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27 August 2010

Dear Option Holder

### **Genesis Minerals Limited's Non-Renounceable Entitlement Issue**

On 27 August 2010, Genesis Minerals Limited (**Company**) lodged a Non-Renounceable Entitlement Issue (**Entitlement Issue**) with ASX Limited (**ASX**) for a pro-rata non-renounceable entitlements issue of two (2) New Shares for every three (3) shares held by Shareholders registered at 5.00pm (WST) on 9 September 2010 (**Record Date**) at an issue price of \$0.05 per New Share to raise approximately \$1.16 million.

Fractional entitlements will be rounded down to the nearest whole Share.

Shareholder approval is not required in relation to the Entitlement Issue.

A full copy of the Entitlement Issue will be mailed to all Shareholders who hold shares on the Record Date. However, the Entitlement Issue will not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

Accordingly, it is the responsibility of non-resident applicants to obtain all necessary approvals for the allotment and issue to them of shares and options pursuant to the Entitlement Issue.

This Entitlement Issue is available in electronic form on the ASX website at [www.asx.com.au](http://www.asx.com.au) or the Company's website at [www.genesisminerals.com.au](http://www.genesisminerals.com.au).

It is intended that the proceeds, less the expenses of the issue, will be used to accelerate exploration of the Company's Dinamarquesa and Cerro Verde Projects both located in Chile.

Under the terms of the existing options you currently hold, there is no entitlement to participate in the Entitlement Issue unless you exercise your options and are entered onto the register as a shareholder on or before the Record Date. The purpose of this letter is to give you the notice in order to allow you to participate in the Rights Issue should you wish to do so.

If you are not a shareholder and wish to participate in the Entitlement Issue, it will be necessary for you to exercise all or part of your options, and the shares issued on the exercise of those options must have been allotted to you before the Record Date. If you wish to do so, you should complete a Notice of Exercise of Options and lodge that notice with Computershare Investor Services, together with your payment for the number of shares you wish to take up. Notice of exercise of your options and payment of the exercise price of options should be received by Computershare Investor Services on or before 9 September 2010 as holders lodging notices of exercise after that date cannot be assured of the allotment of shares by the Record Date.

If you do not wish to participate in the Entitlement Issue in respect of your options, you do not need to take any action. Before deciding whether to exercise any or all of your options, you should read the Entitlement Issue in its entirety and if any doubt consult your professional advisor. This letter is only intended to inform you of your rights in relation to your options. This letter is not an offer or an invitation to acquire shares in Genesis or to participate in the Entitlement Issue.


Under the Entitlement Issue, between 23,278,340 and 32,878,340 New Shares (depending upon whether the holders of Existing Options exercise those Options before the Record Date) will be issued.

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The current proposed timetable for the Entitlement Issue is set out below. The dates are indicative only and Genesis reserves the right to vary the dates subject to satisfying the requirements of the ASX listing rules (**Listing Rules**) and any other applicable law.

<b>27 August 2010</b>	<b>Announcement Date</b>
<b>3 September 2010</b>	<b>Ex Date</b>
<b>9 September 2010</b>	<b>Record Date 5pm (WST)</b> The date on which Genesis Minerals Limited determines eligible shareholders
<b>10 September 2010</b>	<b>Opening Date</b> The date on which the Entitlement Issue opens
<b>13 September 2010</b>	<b>Mailing Date</b> Entitlement and Acceptance Form sent to all eligible shareholders
<b>28 September 2010</b>	<b>Closing Date</b> The date on which the Entitlement Issue closes Applications must be received by 5pm (WST)
<b>1 October 2010</b>	<b>Shortfall announcement</b>
<b>5 October 2010</b>	<b>Despatch Date</b> The date on which new shares are allotted and holding statements are sent to shareholders
<b>6 October 2010</b>	<b>Share Trading Date</b> The date on which new shares commence trading on the ASX

Yours faithfully  
**Genesis Minerals Limited**



Michael Fowler  
**Managing Director**