

ASX Announcement

Quarterly Activities Report
For the Quarter Ended 30 September 2016
31 October 2016



Genesis Minerals Limited

ASX Code: GMD

Issued Capital

637 million shares
27.2 million options

Current Share Price

\$0.029

Market Capitalisation

\$18 million

Key Assets

Ulysses Gold Project (WA)
Viking Gold Project (WA)

Board Members

Richard Hill
Chairman

Michael Fowler
Managing Director/CEO

Darren Gordon
Non-Executive Director

Company Secretary

Geoff James

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Quarterly Report Highlights

Ulysses Gold Project, Western Australia

- 3-month mining operation commenced at the Ulysses West open pit during October.
- Ulysses West operation forecast to generate free cash-flow of \$4 to \$6 million from the initial Ulysses West pit (subject to gold price), based on the Feasibility Study completed in August 2016, which was based on a Probable Ore Reserve of 74,000 tonnes at 4.1g/t gold for 9,700 contained ounces.
- First ore to be delivered to Paddington Mill early November.
- Mining Alliance with SMS approved by Shareholders.
- Follow up drilling completed (results pending) targeting the new mineralised trend outlined by sterilisation drilling on the western side of the Ulysses West open pit.
- 5,000m wide spaced, aircore drilling program completed at Ulysses East with results pending. Follow up drilling to commence in November.
- Drilling beneath the previously mined Ulysses pit has extended the plunge of the mineralisation by a further 60m down plunge to the north-west, with a best intercept of 2m @ 9.3g/t gold and the mineralisation remaining open at depth.

Viking Gold Project, Western Australia

- 4,000m aircore drilling program underway at Viking Gold Project.
- Drilling will initially test the Beaker 2 Prospect to evaluate a +1.5km long gold anomaly.
- The rig will then move to Beaker 4 Prospect, where high-grade gold (7m at 4.02g/t gold, 4.4m at 6.6g/t gold and 6m at 6.04g/t gold) has been intersected in drilling within a +2km long gold trend.
- The program will evaluate the strike extensive (7km long) Dr Bunsen surface geochemical gold anomaly.
- Drilling scheduled to be completed by early November, with follow-up RC target drilling scheduled to commence in late November.

ULYSSES GOLD PROJECT, WESTERN AUSTRALIA (100%)**MINING - ULYSSES WEST OPEN PIT**

Open pit mining operations (see Figures 1 and 2) commenced at the Ulysses West open pit in the first week of October 2016 after site establishment was completed. Mining activities have ramped up during the month of October with a continuous double shift operation now in progress. Mining has progressed to approximately the 405mRL (10m below surface). Ore mining has commenced with a stockpile being constructed with the haulage of the initial batch to commence in early November.

Ulysses West is forecast to generate total estimated free cash-flow of \$4 to \$6 million from the initial Ulysses West operation (subject to gold price), based on the Feasibility Study completed in August 2016, which was based on a Probable Ore Reserve of 74,000 tonnes at 4.1g/t gold for 9,700 contained ounces¹.

Mining Services

Shareholder approval was received on 22 September 2016 to issue \$2.5 million worth shares to Mining Alliance partner, SMS Innovative Mining Pty Ltd ("SMS").

Under its agreement with SMS, Genesis will issue shares to SMS until full satisfaction of invoiced amounts as per the mining schedule and agreed mining services rates to an aggregate of \$2.5 million. Once this amount has been reached, all further invoiced amounts will be treated as an interest-free loan to Genesis (if required) to a maximum of \$2 million which will continue to accrue until repaid out of cash-flow.

Ore Treatment Agreement

Ore from the Ulysses West open pit will be processed under a Toll Milling Agreement with Paddington Gold Pty Ltd ("Paddington"), with first ore expected to be dispatched to the Paddington Mill by early November.

Under the terms of the Agreement, Genesis must use best endeavours to mine and deliver mined ore to the Paddington Mill ROM Pad within an agreed timeframe using Paddington's preferred haulage contractor. Ore haulage to Paddington will be via the Goldfields Highway.

Genesis and Paddington have agreed to detailed procedures to determine grade, metallurgical recoveries and moisture determination to determine gold ounces recovered for each batch of ore. These detailed procedures cover stockpile management, tonnage estimation, crushing and sampling of ore via the dedicated sampling plant, and grade and metallurgical analyses through a certified independent laboratory.

The final gold ounces recovered for each batch will be calculated based on dry tonnage, average assay grade and metallurgical recovery and will take approximately 4 to 6 weeks to determine following delivery of the batch to the Paddington ROM pad.

Payments to Genesis will be fixed on the last updated Australian dollar spot gold price as quoted by the Perth Mint at the time the last truck arrives on the Paddington ROM for any given batch.

Payment Structure and Timing

Genesis and Paddington have agreed to a two-stage payment method:

1. An initial payment to Genesis will be made within 15 days of final ore delivery to the Paddington ROM pad for any given batch. The estimated recoverable ounces on which the initial payment will be calculated is based on 80% of the Ulysses West mine claim grade, an estimate of dry tonnages delivered to the Paddington ROM pad and a nominal 90% metallurgical recovery. For the initial payment Genesis will be paid 50% of the gross revenue of the estimated recoverable ounces at the fixed gold price.

¹ Refer to the ASX Announcement dated August 9, 2016 for details of the material assumptions underpinning the production target and forecast financial information for Ulysses West. The Company confirms that all the material assumptions underpinning the production target and forecast financial information derived from the production target continue to apply and have not materially changed.

2. A final payment will be made once final recovered gold ounces are determined on receipt of gold grades and metallurgical recoveries from the laboratory. The final payment to Genesis for each batch will be calculated based on the final gold ounces recovered and the fixed gold price less payment for haulage and processing costs to Paddington and the initial payment.

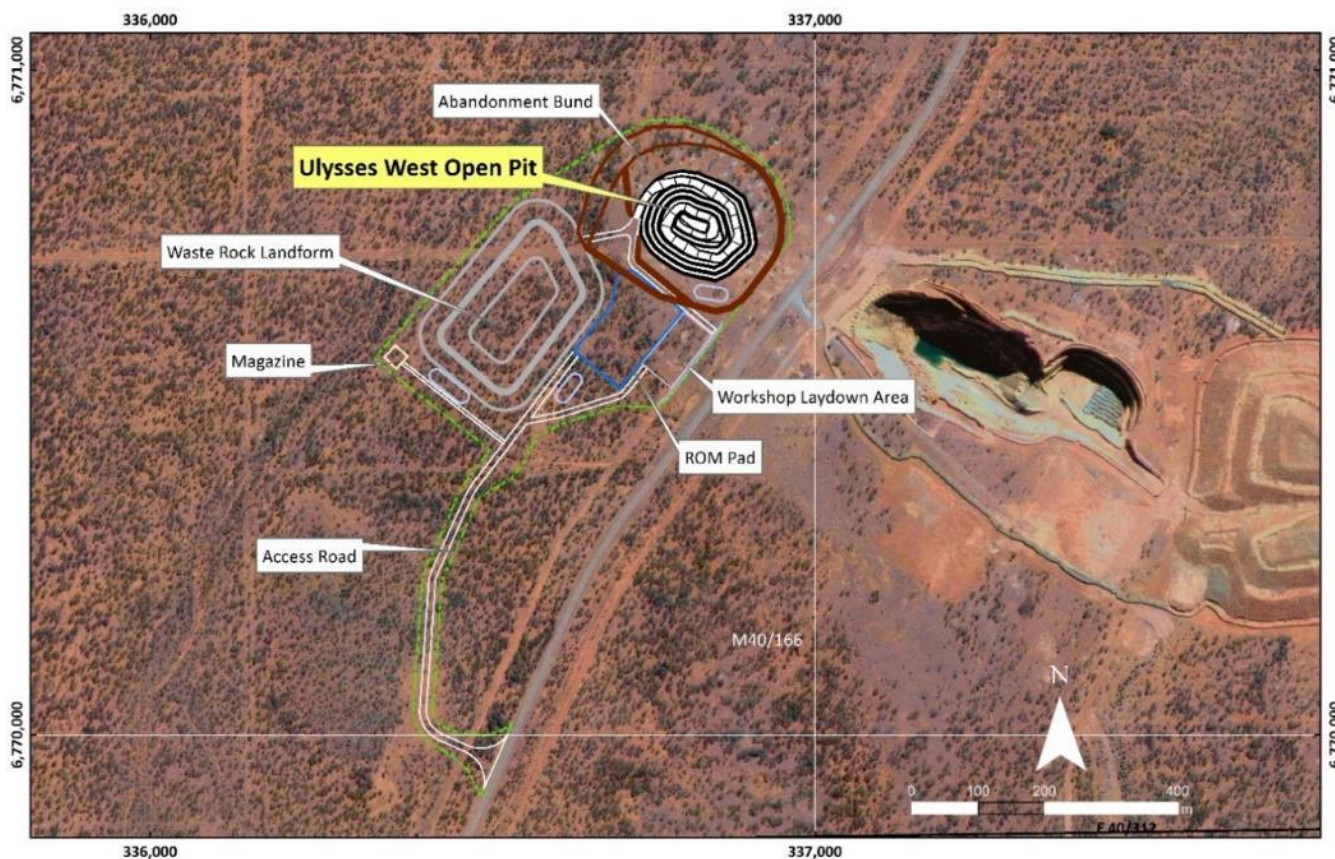


Figure 1 – Location map showing site layout



Figure 2 – Mining activities at Ulysses West 410m – 407.5mRL

RC DRILLING

Sterilisation Drilling

Sterilisation drilling immediately west of the Ulysses West open pit (see Figure 3), returned positive results during the quarter (see *GMD ASX release October 3, 2016*) including high-grade intersections of:

- 10m @ 3.20g/t gold from 30m in 16USRC064;
- 5m @ 1.74g/t gold from 15m in 16USRC061; and
- 10m @ 0.42g/t gold from 20m in 16USRC067.

The mineralisation intersected in the sterilisation drilling may be associated with an east-west splay off the main Ulysses shear zone, with the mineralisation associated with a weathered mafic schist with goethite after sulphide mineralisation, which is similar to the main zone.

Whilst still at a very early stage, the results are highly encouraging, suggesting there may be potential to extend the current pit at Ulysses West to mine the newly identified zone of gold mineralisation.

Follow-up drilling of this target was completed during October to extend mineralisation further to the west along the interpreted splay structure, at depth and to the east to attempt to link mineralisation to the current Ulysses West pit with this new zone of mineralisation. Results of this drilling are pending.

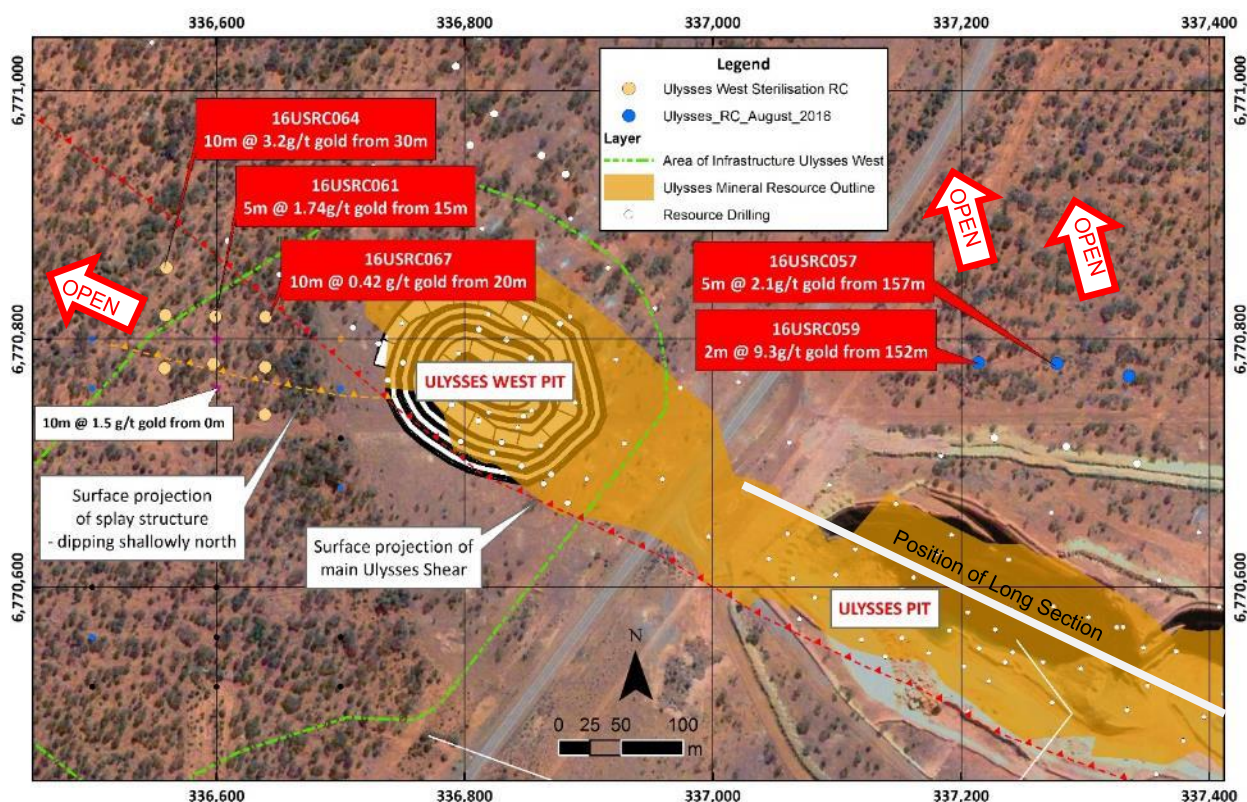


Figure 3 Ulysses plan view showing location of recent drill holes

Exploration Drilling – Ulysses

Three deeper holes (16USRC057 to 16USRC059) were also drilled (see Figure 3) under the previously mined Ulysses main pit in an attempt to trace one of the mineralised shoots identified by recent drilling.

This deeper drilling has successfully extended the plunge of the mineralisation by a further 60m to the north-west, with best intersections of 2m @ 9.3g/t gold from 152m returned from 16USRC059 and 5m @ 2.1g/t gold from 157m returned from 16USRC057 (see Figure 4). The mineralisation is

hosted in dolerite and is associated with a biotite-pyrite altered shear zone with minor quartz veining. Mineralisation remains completely open at depth.

Further drilling will now be completed in December to access the potential of the Ulysses Deeps.

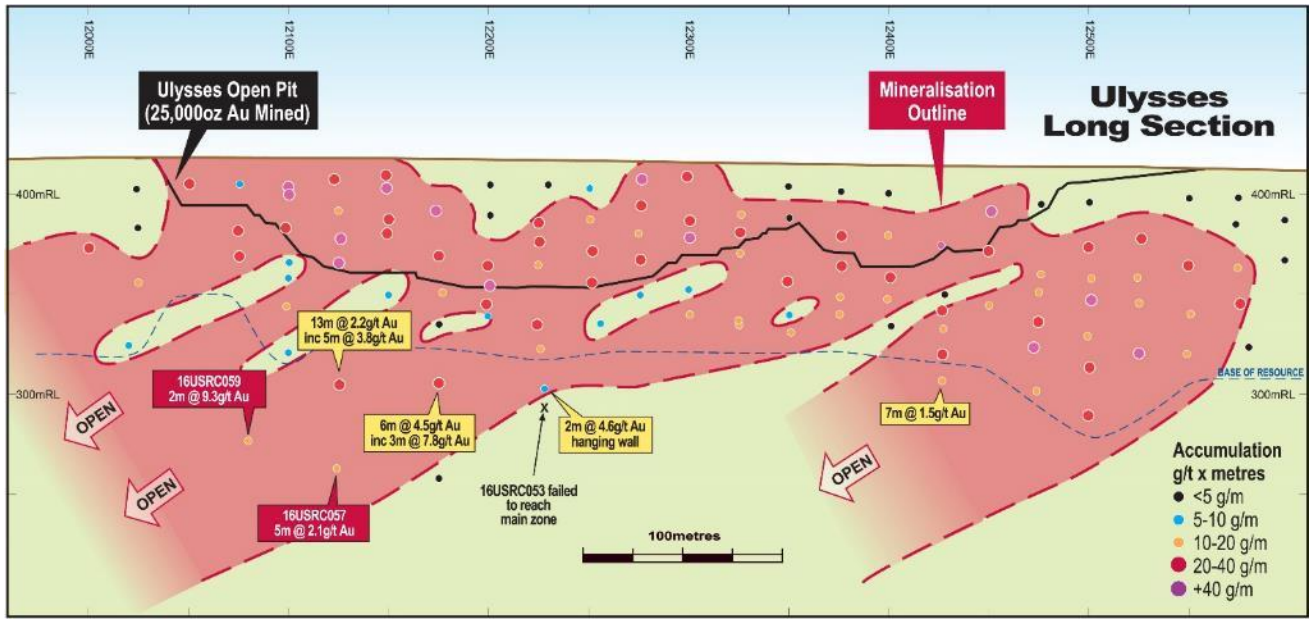


Figure 4 Long section showing results of deep drilling at Ulysses Deeps (looking N)

AC DRILLING

A 5,000m wide spaced program of aircore drilling was completed in October targeting the Ulysses East area located immediately along strike of the Ulysses Mineral Resource. This program was designed to target a mineralised corridor that can potentially host open pittable resources. Results from this program are due shortly with follow up drilling anticipated to commence during November.

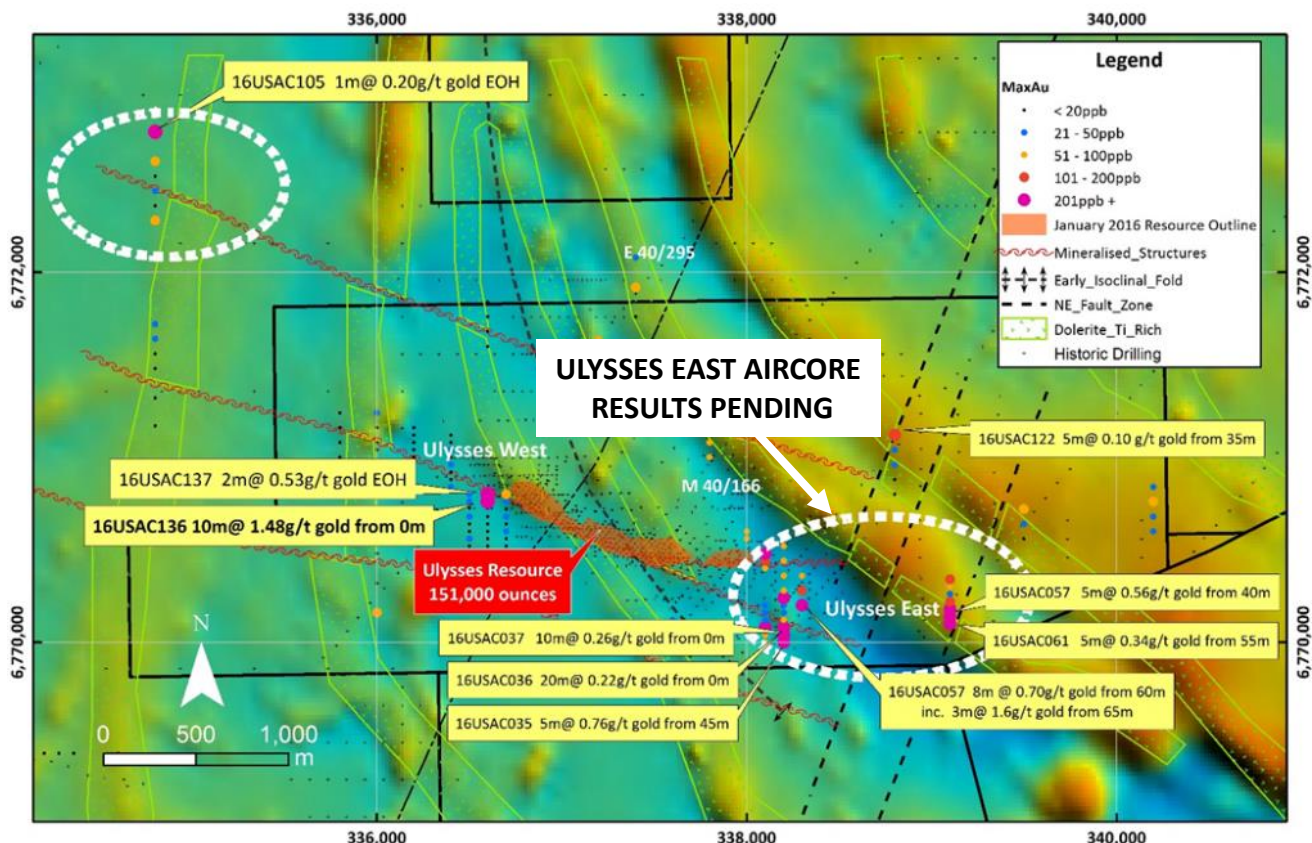


Figure 5 Ulysses East

VIKING GOLD PROJECT, WESTERN AUSTRALIA

The Viking Project represents a highly prospective discovery opportunity for the Company, being located in the under-explored southern sector of the world-class Albany-Fraser Orogen – a major geological province which also hosts the Tropicana gold deposit and the Nova-Bollinger nickel deposit.

Previous exploration at Viking has delineated several advanced gold prospects, including the Beaker 2 and Beaker 4 prospects and Dr Bunsen geochemical anomaly.

The aircore program that commenced at Viking during October will comprise up to 4,000m of shallow, systematic aircore drilling to further evaluate all three of these prospects and define targets for deeper Reverse Circulation (RC) drilling scheduled to commence in late November.

Further information on the key prospects (see Figure 6) to be tested as part of the current program is provided below:

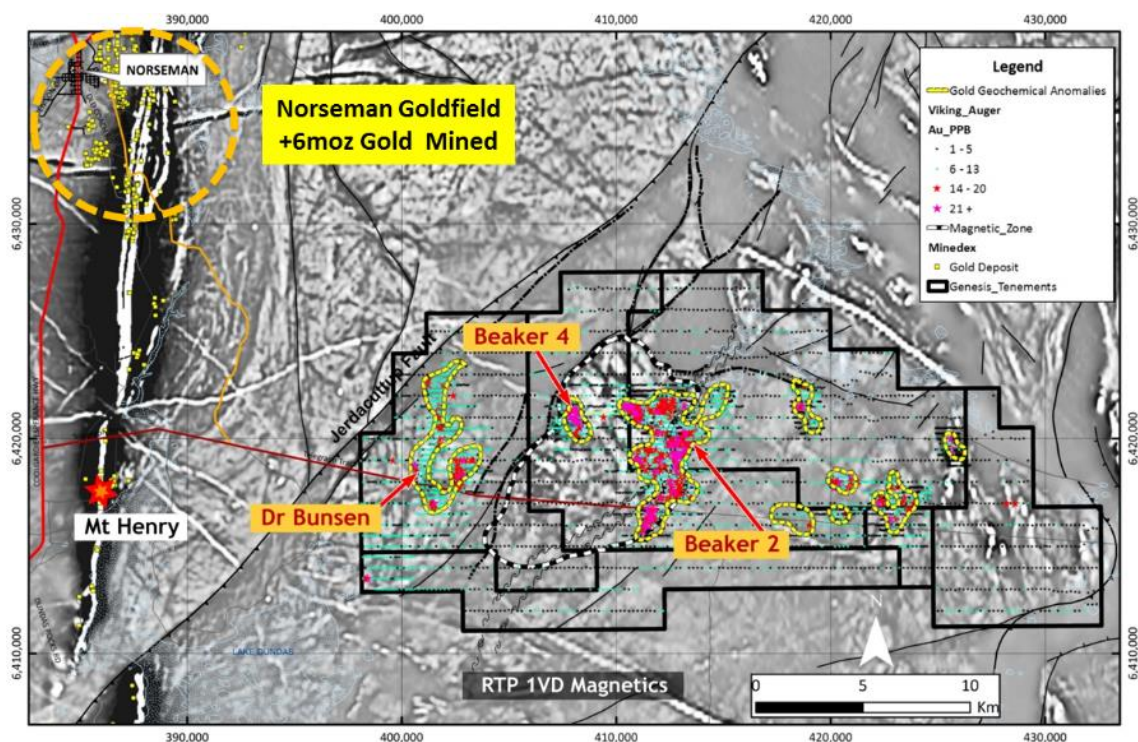


Figure 6 Prospect Locations

Beaker 2

The Beaker 2 prospect consists of an extensive, wide zone of near-surface oxide mineralisation within a 1.5km long aircore defined gold anomaly (see *GMD ASX Release April 8, 2015*).

Wide zones (+100m wide) of shallow oxide mineralisation (commencing at approximately 8m below surface) were intersected at Beaker 2 during Genesis' first drilling programs in 2014 including:

- 14VKRC015 **5m @ 9.3 g/t gold from 26m**
8m @ 0.7 g/t Au from 8m
- 14VKRC016 2m @ 1.2 g/t gold from 21m
2m @ 5.7 g/t gold from 44m
- 14VKRC017 1m @ 2.6g/t gold from 10m
3m @ 1.5 g/t gold from 21m
3m @ 8.2 g/t gold from 40m
- 14VKRC019 3m @ 0.7g/t gold from 30m

No drilling has been completed since that time.

Drilling will target extensions to the known high grade mineralisation prior to follow up RC drilling.

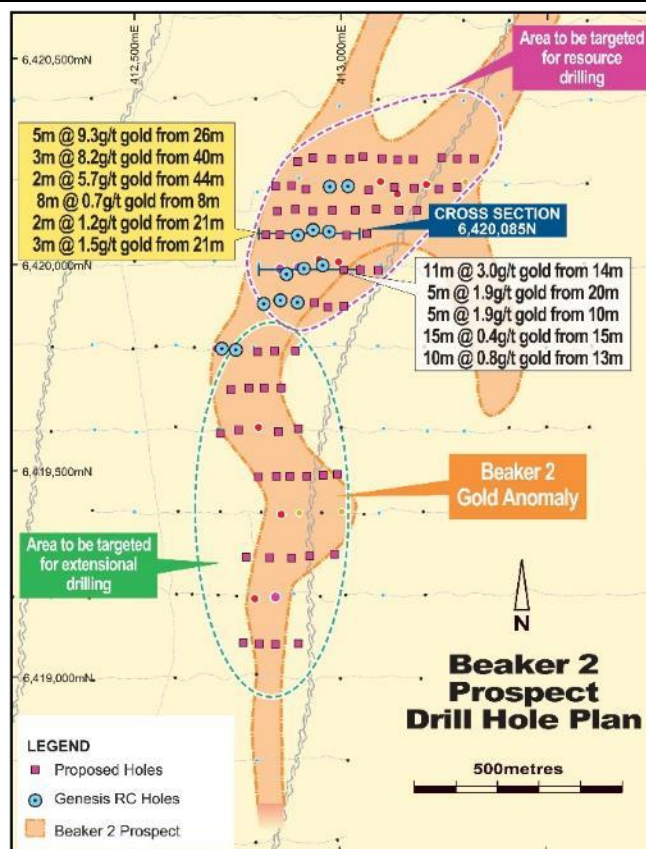


Figure 7 Beaker 2 Plan

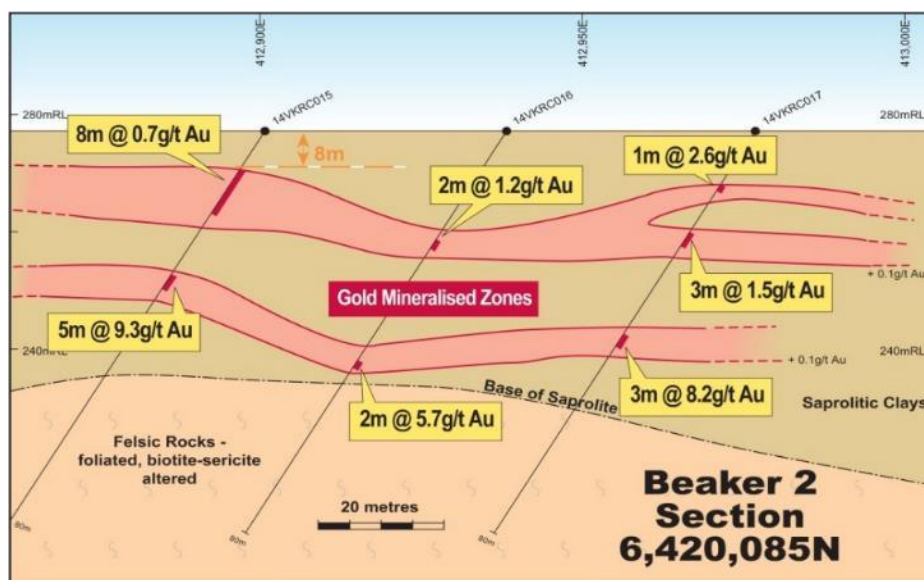


Figure 8 Beaker 2 Section

Beaker 4

Shallow RC drilling by Genesis in late 2014 targeted the western mineralised trend at the Beaker 4. High-grade gold intersected from this drilling included 7m @ 4.02g/t gold from 31m and 6m @ 6.04g/t gold from 73m (includes 3m @ 11.35g/t Au) (see GMD ASX Release September 9, 2014). Gold mineralisation is hosted within sulphidic, laminated quartz veins within a moderately east dipping shear zones. Mafic enclaves within the granitoids are thought to provide a rheological contrast within the competent host allowing gold mineralisation to develop. Visible gold has also been observed in drill core within these mineralised intervals.

The three-open ended mineralised trends (+2km) will be targeted by in this aircore program and followed up by RC drilling in late November.

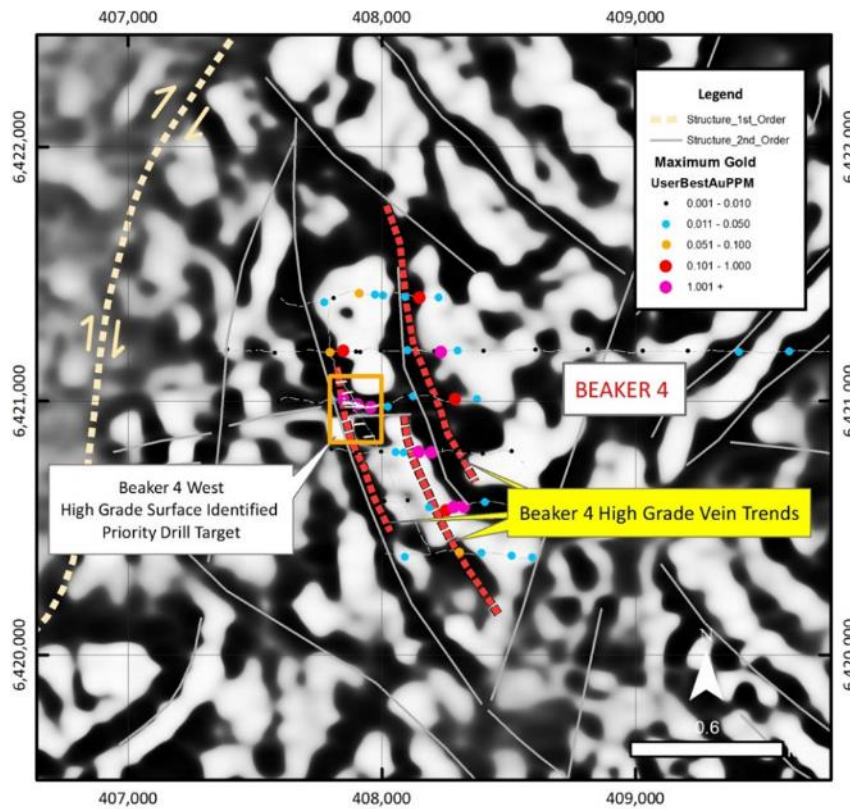


Figure 9 Beaker 4 Plan

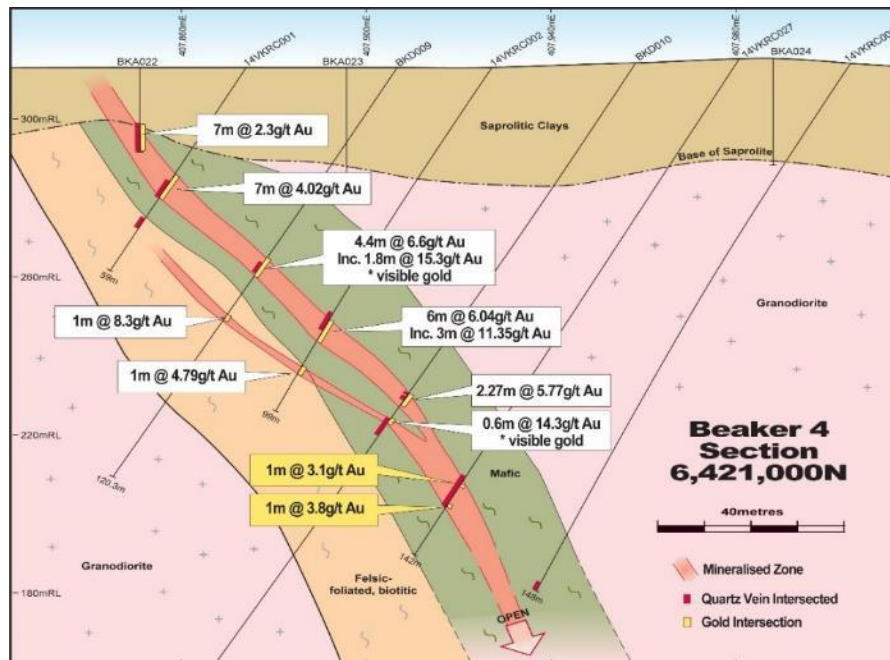


Figure 10 Beaker 4 Section

Dr Bunsen

The Dr Bunsen anomaly is a strike extensive gold anomaly that extends for over 7km in a north south orientation. It lies adjacent to the Jerdacuttup Fault a regional scale structure that is the interpreted boundary between the Yilgarn craton and the Albany Fraser orogen.

This anomaly has never had a drill hole into it and the initial testing of it will commence at the completion of the Beaker prospects drilling. Wide spaced systematic aircore drilling will be used to test this anomaly.

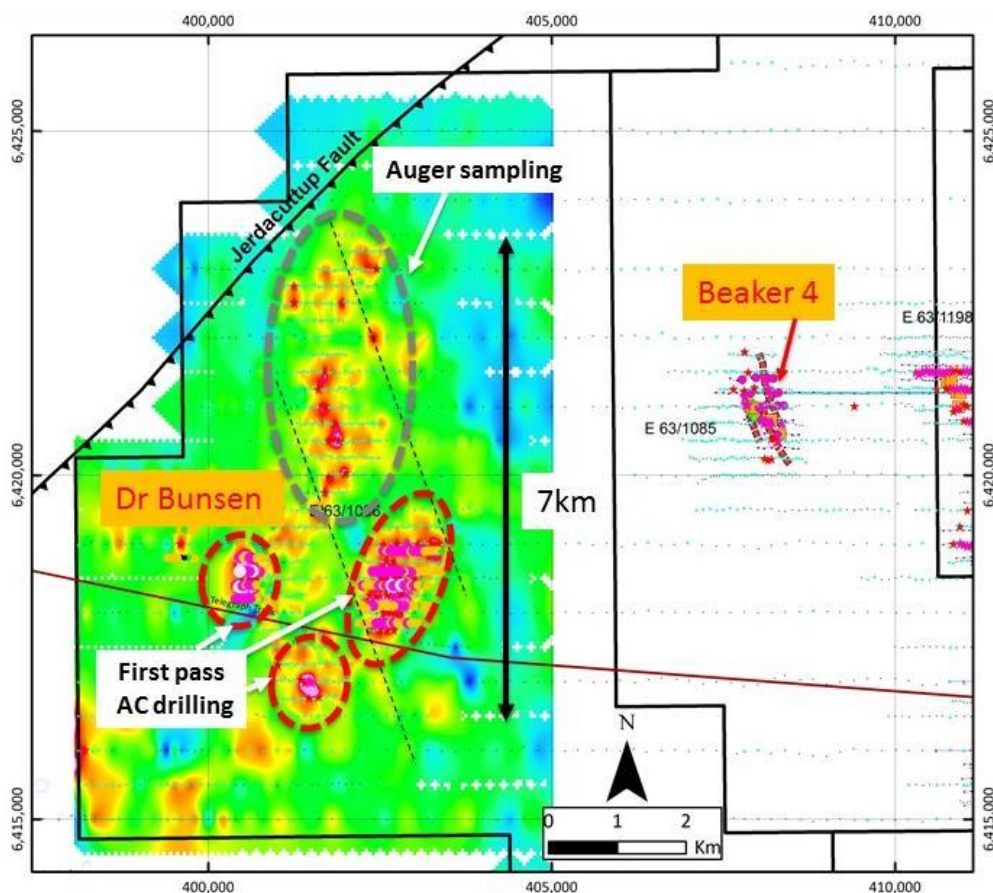


Figure 11 Dr Bunsen Auger Anomaly

PROJECT EVALUATIONS

Genesis continues to review both advanced and early stage gold and copper projects focussing on near term cash generating opportunities.

PLACEMENT

Genesis raised \$1.7 million before costs by way of a Placement to sophisticated and professional investors via the issue of 69.4 million new shares at an issue price of \$0.025 per share.

The Placement was conducted under the Company's current 25% capacity in line with ASX listing rules 7.1 and 7.1A.

For further information, visit: www.genesisminerals.com.au or please contact

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COMPETENT PERSONS' STATEMENTS

The information in this report that relates to Exploration Results is based on information compiled by Mr. Michael Fowler who is a full-time employee of the Company, a shareholder of Genesis Minerals Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr. Fowler has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Fowler consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Information in this report that relates to Mineral Resources is based on information compiled by Mr Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Payne Geological Services and is a shareholder of Genesis Minerals Limited. Mr Payne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Information in this report that relates to Ore Reserves is based on information compiled by Mr Gary McCrae, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr McCrae is a full-time employee of MineComp Pty Ltd. Mr McCrae has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr McCrae consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Table 1 Ulysses Ore Reserve Summary – August 2016

Ore Reserve Category	Tonnes	Au g/t	Au Oz
Proved	-	-	-
Probable	74,000	4.1	9,700
Total	74,000	4.1	9,700

Note: Rounding errors may occur

Ulysses Mineral Resource Inclusive of Ore Reserves

Mineral Resource Category	Tonnes (Mt)	Au g/t	Au Oz
Measured	-	-	-
Indicated	1.62	2.4	122,500
Inferred	0.51	1.8	29,000
Total	2.13	2.2	151,500