

**GENESIS MINERALS LIMITED**

**INTERIM FINANCIAL REPORT**

**A.B.N. 72 124 772 041**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

**GENESIS MINERALS LIMITED**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

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**GENESIS MINERALS LIMITED**  
**DIRECTORS' REPORT**  
**31 DECEMBER 2013**

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Your directors present their report, together with the interim financial statements of the Group, being Genesis Minerals Limited (the company) and its controlled entity, for the half year ended 31 December 2013.

**DIRECTORS**

The names of the directors in office at any time during, or since the end of, the half year are:

| <b>NAMES</b>   | <b>POSITION</b>        |
|----------------|------------------------|
| Richard Hill   | Non-Executive Chairman |
| Michael Fowler | Managing Director      |
| Damian Delaney | Non-Executive Director |

**OPERATING RESULTS**

The consolidated loss of the Group amounted to \$(752,112), (2012: \$(1,487,814)) after providing for income tax. This represented a 51% decrease on the loss reported for the half year ended 31 December 2012. The decrease was largely due to;

- the exploration expenditure carried out during the current half year was not as sizable as the half year ended 31 December 2012 and as a result, the exploration expenditure in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income has declined; and
- the VAT receivable in Chile, which is and will continue to be impaired until production commences, was considerably less at 31 December 2013 than at 31 December 2012.

**REVIEW OF OPERATIONS**

**ARGENTINA PROJECTS, SAN JUAN PROVINCE**

The Poncha and Las Opeñas Projects are located in San Juan Province, 200km northwest of the regional capital San Juan and about 40km northwest of the town of Rodeo in the eastern foothills of the Andes, at elevations of between 2,800m and 4,500m above sea level. Infrastructure in the area is good. Access to the Projects is gained via good paved and gravel roads from Rodeo. The Projects are approximately 25km apart.

**Las Opeñas**

During the 2<sup>nd</sup> half of 2013 Teck Argentina Ltd. ("Teck") a subsidiary of diversified Canadian miner Teck Resources Limited continued to advance exploration at the Las Opeñas precious and base-metal epithermal project located in the pre-cordillera of San Juan Province, Argentina. Teck are targeting the large, well mineralised breccia system discovered by Genesis drilling during 2012. The current Teck-funded exploration program is part of Teck's commitment to earn-back to 60% of the Las Opeñas Project by spending US\$1.2m on exploration.

The exploration program completed by Teck in 2013 comprised geophysical surveying, geochemical sampling and geological mapping. This work resulted in extensive surface geochemical gold anomalism and an outcropping breccia system being highlighted coincident with strong Induced Polarisation ("IP") chargeability features and resistivity lows. A number of potential target zones have been highlighted from the IP survey for future drill testing, particularly at depth beneath Genesis' past drilling which returned significant results.

A significant follow-up drill program is anticipated in 1H 2014. Genesis continues to discuss with Teck on ways to rapidly advance the drill program at Las Opeñas.

**Poncha**

No exploration work was completed at Poncha during the period.

**Cerro Verde Project, Chile**

A number of Companies continued to evaluate the Cerro Verde Project in northern Chile during the period. Genesis is looking to advance the Project by bringing in a third party to fund the next phase of exploration targeting the high-grade vein system identified at surface.

**Project Evaluation**


Genesis continues to evaluate a number of advanced and transformational copper and gold opportunities for potential acquisition in South America and Australia. Over 60 projects have been reviewed in the past 6 months with a number of field visits completed. This resulted in the successful acquisition of the Viking Project in Western Australia in February 2014, subsequent to the period end.

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2013 has been received and can be found on page 4 of the interim financial report.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the directors



Michael Fowler  
**Managing Director**

Perth, 13 March 2014

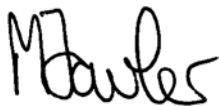
**GENESIS MINERALS LIMITED**  
**DIRECTORS' DECLARATION**  
**31 DECEMBER 2013**

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The directors of the Group declare that:

1. the interim financial statements and notes, as set out in the following pages, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standard 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
  - b. give a true and fair view of the financial position as at 31 December 2013 and of the performance for the half year ended on that date of the company and consolidated group;
2. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director .....

Michael Fowler

Dated 13 March 2014

To the Board of Directors

### **Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

As lead audit director for the review of the financial statements of Genesis Minerals Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



**BENTLEYS**  
Chartered Accountants



**DOUG BELL CA**  
Director

DATED at PERTH this 13<sup>th</sup> day of March 2014

**GENESIS MINERALS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

|  |   | <b>31 DECEMBER</b> | <b>31 DECEMBER</b> |
|--|---|--------------------|--------------------|
|  |   | <b>2013</b>        | <b>2012</b>        |
|  |   | <b>\$</b>          | <b>\$</b>          |
| Revenue  |   | 11,156             | 60,534             |
| Salaries and employee benefits expenses  |   | (227,180)          | (230,991)          |
| Impairment expenses  |   | -                  | (27,953)           |
| Corporate expenses   |   | (60,807)           | (77,017)           |
| Administrative expenses  |   | (93,992)           | (200,499)          |
| Depreciation expenses  |   | (1,064)            | (3,069)            |
| Share based payments expenses  | 5 | (9,556)            | (19,537)           |
| Exploration expenses   |   | (370,669)          | (989,282)          |
| <b>Loss before income taxes</b>  |   | <b>(752,112)</b>   | <b>(1,487,814)</b> |
| Income tax expense   |   | -                  | -                  |
| <b>Loss for the half year</b>  |   | <b>(752,112)</b>   | <b>(1,487,814)</b> |
| <b>Other comprehensive income</b>  |   |                    |                    |
| <b>Items that may be reclassified subsequently to profit or loss</b>                     |   |                    |                    |
| Exchange differences on translation of foreign operations                                |   | 14,787             | 53,778             |
| <b>Items that may not be reclassified subsequently to profit or loss</b>                 |   | -                  | -                  |
| <b>Total comprehensive income for the half year attributable to members of the Group</b> |   | <b>(737,325)</b>   | <b>(1,434,036)</b> |
| <b>Loss per share</b>  |   |                    |                    |
| Basic and diluted loss per share (cents)   |   | (0.45)             | (1.22)             |

These financial statements should be read in conjunction with the accompanying notes.

**GENESIS MINERALS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**

|  | NOTE | 31<br>DECEMBER<br>2013<br>\$ | 30 JUNE<br>2013<br>\$ |
|--|------|------------------------------|-----------------------|
| <b>CURRENT ASSETS</b>                  |      |                              |                       |
| Cash and cash equivalents              |      | 360,328                      | 1,109,319             |
| Trade and other receivables            |      | 15,761                       | 4,477                 |
| <b>TOTAL CURRENT ASSETS</b>            |      | <b>376,089</b>               | <b>1,113,796</b>      |
| <b>NON-CURRENT ASSETS</b>              |      |                              |                       |
| Plant and equipment                    |      | 8,403                        | 9,333                 |
| <b>TOTAL NON-CURRENT ASSETS</b>        |      | <b>8,403</b>                 | <b>9,333</b>          |
| <b>TOTAL ASSETS</b>                    |      | <b>384,492</b>               | <b>1,123,129</b>      |
| <b>CURRENT LIABILITIES</b>             |      |                              |                       |
| Trade and other payables               |      | 108,876                      | 128,344               |
| Provisions                             |      | 57,962                       | 53,347                |
| <b>TOTAL CURRENT LIABILITIES</b>       |      | <b>166,838</b>               | <b>181,691</b>        |
| <b>NON - CURRENT LIABILITIES</b>       |      |                              |                       |
| Provisions                             |      | 29,403                       | 25,418                |
| <b>TOTAL NON - CURRENT LIABILITIES</b> |      | <b>29,403</b>                | <b>25,418</b>         |
| <b>TOTAL LIABILITIES</b>               |      | <b>196,241</b>               | <b>207,109</b>        |
| <b>NET ASSETS</b>                      |      | <b>188,251</b>               | <b>916,020</b>        |
| <b>EQUITY</b>                          |      |                              |                       |
| Issued capital                         | 3    | 14,440,391                   | 14,440,391            |
| Reserves                               |      | 1,306,122                    | 1,281,779             |
| Accumulated losses                     |      | (15,558,262)                 | (14,806,150)          |
| <b>TOTAL EQUITY</b>                    |      | <b>188,251</b>               | <b>916,020</b>        |

These financial statements should be read in conjunction with the accompanying notes.



**GENESIS MINERALS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

**31 DECEMBER 2013**

|   | <b>ORDINARY<br/>SHARES</b> | <b>ACCUMULATED<br/>LOSSES</b> | <b>RESERVE</b> | <b>FOREIGN<br/>CURRENCY<br/>TRANSLATION<br/>RESERVE</b> | <b>TOTAL</b> |
|---|----------------------------|-------------------------------|----------------|---|--------------|
|   | <b>\$</b>                  | <b>\$</b>                     | <b>\$</b>      | <b>\$</b>   | <b>\$</b>    |
| Balance at 1 July 2013  | 14,440,391                 | (14,806,150)                  | 1,170,711      | 111,068   | 916,020      |
| Losses attributable to members of the parent entity           | -                          | (752,112)                     | -              | -   | (752,112)    |
| Other comprehensive income                                    | -                          | -                             | -              | 14,787  | 14,787       |
| <b>Total comprehensive income</b>                             | -                          | (752,112)                     | -              | 14,787  | (737,325)    |
| Shares issued during the half year                            | -                          | -                             | -              | -   | -            |
| Share based payment expense                                   | -                          | -                             | 9,556          | -   | 9,556        |
| <b>Sub-total</b>  | -                          | (752,112)                     | 9,556          | 14,787  | (727,769)    |
| <b>Balance at 31 December 2013</b> <small>0 June 2013</small> | 14,440,391                 | (15,558,262)                  | 1,180,267      | 125,855   | 188,251      |

**31 DECEMBER 2012**

|   | <b>ORDINARY<br/>SHARES</b> | <b>ACCUMULATED<br/>LOSSES</b> | <b>SHARE BASED<br/>PAYMENT<br/>RESERVE</b> | <b>FOREIGN<br/>CURRENCY<br/>TRANSLATION<br/>RESERVE</b> | <b>TOTAL</b> |
|---|----------------------------|-------------------------------|--|---|--------------|
|   | <b>\$</b>                  | <b>\$</b>                     | <b>\$</b>                                  | <b>\$</b>   | <b>\$</b>    |
| Balance at 1 July 2012  | 12,397,575                 | (11,853,856)                  | 1,139,075                                  | 76,556  | 1,759,350    |
| Losses attributable to members of the parent entity           | -                          | (1,487,814)                   | -  | -   | (1,487,814)  |
| Other comprehensive income                                    | -                          | -                             | -  | 53,778  | 53,778       |
| <b>Total comprehensive income</b>                             | -                          | (1,487,814)                   | -  | 53,778  | (1,434,036)  |
| Shares issued during the half year                            | 25,714                     | -                             | -  | -   | 25,714       |
| Share based payment expense                                   | -                          | -                             | 19,537                                     | -   | 19,537       |
| <b>Sub-total</b>  | 25,714                     | (1,487,814)                   | 19,537                                     | 53,778  | (1,388,785)  |
| <b>Balance at 31 December 2012</b> <small>0 June 2012</small> | 12,423,289                 | (13,341,670)                  | 1,158,612                                  | 130,334   | 370,565      |

These financial statements should be read in conjunction with the accompanying notes.

**GENESIS MINERALS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

|   | <b>31<br/>DECEMBER<br/>2013<br/>\$</b> | <b>31<br/>DECEMBER<br/>2012<br/>\$</b> |
|---|--|--|
| <b>CASH FROM OPERATING ACTIVITIES:</b>                        |  |  |
| Payments to suppliers and employees                           | (365,372)                              | (604,646)                              |
| Interest received   | 11,156                                 | 30,427                                 |
| Payments for exploration and evaluation expenditure           | (370,669)                              | (870,098)                              |
| Net cash used by operating activities                         | <u>(724,885)</u>                       | <u>(1,444,317)</u>                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                  |  |  |
| Purchase of plant and equipment                               | (134)                                  | (1,327)                                |
| Net cash used in investing activities                         | <u>(134)</u>                           | <u>(1,327)</u>                         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                  |  |  |
| Proceeds from borrowings                                      | -                                      | -                                      |
| Net cash provided by financing activities                     | <u>-</u>                               | <u>-</u>                               |
| Effects of exchange rate changes on cash and cash equivalents | (23,972)                               | (12,214)                               |
| Net cash used by other activities                             | <u>(23,972)</u>                        | <u>(12,214)</u>                        |
| Net cash decreases in cash and cash equivalents               | <u>(748,991)</u>                       | <u>(1,457,858)</u>                     |
| Cash and cash equivalents at beginning of the period          | 1,109,319                              | 2,040,132                              |
| Cash and cash equivalents at end of the period                | <u>360,328</u>                         | <u>582,274</u>                         |

These financial statements should be read in conjunction with the accompanying notes.

**GENESIS MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2013**

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**1 BASIS OF PREPARATION**

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'

The interim financial report is intended to provide users with an update on the latest annual financial statements of Genesis Minerals Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2013, together with any public announcements made during the half year.

The registered office and principal place of business of the Group is: Unit 6, 1 Clive Street West Perth WA 6005. The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(A) GOING CONCERN**

The half year financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the half year of \$752,112 (2012: \$1,487,814) and net cash outflows from operating activities of \$724,885 (2012: \$1,444,317)

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern. The ability of the Group to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets or other sources and managing cashflow in line with available funds.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

**(B) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The directors evaluate estimates and judgments incorporated into the interim financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

**GENESIS MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2013**

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**(B) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)**

***SHARE BASED PAYMENTS***

The Group measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model. The valuation relies on the use of certain assumptions. If the assumptions were to change, there may be an impact on the amounts reported.

***ENVIRONMENTAL ISSUES***

Balances disclosed in the interim financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate

***TAXATION***

Balances disclosed in the interim financial statements and notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents director's best estimate, pending an assessment by the Australian Taxation Office

**(C) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'

**GENESIS MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2013**

- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

The above standards have extensive disclosure requirements, however these do not effect this half year financial report apart from the application of AASB 13 in relation to financial instrument disclosures (refer note 6).

**3 ISSUED CAPITAL**

|   | <b>31<br/>DECEMBER<br/>2013<br/>\$</b> | <b>30 JUNE<br/>2013<br/>\$</b> |
|---|--|--------------------------------|
| 165,657,799 (30 June 2013: 165,657,799) Ordinary shares | 15,243,924                             | 15,243,924                     |
| - (30 June 2012: -) Conversion rights                   | 25,633                                 | 25,633                         |
| Share issue costs written off against issued capital    | (829,166)                              | (829,166)                      |
|   | <u>14,440,391</u>                      | <u>14,440,391</u>              |

**MOVEMENT IN ORDINARY SHARES**

|  | <b>NO.</b>         | <b>\$</b>         |
|--|--------------------|-------------------|
| Balance at 30 June 2012                | 121,783,379        | 12,397,575        |
| Share based payment (14 November 2012) | 342,860            | 25,714            |
| <b>Balance at 31 December 2012</b>     | <b>122,126,239</b> | <b>12,423,289</b> |
| Balance at 30 June 2013                | 165,657,799        | 15,243,924        |
| <b>Balance at 31 December 2013</b>     | <b>165,657,799</b> | <b>15,243,924</b> |

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

**GENESIS MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2013**

**4 OPERATING SEGMENTS**

**IDENTIFICATION OF REPORTABLE SEGMENTS**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geography, as the Group's area of operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

*Reconciliation of segment revenue to statement of comprehensive income*

|   | <b>31 DECEMBER</b> | <b>31 DECEMBER</b> |
|---|--------------------|--------------------|
|   | <b>2013</b>        | <b>2012</b>        |
|   | <b>\$</b>          | <b>\$</b>          |
| <b>SOUTH AMERICAN EXPLORATION SEGMENT</b> |                    |                    |
| Total segment revenue                     | -                  | -                  |
| Other revenue                             | 11,156             | 60,534             |
| Total revenue                             | <u>11,156</u>      | <u>60,534</u>      |

*Reconciliation of segment operating profit to the statement of comprehensive income*

|   | <b>31 DECEMBER</b> | <b>31 DECEMBER</b> |
|---|--------------------|--------------------|
|   | <b>2013</b>        | <b>2012</b>        |
|   | <b>\$</b>          | <b>\$</b>          |
| <b>SOUTH AMERICAN EXPLORATION SEGMENT</b>   |                    |                    |
| Segment net operating profit                | (226,137)          | (1,167,493)        |
| Depreciation expenses                       | (108)              | (1,127)            |
| Salaries and employee benefits expenses     | (236,736)          | (230,991)          |
| Other corporate and administration expenses | (289,131)          | (88,203)           |
| Total net profit after tax                  | <u>(752,112)</u>   | <u>(1,487,814)</u> |

**GENESIS MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2013**

**4 OPERATING SEGMENTS (CONTINUED)**

*Reconciliation of segment assets to the condensed consolidated statement of financial position*

|   | <b>31 DECEMBER</b> | <b>30 JUNE</b>   |
|---|--------------------|------------------|
|   | <b>2013</b>        | <b>2013</b>      |
|   | <b>\$</b>          | <b>\$</b>        |
| <b>SOUTH AMERICAN EXPLORATION SEGMENT</b>                                   |                    |                  |
| Segment assets  | 28,105             | 28,210           |
| Other corporate and administration assets                                   | 356,837            | 1,094,919        |
| Total assets per the condensed consolidated statement of financial position | <u>384,492</u>     | <u>1,123,129</u> |

*Reconciliation of segment liabilities to the condensed consolidated statement of financial position.*

|  | <b>31 DECEMBER</b> | <b>30 JUNE</b> |
|--|--------------------|----------------|
|  | <b>2013</b>        | <b>2013</b>    |
|  | <b>\$</b>          | <b>\$</b>      |
| <b>SOUTH AMERICAN EXPLORATION SEGMENT</b>  |                    |                |
| Segment liabilities  | 4,430,377          | 4,237,890      |
| Intersegment eliminations  | (4,401,101)        | (4,201,499)    |
| Other corporate and administration liabilities                                   | 166,965            | 170,718        |
| Total liabilities per the condensed consolidated statement of financial position | <u>196,241</u>     | <u>207,109</u> |

**5 SHARE-BASED PAYMENTS**

At 31 December 2013 the Group has the following share-based payment schemes:

(i) The Group established the Genesis Minerals Limited Employee Option Plan on 15 May 2007. No Options have been issued in the 6 month period to 31 December 2013.

**GENESIS MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2013**

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**5 SHARE-BASED PAYMENTS (CONTINUED)**

A summary of options issued is as follows:

| EXPIRY DATE      | EXERCISE PRICE<br>(CENTS) | 1 JULY 2103 | LAPSED      | BALANCE AT<br>THE END OF<br>THE YEAR | VESTED AND<br>EXERCISABLE AT<br>THE END OF THE<br>YEAR |
|------------------|---------------------------|-------------|-------------|--------------------------------------|--|
| 23 August 2013   | 15.00                     | 75,000      | (75,000)    | -                                    | -  |
| 23 August 2013   | 20.00                     | 75,000      | (75,000)    | -                                    | -  |
| 30 November 2013 | 31.00                     | 2,400,000   | (2,400,000) | -                                    | -  |
| 1 March 2014     | 15.00                     | 13,510,596  |             | 13,510,596                           | 13,510,596   |
| 31 December 2014 | 22.00                     | 9,500,000   |             | 9,500,000                            | 9,500,000  |
| 1 March 2015     | 20.00                     | 13,510,596  |             | 13,510,596                           | 13,510,596   |
| 30 November 2015 | 12.00                     | 750,000     |             | 750,000                              | 250,000  |

Except for the above, no other matters or circumstances have arisen since the end of the half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**6 FINANCIAL INSTRUMENTS**

The Group's financial instruments consist of cash and cash equivalents, trade and other receivable, trade and other payable. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.



## Independent Auditor's Review Report

### To the Members of Genesis Minerals Limited

We have reviewed the accompanying half-year financial report of Genesis Minerals Limited ("the Company") and its Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other selected explanatory information and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

### Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Genesis Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2(a) in the half-year financial report which indicates that the Consolidated Entity incurred a loss of \$752,112 during the half-year ended 31 December 2013. This condition, along with other matters as set forth in Note 2(a), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.



**BENTLEYS**  
Chartered Accountants



**DOUG BELL CA**  
Director

DATED at PERTH this 13<sup>th</sup> day of March 2014