

ALKANE RESOURCES TO MAKE STRATEGIC INVESTMENT IN GENESIS AS PART OF ~A\$7.5M CAPITAL RAISING

Cornerstone investment underpins an aggressive exploration, development and growth strategy in the Leonora region centered on the fast-growing Ulysses Gold Project

Highlights

- Genesis to raise up to ~A\$7.5m at a price of 3.2c per share, through:
 - An Initial Placement to Australian gold producer Alkane Resources (ASX: ALK) up to Genesis' placement capacity to raise ~A\$1.4m; and
 - A 1-for-6 non-renounceable Rights Issue to raise up to ~A\$6.05m (partially underwritten up to ~A\$4.6m by Alkane).
- A second-tranche Conditional Placement to top-up Alkane's shareholding in Genesis up to 15% (subject to shareholder approval and subject to Alkane's maximum investment of A\$6m), which may raise funds additional to the ~A\$7.5m¹.
- Offer price of 3.2 cents per New Share, in line with Genesis' 10 day VWAP.
- Proceeds to be used to accelerate ongoing resource definition, resource expansion and exploration drilling programs and feasibility study work at the 760,000oz² Ulysses Gold Project in WA.
- New phase of drilling scheduled to commence in early August to in-fill and extend portions of the Ulysses Deposit, in-fill and extend the Orient Well NW oxide deposit and test other high-priority exploration targets ahead of a Q4 Resource update.

Genesis Minerals Limited (**Genesis** or the **Company**) (ASX: **GMD**) is pleased to announce that it has secured a A\$6 million cornerstone investment by Australian gold producer Alkane Resources (ASX: **ALK**) (**Alkane**) as part of a A\$7.5 million capital raising initiative aimed at fast-tracking the next phase of resource and exploration drilling at its flagship 100%-owned **Ulysses Gold Project** in WA.

The proceeds of the capital raising will strengthen Genesis' balance sheet and allow it to progress a multi-pronged exploration and development strategy at Ulysses including resource in-fill work, resource extension drilling and ongoing Feasibility Study work, while also pursuing other strategic acquisition and growth opportunities in the Leonora region.

Capital Raising Details

Genesis has received a binding commitment for a placement (**Initial Placement**) to Alkane comprising ~44.33 million fully-paid ordinary shares in the Company (**New Shares**) at an issue price of 3.2 cents to raise approximately A\$1.4 million (before costs).

¹ Assuming approximately a 32% take-up in the Rights Issue from other shareholders other than Alkane, Alkane's underwriting will result in them reaching a 15% shareholding in Genesis and not require a second-tranche Conditional Placement. In the event that the take-up is above approximately 32%, there will be a second-tranche Conditional Placement and Genesis may raise funds additional to the ~A\$7.5m.

² Measured, Indicated and Inferred Resource of 7.1Mt @ 3.3g/t gold for 760,400oz – refer to the original ASX announcement dated 9 October 2018 for full details and Table 1 in this announcement. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resource estimates, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially changed from the original market announcement.

The Company is also offering eligible shareholders the opportunity to acquire New Shares through a partly underwritten pro-rata non-renounceable rights issue of one (1) Share for every six (6) Shares (**Rights Issue**) held by eligible shareholders on the Record Date, which under the indicative timetable is 15 August 2019, at an issue price of 3.2 cents per New Share to raise approximately A\$6.05 million (before costs). Alkane's shares from the Initial Placement will be eligible to participate in the Rights Issue, and Alkane has committed to the Company to take up its entitlements under the Rights Issue. Alkane has also agreed, subject to certain terms and conditions, to partially underwrite the Rights Issue up to a maximum underwriting commitment of approximately A\$4.6 million.

If through the Initial Placement and Alkane's participation and underwriting of the Entitlement Offer, Alkane has not invested the full \$6.0 million and Alkane's shareholding remains under 15%, then a second tranche placement (**Conditional Placement**) to Alkane of up to ~132.2 million New Shares at an issue price of 3.2 cents to raise up to approximately A\$4.2 million will be made, subject to shareholder approval for the purposes of Listing Rule 7.1 and for all other purposes at a General Meeting to be held as soon as reasonably practicable after completion of the Rights Issue.

The Conditional Placement will be scaled back to ensure that Alkane's shareholding in the Company does not exceed 15% as a result of the Conditional Placement and Alkane's total investment (through the Initial Placement, Rights Issue and Conditional Placement) will not exceed A\$6.0 million.

The Initial Placement, Rights Issue and Conditional Placement are together referred to as the **Capital Raising**.

The Capital Raising price of A\$0.032 cents per New Share represents:

- A discount of 3.0% to the closing price of A\$0.033 on 1 August 2019
- A discount of 5.0% to the VWAP for the 5 trading days up to and including 1 August 2019
- A discount of 0.5% to the VWAP for the 10 trading days up to and including 1 August 2019

The Initial Placement was conducted within the Company's 15% placement capacity under ASX Listing Rule 7.1 as shown below, and is expected to settle on 5 August 2019. Shareholder approval is not required for the issue of New Shares under the Initial Placement.

Listing Rule	Shares
Issued under Listing Rule 7.1	44,327,199
TOTAL	44,327,199

At the completion of the Initial Placement, the Company will have approximately 1,134 million shares on issue and Alkane will hold approximately 5.8% of the Company's issued securities.

Management Comment

Genesis' Managing Director, Michael Fowler, said: *"We are pleased to have secured a strategic partnership with a prominent and well-regarded Australian gold miner in Alkane to become our cornerstone shareholder through this landmark capital raising initiative.*

"The proceeds of this placement will de-risk our balance sheet and give us the flexibility to pursue an aggressive exploration, development and growth strategy in the Leonora region, underpinned by our existing high-grade Resource at the Ulysses Gold Project.

"We will pursue a multi-pronged strategy which includes in-fill drilling to de-risk the Resource and underpin ongoing Feasibility studies, extensional drilling to grow the Resource base and regional exploration to expand our overall Resource base. At the same time, we will have the capacity to pursue acquisition opportunities where these make sense, to expand our sphere of influence as an emerging gold company.

"We welcome Alkane as a new major shareholder and partner, with a wealth of knowledge and skills that is now available to Genesis."

Board Nominee and Anti-Dilution Right

In accordance with the Subscription Agreement, if Alkane's percentage holding in the Company is 10% or more, it will have the right to appoint a nominee director to the board of Genesis and, subject to receipt of any necessary ASX waiver, anti-dilution rights in relation to future capital raisings. Alkane will continue to hold these rights as long as its percentage holding in the Company equals or exceeds 10% or it sells down shares such that its voting power in the Company is reduced by 1% or more.

Technical Committee

A technical committee with members from Genesis and Alkane to be formed to allow Genesis to leverage Alkane's operational expertise as required.

Capital Raising Rationale

The proceeds of the capital raising will be used to provide balance sheet flexibility and fund exploration, feasibility study work, working capital and other corporate activities. The Rights Issue will provide all Eligible Shareholders with the opportunity to participate and retain exposure to the Company's portfolio of assets.

Use of Funds

The proceeds of the Capital Raising will be used to provide working capital for the following*:

- To fund exploration work on the Ulysses and Barimaia projects;
- To fund feasibility study work on the Ulysses project; and
- To fund general corporate activities and capital raising costs.

**The Company reserves the right to change its intentions in relation to the use of funds*

Eligible Shareholders

Entitlements may only be exercised by Eligible Shareholders being persons with a registered address on the Company's Share Register in Australia and New Zealand. Ineligible shareholders are all those shareholders with registered addresses outside these jurisdictions.

Top-Up Facility

As part of the Rights Issue, Eligible Shareholders, may also apply for additional New Shares in excess of their Rights Issue entitlements at the same issue price of 3.2 cents per New Share (**Top Up Facility**). The Top Up Facility provides an opportunity for Eligible Shareholders to apply for additional New Shares to top up their holdings. Further details about the Rights Issue, including how eligible shareholders may apply for their entitlement and apply for additional New Shares under the Top Up Facility, will be set out in an offer document to be sent to Eligible Shareholders on or about the date referred to in the indicative timetable.

Indicative Timetable

The table below outlines the key dates for the Initial Placement, Rights Issue and Conditional Placement:

Event	Date (2019)
Announcement of the Offer	2 August
Settlement of Initial Placement	5 August
Issue and quotation of New Shares under the Initial Placement	6 August
Offer Booklet and Notice of Meeting lodged with the ASX	12 August
Notice of Meeting for Conditional Placement released	12 August
Shares quoted on an "Ex" basis	14 August
Record Date	15 August
Offer Booklet and acceptance forms despatched or emailed to Eligible Shareholders	20 August
Closing date (5.00pm Perth and WST)	29 August

Initial notification to ASX of Offer Shortfall	2 September
Issue of New Shares under the Rights Issue	4 September
Quotation of New Shares under the Rights Issue	4 September
General Meeting held for Conditional Placement Shareholder Approval	12 September
Settlement of Conditional Placement (if approved by shareholders)	16 September
Issue and quotation of New Shares under the Conditional Placement (if approved by shareholders)	16 September

Note: The Company reserves the right to alter the timetable at its discretion and without notice, subject to ASX Listing Rules and the Corporations Act and other applicable law.

Advisers

Sternship Advisers acted as Corporate Adviser and Steinepreis Paganin as Legal Adviser for Genesis.

ENDS

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

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COMPETENT PERSONS' STATEMENTS

The Information in this announcement 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 announcement of the matters based on his information in the form and context in which it appears.

TABLE 1: MINERAL RESOURCE TABLE**October 2018 Mineral Resource Estimate 0.75g/t Cut-off above 200mRL, 2.0g/t Below 200mRL**

Type	Measured		Indicated		Inferred		Total		
	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Au Ounces
Oxide	6,000	2.1	143,000	1.6	146,000	1.6	295,000	1.6	15,200
Transition	6,000	3.1	364,000	1.9	234,000	1.6	604,000	1.8	34,700
Fresh	21,000	5.0	3,647,000	3.7	2,551,000	3.3	6,220,000	3.6	710,500
Total	33,000	4.1	4,154,000	3.5	2,932,000	3.0	7,119,000	3.3	760,400

October 2018 Mineral Resource Estimate 2.0g/t Global Cut-off

Type	Measured		Indicated		Inferred		Total		
	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Au Ounces
Oxide	4,000	2.5	26,000	2.8	22,000	2.2	51,000	2.5	4,200
Transition	5,000	3.3	114,000	3.1	20,000	2.2	138,000	3.0	13,400
Fresh	21,000	5.0	2,323,000	5.2	1,605,000	4.3	3,949,000	4.8	610,800
Total	29,000	4.4	2,463,000	5.0	1,647,000	4.3	4,139,000	4.7	628,400

October 2018 Mineral Resource Estimate High Grade Shoots

Type	Measured		Indicated		Inferred		Total		
	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Au Ounces
HG Shoots	21,000	5.2	1,398,000	6.4	187,000	10.8	1,606,000	6.9	356,100

NB. Rounding errors may occur

Full details of the Mineral Resource estimate are provided in the Company's ASX announcement dated 9 October 2018.