

24 July 2009

GENESIS RESEARCH AND DEVELOPMENT CORPORATION LIMITED SHARE PURCHASE PLAN

- Eligible shareholders are entitled to purchase up to NZ\$5,000 of ordinary shares
 - Price will be NZ\$0.06 per ordinary share
 - No brokerage or additional transaction costs
 - Offer closes 5.00 pm (NZST) on 11 August 2009.
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Dear Shareholder

Genesis Research and Development Corporation Limited (**Company** or **Genesis**) is pleased to enclose details of the Company's Share Purchase Plan (**Plan**) which will provide eligible shareholders with the opportunity to participate in the capital raising initiatives of the Company.

Genesis is offering each shareholder with a registered address in Australia or New Zealand at 5.00 pm (NZST) on 21 July 2009 up to NZ\$5,000 worth of new fully paid ordinary shares in the capital of the Company at a price of NZ\$0.06 per share.

The maximum number of shares which may be issued to shareholders under the Plan without shareholder approval is 7,838,040.

The Company is able to make this offer to shareholders without providing a disclosure document in accordance with class order relief provided by the Australian Securities and Investments Commission (**ASIC Class Order**) and the New Zealand Securities Act (NZX - Share and Unit Purchase Plans) Exemption Notice 2005 (**NZ Exemption Notice**).

The terms and conditions of the Plan are set out in this letter and the enclosed application form. By accepting the offer to apply for new shares under the Plan, you agree to be bound by these terms and conditions and the constitution of the Company.

Current Trading Position

Genesis is at an early stage in the development of its single stranded RNA interference gene silencing technology (**ssRNAi**), so any ssRNAi products and revenue from commercial sales of such products are not expected for several years. Accordingly, Genesis requires cash resources to continue its operations. We intend to seek funding by sale of existing assets, by corporate partnerships, and by issue of equity, but there is no assurance that such funding will be available.

The financing which has been offered by an international group is conditional on a number of factors, including the establishment of a new subsidiary to conduct the ssRNAi research programme, and completion of documentation for the financing transaction. There is a risk that this could be delayed or not completed. Additional funding, beyond that offered, will be required to complete the development of ssRNAi.

The Plan is intended to:

- give shareholders the opportunity to subscribe for shares at the share price of NZ\$0.06 per share without having to incur brokerage fees; and
- raise additional funds for the Company for ongoing operations. Genesis will continue as a holding company seeking to realise its investments at an appropriate time to achieve the best value for shareholders, and needs funds for costs relating to the company's listing on NZX and ASX, audit and accounting, reporting to shareholders, legal and general management costs.

Eligibility

Holders of the Company's shares with registered addresses in Australia or New Zealand as at 5.00 pm New Zealand time on the record date of 21 July 2009 are eligible to participate. There is no minimum shareholding requirement. The Company has determined that it is not lawful or practical for shareholders in other jurisdictions to participate in the Plan.

The offer under the Plan is non-renounceable and therefore eligible shareholders may not transfer their rights to subscribe for shares under the Plan.

Price of Shares Offered Under the Plan

The issue price for each new fully paid ordinary share offered under the Plan is NZ\$0.06 and was fixed on 13 July 2009 on the basis that:

- the issue price is required under the ASIC Class Order and the NZ Exemption Notice to be at a discount to the market prices of Genesis' shares traded on both the ASX and NZX over a specified trading period; and
- Genesis considers that an issue price of NZ\$0.06 is a sufficient discount to the lower of the current market prices of Genesis' shares traded on the ASX and NZX to encourage shareholder participation in the SPP.

The issue price represents approximately a 41.2% discount to the average end-of-day market price of the Company's shares on the NZX, and a 10.5% discount to the average end-of-day market price of the Company's shares on the ASX (at the exchange rate on 13 July 2009), during the period 6 July 2009 to 10 July 2009, being a period that falls within the period 30 days immediately before the date of this offer. This period is specified as a reference period for determining the issue price in the ASIC Class Order and the NZ Exemption Notice. The issue price is also approximately a 33.5% discount to the volume weighted average share price of the Company's shares on the NZX, and approximately a 19.6% discount to the volume weighted average share price of the Company's shares on the ASX, over the five business days prior to the record date on 21 July 2009.

Price Risk

The market price of the Company's shares may rise or fall between the date of the offer and the date when the new shares are issued. This means that the price you pay for the new shares under the Plan might exceed the market price of Genesis' shares at the time the new shares are issued. Any change in the market price of the Company's shares will not change the issue price of NZ\$0.06 under the Plan.

Entitlement

If you are eligible to participate in the Plan, you may apply for new shares in Genesis up to NZ\$5,000. The minimum subscription is NZ\$1,000. You must apply in New Zealand dollars in the increments as set out below (if applicable, the number of new shares at each increment have been rounded down to the nearest whole number of shares):

Alternative	Number of New Shares	Amount Payable NZ\$
Offer A	83,333	NZ\$5,000
Offer B	66,666	NZ\$4,000
Offer C	50,000	NZ\$3,000
Offer D	33,333	NZ\$2,000
Offer E	16,666	NZ\$1,000

Limit on Participation

The maximum value of shares that may be applied for under this Plan is NZ\$5,000. In order to comply with the ASIC Class Order and the NZ Exemption Notice in respect of the Plan, the maximum value of new shares each eligible shareholder (irrespective of the size of their shareholding) may apply for under this Plan or similar arrangements is NZ\$5,000 over any twelve month period. *This limit will apply even if you receive more than one offer from the Company (for example, because you are a joint holder of shares or because you hold more than one shareholding under separate share accounts).* However, if you act as a trustee corporation, nominee company or bare trustee (Custodian) in respect of more than one beneficiary, you may apply for up to NZ\$5,000 of new shares for each occasion that you are separately recorded as trustee or nominee for a different beneficiary. The Company reserves the right to reject any application for new shares where it believes the NZ\$5,000 cap requirement has not been complied with.

Costs of Participation

No brokerage, commission, stamp duty or other transaction costs will be payable by you in respect of the application for and issue of new shares under the Plan.

Offer Opening and Closing Dates

The offer opens at 8.30 am New Zealand time on 24 July 2009.

The offer closes at 5.00 pm New Zealand time on 11 August 2009.

The Company may vary the date for closing the offer and will announce any such variation to the NZX and ASX.

Acceptance Instructions

To accept the offer, complete the application form and select the offer (Offer A, Offer B, Offer C, Offer D or Offer E) with respect to the number of shares for which you wish to apply.

The completed application form with a cheque made payable to "Genesis Research and Development Corporation Limited Trust Account" and crossed "Not Negotiable" for the amount payable by you for the shares should be received no later than 5.00 pm (NZST) on the closing date of the offer (11 August 2009).

All completed applications and cheques are to be mailed to:

Genesis Research and Development Limited
C/- Computershare Investor Services Limited
Private Bag 92119
Auckland 1020
New Zealand

or Genesis Research and Development Limited
C/- Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 8060

Once you have accepted the offer you may not withdraw your acceptance.

The Company reserves the right to reject your application and not issue any new shares to you if your application form is not completed correctly or your cheque is for an incorrect amount or does not clear within five business days of presentation.

Allocation of New Shares

Under the NZX and ASX Listing Rules, the Company may generally issue up to 30% of the number of fully paid ordinary shares already on issue under the Plan without shareholder approval provided certain conditions are met. Given the number of shareholders in New Zealand and Australia at the record date and the issue price of NZ\$0.06 per share, it is possible for the Company to receive applications under the Plan for greater than 30% of the number of fully paid ordinary shares already on issue. Accordingly, the Company will scale applications on a pro-rata basis (in proportion to the number of new shares applied for under the Plan) so that the number of the Company's ordinary shares issued under the Plan is equal to or less than 30% of the Company's ordinary shares already on issue.

If the Company scales applications, it may mean, for example, that if you apply for a NZ\$5,000 parcel and applications are scaled back by 5%, then your application will be scaled back to NZ\$4,750. In that event, you will receive a refund cheque for NZ\$250 at the same time as your transaction confirmation statement.

Issue of New Fully Paid Ordinary Shares under the Plan

The new shares are proposed to be issued and allotted on or about 14 August 2009. It is expected that the new shares will be quoted on NZX and ASX on or about 17 August 2009 and you should be sent your holding statement or confirmation advice in respect of the new shares shortly after that date and in any event by no later than 5 business days after the date on which shares under the Plan are issued.

New fully paid ordinary shares issued under the Plan will rank equally and carry the same rights as existing fully paid ordinary shares in the Company. The dividend policy of the Board is that no dividends will be paid.

Administration of the Plan

The Plan is administered by the Board of the Company. The Board may adopt such administrative procedures as it thinks appropriate in relation to the Plan. The Board may settle, in any manner it thinks fit, any difficulties, anomalies or disputes which may arise under or in connection with the operation of the Plan, whether generally or in relation to any participant or class of participants, offer or acceptance of shares, and the decision of the Board will be conclusive and binding on all participants and other persons to whom

the determination relates. The Board reserves the right to waive compliance with any provision of these terms and conditions. The Board may reject any application form for any reason and may scale back acceptances.

If your application is not accepted due to any reason (in whole or in part due to scaling or otherwise), the Company will return your cheque or refund all or part of your payment (as applicable) without interest. The return of cheques and refunds should be made at the time holding statements or confirmation advice are sent to successful applicants and in any event by no later than 5 business days after the date on which shares under the Plan are issued.

Modification and Termination

Subject to the Securities Act 1978 (New Zealand), the NZ Exemption Notice, the Corporations Act 2001 (Australia), the ASIC Class Order and the NZX and ASX Listing Rules, the Company may modify or terminate the Plan at any time, and may also implement another Plan in the future, but it is not obliged to do so. The Company will notify the NZX and ASX of any modification or termination of the Plan.

Further Information

All eligible shareholders may obtain a copy of the Company's most recent Annual Reports and financial statements free of charge from the Company's website (www.genesis.co.nz), the NZX website (www.nzx.com, issuer code: GEN), the ASX website (www.asx.com.au issuer code: GEN) or from the Company itself by emailing enquiries@genesis.co.nz.

Acknowledgements

Participation in the Plan is entirely optional and the Company does not make any recommendation or give any advice regarding whether eligible shareholders should participate in the Plan. You should consult your professional adviser in relation to this offer and your participation in the Plan.

By accepting an offer under the Plan, you acknowledge and agree that:

- you have read, understood and agree to be bound by the terms and conditions of the Plan;
- the aggregate of the application price for the new shares the subject of the application and any other shares and interests in the class applied for by you under the Plan or a similar arrangement in the 12 months prior to the application for new shares under the Plan does not exceed NZ\$5,000;
- you have sought such professional advice in relation to the Plan as you deem necessary; and
- you agree to be bound by the constitution of the Company.

Contacts

If you have any questions about the Plan please contact the Company by email to enquiries@genesis.co.nz

Signed by each of the directors of
Genesis Research and Development Corporation Limited,
or by his agent authorised in writing:



Mr Joachim Herbert von Roy
Chairman



Dr Steven Gillis
Director



Mr James Neil McLean
Director



Dr Andrew John Hubert Gearing
Director



Dr Stewart James Washer
Director