



Dear Shareholder

## **Provision of Financial Assistance in connection with Genesis Energy Limited's Employee Share Scheme**

***Under section 78(5) and 79 of the Companies Act 1993, Genesis Energy Limited ("Genesis Energy") is required to make the following disclosure to all shareholders in respect of financial assistance to be provided by Genesis Energy in relation to the Genesis Energy Employee Share Scheme ("Scheme").***

### **Genesis Energy Employee Share Scheme**

The Scheme was implemented by Genesis Energy in conjunction with the listing of Genesis Energy on the NZX and ASX in April 2014 and was launched in August 2014 and subsequent to this, there have been three successful Scheme offers in FY15, FY16 and FY17.

The Board considers that the Scheme increases the alignment of the interests of the employees with the interests of Genesis Energy. The Scheme also seeks to incentivise employees to remain with Genesis Energy.

### **Under the Scheme:**

- permanent full time and part time employees of Genesis Energy are able to acquire Genesis Energy shares at market price through salary deductions;
- the shares are acquired on their behalf by the Scheme trustee, CRS Nominees Limited, and held on trust by the trustee;
- the employees will be awarded one Genesis Energy share for every two shares acquired and held in the employee share scheme subject to meeting certain criteria, including that they: (a) hold those shares for a specified period of time and (b) remain a Genesis Energy employee for that period of time. We call the shares awarded to employees by Genesis Energy "award shares".

For the FY18 Scheme Year, Genesis Energy will meet the on-going administration costs of the Scheme, as well as the costs of acquiring award shares under the Scheme. This will constitute the giving of "financial assistance" in connection with the acquisition of Genesis Energy's shares for the purposes of the Companies Act 1993. Genesis Energy estimates the annual operating costs will be approximately AUD\$49,000 and the cost of purchasing award shares in the fourth year and subsequent years of the plan will be approximately NZD\$400,000 per year.

Genesis Energy intends to seek approval each year of the expected costs to be incurred under the Scheme for the following 12 months. The resolution below and this notice are, therefore, in respect of the costs relating to the FY18 Scheme Year.

### **Board Resolutions**

**The text of the Genesis Energy Board resolutions passed on 25 July 2017 approving the giving of the financial assistance is set out below:**

1. The Genesis Energy Employee Share Scheme offer for the 2017/2018 year be approved.
2. Genesis Energy should provide financial assistance to employees participating in the Genesis Energy Employee Share Scheme by the payment of the on-going administration costs over the FY18 Scheme year (including the payment of money to the trustee of the Scheme to purchase any award shares required in the next 12 months of the Scheme) ("Financial Assistance").
3. The giving by Genesis Energy of the Financial Assistance is in the best interests of Genesis Energy and is of benefit to those share holders not receiving the assistance.

4. The terms and conditions under which the Financial Assistance is to be given are fair and reasonable to Genesis Energy and those shareholders not receiving the assistance.
5. Genesis Energy will, immediately after giving Financial Assistance, satisfy the solvency test set out in section 4 of the Companies Act.
6. The reasons for the Directors' conclusions are:
  - a) Giving the Financial Assistance is in the best interests of Genesis Energy, and is of benefit to those shareholders not receiving the Financial Assistance, because it increases the alignment of the interests of the employees with the interests of Genesis Energy. It also seeks to incentivise employees to remain with Genesis Energy.
  - b) The terms and conditions are fair and reasonable to Genesis Energy and to those shareholders not receiving the assistance because the costs of providing Financial Assistance are relatively small and are outweighed by the benefit of the alignment of interests that is achieved under the Genesis Energy Employee Share Scheme.
  - c) The Board believes, after considering the following matters, that immediately after payment of the proposed Financial Assistance, Genesis Energy will be able to pay its debts as they become due in the normal course of business, and the value of Genesis Energy's assets will be greater than the value of its liabilities (including contingent liabilities):
    - the most recent audited financial statements of Genesis Energy for the year ended 30 June 2016 that comply with the Financial Reporting Act 2013 and the Financial Markets Conducts Act 2013;
    - the interim financial statements as at 31 December 2016 and the auditor's report thereon;
    - Genesis Energy's internal financial forecasts for the period following 30 June 2017, and all circumstances of which the Board is aware that affect, or may affect, the value of Genesis Energy's assets and liabilities (including contingent liabilities).
7. In accordance with section 78(5) of the Companies Act 1993, the Company sends to each shareholder of Genesis Energy a disclosure document complying with section 79 of the Companies Act 1993 before providing Financial Assistance.

### Shareholder Rights

Section 78(7) of the Companies Act 1993 confers on shareholders certain rights to apply to the Court to restrain the proposed assistance being given. The financial assistance is to be given by Genesis Energy no less than 10 working days nor more than 12 months after this document has been sent to each shareholder.



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Marc England  
Chief Executive