinamarquesa	Chile	Hortensia	56,250	81,416	68,278
Cerro Verde	Chile	AGUA AMARILLA	22,500	33,681	27,813
Cerro Verde	Chile	VISCACHA	22,500	33,681	27,813
Cerro Verde	Chile	LINDEROS	22,500	33,681	27,813
Cerro Verde	Chile	SERENA	22,500	33,681	27,813
Cerro Verde	Chile	COQUIMBANA	22,500	33,681	27,813
Cerro Verde	Chile	SIERRALTA	22,500	33,681	27,813
Cerro Verde	Chile	MERCEDITAS	22,500	33,681	27,813
Cerro Verde	Chile	SANTA FE	22,500	33,681	27,813
Cerro Verde	Chile	PIMIENTA 1 al 2	22,500	33,681	27,813
Cerro Verde	Chile	TIFUCA	22,500	33,681	27,813
Cerro Verde	Chile	VISCACHITA 2/7	22,500	33,681	27,813
Cerro Verde	Chile	VISCACHITA II	22,500	33,681	27,813
Cerro Verde	Chile	MEJICANA	22,500	33,681	27,813
Cerro Verde	Chile	ESPINA DE UNA FLOR	22,500	33,681	27,813
Cerro Verde	Chile	JORGE IGNACIO 1-4	22,500	33,681	27,813
Cerro Verde	Chile	MARIA INES	22,500	33,681	27,813
Cerro Verde	Chile	NUEVA ESPERANZA	22,500	33,681	27,813
Cerro Verde	Chile	NUEVA FARELLON 1-3	22,500	33,681	27,813
Cerro Verde	Chile	SAN JOSE	22,500	33,681	27,813
Cerro Verde	Chile	BUENOS AIRES	22,500	33,681	27,813
Cerro Verde	Chile	RINCON 3-5	22,500	33,681	27,813
Cerro Verde	Chile	GUIAS	22,500	33,681	27,813
Cerro Verde	Chile	VIRGEN 7 1 - 60	131,400	196,699	162,427
Cerro Verde	Chile	SARA I/II	22,500	33,681	27,813
Cerro Verde	Chile	CARMEN	22,500	33,681	27,813
Cerro Verde	Chile	CATALINA 1 1-220	99,000	148,198	122,377
Cerro Verde	Chile	CATALINA 2 1-278	125,100	187,268	154,640
Cerro Verde	Chile	CATALINA 3 1-149	67,050	100,370	82,882
Cerro Verde	Chile	CATALINA 4 1-60	135,000	202,088	166,877
Cerro Verde	Chile	CATALINA 5 1-60	135,000	202,088	166,877
Cerro Verde	Chile	CATALINA 6 1-40	90,000	134,726	111,251
Cerro Verde	Chile	CATALINA 7 1-40	90,000	134,726	111,251
Cerro Verde	Chile	CATALINA 8 1-15	22,500	33,681	27,813

Prospect Name		Tenement	Technical Value		
			Low	High	Preferred
Cerro Verde	Chile	CATALINA 9	135,000	202,088	166,877
Cerro Verde	Chile	CATALINA 10	135,000	202,088	166,877
Cerro Verde	Chile	CATALINA 11	135,000	202,088	166,877
Cerro Verde	Chile	CATALINA 12	135,000	202,088	166,877
Cerro Verde	Chile	CATALINA 13	135,000	202,088	166,877
Cerro Verde	Chile	CATALINA 14	90,000	134,726	111,251
Cerro Verde	Chile	CATALINA 15	90,000	134,726	111,251
Cerro Verde	Chile	CATALINA 16	90,000	134,726	111,251
Los Openas	Argentina	Gladys Natalia	11,250	17,472	14,191
Los Openas	Argentina	San Antonio	11,250	17,472	14,191
Los Openas	Argentina	Nancy Noemi	11,250	17,472	14,191
Los Openas	Argentina	San Judas Tadeo	11,250	17,472	14,191
Los Openas	Argentina	Lila	11,250	17,472	14,191
Los Openas	Argentina	Patrocino	11,250	17,472	14,191
Los Openas	Argentina	San Jose	11,250	17,472	14,191
Los Openas	Argentina	Vega Redonda	11,250	17,472	14,191
Los Openas	Argentina		24,975	38,788	31,503
Los Openas	Argentina		330,075	512,628	416,350
Poncha	Argentina	Melinda	206,010	328,151	263,549
Poncha	Argentina	Colanguil	206,550	329,011	264,239
TOTAL VALUE			4,388,535	6,576,937	5,428,172

MARKET VALUE

In arriving at a fair market value for a particular exploration tenement, I have considered the current market for exploration properties in Australia and overseas. It is considered appropriate to apply a market discount to the technical value of the exploration potential of its tenements.

An allowance has been made for inflation in exploration costs (reflected in an increase of BAC) over that period which are considered to be 50% higher now than in the 1990 – 2000 period. The current market value for gold projects in South America is considered to be buoyant and a market factor of 20% to 25% has been applied to the basic technical value.

Market Value = [Technical Value][Market Factor]*

Prospect Name		Tenement	Market Value		
			Low	High	Preferred
Dinamarquesa	Chile	Coya 1/60	405,000	610,618	507,809
Dinamarquesa	Chile	Coya 61/120	368,550	555,662	462,106
Dinamarquesa	Chile	Dinamarquesa	67,500	101,770	84,635
Dinamarquesa	Chile	Idolatria	67,500	101,770	84,635
Dinamarquesa	Chile	Gold Copper 1 al 20	67,500	101,770	84,635
Dinamarquesa	Chile	Lastenia Segunda	67,500	101,770	84,635
Dinamarquesa	Chile	India 1/9	67,500	101,770	84,635
Dinamarquesa	Chile	Lastenia O Guias D	67,500	101,770	84,635
Dinamarquesa	Chile	India Chica	67,500	101,770	84,635
Dinamarquesa	Chile	Copiapina	67,500	101,770	84,635

Prospect Name		Tenement	Market Value		
			Low	High	Preferred
Dinamarquesa	Chile	Hortensia	67,500	101,770	84,635
Cerro Verde	Chile	AGUA AMARILLA	27,000	42,102	34,551
Cerro Verde	Chile	VISCACHA	27,000	42,102	34,551
Cerro Verde	Chile	LINDEROS	27,000	42,102	34,551
Cerro Verde	Chile	SERENA	27,000	42,102	34,551
Cerro Verde	Chile	COQUIMBANA	27,000	42,102	34,551
Cerro Verde	Chile	SIERRALTA	27,000	42,102	34,551
Cerro Verde	Chile	MERCEDITAS	27,000	42,102	34,551
Cerro Verde	Chile	SANTA FE	27,000	42,102	34,551
Cerro Verde	Chile	PIMIENTA 1 al 2	27,000	42,102	34,551
Cerro Verde	Chile	TIFUCA	27,000	42,102	34,551
Cerro Verde	Chile	VISCACHITA 2/7	27,000	42,102	34,551
Cerro Verde	Chile	VISCACHITA II	27,000	42,102	34,551
Cerro Verde	Chile	MEJICANA	27,000	42,102	34,551
Cerro Verde	Chile	ESPINA DE UNA FLOR	27,000	42,102	34,551
Cerro Verde	Chile	JORGE IGNACIO 1-4	27,000	42,102	34,551
Cerro Verde	Chile	MARIA INES	27,000	42,102	34,551
Cerro Verde	Chile	NUEVA ESPERANZA	27,000	42,102	34,551
Cerro Verde	Chile	NUEVA FARELLON 1-3	27,000	42,102	34,551
Cerro Verde	Chile	SAN JOSE	27,000	42,102	34,551
Cerro Verde	Chile	BUENOS AIRES	27,000	42,102	34,551
Cerro Verde	Chile	RINCON 3-5	27,000	42,102	34,551
Cerro Verde	Chile	GUIAS	27,000	42,102	34,551
Cerro Verde	Chile	VIRGEN 7 1 - 60	157,680	245,874	201,777
Cerro Verde	Chile	SARA I/II	27,000	42,102	34,551
Cerro Verde	Chile	CARMEN	27,000	42,102	34,551
Cerro Verde	Chile	CATALINA 1 1-220	118,800	185,248	152,024
Cerro Verde	Chile	CATALINA 2 1-278	150,120	234,086	192,103
Cerro Verde	Chile	CATALINA 3 1-149	80,460	125,463	102,962
Cerro Verde	Chile	CATALINA 4 1-60	162,000	252,610	207,305
Cerro Verde	Chile	CATALINA 5 1-60	162,000	252,610	207,305
Cerro Verde	Chile	CATALINA 6 1-40	108,000	168,407	138,203
Cerro Verde	Chile	CATALINA 7 1-40	108,000	168,407	138,203
Cerro Verde	Chile	CATALINA 8 1-15	27,000	42,102	34,551
Cerro Verde	Chile	CATALINA 9	162,000	252,610	207,305
Cerro Verde	Chile	CATALINA 10	162,000	252,610	207,305
Cerro Verde	Chile	CATALINA 11	162,000	252,610	207,305
Cerro Verde	Chile	CATALINA 12	162,000	252,610	207,305
Cerro Verde	Chile	CATALINA 13	162,000	252,610	207,305
Cerro Verde	Chile	CATALINA 14	108,000	168,407	138,203
Cerro Verde	Chile	CATALINA 15	108,000	168,407	138,203
Cerro Verde	Chile	CATALINA 16	108,000	168,407	138,203
Los Openas	Argentina	Gladys Natalia	13,500	21,840	17,670
Los Openas	Argentina	San Antonio	13,500	21,840	17,670
Los Openas	Argentina	Nancy Noemi	13,500	21,840	17,670
Los Openas	Argentina	San Judas Tadeo	13,500	21,840	17,670
Los Openas	Argentina	Lila	13,500	21,840	17,670
Los Openas	Argentina	Patrocino	13,500	21,840	17,670
Los Openas	Argentina	San Jose	13,500	21,840	17,670
Los Openas	Argentina	Vega Redonda	13,500	21,840	17,670

Prospect Name		Tenement	Market Value		
			Low	High	Preferred
Los Openas	Argentina		29,970	48,485	39,227
Los Openas	Argentina		396,090	640,786	518,438
Poncha	Argentina	Melinda	247,212	410,189	328,700
Poncha	Argentina	Colanguil	247,860	411,264	329,562
			5,266,242	8,221,171	6,743,706

Market Value			
	Low	High	Preferred
Dinamarquesa	1,381,050	2,082,208	1,731,629
Cerro Verde	2,856,060	4,453,520	3,654,790
Los Openas	534,060	863,990	699,025
Poncha	495,072	821,453	658,262

VALUATION OPINION

A$ million	Technical Value	Market Value
Low	4.39	5.27
High	6.58	8.22
Preferred	5.43	6.74

In this report, I have systematically established the value of the mineral assets as at 21 December 2011.

Based on an assessment of the factors involved I estimate the value for the project areas is in the range A$5.3 million to A$8.2 million with a preferred value of A$6.7 million.

There is a preference for the use of more than one valuation methodology expressed in Paragraph 65 of RG 111. In the absence of a resource estimate in accordance with the JORC code an alternative method to the Geoscientific Rating method might consider past expenditure on the tenements and the uplift of value provided by encouraging result.

Past expenditure for the projects are not available from the previous explorers though there has been significant drilling with encouraging results.

The Dinamarquesa Project is located within the highly mineralised Inca de Oro gold-copper belt which forms part of the well-endowed Paleocene Porphyry belt of northern Chile. Limited previous wide spaced drilling at the project delineated a number of high grade gold structures. Gold-copper mineralisation in the Inca de Oro district has been known since the time of the Incas. In “modern times” it is estimated that over 500,000 ounces of gold have been mined from numerous high grade

veins in the district. The grade of the veins ranged from 10 to 100g/t gold. The majority of production took place between 1930 and 1945. Recent exploration activity in the district has mostly comprised evaluation of the potential of the porphyry systems in the area.

The initial drilling program completed by Genesis, along with a mapping program, defined an extensive high grade vein system over at least 500m of strike. The vein system is open along strike and at depth.

Mining in the Cerro Verde area, Chile dates back to the 1800s but only limited modern exploration has been completed at the Project. Numerous high grade structures remain untested and the potential to discover new veins is considered high as is the potential to define a large porphyry system on the Project.

Minor surface exploration was completed by Homestake between 1998 and 1999. Between 2004 and 2005, Hochschilds (MH Chile) explored the area by surface mapping, sampling (334 surface samples) and limited diamond drilling (1,219m completed). The surface rock chip sampling by Hochschilds highlighted significant gold, copper and silver surface mineralisation over a 4km by 2km area. Strong arsenic, barium, bismuth, mercury, molybdenum, lead and stibnite anomalism is also present. No other modern exploration is known to have been conducted at the Project

Teck first identified the Poncha Project in 2005. Exploration between 2006 and 2009 at the Poncha Project comprised drilling of 18 holes for 6,531m, geochemical sampling, geophysical surveying and geological mapping. Two targets were explored during this period; a northern porphyry copper-gold target and a southern epithermal gold target. The majority of the drilling was completed at the southern epithermal target.

It is not considered unreasonable to suggest that the current value of these work elements would exceed $2 to $2.5 million if carried out in the current market. This is considered highly speculative (but plausible) and the successful results of the work would attract a Prospectivity Enhancement Multiplier of 2.0 to 2.5 (see the Appendix) and suggest a technical value in the range $4. million to $6 million.

The ‘Geoscientific Rating’ method of valuation for exploration tenements is the preferred valuation method as it focusses on the prospectivity of the area. It is considered that this valuation is supported by the estimates of past exploration expenditure and prospectivity enhancement despite the absence of accurate past expenditure information.

APPENDIX

MINERAL ASSETS VALUATION METHODOLOGY

FAIR MARKET VALUE OF MINERAL ASSETS

Mineral assets include, but are not limited to, mining and exploration tenements held or acquired in connection with the exploration, the development of, and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

Mineral assets classification	
Exploration areas	Mineralization may or may not have been identified, but where a mineral resource has not been defined.
Advanced exploration areas	Mineral resources have been identified and their extent estimated (possibly incompletely). This includes properties at the early stage of assessment.
Pre-development projects	A positive development decision has not been made. This includes properties where a development decision has been negative, properties on care and maintenance and properties held on retention titles.
Development projects	Committed to production, but which, are not yet commissioned or not initially operating at design levels.
Operating Mines	Mineral properties, particularly mines and processing plants, which have been fully commissioned and are in production.

The fair market value, of a mineral asset is the estimated amount of money or the cash equivalent or some other consideration for which the mineral asset should change hands between a willing buyer and a willing seller in an arm's length transaction. Each party is assumed to have acted knowledgeably, prudently and without compulsion.

The value of a mineral asset usually consists of two components,

- The underlying or Technical Value which is an assessment of a mineral asset's future net economic benefit under a set of appropriate assumptions, excluding any premium or discount for market, strategic or other considerations.
- The Market Component, which is a premium relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or zero.

When the technical and market components of value are combined the resulting value is referred to as the market value. A consideration of country risk should also be taken into account for overseas projects.

The value of mineral assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions, commodity prices, exchange rates, political and country risk change.

REGULATORY AUTHORITIES

Mineral asset valuations are governed by the VALMIN code and ASIC Practice Note 43 in Australia and by the CIMVAL code, NI43-101 and TSXV Appendix 3G in Canada

THE VALMIN CODE

The four main requirements of the *VALMIN Code* are

Transparency The report needs to explain how the valuation was done and the assumptions used in calculating the value. The objective is to provide sufficient information that other people can come up with the same answer.

Materiality This means the valuer has to ensure that all important data that could have a significant impact on the valuation is included in the report.

Competence The valuer must be competent at doing valuations. The person needs to be an expert in the particular exploration target being evaluated. Typically the person needs at least 5 years experience in that commodity.

Independence. The valuer must act in a professional manner and not favour the buyer or the seller. In other words the price must be set at a “fair market value”. To achieve independence, the valuer must not receive any special benefit from doing the study.

The decisions as to the valuation methodology or methodologies to be used and the content of the Report are solely the responsibility of the Expert or Specialist whose decisions must not be influenced by the Commissioning Entity. The Expert or Specialist must state the reasons for selecting each methodology used in the Report. Methods chosen must be rational and logical and be based upon reasonable grounds.

The Expert or Specialist should make use of valuation methods suitable to the Mineral or Petroleum Assets or Mineral or Petroleum Securities under consideration. Selection of the appropriate valuation method will depend on, inter alia:

(a) the purpose of the Valuation;

(b) the development status of the Mineral or Petroleum Assets;

(c) the amount and reliability of relevant information;

(d) the risks involved in the venture; and

(e) the relevant market conditions for commodities and/or shares.

The Expert or Specialist should choose, discuss and disclose the selected valuation method(s) appropriate to the Mineral or Petroleum Assets or Mineral or Petroleum Securities under consideration, stating the reasons why the particular valuation method(s) have been selected in relation to those factors set out in Paragraph 39 and to the adequacy of available data. It may also be desirable to discuss why a particular valuation method has not been used. The disclosure should give a sufficient account of the valuation method(s) used so that another Expert could understand the procedure used and assess the Valuation. Should more than one valuation method be used and different valuations result, the Expert or Specialist should comment on the reason(s) for selecting the Value adopted.

Australian Securities and Investment Commission – Regulatory Guides RG111 and RG112

It is not the ASIC's role or intention to limit the expert's exercise of skill and judgment in selecting the most appropriate method or methods of valuation. However, it is appropriate for the expert to consider:

(a) the discounted cash flow method;

(b) the amount which an alternative acquirer might be willing to offer if all the securities in the target company were available for purchase;

The ASIC does not suggest that this list is exhaustive or that the expert should use all of the methods of valuation listed above. The expert should justify the choices of valuation method and give a sufficient account of the method used to enable another expert to replicate the procedure and assess the valuation. It may be appropriate for the expert to compare the figures derived by more than one method and to comment on any differences.

The complex valuations in an expert's report necessarily contain significant uncertainties. Because of this an expert who gives a single point value will usually be implying spurious accuracy to his or her valuation. An expert should, however, give as narrow a range of values as possible. An expert report becomes meaningless if the range of values is too wide. An expert should indicate the most probable point within the range of values if it is feasible to do so.

The expert should carry out sufficient enquiries or examinations to establish reasonable grounds for believing that any profit forecasts, cash flow forecasts and unaudited profit figures that are used in the expert's report, and have been prepared on a reasonable basis. If there are material variations in method or presentation the expert should adjust for or comment on them in the report.

The expert should discuss the implications to his or her valuation if:

(a) the current market value of the subject of the report is likely to change because of market volatility (for example, boom or depression); or

(b) the current market value differs materially from that derived by the chosen method.

VALUATION METHODOLOGY FOR EXPLORATION TENEMENTS

Valuation of exploration properties is exceptionally subjective. If an economic resource is subsequently identified then a new valuation will be dramatically higher, or alternatively if expenditure of further exploration dollars is unsuccessful then it is likely to decrease the value of the Tenements. There are a number of generally accepted procedures for establishing the value of exploration properties and, where relevant, the use of more than one such method to enable a balanced analysis and a check on the result has been undertaken. The value will always be presented as a range with the preferred value identified. The preferred value need not be the median value, and will be determined by the Independent Expert based on his experience.

The Independent Expert, when determining a value for a mineral asset, must assess a range of technical issues prior to selection of a valuation methodology. Often this will require seeking advice from a specialist in specific areas. The key issues are:

- geological setting and style of mineralization
- level of knowledge of the geometry of mineralization in the district
- mining history, including mining methods
- location and accessibility of infrastructure
- milling and metallurgical characteristics of the mineralization
- results of exploration including geological mapping, costeaning and drilling of interpretation of geochemical anomalies
- parameters used to identify geophysical and remote sensing data anomalies
- location and style of mineralization identified on adjacent properties
- appropriate geological models

In addition to these technical issues the Independent Expert needs to make a judgement about the market demand for the type of property, commodity markets, financial markets and stock markets. The technical value of a property should not be adjusted by a “market factor” unless there is a marked discrepancy between the technical value and the market value. When this is done the factor should be clearly identified.

Where there are identified reserves it is appropriate to use financial analysis methods to estimate the net present value (NPV) of the properties. This technique has deficiencies which include assessment of only a very narrow area of risk, namely the time value of money given the real discount rate, and the underlying assumption that a static approach is applicable to investment decision making, which is clearly not the case.

When assessing value of exploration properties with no identified mineral resources or only inferred resources it is inappropriate to prepare any form of financial analysis to determine the net present

value. The valuation of exploration tenements or licences, particularly those without identified resources, is highly subjective and a number of methods are appropriate to give a guide as discussed below.

All of these valuation methods are relatively independent of the location of the mineral property. Consequently the valuer will make allowance for access to infrastructure etc when choosing a preferred value. It is observed that the Prospectivity Exploration Multiplier (PEM) is heavily based on the expenditure, while the Kilburn Geoscience Rating (Kilburn) is more heavily based on opinions of the prospectivity hence tenements can have marked variation in value between the methods. If the Kilburn assessment is high and the PEM is low it indicates effective well focussed exploration, if the Kilburn is low and the PEM high it suggests that the tenement is considered to have lower prospectivity.

PROSPECTIVITY ENHANCEMENT MULTIPLIER (PEM) OR MULTIPLE OF EXPLORATION EXPENDITURE (MEE)

Past expenditure on a tenement and/or future committed exploration expenditure can establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented results a PEM can be derived which takes into account the valuer's judgment of the prospectivity of the tenement and the value of the database. Future committed exploration expenditure is discounted to 60% by some valuers to reflect the uncertainty of results and the possible variations in exploration programmes caused by future undefined events. Expenditure estimates for tenements under application are often discounted to 60% of the estimated value by some valuers to reflect uncertainty in the future granting of the tenement. The PEM Factors are defined in the following table.

PEM Factors Used in this valuation method

PEM Range	Criteria
0.2 – 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralization identified
0.5 – 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 – 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 – 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical)
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralization
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	A resource has been defined at Inferred Resource Status, no feasibility study has been completed

3.0 – 4.0	Indicated Resources have been identified that are likely to form the basis of a prefeasibility study
4.0 – 5.0	Indicated and Measured Resources have been identified and economic parameters are available for assessment.

KILBURN GEOSCIENCE RATING METHOD

Valuation is based on a calculation in which the geological prospectivity, commodity markets, financial markets, stock markets and mineral property markets are assessed independently. The Kilburn method is essentially a technique to define a value based on geological prospectivity. The method appraises a variety of mineral property characteristics:

- location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies;
- location and nature of any mineralization, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralization known to exist on the property being valued;
- number and relative position of anomalies on the property being valued;
- geological models appropriate to the property being valued.

The Kilburn Method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors. The Basic Acquisition Cost (BAC) is the important input to the Kilburn Method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environment etc) and statutory expenditure for a period of 12 months. This has been estimated at $525 to $575 per square kilometre for Exploration Licences in Western Australia for the current period. This is considered to have increased by 50% over costs in the 1990 – 2000 period. Equity and grant status are also taken into account. Each factor then multiplied serially to the BAC to establish the overall technical value of each mineral property.

Tenement Type	Expenditure per square kilometre (BAC) in 2010
Exploration License and equivalents	$525 to $575
Prospecting License and equivalents	$4,500 to $4,700
Mining Lease and equivalents	$14,250 to $14,750

The multipliers or ratings and the criteria for rating selection across these 6 factors are summarised in the following table.

KILBURN GEOSCIENTIFIC RATING CRITERIA - MODIFIED

	Rating	Address - Off Property	Mineralization - On Property	Anomalies	Geology
	0		No possibility of mineralization in this environment		
Low	**0.5**	Very little chance of mineralization, Concept unsuitable to environment	Very little chance of mineralization, Concept unsuitable to environment	Extensive previous exploration with poor results - no encouragement	Generally Unfavourable lithology
	0.75	No known Mineralization, Concept feasible	No known Mineralization, Concept feasible	Extensive previous exploration with good results - encouraging outlook	Generally Unfavourable lithology with structures
Average	**1**	Indications of Prospectivity, Concept validated	Indications of Prospectivity, Concept validated	Extensive previous exploration with encouraging results - regional targets	Deep alluvium Covered Generally favourable geology
	1.25	Exploratory sampling with encouragement, Concept validated	Prospective ground mapped, Concept validated	Single early stage targets outlined from geochemistry and geophysics	
	1.5	RAB Drilling with some scattered results	Exploratory sampling with encouragement, Concept validated	Several early stage targets outlined from geochemistry and geophysics	Shallow alluvium Covered Generally favourable geology (50-60%)
	1.75	RAB &/or RC Drilling with encouraging intercepts reported	RAB Drilling with some scattered results	Several broad targets outlined with some drilling	Exposed favourable lithology (50-60%)
	2	Significant RC drilling leading to advance project status	RAB &/or RC Drilling with encouraging intercepts reported	Several well defined surface targets with some RAB drilling	Exposed favourable lithology (60-70%)
	2.25	Diamond Driing after RC with encouragement	Significant RC drilling leading to advance project status	Several well defined surface targets with some RAB & RC drilling	Exposed favourable lithology (70-80%)
	2.5	Grid drilling with encouraging results on adjacent sections	Diamond Driing after RC with encouragement	Several well defined surface targets with encouraging drilling results	Strongly favourable lithology (70-80%)
	2.75	Advanced Resource definition drilling - early stage	Grid drilling with encouraging results on adjacent sections	Several well defined surface targets with encouraging drilling results on adjacent sections	Strongly favourable lithology (80-90%)
High	**3**	Resource areas identified	Advanced Resource definition drilling - early stage	Several significant subeconomic targets - no indication of volume	Highly prospective geology (90 - 100%)

	3.5	Along strike or adjacent to known mineralization at Pre Feasibility Stage	Resource areas identified	Subeconomic targets of possible significant volume - early stage drilling	
	4	Along strike or adjacent to Resources at Definitive Feasibility Stage	Along strike or adjacent to known mineralization at Pre Feasibility Stage	Marginal economic targets of significant volume - advanced drilling	
	4.5	Along strike or adjacent to Development Stage Project	Along strike or adjacent to Resources at Definitive Feasibility Stage	Marginal economic targets of significant volume - well drilled at Inferred Resource srage	
Very High	**5**	Along strike or adjacent to Operating Mine	Along strike or adjacent to Development Stage Project	Several significant ore grade correlatable intersections with estimated resources	

Estimate of project value is carried out on a tenement by tenement basis and uses four calculations as shown mellow.

Base Value = [Area][Grant Factor]*[Equity]*[Base Acquisition Cost]*

*Prospectivity Index = [Off Site Factor]*On Site Factor]*[Anomaly Factor]*[Geology Factor]*

Technical Value = [Base Value][Prospectivity Index]*

Market Value = [Technical Value][Market Factor]*

VALUATION OF RESOURCES BY COMPARABLE TRANSACTIONS

If a property in the recent past was the subject of an arms-length transaction, for either cash or shares (i.e. from a company whose principal asset was the mineral property) then this forms the most realistic starting point, provided that the deal is still relevant in today's market. Complicating matters is the knowledge that properties rarely change hands for cash, except for liquidation purposes, estate sales, or as raw exploration property when sold by an individual prospector, or entrepreneur.

Any underlying royalty or net profits interests or rights held by the original vendor of the claims should be deducted from the resultant property value before determination of the company's interest. Also, reductions in value should be made where environmental, legal or political sensitivities could seriously retard the development of exploration properties.

It should be noted again that exploration is cyclical, and in periods of low metal prices there is often no market, or a market at very low prices, for ordinary exploration acreage

(inventory property) unless it is combined with a significant mineral deposit, or with other incentives.

Truly Comparable Transactions are rare for early stage properties without defined drill targets. This is natural in a recession, as companies focus on brownfields exploration. Inflated prices paid for property in fashionable areas should not be discounted because they reflect the true market value of a property at the transaction date. If however, the market sentiment is not so buoyant then adjustments must be made.

When only a resource or defined body of mineralisation has been outlined and its economic viability has still to be established (i.e. there is no ore reserve) then a **Comparable Transactions** approach is usually applied, often stated as a percentage of metal value. This can be applied to Mineral Resource estimates and Exploration Targets in accordance with the JORC code with appropriate discounts for risk in the different categories.

Resource Category Discounts	
Measured Resource	80%
Indicated Resource	70%
Inferred Resource	60%
Exploration Target	50%

With gold projects the method requires allocating a dollar value to resource ounces of gold in the ground. This may also apply to well established zones of mineralisation which have not formally been categorised under the JORC code. An additional risk weighting may be appropriate in these circumstances.

The dollar value must take into account a number of aspects of the resources including:

- The confidence in the resource estimation (the JORC Category).
- The quality of the resource (grade and recovery characteristics)
- Possible extensions of the resource in adjacent areas
- Exploration potential for other mineralisation within the tenements
- Presence and condition of a treatment plant within the project
- Proximity of toll treatment facilities, infrastructure, development and capital expenditure aspects

A similar approach can be taken with other metals including uranium or base metals sold on the spot market and benchmarks are similar to gold properties. Value is estimated as a percentage of contained value once appropriate discounts for uncertainty relating to resource categorisation are taken into account.

Iron Ore Mining and Processing DiscountsResource	
Recovery	88.0%
Mining	90.0%
Processing	80.0%
Rail	80.0%
Port	70.0%
Capex	70.0%
Marketing	85.0%
Total Operating Discount	21.1%

An additional discount may also be appropriate for **market sentiment** in times of difficult market conditions or strong boom times.

The AAC for gold projects lies in the range of 2% to 5%. The data set does not differentiate between resource categories and it is implicit that this has been taken into account with risk related discounts. Information on sales internationally has shown a pattern for 'Apparent Acquisition Cost' (AAC) over the last twenty years as shown in the following table.

Dollar per Ounce for International Gold Sales (AUD)

	AAC Percentiles				
Percentile	10%	25%	50%	75%	90%
AAC	2.20%	2.63%	3.00%	3.35%	3.89%

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