



Genesis Minerals SPECULATIVE BUY

Current Price: **\$0.42**

Ticker: **GMD.ASX**
Sector: **Materials**

Shares on Issue (m): **23.0**
Market Cap (\$m): **9.7**
Cash 31 March (\$m): **1.8**
Enterprise Value (\$m): **7.9**

52 wk High/Low: **\$0.55** **\$0.17**
12m Av Daily Vol: **41,300**

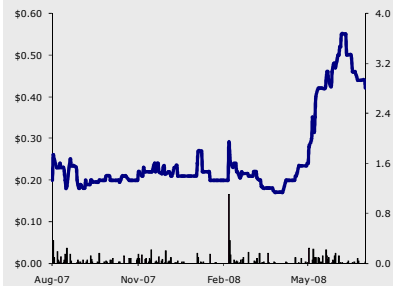
Substantial shareholders

Michael Fowler 8.7%
Argonaut 5.1%

Directors

Michael Haynes Non-Executive Chairman
Michael Fowler Managing Director
Graeme Smith Non-Executive Director

Share Price Graph



Analyst:
Troy Irvin

1 July 2008

Further drilling success in Chile

GMD has announced further shallow RC drilling results at the Merceditas Copper-Gold project. Better intersections include 20m @ 0.59% Cu from surface, 24m @ 0.70% Cu from 8m, 22m @ 0.64% Cu from surface and 64m @ 0.61% Cu from 36m.

The latest hits back up last month's promising initial results which included 34m @ 1.12% Cu from 42m and 28m @ 1.07% Cu from surface.

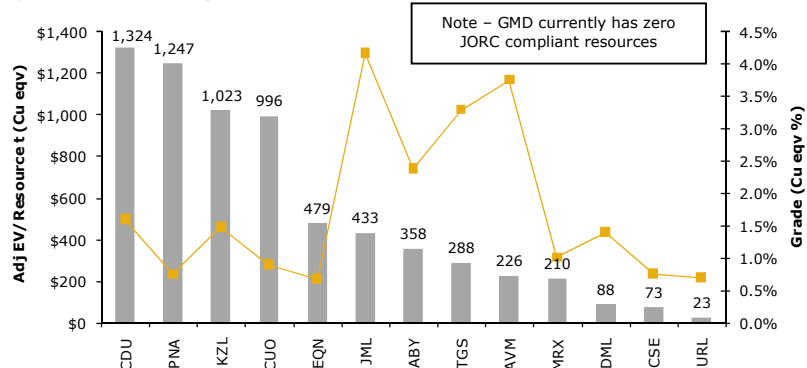
All results from the initial 36 hole RC program have been released. An RC rig has been sourced to complete a further 5,000m drilling in August.

Merceditas is located in northern Chile's IOCG belt which hosts numerous deposits including Candelaria (470Mt @ 0.95% Cu) and Manto Verde (350Mt @ 0.75% Cu).

The project comprises two non-JORC deposits - Paula and Lucy. Based on historic information GMD has determined an initial exploration target estimate for the prospects of 200mt @ 0.5% Cu and 0.2g/t Au.

Within GMD's exploration target there is a potential 30 to 40mt of copper oxide ore (grading 0.7% to 1.0% Cu with gold credits). If successfully proven up this oxide ore offers shareholders a shallow, low capital, near term SX-EW production opportunity. If GMD delivers at the lower end of the estimate (30mt @ 0.7% Cu) this would place the stock on an attractive EV/potential resource of \$37/t.

Figure 1. Peer comparison – EV/resource (Source: Argonaut)



The company is aiming for an initial JORC resource in the December quarter 2008.

GMD is rated a **SPECULATIVE BUY** based on:

- × Size and grade of the potential resource
- × Address in politically stable, proven #1 producer Chile
- × Tight capital structure
- × Modest market capitalisation of \$9.7m

Important Disclosures

Argonaut acted as Manager to the IPO of GMD in July 2007 and received fees commensurate with this service; Argonaut holds/ and or controls 1,175,000 ordinary shares in GMD

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