

# ASX Announcement

Quarterly Activities Report  
For the Quarter Ended 31 December 2016



## Genesis Minerals Limited

## Quarterly Report Highlights

### ASX Code: GMD

#### Issued Capital

737 million shares

6 million options

#### Current Share Price

\$0.023

#### Market Capitalisation

\$17 million

#### Key Assets

Ulysses Gold Project (WA)

Viking Gold Project (WA)

#### Board Members

Richard Hill

Non-Executive Chairman

Michael Fowler

Managing Director/CEO

Darren Gordon

Non-Executive Director

#### Company Secretary

Geoff James

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### Ulysses Gold Project, Western Australia

#### Ulysses West Open Pit

- Ulysses West initial open pit mining operation completed with mining fleet demobilised in late December.
- ~50,000 wet tonnes of ore dispatched for processing at the Paddington Mill under the toll milling arrangement.
- Processing of batches UW01 to UW03 at Paddington indicate an overcall in the grade compared with the estimated mine claim grades.
- Further cash in-flows are expected to be received every couple of weeks until early March 2017. A final reconciliation of grade and tonnes will be provided at the end of the treatment campaign.
- A second mining campaign is currently being planned and is expected to commence before the end of February using smaller equipment to extract an additional ~10,000 to 20,000 tonnes of high-grade ore.

#### Ulysses Exploration

- Follow-up aircore drilling has confirmed a significant gold anomaly at the Ulysses Gold Project, located immediately east of the 151,000oz Ulysses Resource.
- Impressive results received from the 81-hole 5,377m program completed late last year, included:
  - 10m @ 1.22g/t gold including 5m @ 2.32g/t gold
  - 15m @ 1.49g/t gold including 5m @ 3.41g/t gold
- Ulysses East measures 1.3km in length, bringing the combined high-priority target zone including the existing Ulysses Mineral Resource to over 3km of strike.
- Follow-up RC drilling at Ulysses East will commence in February together with aircore drilling of untested strike parallel trends.

### Viking Gold Project, Western Australia

- A best result of 5m at 44.5g/t gold (16VKAC044) was returned from the Beaker 2 prospect at Viking, 40m to the east of shallow high-grade mineralisation intersected in previous drilling (e.g. 5m at 9.3g/t, 3m at 8.2g/t and 2m at 5.7g/t).
- 1.5km long Beaker 2 anomaly has been extended a further 250m to the north, with the mineralisation remaining open to the north and south.
- Resource delineation and extensional RC drilling is scheduled to commence in Q1 2017 in parallel with further aircore drilling.

**ULYSSES GOLD PROJECT, WESTERN AUSTRALIA (100%)****MINING - ULYSSES WEST OPEN PIT**

During the December quarter Genesis completed its first toll treatment mining operation at the 100%-owned Ulysses Gold Project near Leonora in WA. Open pit mining at the Ulysses West pit progressed on schedule with the Company's Mining Alliance partner, SMS Innovative Mining Pty Ltd.

Ore was mined to the 362.5mRL (~52m below surface) with the mining fleet demobilised from site before Christmas.

A limited mining campaign is currently being planned and is expected to commence before the end of February using smaller equipment to extract an additional 10,000 - 20,000 tonnes of high-grade material remaining at the base of the open pit. Further details of this proposed mining campaign will be announced in February. All ore was transported from the Ulysses West run-of-mine (ROM) pad on site and approximately 50,000 wet tonnes of ore grading ~4g/t Au has been processed at Paddington. The final batches have a mine claim grade of +5g/t gold.

As toll processing of the ore from Ulysses proceeds, grade reconciliations of the milled ore are continuing to exceed the claimed mine grades. The final verification by Paddington Gold Pty Ltd of the UW01 batch using the umpire sample for Batch UW01 has confirmed a grade of 3.2g/t Au, compared with the mine claimed grade of 2.5g/t Au.

Grade reconciliation from batches UW02 and UW03, which have been processed at Paddington in December, also indicate an overcall in grade.

The final provisional reconciled head grade for Batch UW02 was 3.4g/t Au compared with the mine claimed grade of 2.65g/t Au. Final verification by Paddington Gold Pty Ltd of UW02 using the umpire sample is currently being completed.

The final reconciled head grade for batch UW03 was 3.3g/t Au compared with the mine claimed grade of 2.9g/t Au.

Consistent with the mine plan, the grade of ore mined progressively increased as mining activity goes deeper into the pit.

Further cash in-flows are expected to be received every couple of weeks until early March 2017. A final reconciliation of grade and tonnes along with financial results will be provided at the end of the treatment campaign.

**EXPLORATION***Ulysses West Extension*

In light of the potential to extend the current pit at Ulysses West following the Company's announcement of 3 October 2016, Genesis completed a follow-up drilling program during the quarter to extend mineralisation further to the west along the interpreted splay structure, at depth and to the east to attempt to link mineralisation to the current Ulysses West pit with this new zone of mineralisation. Results (see *GMD ASX Release November 10, 2016*) from the program include:

- 7m @ 3.6g/t Au from 40m (16USRC080)
- 3m @ 2.8g/t Au from 38m (16USRC069)
- 2m @ 3.9g/t Au from 22m (16USRC070)
- 2m @ 4.0g/t Au from 36m (16USRC072)
- 2m @ 4.5g/t Au from 33m (16USRC077)
- 5m @ 1.5g/t Au from 20m (16USRC071)

The drilling has defined a continuous zone of mineralisation (Figure 1) over a strike length of 140m at Ulysses West.

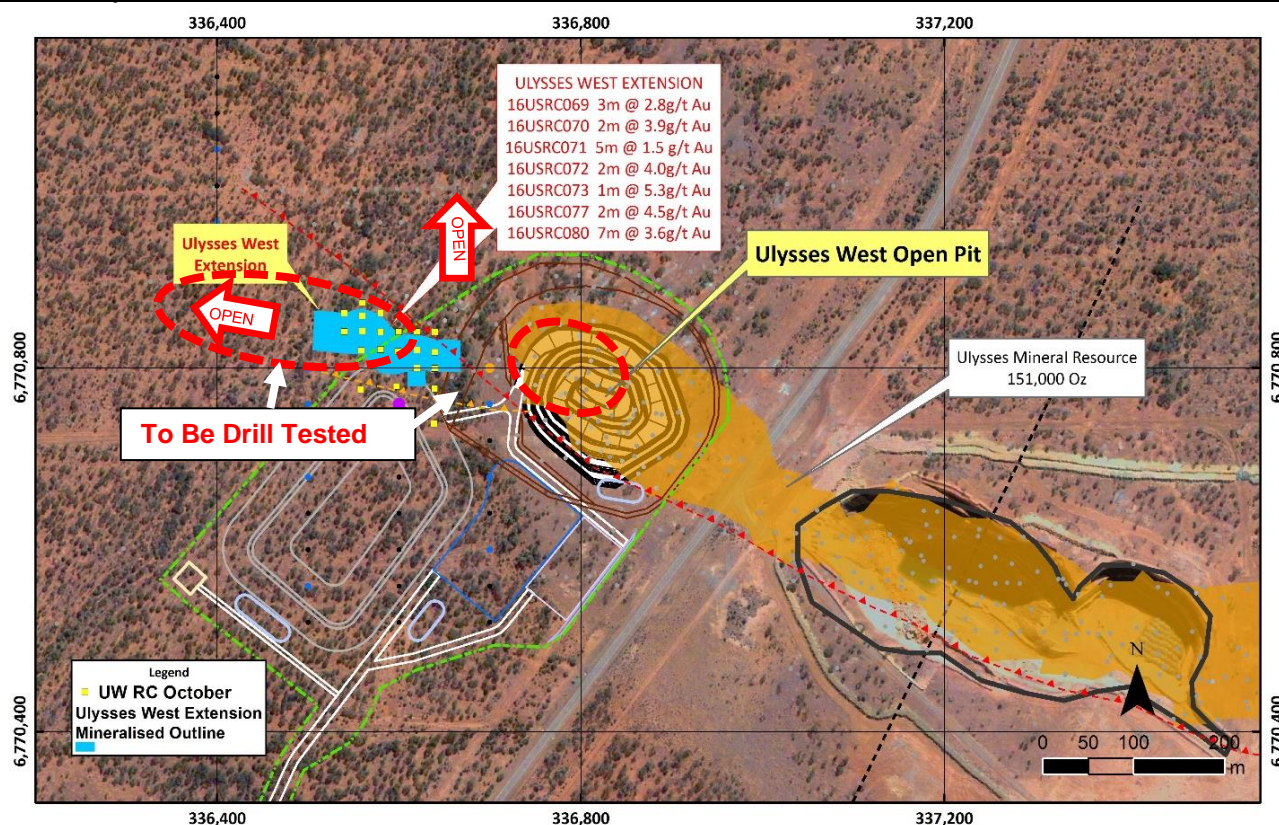


Figure 1. Recent Ulysses West extension collar positions. Light blue polygon outline mineralised trend open to the west and at depth.

The mineralisation remains open to the west, at depth and further drilling is required to join the Ulysses West pit with this new zone. This newly defined zone may represent the main Ulysses mineralised structure (which hosts the 151,000 ounce gold Mineral Resource to the east) as it trends further west and may indicate historical drilling has failed to adequately test this structure.

RC drilling was undertaken to further delineate this zone in order to determine its amenability for mining following the completion of the current open pit mining program. Results are pending. It is anticipated a further round of drilling will be completed in March.

### Ulysses East

Follow-up aircore drilling at Ulysses East in November and December 2016 (see *GMD ASX Release January 25, 2017*) has further confirmed the presence of an extensive, coherent gold anomaly at Ulysses East, immediately to the east of the existing 151,000oz Ulysses Gold Deposit.

The follow-up program comprised 81 holes for 5,377m of drilling, included best results of:

- 10m @ 1.22g/t gold including 5m @ 2.32g/t gold; and
- 15m @ 1.49g/t gold including 5m @ 3.41g/t gold.

The drilling was designed to follow-up on the Company's previous aircore drilling programs which have outlined a large, coherent gold anomaly at Ulysses East extending over a strike length of 1.3km and oriented in an east-west direction.

The latest results have increased the drill density of the oxide profile to give ~40% coverage on drilled sections, with the depth of the overburden ranging from 5 to 20m. The recently completed holes are highlighted with a white outline in Figures 2 and 3 below, with the coloured holes completed earlier in 2016.

As outlined in the ASX Announcement on November 10, 2016, the mineralised trend at Ulysses East cuts across the WNW trending stratigraphy. The target zone at Ulysses East is highlighted by the east-west aircore defined gold anomaly (see pink polygon in Figures 2 and 3), WNW trending magnetic dolerite and ENE trending fault zone.



Including the existing Ulysses Mineral Resource area, the Ulysses East gold anomaly now extends the total high-priority target zone to over 3km of strike.

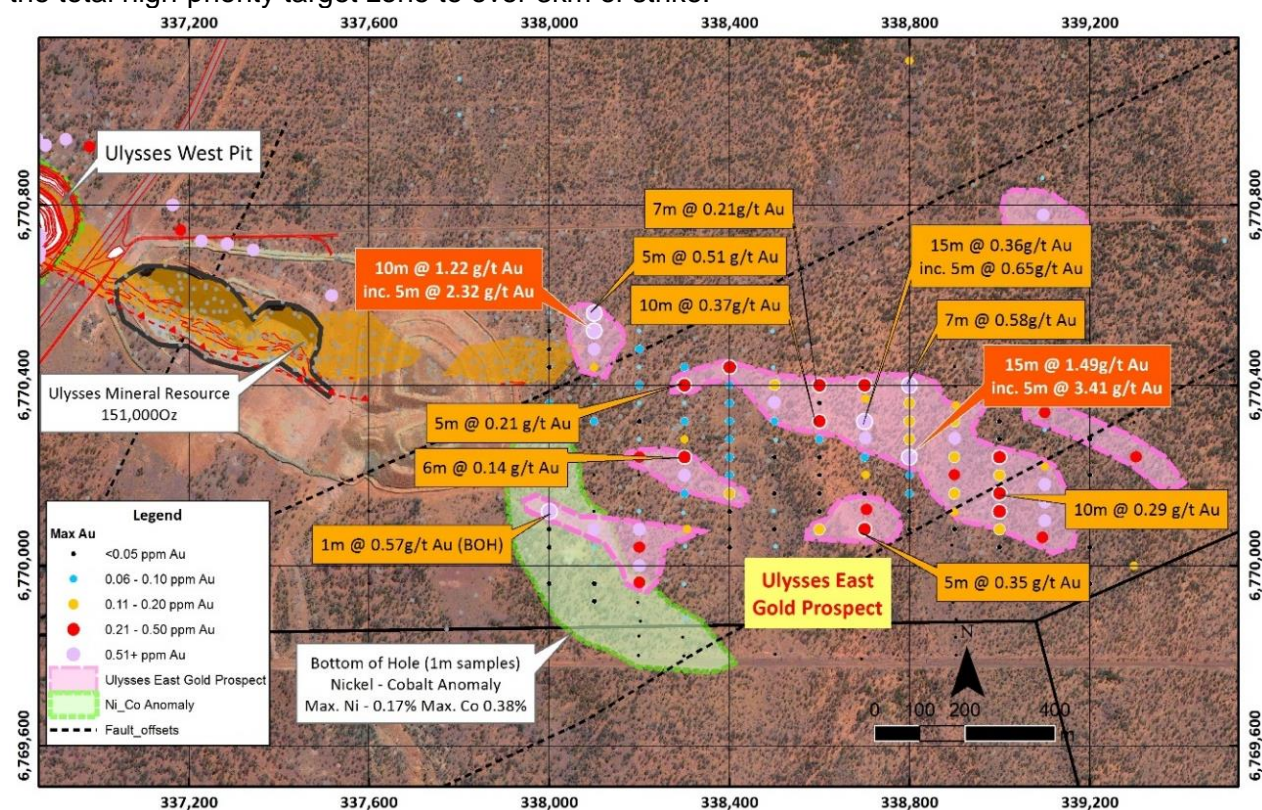


Figure 2. Ulysses East aircore defined gold prospect highlighted in red. Recent aircore holes collars highlighted with a white outline. Only Nov/Dec AC results shown.

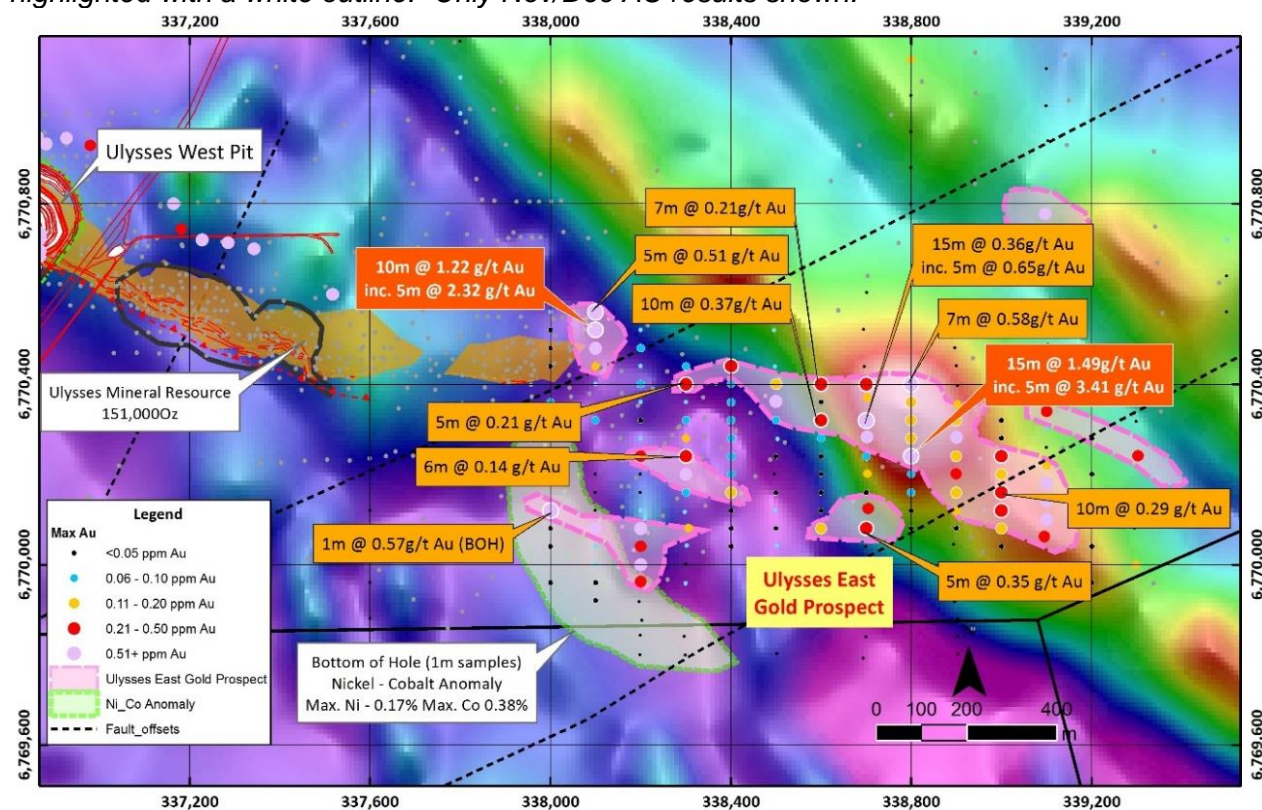


Figure 3. M40/166 aircore drilling on RTP north shaded magnetics. Ulysses East aircore defined gold prospect highlighted in red. Recent aircore holes collars highlighted with a white outline. Only Nov/Dec AC results shown.

Follow up RC drilling at Ulysses East will commence in mid-February 2017 together with aircore drilling targeting untested strike parallel trends.

A nickel-cobalt anomaly has also been defined by bottom-of-hole 1m sampling to the south of the Ulysses East gold prospect. The significance of this anomaly is unclear at this early stage, however values of up to 0.38% cobalt, 0.17% nickel, and 0.05% copper have been returned.

This anomaly will be followed up with future exploration programs.

Current exploration activities are aimed at growing the gold resource inventory at Ulysses and the definition of new targets zones.

## VIKING GOLD PROJECT, WESTERN AUSTRALIA

### November 2016 Aircore Drilling Program

Previous exploration at Viking has delineated several advanced gold prospects, including the Beaker 2 and Beaker 4 prospects and Dr Bunsen geochemical anomaly. During the quarter an aircore drilling program comprising 71 holes for a total of 2,700m of drilling was completed. All three target areas discussed above were evaluated to define targets for deeper Reverse Circulation (RC) drilling targeting primary gold mineralisation with results (see *GMD ASX Release December 13, 2016*) from the drilling discussed below.

#### Beaker 2

The Beaker 2 prospect consists of an extensive, wide zone of near-surface oxide mineralisation within a 1.5km long aircore defined gold anomaly (see *GMD ASX Release April 8, 2015*).

Wide zones (+100m wide) of shallow oxide mineralisation (commencing at approximately 8m below surface) were intersected at Beaker 2 during Genesis' first drilling programs in 2014 including:

- 14VKRC015    8m @ 0.7g/t Au from 8m  
**5m @ 9.3g/t gold from 26m**
- 14VKRC016    2m @ 1.2g/t gold from 21m  
**2m @ 5.7g/t gold from 44m**
- 14VKRC017    1m @ 2.6g/t gold from 10m  
3m @ 1.5g/t gold from 21m  
**3m @ 8.2g/t gold from 40m**
- 14VKRC019    3m @ 0.7g/t gold from 30m

No drilling had been completed since that time.

The standout result from the October 2016 program was in hole 16VKAC044, which returned an oxide intercept of 5m at 44.5g/t Au from 50m (see Figure 4). This intercept is located 40m east of the high-grade intercepts reported above. Other significant results from the recent aircore program included:

- 15m at 0.27g/t Au
- 20m at 0.11g/t Au
- 10m at 0.53g/t Au
- 5m at 0.60g/t Au
- 7m at 0.45g/t Au
- 5m at 0.14g/t Au
- 5m at 0.11g/t Au



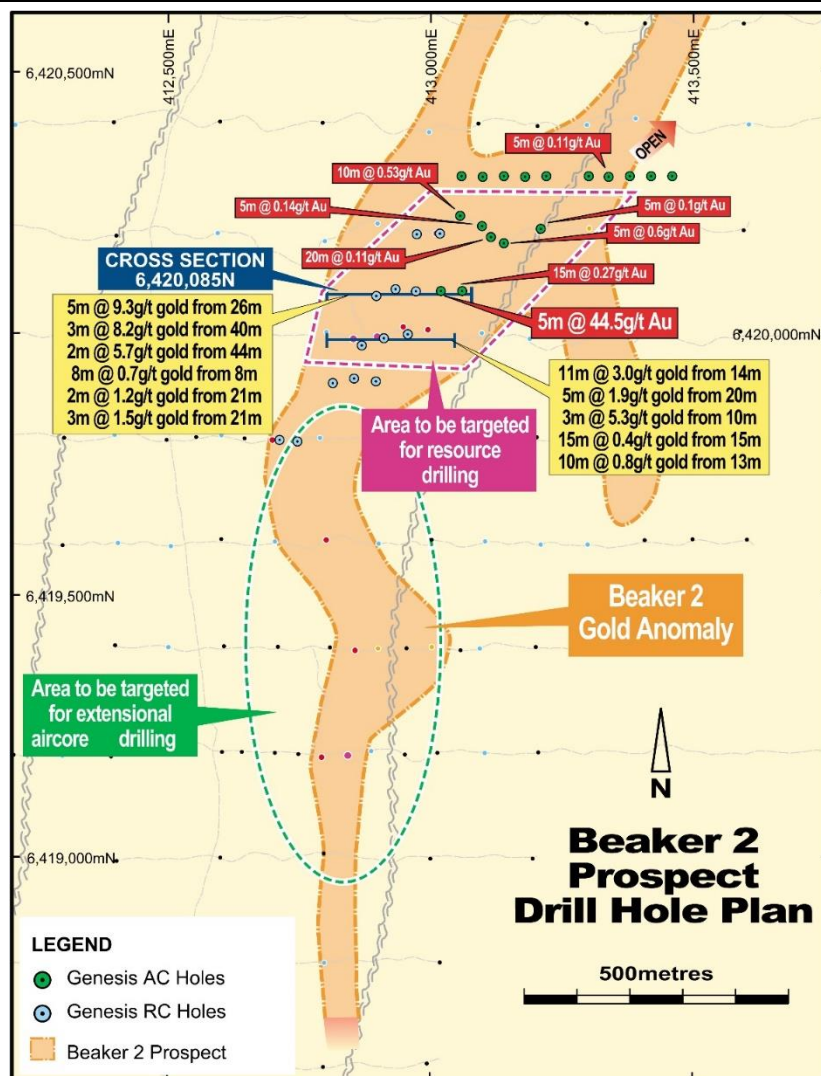


Figure 4. Plan view showing drilling at Beaker 2

The anomalous mineralisation at Beaker 2 has been delineated over a strike length of 1.5km and remains open to the north and south (see Figure 4).

The mineralisation is located within the oxide, weathered saprolite with minor quartz veining observed with iron oxide after sulphide.

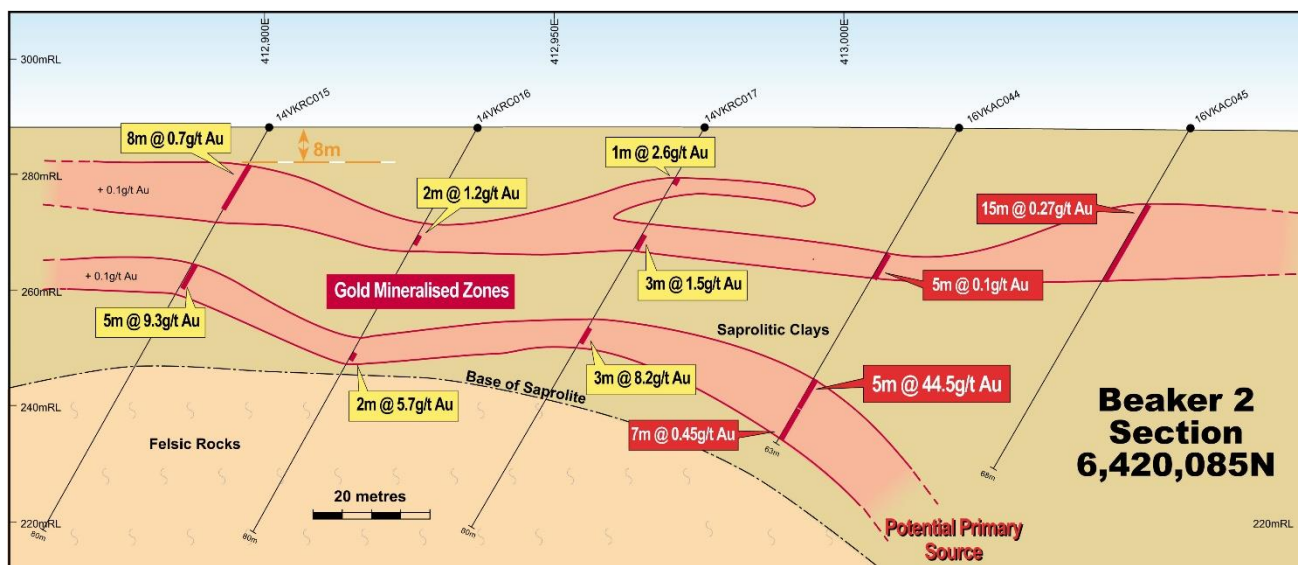


Figure 5. Cross-section showing the mineralisation at Beaker 2

The primary source of this oxide mineralisation is yet to be discovered and remains a high priority drill target at the Viking Project.

Genesis will commence planning for a deeper Reverse Circulation drilling program targeting the central portion of the anomaly (see Figure 4), where the Company believes there is excellent potential to define an initial high-grade resource. This drilling is scheduled to commence in early March 2017.

In addition, further aircore drilling will be undertaken to extend the anomaly both to the north and south and evaluate additional locations for resource drilling in 2017.

The location of all three prospects tested by the December quarter aircore drilling are shown in Figure 6 below.

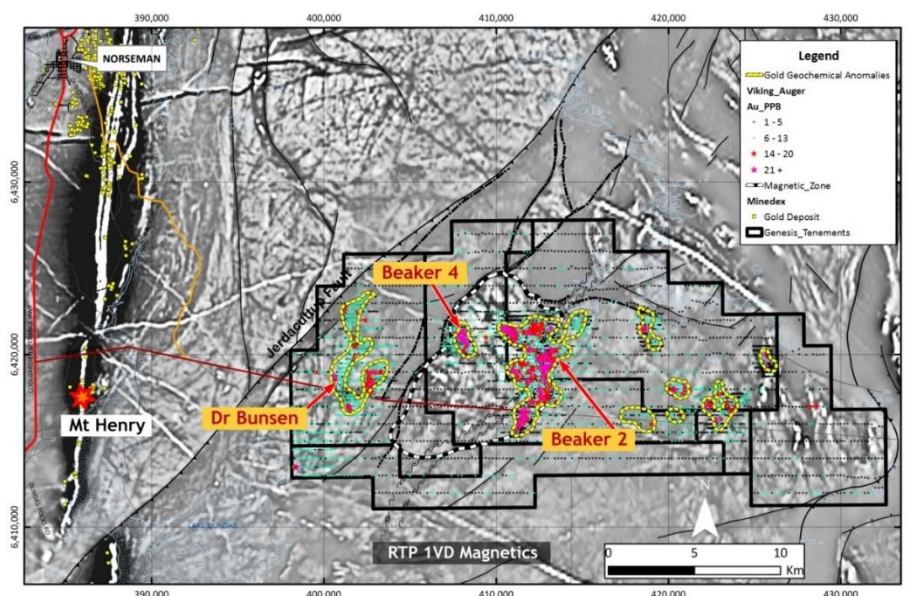


Figure 6. Key prospect locations at the Viking Gold Project

#### Beaker 4

Shallow RC drilling by Genesis in late 2014 targeted the western mineralised trend at Beaker 4. High-grade gold intersected from this drilling included 7m @ 4.02g/t gold from 31m and 6m @ 6.04g/t gold from 73m (includes 3m @ 11.35g/t Au) (see GMD ASX Release September 9, 2014).

The three-open ended mineralised trends (+2km) were targeted by the recent aircore program, with a best result of 5m @ 0.1g/t gold intersected 400m north of previous drilling (see Figure 7). This drilling has extended the target zone to the north and drilling in 2017 will look for further potential extensions with aircore drilling to the north and south. RC drilling in the new year will target the previously drilled high grade mineralisation at Beaker 4.

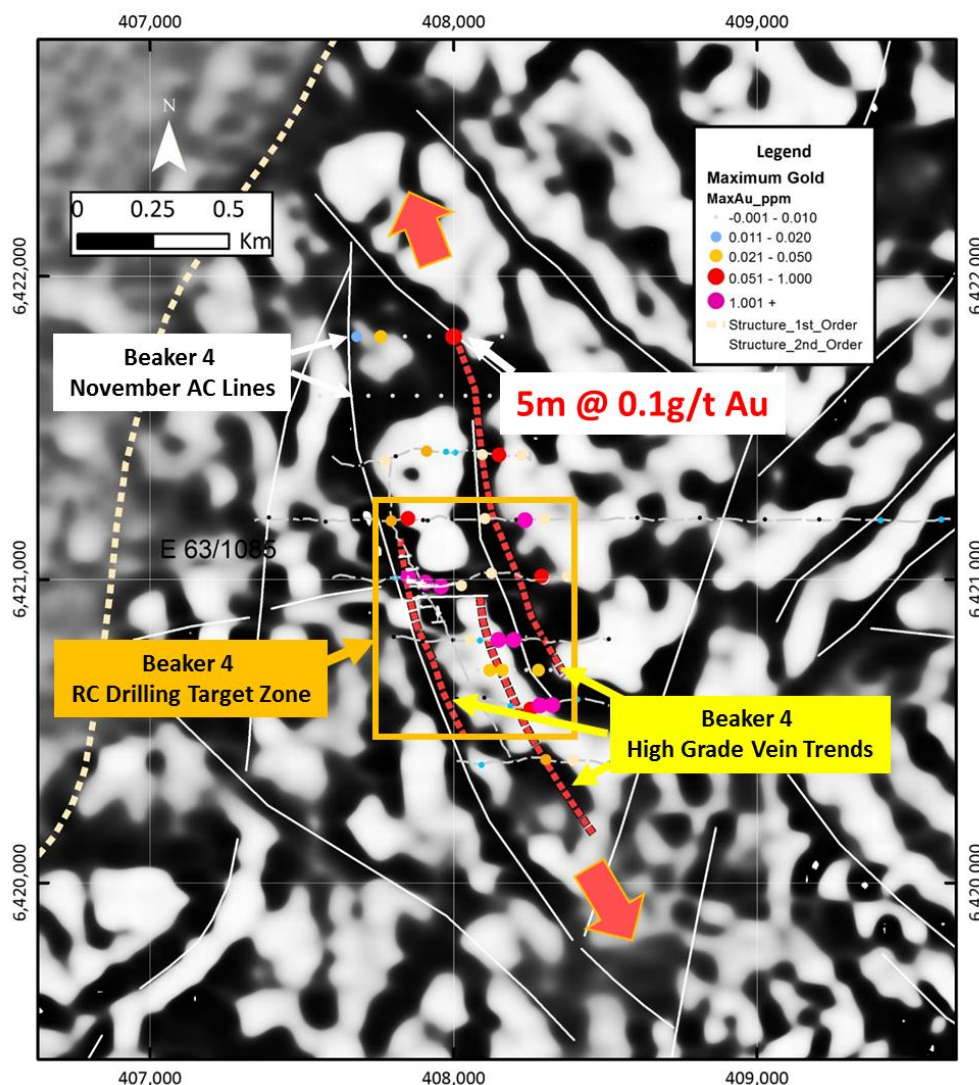


Figure 7. Beaker 4 Plan

### Dr Bunsen

Results from aircore drilling at the strike extensive Dr Bunsen anomaly were only weakly anomalous and the results have downgraded the zones drilled in terms of their immediate gold mineralisation potential.

The depth of cover was between 10m and 20m and the drilling was wide-spaced at 400m to 200m section spacing, with holes drilled at 80m to 160m intervals along the sections. Sulphide mineralisation was intersected in three holes but the significance of this is unclear at this stage.

### CORPORATE

Genesis continues to review new project opportunities.

For further information, visit: [www.genesisminerals.com.au](http://www.genesisminerals.com.au) or please contact

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## COMPETENT PERSONS' STATEMENTS

*The information in this report that relates to Exploration Results is based on information compiled by Mr. Michael Fowler who is a full-time employee of the Company, a shareholder of Genesis Minerals Limited and 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 being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Fowler consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The Information in this report that relates to Mineral Resources is based on information compiled by Mr Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Payne Geological Services and is a shareholder of Genesis Minerals Limited. Mr Payne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Ulysses Mineral Resource Inclusive of Ore Reserves

Mineral Resource Category	Tonnes (Mt)	Au g/t	Au Oz
Measured	-	-	-
Indicated	1.62	2.4	122,500
Inferred	0.51	1.8	29,000
<b>Total</b>	<b>2.13</b>	<b>2.2</b>	<b>151,500</b>