

ASX GRANTS GENESIS WAIVER FROM ASX LISTING RULE 6.18 TO PROVIDE ANTI-DILUTION RIGHT TO SMS

Genesis Minerals Limited (ASX: GMD) (“**Genesis**” or the “**Company**”) announced on 9 August 2016 that it had entered into a Mining Alliance Agreement (“**Mining Alliance**”) with highly regarded mining contractor, SMS Innovative Mining Pty Ltd (“**SMS**”) to initially develop and mine the Ulysses West open pit.

Under the Mining Alliance, Genesis and SMS have formed a strategic relationship in conjunction with SMS making a strategic equity investment in the Company. The Mining Alliance provides that the Company would grant an anti-dilution right to SMS to maintain their percentage holding in the Company, subject to a waiver from ASX.

The Company is pleased to announce that the ASX has granted a waiver from ASX Listing Rule 6.18 to enable the Company to grant the anti-dilution right to SMS.

A summary of the terms of the waiver for SMS is provided in the Annexure to this announcement.

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ANNEXURE**TERMS OF THE ASX WAIVER**

Based solely on the information provided, ASX Limited ("ASX") grants Genesis Minerals Limited (the "Company") a waiver from listing rule 6.18 to the extent necessary to permit SMS Innovative Mining Pty Ltd and its related bodies corporate ("SMS") to maintain, by way of a right to participate in any issue of securities or to subscribe for securities, its percentage interest in the issued share capital of the Company (the "Anti-Dilution Right") in respect of a diluting event which occurs or is announced following from the date this waiver is granted so that SMS holds up to 19.99% voting power in the Company, on the following conditions.

- 1.1. The Anti-Dilution Right lapses on the earlier of:*
- 1.1.1. the date on which SMS ceases to hold in aggregate at least 15% voting power in the Company (other than as a result of shares (or equity securities) to which the Anti-Dilution Right applies and in respect of which SMS is still entitled to exercise, or has exercised, the Anti-Dilution Right);*
- 1.1.2. the date on which SMS's voting power in the Company exceeds 19.99%; or*
- 1.1.3. the strategic relationship between the Company and SMS ceasing or changing in such a way that it effectively ceases.*
- 1.2. The Anti-Dilution Right may only be transferred to an entity in the wholly owned group of SMS.*
- 1.3. Any securities issued under the Anti-Dilution Right are offered to SMS for cash consideration that is:*- 1.3.1. no more favourable than cash consideration paid by third parties (in the case of issues of securities to third parties for cash consideration); or*
- 1.3.2. equivalent in value to non-cash consideration offered by third parties (in the case of issues of securities to third parties for non-cash consideration).*
- 1.4. The number of securities that may be issued to SMS under the Anti-Dilution Right in the case of any diluting event must not be greater than the number required in order for SMS to maintain its percentage holding in the issued share capital of the Company immediately before that diluting event.*
- 1.5. The Company discloses a summary of the Anti-Dilution Right to persons who may subscribe for securities under a prospectus, and undertakes to include in each annual report a summary of the Anti-Dilution Right.*
- 1.6. The Company immediately releases the terms of the waiver to market.*