

12 September 2016



Dear Shareholder,

Letter to Shareholders

Genesis is about to embark on a period of significant activity with the imminent start of mining at our Ulysses Project in WA and the ramp-up of exploration programs on several fronts. With so much on the horizon, I would like to take this opportunity to remind shareholders of the importance of the upcoming General Meeting on 22 September and to reiterate the key elements of our corporate strategy and growth plans for the future.

The meeting is being held to approve the issue of shares to SMS Innovative Mining Pty Ltd ("SMS"), a highly regarded mining contracting group which has entered into a Mining Alliance arrangement with Genesis. Under this arrangement, SMS is providing a mixture of equity and debt funding for the Ulysses West open pit, significantly reducing the development and funding risk for the project.

As set out in the ASX announcement dated 9 August 2016, the Ulysses West pit is forecast to generate strong financial returns with total estimated free cash-flow of approximately \$6 million from the initial 5-month Ulysses West pit (based on a gold price of A\$1,750 per ounce).

While relatively modest, this is a project which is well within our current capabilities and which will generate a significant amount of cash with minimal upfront outlay. Once it has concluded, we expect to have a net cash position of \$7-9 million, putting the Company in a strong position to progress its longer term growth strategy.

The cash-flow generated at Ulysses will allow us to ramp-up exploration activities both at Ulysses and at the highly prospective Viking exploration project, located near Norseman in the Albany-Fraser Province of WA.

The key objectives of the upcoming exploration programs are to:

- Grow the resource inventory at Ulysses and identify additional low-risk open pit mining opportunities which can be pursued in a similar manner to Ulysses West; and
- Make a company-changing gold discovery at either Ulysses or Viking, with the Viking tenements in particular offering outstanding discovery potential in a highly prospective emerging gold province.

In summary, we see the Ulysses West open pit as providing a clear pathway for Genesis to become a self-funding explorer/developer in the gold sector in WA, with the ability to unlock further value from our high quality ground-holdings located in the heart of WA's world-renowned Yilgarn Craton and the Albany-Fraser Orogen, as well as potentially taking advantage of other opportunities in the Australian gold sector.

We have recently received the final outstanding regulatory approvals required to commence open pit mining operations at Ulysses West, and we are looking forward to the opportunities which this project – as well as our alliance with SMS – could bring us.

We are also looking forward to a steady flow of results from exploration activities both at Ulysses and Viking, which should be in full swing by October.

I urge you to vote in favour of the resolution to be put to shareholders at the 22 September General Meeting, which will allow the Ulysses West open pit to proceed, and I encourage you either to attend the meeting in person or lodge your Proxy Form in accordance with the instructions in the Notice of Meeting. The closing date to receive Proxy Forms is 10am (WST) on 20 September.

If you have already lodged your Proxy Form then no further action is required.

If you have any queries about this meeting, have not received a Notice of Meeting/Proxy Form, or any other aspect of the Company's operations, please contact our Managing Director, Michael Fowler, on +61 8 9322 6178 or admin@genesisminerals.com.au.

Richard Hill
Chairman