



GENESIS RESOURCES LIMITED

ACN 114 787 469

Share Trading Policy

1. Introduction and purpose

This Policy summarises the law relating to insider trading and sets out the policy of Genesis Resources Limited (“Genesis”) relating to trading in shares of Genesis Resources Limited (“Genesis Securities”). This Policy assists the Directors and employees of Genesis to comply with their legal obligations relating to dealings in Genesis Securities while they are in possession of non-public, price sensitive information.

If you do not understand any part of this Policy or how it applies to you, you should raise the matter with the Company Secretary before trading in any securities which may be affected by the Policy or the law. This Policy is only a summary of complex legal provisions and should therefore only be used as a general guide, not as legal advice.

2. The insider trading prohibition

If you have “inside information” relating to Genesis which has not been published or which is not otherwise “generally available”, it is illegal for you to:

- buy, sell or otherwise deal in Genesis Securities;
- advise, procure or encourage another person (for example, a family member, a friend, a family company or trust) to buy or sell Genesis Securities; or
- pass on information to any other person, if you know or ought reasonably to know that the person may use the information to buy or sell (or procure another person to buy or sell) Genesis Securities.

It is the responsibility of each Director and employee to ensure that they do not do anything which is prohibited by the insider trading law. The consequences for breach of this law can be severe.

3. What is “inside information”?

“Inside information” means information which:

- Is not generally available to the market; and
- If it were made generally available to the market, would be likely to have a material effect on the price of Genesis Securities (ie. the information would affect a reasonable investor’s decision whether to buy or sell Genesis Securities);
- and such information may include matters of supposition, matters that are insufficiently definite to warrant being released to the ASX, and matters relating to the likely intentions of a person.

It does not matter how or where you obtain the inside information and the information does not have to be obtained from Genesis to constitute inside information.

Examples of possible inside information include:

- drilling or assay results not yet summarised or notified to ASX;
- joint venture negotiations;
- the financial performance of Genesis against its budget;
- entry into or termination of a material contract (such as an off-take agreement);
- a material acquisition or sale of assets by Genesis;
- an actual or proposed takeover or merger;
- an actual or proposed change to Genesis's capital structure;
- a proposed new issue of securities;
- a material legal claim against Genesis or other unexpected liability;
- a significant change in senior management; or
- a change of a significant investor's attitudes to investment in Genesis.

4. When is the information "generally available"?

Information is generally available (and consequently will not be inside information) if it:

- has been announced to ASX;
- is readily observable;
- has been made known in a manner likely to bring the information to the attention of people who commonly invest in securities of a kind whose price or value might be affected by the information and a reasonable period for it to be disseminated among such persons has elapsed;
- is derived from information which has been made public; or
- consists of observations, deductions, conclusions or inferences made or drawn from other generally available information.

It should be noted that where a matter that is readily observable or has been made public will have a specific impact upon Genesis that would not be apparent to people who invest in Genesis Securities, the nature of that impact may still be inside information. For example, if new legislation was enacted that imposed a significant operational constraint or cost burden on Genesis, the nature of that operational constraint or cost burden may be inside information.

5. Penalties

Breach of the insider trading prohibition by you or your family members could expose you or them to criminal and civil liability.

The criminal penalties for a breach of the insider trading prohibition include;

- for an individual – a fine of up to \$220,000 and a jail term of up to 5 years; and
- for a corporation – a fine of up to \$1,100,000.

In addition, the insider trader and any other persons involved in the contravention may also be liable to compensate third parties for any resulting loss.

Breach of insider trading law or this Policy will also be regarded by Genesis as serious misconduct which may lead to disciplinary action and/or dismissal.

6. Dealing in shares of other companies

If you have "inside information" relating to a company other than Genesis which is not "generally available" the same insider trading rules outlined above apply to buying and selling shares in that company.

In the course of performing your duties as an officer or employee of Genesis, you may obtain inside information relating to another company in a variety of circumstances. Examples include:

- another company with whom Genesis is dealing may provide inside information about themselves or a third party company; or
- information concerning Genesis or actions which may be taken by Genesis (ie. a planned transaction or strategic change) could reasonably have a significant effect on a third party company (eg, a supplier or competitor).

Apart from the application of the insider trading rules to shares in other companies, employees are also bound by a duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

7. Black Out Periods

Directors and Senior Executives of Genesis must **not** buy, sell or otherwise deal in Genesis Securities:

- during the period (“Black Out Period”) of 45 days prior to the release of Genesis’s half year and full year financial results to the ASX except where:
 - the dealing is ‘excluded trading’ covered by paragraph 8 of this Policy; or
 - ‘exceptional circumstances’ covered by paragraph 9 of this Policy apply and the prior approval of the Chairman has been obtained (or if the Chairman wishes to trade or is not contactable, where the prior approval of the Deputy Chairman has been obtained) in writing (including without limitation via email); or
- where they are in possession of inside information.

8. Excluded Trading

Trading by Directors and Senior Executives is excluded trading and permitted at any time including in a Black Out Period where the trade involves:

- the transfer of Genesis Securities from a holding controlled by the Director or Senior Executive into a self managed superannuation fund in respect of which the director or Senior Executive is a beneficiary;
- an investment in, or trading in the units of, a superannuation fund where the assets of the fund are invested at the discretion of a third party;
- undertaking to accept, or accepting, a takeover offer for Genesis;
- taking up rights under an offer or invitation made to all or most of Genesis’s shareholders such as a rights issue, or share purchase plan, where the plan that determines the timing and structure of the offer has been approved by the Board of Genesis;
- the sale of Genesis Securities as a result of a secured lender to a Director or Senior Executive exercising its rights, eg, under a margin lending arrangement; or
- the exercise of options.

9. Exceptional Circumstances

Trading by Directors and Senior Executives in a Black Out Period may be approved by the Chairman or the Deputy Chairman (as the case may be) as ‘exceptional circumstances’ where:

- the Director or Senior Executive is experiencing severe financial hardship which cannot be satisfied or resolved other than by them selling Genesis Securities; or
- the Director or Senior Executive is required to sell or transfer Genesis Securities in accordance with a court order or undertaking or settlement enforceable by a court, eg, a bona fide family settlement.

Where an 'exceptional circumstances' trading request is made to the Chairman or Deputy Chairman (as the case may be), the request must be made in writing (including without limitation via email) and must set out reasonable details of the circumstances relied upon by the Director or Senior Executive in question as being 'exceptional'.

If the Chairman or Deputy Chairman (as the case may be) approves trading in Genesis Securities in Black Out Period, that approval is valid for a period of one week.

10. ASX Notification by Directors

The Corporations Act 2001 obliges a Director to notify the ASIC within 14 days after any dealing in Genesis's Securities (either personally or through a third party such as a broker) which results in a change in the relevant interests of the Director in Genesis Securities. In addition, under the ASX Listing Rules Genesis is required to notify the ASX of such dealings within 5 business days of the dealings taking place. Directors have agreed with Genesis to provide notice of such dealings to the Company Secretary of Genesis within 3 business days after such dealings to enable Genesis to comply with its obligations under the Listing Rules. A notice given by Genesis to the ASX under the ASX Listing Rules satisfies the Director's obligation to notify the ASIC under the Corporations Act.

When notifying the ASX of any dealings by Directors in Genesis Securities, Genesis will also inform the ASX:

- if the change occurred in a Black Out Period in circumstances where prior written approval of the Chairman or Deputy Chairman (as the case may be) was required; and
- if prior written approval was required, whether that approval was obtained.

11. Margin Loans

Where the holding of a Director, Secretary or Senior Executive of Genesis Securities has been financed via a margin loan or other secured finance arrangement (eg, mortgage, charge or lien), the Company Secretary must be advised and the Company Secretary will inform all other Directors. The Company Secretary will also disclose to the ASX where the Director, Secretary or Senior Executive holds at least 5% of Genesis's issued shares subject to security interests or third party rights. That disclosure to the ASX will not extend to the specific details of the security interests or third party rights such as a trigger price under a margin loan.

12. Additional information

If you have any questions arising from this Policy or its application to you, you should contact the Company Secretary.

This Policy, and any changes to it, must be endorsed by the Board of Directors.

Genesis Resources Limited
Board of Directors
December 2010