

# ASX Announcement

Quarterly Activities Report  
For the Quarter Ended 31 March 2017



## March 2017 Quarterly Report

***Mining resumes at Ulysses West to extract additional high-grade ore as exploration ramps up to grow gold inventory and new aircore drill program kicks off at Viking***

### HIGHLIGHTS

#### **Ulysses Gold Project, Western Australia**

##### *Mining Operations*

- Limited mining campaign commenced in late March at the Ulysses West Open Pit to extract an additional 7,500 to 12,000 tonnes of high-grade material (~5g/t Au).
- All ore from the previous mining campaign (Batches UW1 to UW5) has now been processed through the Paddington mill with 3 out of the 5 batches being sent for umpire analysis due to the grade reported from the Paddington mill sampling process being higher than the mine claim grade reported at the time of delivery.
- All final payments associated with Batches UW1 to UW3 were paid during the quarter. Final net payment for Batch UW5 of A\$1.6 million was received subsequent to quarter end in late April. Final net payment for Batch UW04 of A\$0.7 million remains pending but is expected to be received in May.
- A further mining campaign will be considered subject to the performance of the current Phase 2 campaign.

##### *Exploration*

- Results from recently-completed aircore and Reverse Circulation (RC) drilling confirm strong potential for the discovery of new zones of economic gold mineralisation.
- Wide spaced first-pass RC drilling at Ulysses East has defined a coherent zone of mineralisation over 200m of strike in the central portion of the recently-defined Ulysses East gold prospect. Best results included **9m @ 2.6g/t gold, 5m @ 2.3g/t gold, 12m @ 1.4g/t gold and 12m @ 1.5g/t gold.**
- Significant high-grade aircore result returned from wide-spaced drilling at the Orient Well NW Prospect of **61m @ 0.70g/t gold (including 15m @ 2.15g/t gold).**
- Two potential new mineralised trends identified at Ulysses North, with best aircore results including **5m @ 2.3g/t gold and 4m @ 1.62g/t gold.**
- All mineralised zones remain open, and will be further assessed ahead of follow-up drilling in the current quarter.

#### **Viking Gold Project, Western Australia**

- Aircore program commenced at Viking focusing on highly prospective Beaker 2 prospect, where the most recent aircore drilling returned a best result of **5m at 44.5g/t gold (16VKAC044).**

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

A limited mining campaign commenced in late March to extract a small parcel of high-grade (~5g/t Au) ore totalling 7,500 to 12,000 tonnes remaining at the base of the open pit from last year's successful mining campaign at Ulysses West.

The first blast (390mRL to 367.5mRL) was completed on March 29, 2017 with waste mining commencing immediately. A total of 1,995 BCM was mined during March on the northern ramp between the 390mRL and 380mRL despite some delays caused by a significant rain event between 23<sup>rd</sup> and 26<sup>th</sup> March.

Ore was mined to the 362.5mRL (~52m below surface) just before Christmas, with the remaining ore requiring smaller equipment to extract. The current mining campaign will be completed in early May, with ore to be dispatched to the Paddington mill for processing under the existing toll-milling agreement. The first payment for the UW6 batch (ore from current mining campaign) is expected in May with the final payment due in June 2017.

The final depth of the pit and the number of tonnes extracted will depend on the geotechnical performance of the pit. A further mining campaign will be considered subject to the performance of the ore from the current mining phase.

All ore from last year's open pit mining campaign has been successfully processed through the Paddington mill. Batches UW4 and UW5 have undergone umpire analyses with overall grades above the mine claimed grades. The UW5 final net payment of A\$1.6 million was received in late April. The final net payment for UW04 is expected to be finalised in May with an amount of approximately A\$0.7 million expected to be received.



**Figure 1: Ulysses West open pit mining ~357mRL**

## EXPLORATION

### Ulysses Gold Project, WA

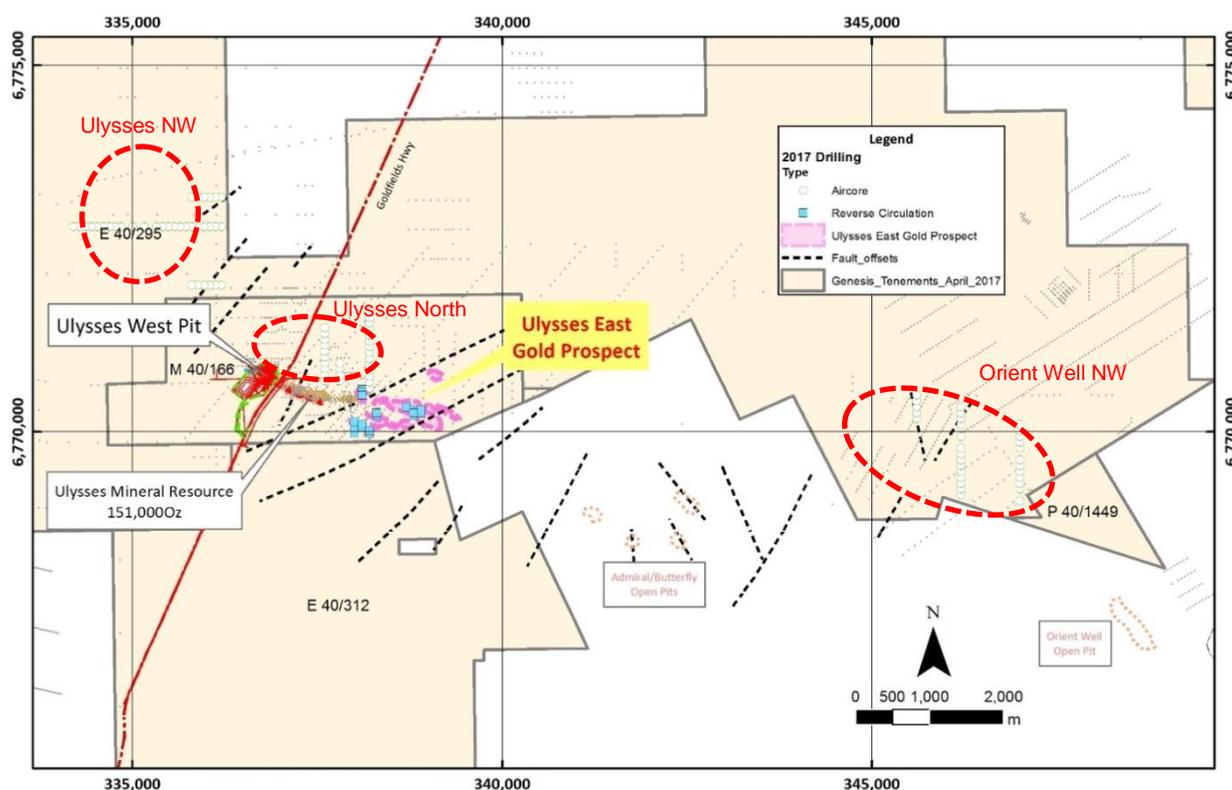
Exploration activities (see Figure 2) at Ulysses during the March quarter comprised RC drilling at Ulysses East and wide-spaced aircore drilling designed to generate new target areas. Results have confirmed the strong potential for the discovery of new zones of economic gold mineralisation (see GMD ASX Release April 12, 2017).

A program of 18 RC holes (shown as light-blue squares in Figure 2) for 1,498m at Ulysses East was completed in February targeting the Ulysses East aircore defined gold anomaly.

This drilling defined a coherent zone of east-west trending, north-dipping mineralisation over a strike length of 200m in the central portion of the Ulysses East anomaly. This mineralisation remains completely open along strike and at depth, and to date has been hosted entirely within basalt.

Best results from the drilling included:

- 9m @ 2.6 g/t gold from 76m
- 5m @ 2.3 g/t gold from 80m
- 18m @ 0.7 g/t gold from 57m
- 12m @ 1.4 g/t gold from 82m
- 12m @ 1.5 g/t gold from 51m
- 3m @ 2.3 g/t gold from 60m



**Figure 2: Ulysses Gold Project: Drill-hole and prospect locations**

The wide-spaced aircore drilling was designed to test a number of strike-parallel targets to the main mineralised trend at Ulysses, as well as several new areas not tested in recent drill programs.

The aircore drill program, which comprised 96 wide-spaced holes for 6,147m, tested the Orient Well NW prospect, located ~10km east of the Ulysses Resource; the Ulysses North zone, located immediately north of the Ulysses Resource; and Ulysses NW, located ~4km north-west of the Ulysses Resource (see Figure 2).

### Orient Well NW Prospect

Drilling at Orient Well NW was targeting a similar structural position to Ulysses but on the eastern side of the Ulysses-Orient Well mineralised corridor, in the zone where the east-west trending stratigraphy changes orientation to ESE/SE (as opposed to the Ulysses area where it changes to a WNW/NW trend) (Figure 2).

Best results from Orient Well NW included 61m @ 0.70g/t gold (including 15m @ 2.15g/t gold) and 4m @ 0.52g/t gold.

The significant intercept of 61m @ 0.7g/t gold returned from hole 17USAC375 was associated with a deep saprolite profile with strong quartz veining beneath approximately 15m of cover.

### Ulysses North Prospect

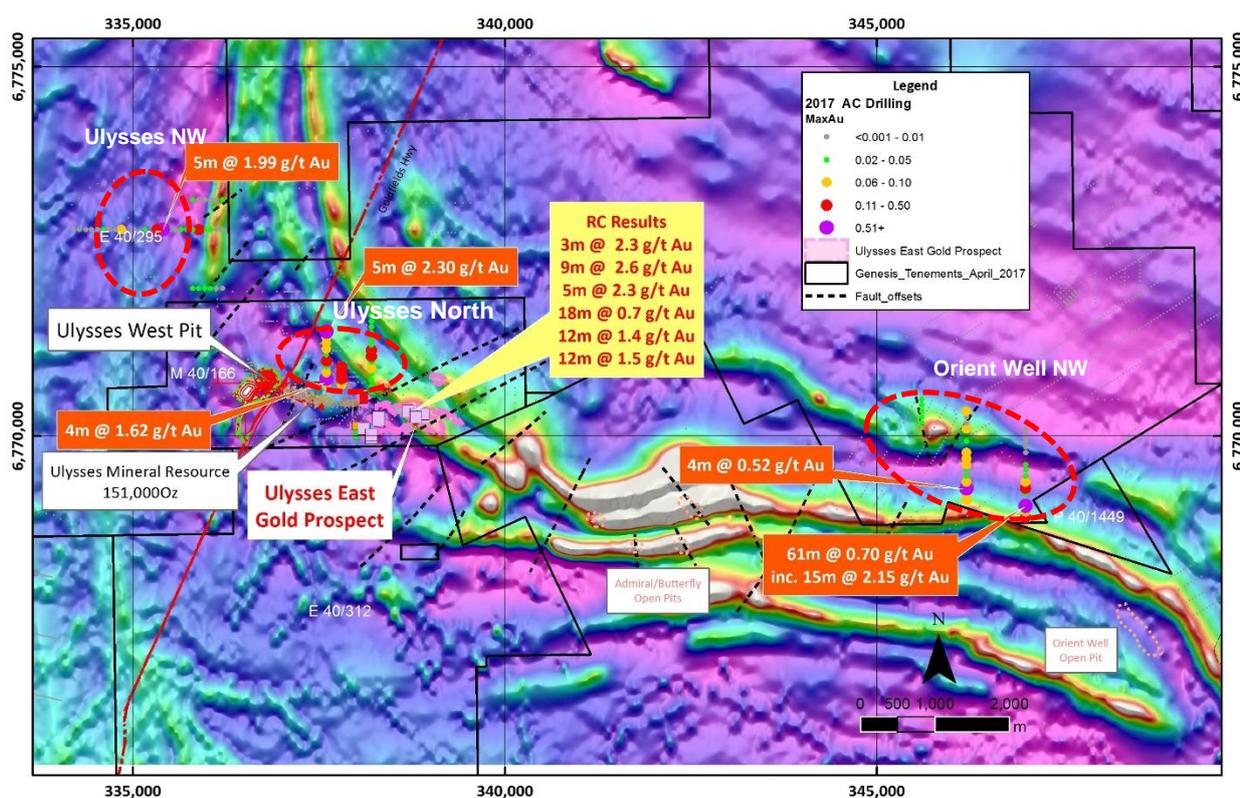
The drilling at Ulysses North was based on the Ulysses exploration model, where shears/faults are targeted that may intersect quartz dolerite units with a significant content of Fe/Ti-oxides. This drilling intersected a sequence of dolerite and basalt, with two new potential mineralised trends identified.

Best results from the Ulysses North area included 5m @ 2.3g/t gold and 4m @ 1.62g/t gold.

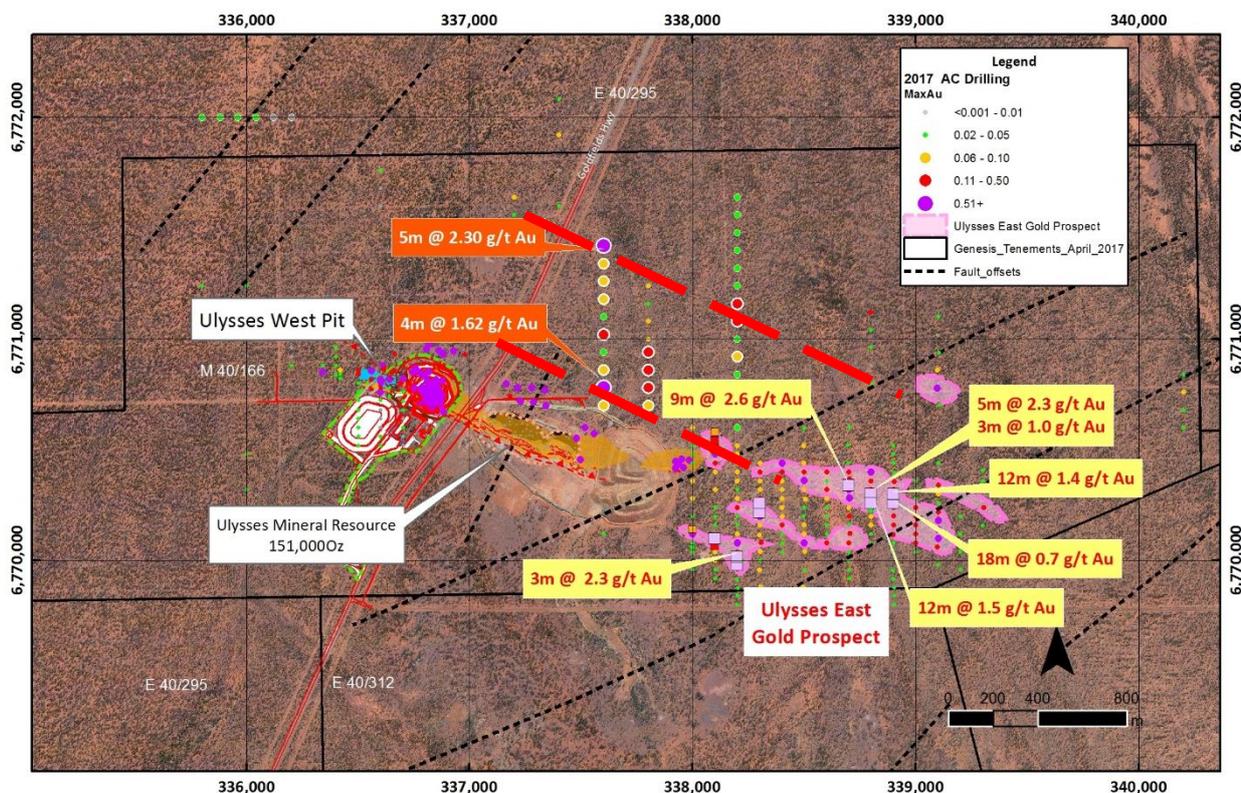
### Ulysses NW Prospect

At Ulysses NW, the drilling was designed to provide a first pass test for potential north-south trending mineralised zones outside of the east-west trending Ulysses-Orient Well mineralised corridor. This drilling intersected a sequence of foliated and quartz veined felsic and sedimentary lithologies, with a best result of 5m @ 1.99g/t gold.

All mineralised zones intersected by the aircore drilling program remain open.



**Figure 3: Ulysses drill-hole locations and results over regional magnetics. Aircore results in red boxes.**



**Figure 4: Ulysses RC results in yellow boxes from Ulysses East. Ulysses North interpreted mineralised trends shown as red dashed lines – strike parallel to main Ulysses shear.**

Exploration work planned for the June quarter includes RC and aircore drilling commencing in May.

## VIKING GOLD PROJECT, WESTERN AUSTRALIA

A program of aircore drilling commenced late March focused mainly on the Beaker 2 and Beaker 4 prospects.

The program followed up results from the November 2016 aircore program (see GMD ASX Release December 13, 2016) which included an impressive high-grade intercept of 5m grading 44.5g/t Au – an outstanding result for early-stage aircore drilling, confirming that Beaker 2 represents a priority target for follow-up exploration and resource delineation drilling.

The program comprised 200 to 100m spaced fences of aircore drilling with the holes spaced at 40 to 80m along lines. Results are expected in the coming weeks.

## CORPORATE

At 31 March 2017, the Company held cash reserves of A\$2.4 million with net cash inflows of approximately A\$1.6 million from batch UW5 received in April and a further A\$0.7 million expected to be received in May for batch UW4. Cash flows from the current phase of mining are expected in May and June.

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>