HIGH-GRADE GOLD HIT AT PONCHA PROJECT

- Drilling at Poncha Project in Argentina returns 12.15m @ 4.87 g/t gold, 15.9 g/t silver and 0.49% zinc
- Highlights potential for significant discovery
- Results confirm intermediate sulphidation epithermal high-grade gold mineralisation (eg. Kelian-type) at Poncha
- Geological controls on location of high-grade mineralisation now much better understood
- Seven holes (1,498m) of a planned 20-hole (4,000m) drill program completed before the onset of winter weather
- Drilling set to start at Las Opeñas Project (25km away) to test high-grade gold targets
- Remaining 2,500m of drilling at Poncha to be completed as soon as weather allows
- Drilling to continue across the two projects until Christmas, underpinning many months of strong news flow

Genesis Minerals Limited (ASX:GMD) is pleased to announce that drilling at its Poncha Project in San Juan Province, Argentina has returned high-grade results of up to 4.87g/t (see Table 1).

The results support Genesis’ belief that Poncha has the potential to host a multi-million-ounce gold deposit in a high-grade epithermal system.

High-grade gold mineralisation was intersected in drill-hole 12 PODH 003, with analytical results including:

- **12.15m @ 4.87 g/t gold, 15.9 g/t silver and 0.49% zinc; and**
- **5.25m @ 0.62 g/t gold, 12 g/t silver, 0.46% lead and 0.77% zinc**

Hole 12 PODH 003 was drilled perpendicular to a previous drill hole PC13 (see Genesis ASX release dated April 6, 2011) that intersected:

- **266m @ 1.21 g/t gold including:**
  - **22m @ 3.01 g/t gold, 5.4 g/t silver, 0.3% zinc; and**
  - **61m @ 3.04 g/t gold containing 4m @ 10.84 g/t gold and 7.9 g/t silver, and 8m @ 10.91 g/t gold and 24 g/t silver.**

Recent results indicate that the previous drill hole was probably oriented down-dip of, rather than perpendicular to, the mineralisation. As such the geological controls on the location of this high-grade mineralisation are now much better understood and further drilling can be optimally directed to evaluate the extensions of this mineralisation, which remains open in all directions.
Drilling indicates high-grade mineralisation associated with this zone probably extends to over 300m below surface. There is significant potential to delineate considerable resources within this mineralised zone.

The drilling was conducted as part of the 4,000m program planned for Poncha. Winter weather forced drilling to be suspended, though the program is expected to resume in October.

In the meantime, Genesis is preparing to start drilling next month, subject to environmental approval, at Las Opeñas, just 25km away from Poncha, at lower altitudes and not impacted by winter weather.

An extensive high-grade epithermal system has been identified at Las Opeñas at surface over 4.5km, with rock chip sampling and mapping returning values of up to 49g/t gold, 183g/t gold and 6,800g/t silver.

The twin drilling programs mean Genesis is set to generate strong news flow throughout the remainder of 2012 as part of its strategy to begin outlining a multi-million-ounce deposit.

Genesis Managing Director Michael Fowler said the initial results at Poncha were extremely promising because they were high-grade and confirmed Genesis’ geological interpretation.

“Mineralisation at Poncha remains wide open and the potential to define a significant gold deposit is high,” Mr Fowler said. “This potential is demonstrated by the high-grade gold results returned so far as well as the numerous gold geochemical surface anomalies and structural targets remaining to be tested at the Southern Epithermal Prospect and the untested Northern Porphyry Epithermal Target at Poncha.”

Figure 1. Cross section 6,693,050N
Only seven holes and 1,498 metres of the planned 20-hole, 4,000 metre drill program were completed, due to the early onset of inclement winter weather. Despite this program being incomplete the Company has managed to commence the evaluation of a number of targets.

Very encouraging early results have been returned from several of these holes, including:

- 12 PODH 002 - 1.95m @ 0.58 g/t gold, 102.2 g/t silver, +1% copper and 0.55% zinc
- 12 PODH 005 - 10.6m @ 0.58 g/t gold
- 12 PODH 006 - 31.6m @ 0.32 g/t gold

Mineralisation in 12 PODH 003 is associated with steeply dipping structures containing pyrite, chalcopyrite and sphalerite (Figure 1). The initial interpretation of the results from 12 PODH 003 indicates the mineralised zone in this area is sub vertical, and trends north to northnorth-east, rather than east–west as previously interpreted. These types of intermediate sulphidation epithermal systems typically have these high grade narrow sulhide-only veins within haloes of low grade gold mineralisation.

Holes 12 PODH 004 to 007 targeted an interpreted north trending gold and zinc in talus fines geochemical anomaly and structural zone 150m to the east of the 12 PODH 003. This wide-spaced drilling has returned encouraging low grade gold mineralisation associated with sulphide rich breccias. Hole 12 PODH 006 intersected a sulphide-rich breccia intrusion which warrants further drilling to test for potential high-grade epithermal gold mineralisation associated with breccia intrusions along the interpreted north-south trending structural corridor.

Holes 12 PODH 001 to 003 intersected argillic altered dacite. Mineralisation is associated with steeply dipping structures containing pyrite, chalcopryte and sphalerite.

Figure 2. Drill hole location plan Southern Epithermal Prospect.
Holes 12 PODH 004 to 007 intersected mostly argillic altered dacite, lapilli tuffs and breccias. The polymictic breccias intersected in 12 PODH 006 comprise clasts of porphyry, rhyolite and fine grained sediments up to 0.3m in size. Clasts are angular to sub-rounded and the breccia has a milled matrix. Cavities are filled by clays and sulphides and alteration is mainly argillic variable silicification and carbonate alteration. The polymictic breccias are interpreted to be phreatomagmatic breccias.

Figure 3. Section 6,693,180N Southern Epithermal Prospect

Background

Genesis Minerals Limited has 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 Las Opeñas epithermal gold projects in San Juan Province, Argentina subject to an earn-back right or royalty to Teck.

Location and Access

The Poncha and Las 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. Access to the Projects is gained via good paved and gravel roads from Rodeo. The Projects are approximately 25km apart.

Previous Exploration

Teck first identified mineralisation at Poncha in 2005. Exploration between 2006 and 2009 comprised drilling 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 an epithermal gold target in the southern part of the Project. The majority of the drilling was completed at the Southern Epithermal Prospect.
Historically wide-spaced drilling, which was orientated to the previously interpreted west to northwest trend of mineralisation (see Genesis Minerals Limited ASX Release, 06-04-2011) returned results including:

- **Hole PC13** - 266m @ 1.21 g/t gold including:
  - 22m @ 3.01 g/t gold, 5.4 g/t silver, 0.3% zinc; and
  - 61m @ 3.04 g/t gold containing 4m @ 10.84 g/t gold and 7.9 g/t silver, and 8m @ 10.91 g/t gold and 24 g/t silver.
- **Hole PC09** - 6m @ 7.4 g/t gold, 7.0 g/t silver, 0.5% zinc.

Further/subsequent mapping and re-interpretation following the drilling delineated a strong north to north northeast control on gold mineralisation associated with jarosite-pyrolusite faults and/or phreatomagmatic breccia bodies. This north to north-east orientation has been subject to very limited testing previously and is the target that Genesis began evaluating with its recent drill program. This outcropping mineralised zone lies within a much larger target area that is covered by scree that may conceal additional mineralisation.

A large alteration system (2km by 2km) at the Northern Porphyry and Epithermal target (Figure 4), located about 2km north north-west of the Southern Epithermal Target, remains to be tested. Previous drilling (PC003 and PC005) encountered 206m @ 0.14 g/t gold and 0.14% copper in PC003 and 133.5m @ 0.2 g/t gold in PC005 associated with porphyry hosted mineralisation. Epithermal mineralisation at surface to the north of these drill holes within a large alteration system has not been tested. The area between the Southern Epithermal target and the Northern Porphyry target is under talus scree.

**Michael Fowler**

Managing Director

**Further Information**

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*The information in this announcement was compiled by Michael Fowler, Genesis Minerals Limited’s Managing Director, who is a Member of The Australasian Institute of Mining and Metallurgy. Michael Fowler has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code. Michael Fowler consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*
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- Final assay results from ½ HQ diamond core
- Analysis completed by Inspectorate Services Perú S.A.C., Peru
- All samples were analysed for gold and silver by fire assay, and copper, lead, and zinc by ICP
- Reference standards, duplicate and blank samples were routinely submitted and were within acceptable limits based on current data.
- Drill hole collar positions surveyed by GPS and down hole surveys by a single shot Eastman Camera.