

GENESIS

12 February 2010

Dear Shareholder,

The enclosed documents provide details of our recently announced share purchase plan (SPP) which has been established in accordance with rules of the New Zealand and Australian Stock Exchanges and related legislation. It is attractively priced at 13% below the weighted average price on NZSX over the last five days.

The SPP allows each shareholder with a registered address in New Zealand or Australia to subscribe up to NZ\$15,000 for new shares at the price of NZ\$0.06 each (reduced by the value of shares that you subscribed for under the August 2009 share purchase plan, if any).

The table below shows the amounts that you can subscribe this time if you participated in the 2009 share purchase plan, which was 37% over-subscribed:

2009 Offer	Net Amount Subscribed after return of Over-subscriptions	Theoretical Maximum Amount that can be Subscribed for the 2010 SPP	Available Complying Offers
A \$1,000	\$731.34	\$14,268.66	\$1,000 to \$12,500
B \$2,000	\$1,462.74	\$13,537.26	\$1,000 to \$12,500
C \$3,000	\$2,194.14	\$12,805.86	\$1,000 to \$12,500
D \$4,000	\$2,925.54	\$12,074.46	\$1,000 to \$10,000
E \$5,000	\$3,656.94	\$11,343.06	\$1,000 to \$10,000

Over the last year we have made substantial progress with development of the ssRNAi technology and a number of initial hypotheses have been confirmed through successful laboratory experiments. Work currently underway is intended to satisfy a milestone for the second tranche of funding from the Japanese investor in our associate company Solirna Biosciences Ltd.

The SPP Offer Document attached provides further comment on business progress including

- Terms agreed for a commercial license to a major Japanese pharmaceutical company;
- Leading nucleotide chemistry group contracted to synthesise materials for Solirna;
- Real Time Genomics Inc. has made good progress with its product development.

I hope that you will seriously consider this opportunity to support the activities of Genesis.

If you require any information, please contact your financial advisor or Computershare at the address listed in the SPP documents.

Sincerely,



Stephen Hall
Chief Executive

12 February 2010

GENESIS RESEARCH AND DEVELOPMENT CORPORATION LIMITED SHARE PURCHASE PLAN

- Eligible shareholders are entitled to purchase up to NZ\$15,000 of ordinary shares
 - Price will be NZ\$0.06 per ordinary share
 - No brokerage or additional transaction costs
 - Offer closes 1.00 pm (NZT) on 8 March 2010.
-

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.

In August 2009 a share purchase plan achieved strong support from shareholders and was oversubscribed by 37%, with excess funds refunded to subscribers as required by NZSX and ASX Listing Rules which limited the amount that any shareholder could apply for to \$5,000, and limited the total issue to 30% of the capital on issue prior to the Share Purchase Plan. Due to certain waivers from the NZSX and ASX Listing Rules¹ and recent law changes every shareholder may now invest up to \$15,000 through Share Purchase Plans in any 12 month period, so the current Share Purchase Plan will provide a further opportunity for shareholders to invest in Genesis.

Genesis is offering each shareholder with a registered address in Australia or New Zealand at 5.00 pm (NZT) on 12 February 2010 up to NZ\$15,000 worth of new fully paid ordinary shares in the capital of the Company at a price of NZ\$0.06 per share. However, each shareholder's entitlement of up to \$15,000 of new shares is reduced by the value of shares that the shareholder subscribed for under the August 2009 share purchase plan (if any). Please refer to the section entitled "Limit on Participation" on page 4 of this document for further information about this limit.

The maximum number of shares which may be issued to shareholders under the Plan without shareholder approval is 10,189,422.

The Company is able to make this offer to shareholders without providing a disclosure document in accordance with class order 09/425 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.

¹

In making the offer of shares under the Plan, the Company is relying on a class waiver issued by NZX in relation to NZSX Listing Rule 7.3.1. Broadly, the NZX class waiver permits the Company to offer up to NZ\$15,000 worth of ordinary shares in the Company to each shareholder (rather than the NZ\$5,000 currently permitted under the NZSX Listing Rules), provided that the number of shares that are issued under the Plan do not exceed 30% of the number of fully paid ordinary shares currently on issue. Also, Genesis has obtained a waiver from ASX in relation to ASX Listing Rule 7.1 and 10.11 (**ASX Waiver**), allowing Genesis to issue up to NZ\$15,000 worth of ordinary shares in the Company under the Plan to each shareholder, including related parties of the Company.

Business Commentary

During 2009, Solirna Biosciences Limited (**Solirna**) was established as a subsidiary of Genesis to develop the gene silencing technology that had been invented by Genesis scientists as a potential solution to the delivery issues that currently limit the clinical development of RNAi-based therapeutics. A major Japanese international pharmaceutical company decided to invest in Solirna through MediBIC Alliance Technology Fund-1 (MATF-1). The investment by MATF-1 was finalised at the end of November 2009 after all regulatory approvals were achieved and initial funding has now been paid to Solirna. The shares issued to MATF-1 have now been transferred to the Japanese company following the termination of the MATF-1 fund. These initial funds have been used for research activities over the last six months but Solirna requires additional funds to continue activities during 2010. Further funding from the Japanese company is scheduled to occur when it is satisfied that a specified scientific milestone has been achieved by Solirna. At this stage it is not known when the work will be completed to satisfy that milestone (or if the milestone will be met) so Genesis requires funds to invest in Solirna to ensure that its activities are maintained.

The Japanese company has negotiated the terms of a commercial license of the Solirna technology, providing rights to develop human therapeutics.

Solirna has engaged a leading nucleotide chemistry group based in Japan to synthesise single stranded oligonucleotide materials and has set up assays and models to test those materials. Solirna is also working with a number of other international groups for synthesis of materials. The work completed so far has confirmed the initial hypotheses, showing effective delivery of single strands into cultured cells and the induction of specific gene silencing.

During the first half of 2010, it is intended that Solirna will test a variety of single stranded oligonucleotides in order to identify the most appropriate modifications that will allow the use of single stranded oligonucleotides for gene silencing as a human therapeutic.

Solirna has received a small grant from the Foundation for Research Science and Technology (FRST) toward the cost of material synthesis but was not successful with its application for major funding from FRST as the FRST Board was not convinced that there was sufficient benefit to New Zealand from the Solirna project. This was very disappointing, as independent reviewers had strongly supported the project. Because this funding was not achieved, Genesis needs additional funds to support the operations of Solirna until substantial proof of principle is achieved. Achievement of *in vivo* proof of principle is expected to provide a major uplift in the value of Solirna and is likely to generate opportunities for licensing revenue and raising further capital in Solirna from new trade investors.

Market transactions over the past year provide a guide to the possible future value of Solirna and ability to achieve licensing revenue if *in vivo* proof of principle results are achieved.

- Tekmira announced a RNAi SNALP (lipid based nanoparticle) development deal with Roche which provides up to US\$18M funding.
- Roche acquired Mirus Bio for US\$125M for its polymer delivery technology.
- MDRNA Inc. (a developer of RNAi technologies and RNAi therapeutics) raised US\$10.5 million in June 2009 and a further US\$5.5 million in January 2010, both in registered direct offerings.
- MDRNA Inc licensed its technology to Roche and Novartis for US\$12 million upfront.
- Silence Therapeutics (a European developer of siRNA molecules) acquired Intradigm (a USA based developer of siRNA molecules and delivery technologies) for approximately £19 million and raised £15 million.

Solirna was established as the most suitable vehicle for commercialising the Intellectual Property generated by Genesis scientists in the area of gene silencing and is just the latest example of how Genesis discoveries have been commercialised. Genesis currently has potential royalty rights with a number of programmes being developed by other companies such as the production of reduced lignin trees by Arborgen, novel grass varieties that are being developed by Wrightson and an ownership interest in the development of gene sequence analysis software by Real Time Genomics (RTG). Success by any of these ventures could lead to revenues for Genesis.

In particular, Genesis is pleased with the long term outlook for its investment interest in RTG which is making good progress with its product development and marketing. An early access programme has involved a number of major users who are involved in next generation sequencing. They have provided very positive feedback on the capabilities of SLIM Search™.

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 and for investment in Solirna Biosciences Ltd. 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 12 February 2010 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 3 February 2010 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 average market price of Genesis' shares over a specified trading period; and
- Genesis considers that an issue price of NZ\$0.06 is a sufficient discount to the current average market price of Genesis' shares to encourage shareholder participation in the SPP.

The issue price represents approximately a 6% discount to the average end-of-day market price of the Company's shares on the NZX during the period 14 January 2010 to 20 January 2010, being a period that falls within the period 30 days immediately before the date of this offer. There were no trades of the Company's shares recorded on the ASX during the 30 days prior to the date of this offer. The period 14 January 2010 to 20 January 2010 is specified as a reference period for determining the issue price in the ASIC Class Order and the NZ Exemption Notice.

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\$15,000. 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 has been rounded down to the nearest whole number of shares):

Alternative	Number of New Shares	Amount Payable NZ\$
Offer A	16,666	\$1,000
Offer B	41,666	\$2,500
Offer C	83,333	\$5,000
Offer D	125,000	\$7,500
Offer E	166,666	\$10,000
Offer F	208,333	\$12,500
Offer G	250,000	\$15,000

Limit on Participation

The maximum value of shares that may be applied for under this Plan is NZ\$15,000. 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 (including any shares issued under the 2009 Share Purchase Plan) is NZ\$15,000 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).*

For example:

- if a shareholder subscribed for \$5,000 worth of shares under the August 2009 Share Purchase Plan, the maximum amount that that shareholder is permitted to subscribe for under this Plan is \$10,000 (i.e. \$15,000 (the total limit per shareholder) less \$5,000 (the amount the shareholder subscribed for under August 2009 Share Purchase Plan) equals \$10,000), meaning that the shareholder could subscribe for Offer A, B, C, D or E as detailed in the table above; or
- if a shareholder subscribed for \$2,000 worth of shares under the August 2009 Share Purchase Plan, the maximum amount that that shareholder is permitted to subscribe for under this Plan is \$13,000 (i.e. \$15,000 (the total limit per shareholder) less \$2,000 (the amount the shareholder subscribed for under August 2009 Share Purchase Plan) equals \$13,000), meaning that the shareholder could subscribe for Offer A, B, C, D, E or F as detailed in the table above.

However, if you act as a Custodian in respect of more than one beneficiary, you may apply for up to NZ\$15,000 of new shares, less the amount of shares subscribed for by/in respect of the relevant beneficiary under the August 2009 share purchase plan, for each occasion that you are separately recorded as trustee or nominee for a different beneficiary if you provide a certification in the form required by the NZ Exemption Notice or the ASIC Class Order, as set out in the application form accompanying this document. The Company reserves the right to reject any application for new shares where it believes the NZ\$15,000 cap requirement has not been complied with. Excess subscription monies will be returned at the same time as transaction confirmation statements are sent to shareholders (no later than 5 business days after 15 March 2010). No interest will be paid on refunded monies.

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 19 February 2010.

The offer closes at 1.00 pm New Zealand time on 8 March 2010.

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, Offer E, Offer F or Offer G) 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 by the Share Registrar no later than 1.00 pm (NZT) on the closing date of the offer (8 March 2010).

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 7045 Sydney NSW 1115 Australia
--	----	--

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 class waiver, 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\$15,000 parcel and applications are scaled back by 5%, then your application will be scaled back to NZ\$14,250. In that event, you will receive a refund cheque for NZ\$750 at the same time as your transaction confirmation statement. No interest will be paid on refunded monies.

Issue of New Fully Paid Ordinary Shares under the Plan

The ordinary shares to be issued under the Plan have been accepted for listing by NZX Limited and will be quoted upon completion of allotment procedures. However, NZX Limited accepts no responsibility for any statement in this offer document.

The new shares are proposed to be issued and allotted on or about 15 March 2010. It is expected that the new shares will be quoted on NZX and ASX on or about 16 March 2010 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 NZSX and ASX Listing Rules (including the NZX class waiver and the ASX Waiver), 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 (including any shares issued under the 2009 Share Purchase Plan) does not exceed NZ\$15,000;
- 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 Aki von Roy



Dr Steven Gillis
(by his agent authorised in writing)



Mr Jim McLean



Dr Andy Gearing
(by his agent authorised in writing)



Dr Stewart Washer
(by his agent authorised in writing)