

GENESIS MINERALS LIMITED

AND ITS CONTROLLED ENTITIES

A.B.N. 72 124 772 041

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

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GENESIS MINERALS LIMITED
DIRECTORS' REPORT
31 DECEMBER 2016

Your directors present their report, together with the interim financial statements of the Group, being Genesis Minerals Limited (the Company) and its controlled entities, for the half year ended 31 December 2016.

DIRECTORS

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

NAMES	POSITION
Richard Hill	Non-Executive Chairman
Michael Fowler	Managing Director
Darren Gordon	Non-Executive Director

OPERATING RESULTS

The consolidated loss of the Group amounted to \$500,436 (2015: \$955,710) after providing for income tax.

At the end of the half year the Group had a net cash balance of \$1,741,731 and net assets of \$4,540,443.

REVIEW OF OPERATIONS

ULYSSES GOLD PROJECT

The Ulysses Gold Project is located in Western Australia, approximately 30km south of Leonora and 200km north of the regional mining centre of Kalgoorlie. During the period the Company completed an initial 3-month mining campaign at Ulysses West and a number of exploration programs on the broader Ulysses Gold Project. Toll treatment of Ulysses West ore commenced at the Paddington Mill located 160km south of Ulysses along the Goldfields Highway.

Ulysses West Open Pit Mining Operations

Open pit mining operations commenced at the Ulysses West open pit in the first week of October 2016 after site establishment was completed over a 2-week period commencing late September. Open pit mining at the Ulysses West pit progressed on schedule with the Company's Mining Alliance partner, SMS Innovative Mining Pty Ltd ("SMS"). Ore was mined to the 362.5mRL (~52m below surface) with the mining fleet demobilised from site mid-December. All ore was transported from the Ulysses West run-of-mine (ROM) pad on site prior to the end of December. Approximately 49,000 wet tonnes of ore grading 4.0 g/t Au were sent to the Paddington Mill from the first mining campaign.

A second mining campaign is due to commence in March 2017 using smaller equipment to extract an additional 8,000 to 12,000 tonnes of high-grade material (4.5g/t Au) remaining at the base of the Ulysses West open pit. The final depth of the pit and the number of tonnes extracted will depend on the geotechnical performance of the pit.

Mining Services

Open pit mining services were completed by SMS. Genesis received Shareholder approval on 22 September 2016 to issue \$2.5 million worth shares to SMS to satisfy mining costs to be incurred by the Company on the Ulysses West Operations. Under its agreement with SMS, Genesis issued shares to SMS for the invoiced amounts as per the mining schedule and agreed mining services rates to an aggregate of \$2.5 million. Once this amount was reached, all further invoiced amounts were paid out of cash-flow.

Ore Treatment Agreement

Ore from the Ulysses West open pit was processed under a Toll Milling Agreement with Paddington Gold Pty Ltd ("Paddington"), with the first batch (UW01) of five delivered to the Paddington Mill in November 2016. The final batch (UW05) was delivered in late December 2016. Ore haulage to Paddington was via the Goldfields Highway using Paddington's preferred haulage contractor.

Genesis and Paddington agreed to detailed procedures to determine grade, metallurgical recoveries and moisture determination to determine gold ounces recovered for each batch of ore. The final gold ounces recovered for each batch was calculated based on dry tonnage, average assay grade and metallurgical recovery. These detailed procedures covered stockpile management, tonnage estimation, crushing and sampling of ore via the dedicated sampling plant, and grade and metallurgical analyses through a certified independent laboratory.

Batches UW01 to UW03 have returned an overall positive grade reconciliation. Batches UW04 to 05 are subject to umpire grade and metallurgical determinations.

Ulysses Exploration

Exploration drilling programs were completed at Ulysses West, Ulysses East and under the main Ulysses Pit targeting further resource extensions and new discoveries at Ulysses.

Ulysses West

Genesis completed a number of drilling programs during the half to extend mineralisation further to the west from the current Ulysses West pit along the interpreted Ulysses Shear zone. Results (*see GMD ASX Release October 3, 2016 and GMD ASX Release November 10, 2016*) from the programs include 10m @ 3.2g/t Au from 30m (16USRC064) and 7m @ 3.6g/t Au from 40m (16USRC080).

The drilling has defined a continuous zone of mineralisation over a strike length of 140m at Ulysses West.

Ulysses East

Aircore drilling at Ulysses East during the period (*see GMD ASX Release January 25, 2017 and GMD ASX Release November 10, 2016*) has further confirmed the presence of an extensive, coherent gold anomaly at Ulysses East, immediately to the east of the existing 151,000oz Ulysses Gold Resource. The mineralised trend at Ulysses East cuts across the WNW trending stratigraphy. Including the existing Ulysses Mineral Resource area, the Ulysses East gold anomaly now extends the total high-priority target zone to over 3km of strike.

Follow up RC drilling at Ulysses East has commenced together with aircore drilling targeting untested strike parallel trends.

A nickel-cobalt anomaly has also been defined by bottom-of-hole 1m sampling to the south of the Ulysses East gold prospect. The significance of this anomaly is unclear at this early stage, however values of up to 0.38% cobalt, 0.17% nickel, and 0.05% copper have been returned.

Current exploration activities are aimed at growing the gold resource inventory at Ulysses and the definition of new target zones.

VIKING PROJECT

Previous exploration at the Viking Project has delineated several advanced gold prospects, including the Beaker 2 and Beaker 4 prospects and Dr Bunsen geochemical anomaly. During November 2016, an aircore drilling program comprising 71 holes for a total of 2,700m of drilling was completed. All three target areas discussed above were evaluated to define targets for deeper drilling targeting primary gold mineralisation (*see GMD ASX Release December 13, 2016*).

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 5m @ 9.3g/t Au from 26m (14VKRC015) and 3m @ 8.2g/t Au from 40m (14VKRC017).

No drilling had been completed since that time.

The standout result from the November 2016 program was in hole 16VKAC044, which returned an oxide intercept of **5m at 44.5g/t Au from 50m**. This intercept is located 40m east of the high-grade intercept in 14VKRC017.

The anomalous mineralisation at Beaker 2 has been delineated over a strike length of 1.5km and remains open to the north and south. The mineralisation is located within the oxide, weathered saprolite with minor quartz veining observed with iron oxide after sulphide. The primary source of this oxide mineralisation is yet to be discovered and remains a high priority drill target at the Viking Project.

Beaker 4

Shallow RC drilling by Genesis in late 2014 targeted the western mineralised trend at 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*).

The three-open ended mineralised trends (+2km) were targeted by the November aircore program, with a best result of 5m @ 0.1g/t gold intersected 400m north of previous drilling. This drilling has extended the target zone to the north and drilling in 2017 will look for further potential extensions with aircore drilling to the north and south.

Dr Bunsen

Results from aircore drilling at the strike extensive Dr Bunsen anomaly were only weakly anomalous and the results have downgraded the zones drilled in terms of their immediate gold mineralisation potential.

SUBSEQUENT EVENTS

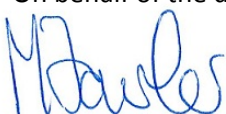
Other than noted elsewhere in this report, no matter or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years

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 2016 has been received and can be found on page 6 of the interim financial report.

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

On behalf of the directors



Michael Fowler
Managing Director

Perth, 16 March 2017

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 Member 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.

Ulysses Mineral Resource – January 2016 (0.75g/t gold lower cut off)

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

GENESIS MINERALS LIMITED
DIRECTORS' DECLARATION
31 DECEMBER 2016

The directors of the Group declare that:

1. the interim financial statements and notes, as set out on pages 7 to 16, 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 2016 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.



Michael Fowler
Managing Director

Dated 16 March 2017

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 2016, 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 16th day of March 2017

GENESIS MINERALS LIMITED**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

		31 DECEMBER	31 DECEMBER
		2016	2015
	NOTE	\$	\$
Revenue	3	8,940,015	91
Mining costs		(7,724,944)	-
Salaries and employee benefits expenses		(71,271)	(226,904)
Corporate expenses		(126,856)	(100,599)
Administrative expenses		(316,047)	(60,330)
Depreciation expenses		(462)	(55)
Share based payments expenses	8	(441,486)	(81,582)
Exploration expenses		(759,385)	(486,331)
Loss before income taxes		(500,436)	(955,710)
Income tax expense		-	-
Loss for the half year		(500,436)	(955,710)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(3,312)	22,401
Items that may not be reclassified subsequently to profit or loss			
Total comprehensive income for the half year attributable to members of the Group		(503,748)	(933,309)
Loss per share			
Basic and diluted loss per share (cents)		(0.08)	(0.24)

This Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

GENESIS MINERALS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		31 DECEMBER	30 JUNE
	NOTE	2016	2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,741,731	711,989
Trade and other receivables	4	4,535,335	65,860
TOTAL CURRENT ASSETS		6,277,066	777,849
NON-CURRENT ASSETS			
Plant and equipment		9,040	9,454
TOTAL NON-CURRENT ASSETS		9,040	9,454
TOTAL ASSETS		6,286,106	787,303
CURRENT LIABILITIES			
Trade and other payables	5	1,653,103	279,585
Provisions		92,560	83,200
TOTAL CURRENT LIABILITIES		1,745,663	362,785
TOTAL LIABILITIES		1,745,663	362,785
NET ASSETS		4,540,443	424,518
EQUITY			
Issued capital	6	24,118,945	19,499,272
Reserves		1,233,417	1,236,729
Accumulated losses		(20,811,919)	(20,311,483)
TOTAL EQUITY		4,540,443	424,518

This Condensed Consolidated Statement of Financial Position 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 2016

31 DECEMBER 2016

	ORDINARY SHARES \$	ACCUMULATED LOSSES \$	SHARE BASED PAYMENT RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	TOTAL \$
Balance at 1 July 2016	19,499,272	(20,311,483)	1,271,907	(35,178)	424,518
Losses attributable to members of the parent entity	-	(500,436)	-	-	(500,436)
Other comprehensive income	-	-	-	(3,312)	(3,312)
Total comprehensive income	-	(500,436)	-	(3,312)	(503,748)
Shares issued during the half year	4,676,486	-	-	-	4,676,486
Share issue costs	(56,813)	-	-	-	(56,813)
Share based payments	-	-	-	-	-
Sub-total	4,619,673	(500,436)	-	(3,312)	4,115,926
Balance at 31 December 2016 <small>30 June 2014</small>	24,118,945	(20,811,919)	1,271,907	(38,490)	4,540,443

31 DECEMBER 2015

	ORDINARY SHARES \$	ACCUMULATED LOSSES \$	SHARE BASED PAYMENT RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	TOTAL \$
Balance at 1 July 2015	16,691,573	(18,090,933)	1,190,325	(26,918)	(235,953)
Losses attributable to members of the parent entity	-	(955,710)	-	-	(955,710)
Other comprehensive income	-	-	-	22,401	22,401
Total comprehensive income	-	(955,710)	-	22,401	(933,309)
Shares issued during the half year	1,128,624	-	-	-	1,128,624
Share issue costs	(9,557)	-	-	-	(9,557)
Share based payments	-	-	81,582	-	81,582
Sub-total	1,119,067	(955,710)	81,582	22,401	267,340
Balance at 31 December 2015 <small>30 June 2014</small>	17,810,640	(19,046,643)	1,271,907	(4,517)	31,387

This Condensed Consolidated Statement of Changes in Equity 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 2016

	31 DECEMBER	31 DECEMBER
	2016	2015
	\$	\$
CASH FROM OPERATING ACTIVITIES:		
Gold Sales	2,355,678	-
Payments to suppliers and employees	(306,082)	(312,566)
Interest received	11,280	91
Payments for mining activities	(1,818,344)	-
Payments for exploration and evaluation expenditure	(863,415)	(352,351)
Net cash used by operating activities	(620,883)	(664,826)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for exploration properties	-	-
Purchase of plant and equipment	-	-
Net cash used in investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of ordinary shares	1,710,000	986,625
Payment of share issue costs	(56,813)	(9,557)
Net cash provided by financing activities	1,653,187	977,068
Net cash increase / (decrease) in cash and cash equivalents	1,032,304	312,242
Effects of exchange rate changes on cash and cash equivalents	(2,562)	(12,917)
Cash and cash equivalents at beginning of the period	711,989	110,830
Cash and cash equivalents at end of the period	1,741,731	410,155

This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

GENESIS MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016

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 2016, 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.

Although the Group incurred a loss for the half year of \$500,436 (2015: \$955,710) as at 31 December 2016, the Group has a working capital surplus of \$4,531,403 and cash on hand of \$1,741,731.

Additional cash inflows subsequent to the half year end up to the date of this report, of \$2,997,896 have been received as a result of gold ore sales from the Ulysses West mining operations.

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.

(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.

REVENUE RECOGNITION:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised.

GENESIS MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SALE OF GOODS – GOLD ORE

Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer, no further processing is required by the Group, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable.

This is generally when title passes, which for the sale of ore represents the bill of lading date when the ore is delivered for shipment to the mill. Revenue on provisionally priced sales is recognised at the estimated fair value of the total consideration received or receivable. Royalties paid and payable are separately reported as expenses.

Contract terms for the Group's sales allow for a price adjustment based on a final assay of the goods by the customer to determine content. Recognition of the sales revenue for these commodities is based on the most recently determined estimate of product specifications with a subsequent adjustment made to revenue upon final determination.

SHARE BASED PAYMENTS

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted (for employees) or their measurement date (for other service providers). For Options, 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. For ordinary shares which are traded on the stock exchange, the fair value is determined by reference to the closing price of the security on the measurement date.

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 that are relevant to the Group include:

- AASB 2014-1: Amendments to Australian Accounting Standards (Part D);
- AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations;

GENESIS MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- AASB 2014-4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation;
- AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements;
- AASB 2015-1: Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle;
- AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101;
- AASB 2015-5: Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception; and
- AASB 2015-9: Amendments to Australian Accounting Standards – Scope and Application Paragraphs.

The adoption of the above standards have not had a material impact on this half year financial report.

3 REVENUE

	31 DECEMBER	31 DECEMBER
	2016	2015
	\$	\$
Sales of gold	8,928,735	-
Interest revenue	11,280	91
	<u>8,940,015</u>	<u>91</u>

4 TRADE AND OTHER RECEIVABLES

	31 DECEMBER	30 JUNE
	2016	2016
	\$	\$
Trade debtors	4,534,120	38,934
Other receivables	1,215	26,926
	<u>4,535,335</u>	<u>65,860</u>

The Group expects the above trade and other receivables to be recovered within 12 months of 31 December 2016 and therefore considers the amounts shown above at cost to be a close approximation of fair value.

GENESIS MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016

5 TRADE AND OTHER PAYABLES

	31 DECEMBER	30 JUNE
	2016	2016
	\$	\$
Trade payables	1,165,896	185,783
Other payables and accruals	487,207	93,802
	<u>1,653,103</u>	<u>279,585</u>

6 ISSUED CAPITAL

737,180,876 (30 June 2016: 567,780,876) Ordinary shares	25,081,130	20,404,644
Value of Conversion rights	25,633	25,633
Share issue costs written off against issued capital	(987,818)	(931,005)
	<u>24,118,945</u>	<u>19,499,272</u>

MOVEMENT IN ORDINARY SHARES

	NO.	\$
Balance at 1 July 2015	344,837,912	16,691,573
Shares issued for acquisition – 17 August 2015	10,000,000	100,000
Capital Raising – 18 August 2015	22,500,000	225,000
Capital Raising – 17 September 2015	18,000,000	180,000
Shares issued for drilling – 29 October 2015	1,200,000	12,000
Capital Raising – 29 October 2015	32,500,000	325,000
Exercise of Options – 18 December 2015	17,914,062	286,625
Less share issue costs	-	(9,558)
Balance at 31 December 2015	<u>446,951,974</u>	<u>17,810,640</u>
Balance at 1 July 2016	567,780,876	19,499,272
Placement – 15 August 2016	68,400,000	1,710,000
Shares issued for drilling – 15 August 2016	1,000,000	25,000
Shares issued for mining services – 25 November 2016 (Note 8)	100,000,000	2,941,486
Less share issue costs	-	(56,813)
Balance at 31 December 2016	<u>737,180,876</u>	<u>24,118,945</u>

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 2016

7 OPERATING SEGMENTS

For management purposes, the Group is organised into two main operating segments, the exploration of minerals in South America (Chile & Argentina) and mining and exploration operations in Australia. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

SEGMENT PERFORMANCE

	SOUTH AMERICA		AUSTRALIA		TOTAL	
	DEC 31 2016	DEC 31 2015	DEC 31 2016	DEC 31 2015	DEC 31 2016	DEC 31 2015
	\$	\$	\$	\$	\$	\$
REVENUE						
Corporate interest revenue	-	-	11,280	91	11,280	91
Gold sales	-	-	8,928,735	-	8,928,735	-
Total segment revenue	-	-	8,940,015	91	8,940,015	91
SEGMENT RESULTS						
Depreciation expense	(168,515)	(130,740)	455,686	(486,331)	287,171	(617,071)
Employee benefits expense	-	-	(462)	(39)	(462)	(39)
Share based payments	-	-	(71,271)	(107,136)	(71,271)	(107,136)
Other expenses	-	-	(441,486)	(81,582)	(441,486)	(81,582)
	-	-	(274,388)	(149,882)	(274,388)	(149,882)
	(168,515)	(130,740)	(331,921)	(824,970)	(500,436)	(955,710)

	SOUTH AMERICA		AUSTRALIA		TOTAL	
	DEC 31 2016	JUNE 30 2016	DEC 31 2016	JUNE 30 2016	DEC 31 2016	JUNE 30 2016
	\$	\$	\$	\$	\$	\$
SEGMENT ASSETS						
Segment operating assets	5,506	20,431	6,280,600	766,872	6,286,106	787,303
Total segment assets	5,506	20,431	6,280,600	766,872	6,286,106	787,303
SEGMENT LIABILITIES						
Segment operating liabilities	(19,466)	(24,584)	(1,726,197)	(338,201)	(1,745,663)	(362,785)
Total segment liabilities	(19,466)	(24,584)	(1,726,197)	(338,201)	(1,745,663)	(362,785)

8 SHARE-BASED PAYMENTS

No securities were issued to Directors during the 6 month period to 31 December 2016 (2015: 6,000,000 Options, valued at \$81,582).

GENESIS MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016

A summary of the movements in options on issue during the half year is as follows:

EXPIRY DATE	EXERCISE PRICE (CENTS)	1 JULY 2016	LAPSED	ISSUED	EXERCISED	BALANCE AT THE END OF THE PERIOD	VESTED AND EXERCISABLE AT THE END OF THE PERIOD
10 December 2016	3.2	21,250,000	(21,250,000)	-	-	-	-
22 December 2017	1.7	6,000,000	-	-	-	6,000,000	6,000,000

100 million shares were issued to SMS Innovative Mining Pty Ltd during the period in lieu of \$2,500,000 of mining services. The value of the shares on measurement date was \$2,941,486 and the excess of \$441,486 was expensed to Share Base Payments.

9 FINANCIAL INSTRUMENTS

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables. 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.

10 CONTINGENT LIABILITIES

There has been no change in the nature of contingent liabilities since the last annual reporting period.

11 SUBSEQUENT EVENTS

Other than noted elsewhere in this report, no matter or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

12 RELATED PARTY TRANSACTIONS

There were no changes to the nature of related party transactions in the 6 month period ending 31 December 2016.

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 Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2016, 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, a statement of accounting policies, other selected explanatory notes 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 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 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 2016 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 Consolidated Entity, 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.

Independent Auditor's Review Report

To the Members of Genesis Minerals Limited (Continued)



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 and Controlled Entities 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 2016 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 16th day of March 2017