Genesis Minerals Limited and controlled entities

ABN 72 124 772 041

Annual Financial Report and Directors' Report

for the year ended 30 June 2014

Corporate Directory

ABN 72 124 772 041

Directors
Richard Hill (Non-Executive Chairman)
Michael Fowler (Managing Director)
Damian Delaney (Non-Executive Director)

Company Secretary
Damian Delaney

Registered Office and Principal Place of Business
Unit 6, 1 Clive Street
WEST PERTH WA 6005
Telephone: +61 8 9322 6178

Postal Address
PO Box 437
WEST PERTH WA 6872

Share Register
Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000

Auditors
Bentleys
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

Internet Address
www.genesisminerals.com.au

Email Address
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Securities Exchange Listing
Genesis Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: GMD).

Contents

Chairman's Report

Dear Fellow Shareholder

I am pleased to present the Annual Report of the Company for the year ended 30 June 2014.

The 2013/14 year has in many ways been one of Genesis' most busy years.

Genesis completed a significant acquisition in March 2014 with the purchase of the Viking Gold Project in Western Australia from AngloGold Ashanti Australia. In August 2014 we completed our first drill program there which confirmed the potential of the project with high-grade gold results intersected along with near surface oxide mineralisation. We believe the Viking Project gives us the very real opportunity to discover economic gold resources that we can rapidly bring into production through either standalone or toll treatment scenario. Exploration at Viking can be completed rapidly and at a low-cost with the cost of drilling having dropped significantly over the past 12 months in Australia. We look forward to advancing Viking in a significant way in the coming 12 months.

Early in 2014 Genesis renegotiated the agreement over the Las Opeñas precious and base-metal epithermal project located in the pre-cordillera of San Juan Province, Argentina. Genesis completed a capital raising associated with the renegotiation of the agreement. We were very pleased to welcome the Canadian resource major Teck Resources to the shareholder register in a meaningful way and we were delighted that Genesis' shareholders both old and new have benefited from our ongoing involvement at Las Opeñas.

As part of the renegotiation of the Las Opeñas Project Genesis gained access to a suite of early stage but highly prospective gold projects in San Juan in Argentina held by Teck Argentina Ltd. These Alliance projects, being the Castaños, Espota, Fierro and Fortuna Projects, give Genesis the opportunity to discover significant epithermal and or porphyry deposits by taking advantage of Teck's geological knowledge of the San Juan pre-cordillera. Initial exploration can be rapidly completed at low-cost with exploration to commence shortly and we look forward to bringing you news of on these projects.

Genesis continues to pursue the acquisition of other highly prospective, advanced copper and gold projects in Australia, Chile, Argentina and elsewhere in Latin America.

The junior equities markets remain difficult with restrictive access to capital however I remain optimistic about Genesis' future.

On behalf of the Board I would like to thank you for your continued support and I look forward to keeping you informed of our progress during the forthcoming year.

Richard Hill
Chairman

Review of Operations

During the year Genesis Minerals Limited ("Genesis") purchased 100% of the Viking Project ("Viking") off AngloGold Ashanti Australia Limited ("AngloGold Ashanti"). Viking comprises a significant landholding (Figure 1) in the Proterozoic Albany-Fraser Orogen ("AFO") and adjoining eastern margin of the Archaean Yilgarn Craton in what is considered an emerging mineral province that has delivered the Tropicana gold and the Nova-Bollinger nickel discoveries. In August 2014 Genesis completed an initial short drilling program at Viking with shallow drilling confirming the strong potential to rapidly define a high-grade gold system and near surface oxide mineralisation at the high-priority Beaker Prospect.

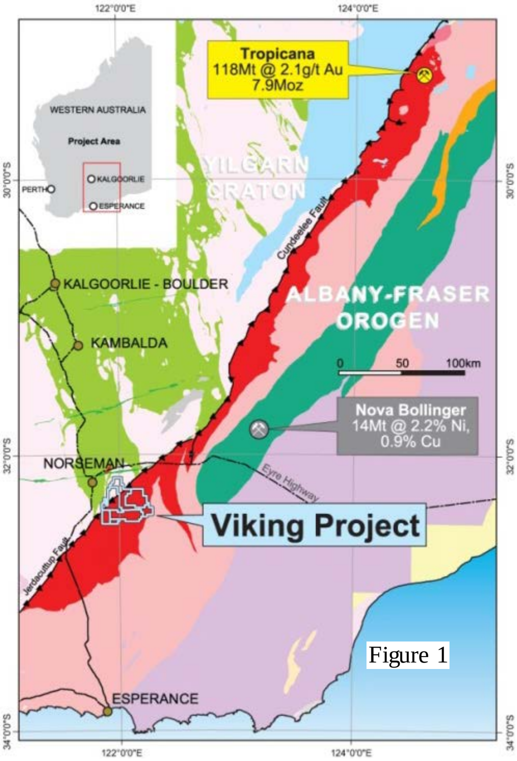


Figure 1

In March 2014 Genesis renegotiated the agreement with Teck Argentina Ltd a wholly owned subsidiary of Teck Resources Limited ("Teck") over the Las Opeñas precious and base-metal epithermal project ('Las Opeñas') located in the pre-cordillera of San Juan Province, Argentina. Genesis was required to the complete a minimum of 2,400m of drilling at Las Opeñas by September 30, 2014 with Genesis retaining its 100% interest in the Las Opeñas Project during this period. During June 2014 Genesis completed an eight-hole 2,400m Phase 2 drill program which targeted the main known zone of extensive surface gold and base metal mineralisation, coincident with a large breccia system and Induced Polarisation features. Wide zones of low-grade gold and base metals mineralisation was returned along with narrow high-grade gold

As part of the renegotiation of Las Opeñas Genesis also took up the opportunity to explore a number of early stage but highly prospective gold projects held by Teck being the Castaños, Espota, Fierro and Fortuna Projects in San Juan, Argentina (Figure 2) (the "Alliance Projects").

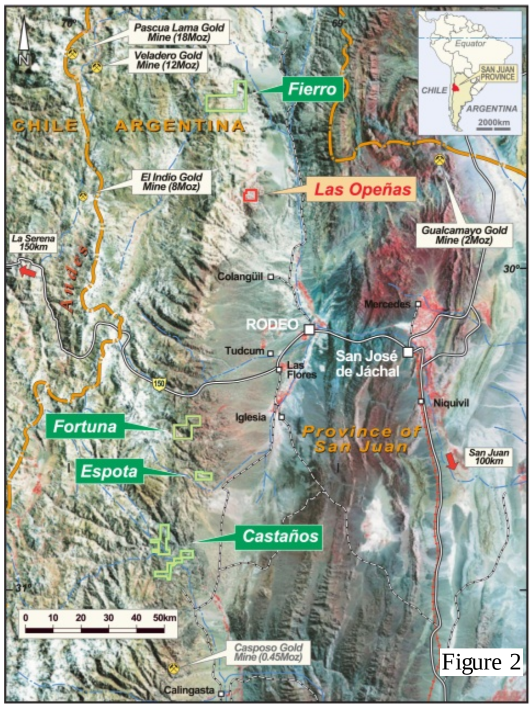


Figure 2

Viking Project

During August 2014 Genesis commenced the systematic test of a series of high-grade vein targets and surface gold anomalies that have been outlined to date at the 7km x 7km Beaker Prospect near the historical gold centre of Norseman (Figure 3). The Viking Project offers Genesis the unique opportunity to define shallow, high-grade gold resources capable of being rapidly and cheaply advanced towards development with the significant benefit that it is close to existing mining infrastructure.

A thirteen-hole confirmatory 1,150m RC program (Figure 3) targeted the Beaker 4 and Beaker 2 gold zones which form part of the extensive Beaker Gold Prospect.

The initial shallow drilling at Beaker 4 focused on the Beaker 4 West structure (Figures 4 and 5) the western most structure currently defined at the Beaker 4 anomaly. High-grade gold mineralisation (See Figure 5 and Table 1) was confirmed from this drilling with best results including (*see GMD ASX Release dated September 8, 2014*):

- 14VKRC001 7m @ 4.02g/t gold from 31m
- 14VKRC002 6m @ 6.04g/t gold from 73m (***includes 3m @ 11.35g/t gold***)

Drilling highlighted a north-south trend to the Beaker 4 West structure with gold mineralisation open along strike and at depth (see Figures 3 to 5). Future drilling at the Beaker 4 West structure will target the depth and strike extents of the Beaker 4 West structure. Mineralisation is associated with a moderately east dipping zone of sulphidic quartz veining within a biotite - sericite altered shear zone.

Review of Operations (continued)

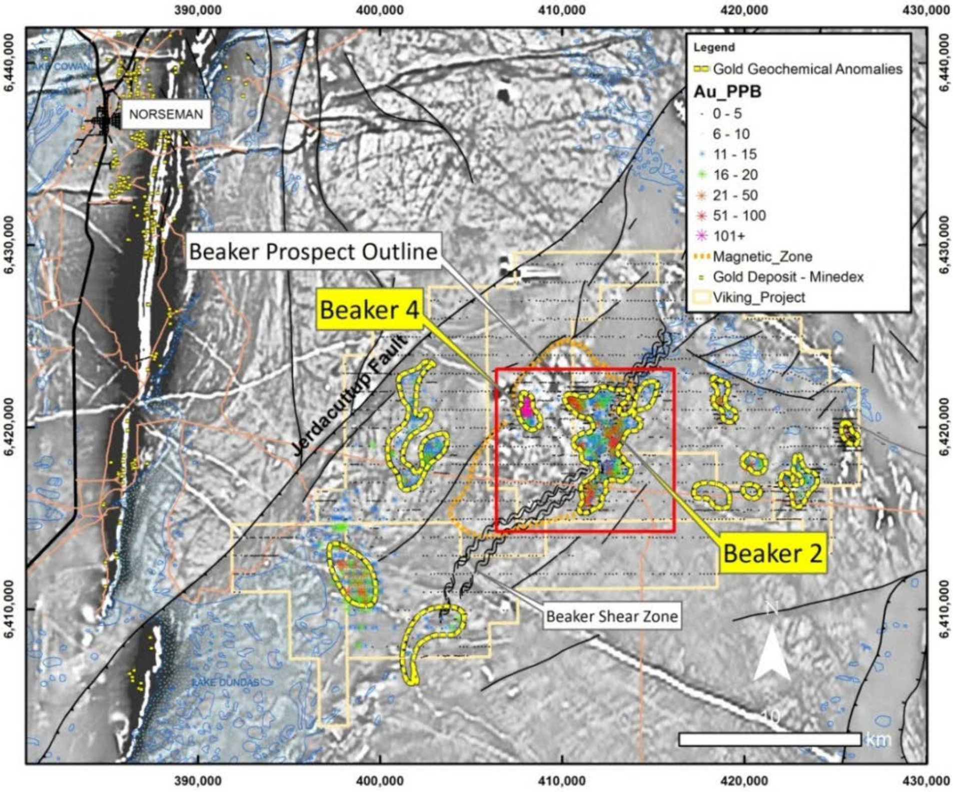


Figure 3 Viking Project Location with regional geochemistry on 1VD magnetic image

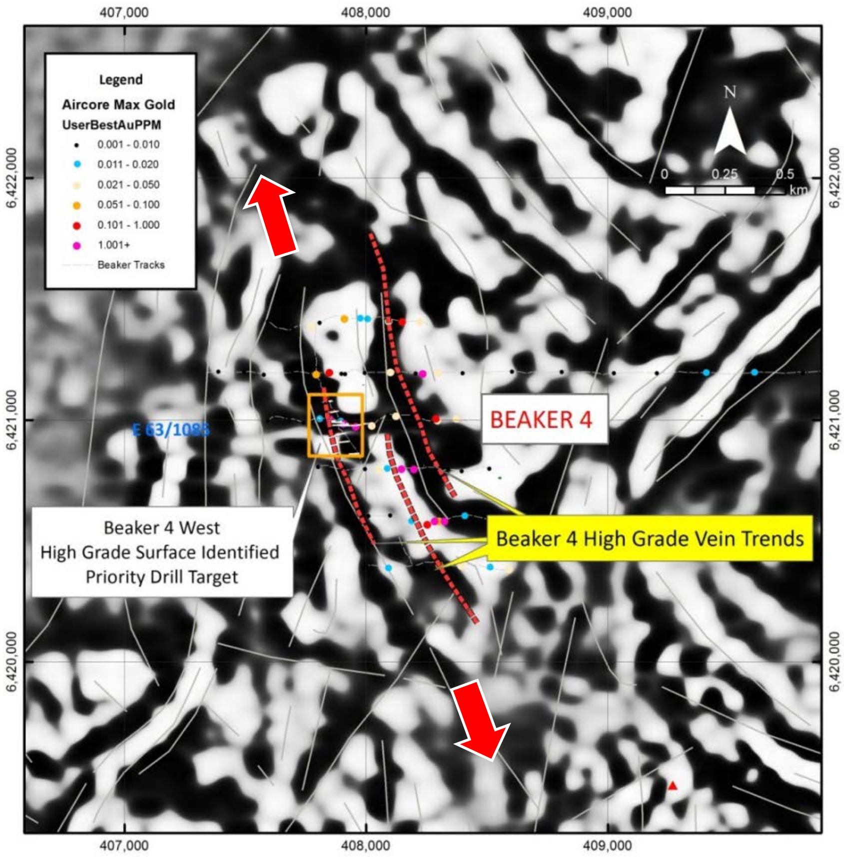


Figure 4 Beaker 4 Summary Map on detailed 1VD Magnetic Image

Review of Operations (continued)

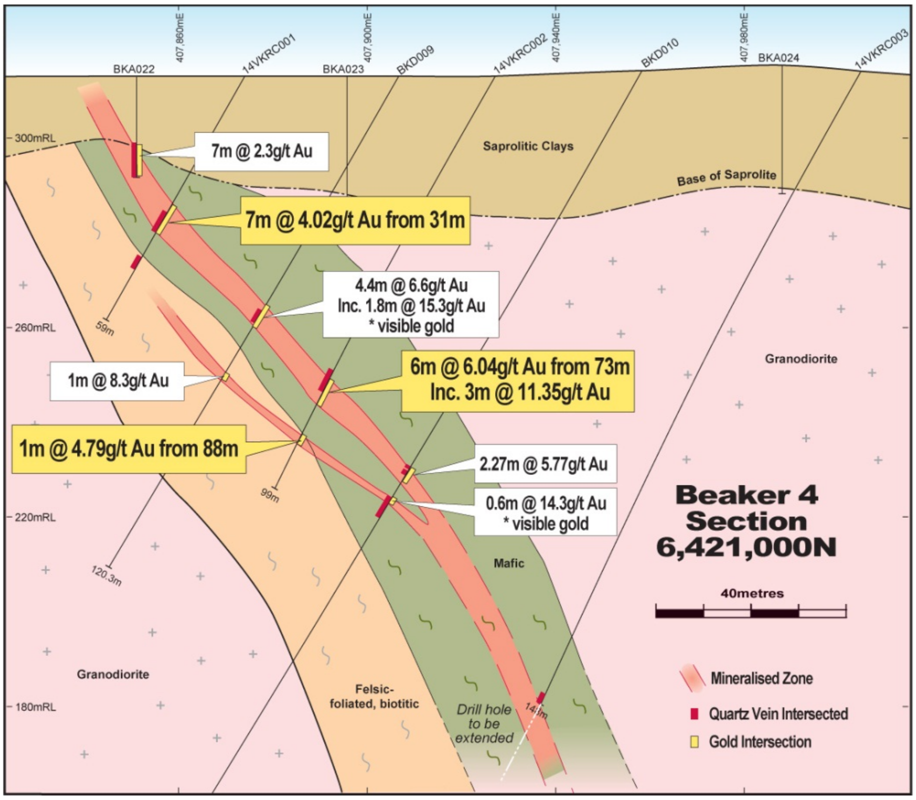


Figure 5 Beaker 4 Summary Map on detailed 1VD Magnetic Image

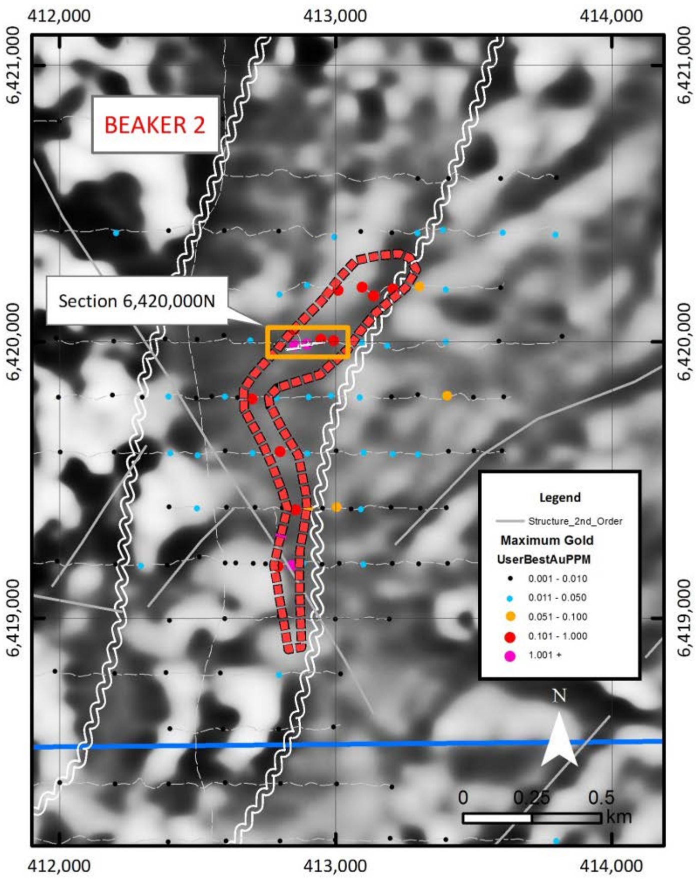
At Beaker 2 three RC holes were drilled across part of the strike extensive Beaker 2 air core defined gold anomaly that wraps around the eastern edge of the magnetic intrusion which is spatially associated with the Beaker Prospect.

Wide zones of near surface oxide mineralisation (see Figures 6 to 7 and Table 1) were intersected at Beaker 2 including:

- 14VKRC009 20m @ 0.74g/t gold from 10m (including 5m @ 1.88g/t gold)
- 14VKRC010 20m @ 0.59 g/t gold from 5m (including 5m @ 1.91g/t gold)
- 14VKRC011 15m @ 0.42g/t gold from 15m

These intersections form a +100m wide sub horizontal blanket of oxide mineralisation at Beaker 2 which requires systematic follow up over the 1.5km strike of the Beaker 2 gold anomaly. Potential exists to define a large oxide gold system associated with a high-grade vein system.

Figure 6 Beaker 2 Drill Hole Plan (RHS)



Review of Operations (continued)

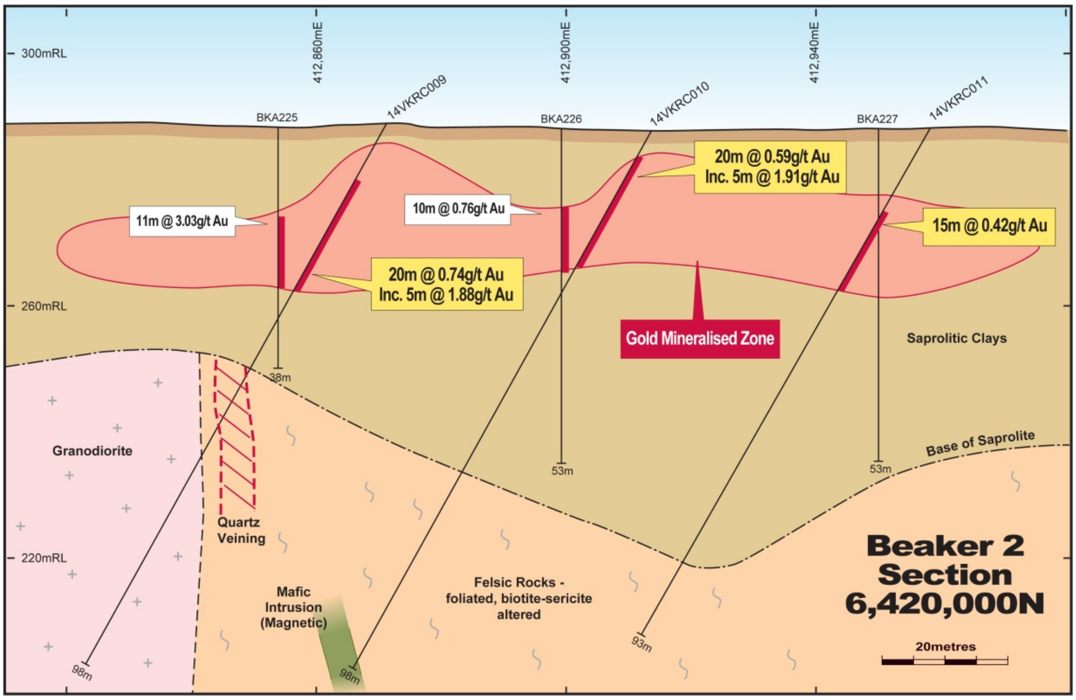


Figure 7 Beaker 2 Section 6,420,000N

Viking Background

The Project comprises 6 granted exploration licences that cover some 530km^2 which are located approximately 600km east of Perth and 30km south east of the town of Norseman (Figure 8). Access to the project area from Kalgoorlie is via the sealed Celebration and Kambalda roads to the Coolgardie–Esperance Highway to Norseman then various 4WD tracks within the Project. Access into the Project is east along the old Telegraph Track, 18km south of Norseman via the Coolgardie–Esperance Highway.

Genesis purchased AngloGold Ashanti Australia Limited's Viking Project Group 2 tenements during the March 2014 Quarter (*see GMD ASX Release dated March 3, 2014*). The total purchase price for the project comprised:

i. a $50,000 payment;
ii. a Deferred Payment of $2 per Measured or Indicated (JORC 2012) Resource ounce defined on or partially on the Tenement Area as quoted in the first public announcement of a Measured or Indicated Resource on or partially on the Tenement Area; and
iii. a royalty payable to AngloGold Ashanti equal to 1.25% of the Net Smelter Return generated from the sale of any gold mined or produced from the Tenement Area, after commercial production of 25,000 ounces.

The Project had received limited exploration prior to AngloGold Ashanti commencing ground acquisition in

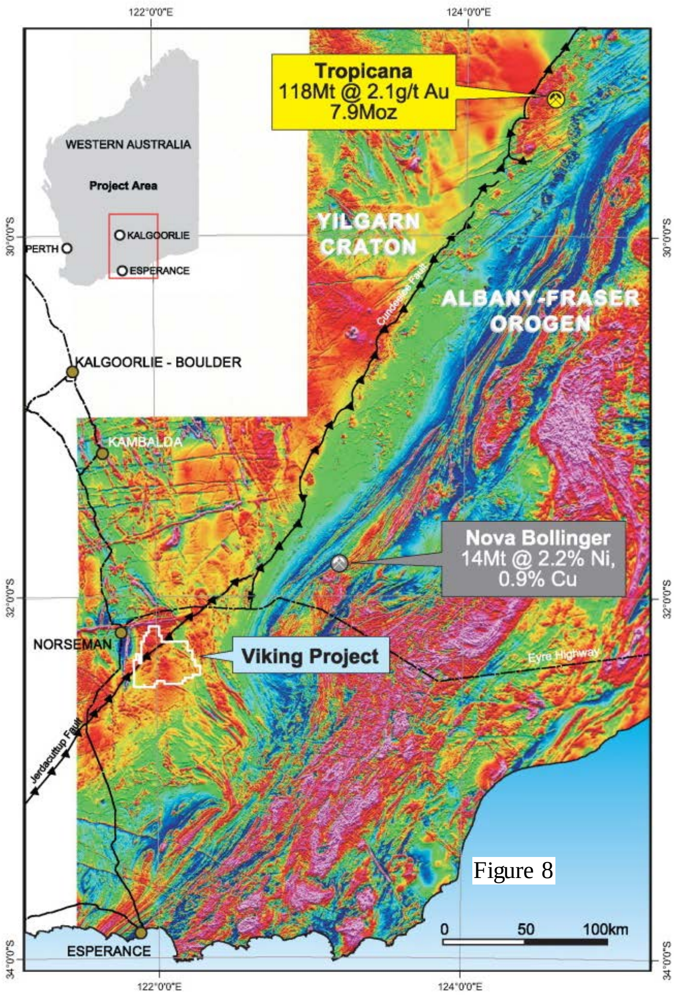


Figure 8

Review of Operations (continued)

2007. The majority of the historic work was completed in the Project area was by Western Collieries in the early 1980s exploring for lignite/coal within palaeochannels along the eastern margin of the tenements. No economic occurrences were identified.

The Project overlies the south-eastern margin of the Yilgarn Craton and the adjacent Northern Foreland zone of the Albany-Fraser Orogen. The Northern Foreland zone is interpreted as variably reworked granites and metasediments of the Yilgarn. Northwest-oriented Yilgarn structural trends can be identified within the Northern Foreland however the effects of the northeast trending AFO becomes more pronounced towards the Biranup zone to the southeast. Well-developed pedogenic calcrete commonly overprints recent cover sequences.

The Beaker prospect is located immediately southeast of the NE trending Jerdacuttup Fault within the Northern Foreland zone of the Albany Fraser Orogen. Beaker is located dominantly within a block of variably sheared, folded and thrusted Archaean granites that retain some Yilgarn structural trends (NW – SE) and are little affected by the Albany Fraser orogeny. This block is bounded by a splay of the major Jerdacuttup Fault to the northwest and by a shear zone to the southeast. Both of these structures trend approximately northeast-southwest, parallel to the AFO.

Table 1 Viking Intercepts - August 2014 Program

Hole	MGA_94_East	MGA_94_North	mRL	Total Depth	Az	Dip	From	To	Interval	Au (ppm)	Comment
14VKRC001	407,874	6,420,998	306	*59*	270	-60	31	38	7	4.02	
14VKRC002	407,927	6,420,983	305	99	270	-60	73	79	6	6.04	
						inc	***73***	***76***	***3***	***11.34***	
							88	89	1	4.79	
14VKRC004	407,916	6,420,946	305	79	270	-60	63	66	3	0.41	
14VKRC008	408,198	6,421,192	304	90	270	-60	0	10	10	0.47	Composite samples
14VKRC009	412,871	6,419,979	302	98	270	-60	10	30	20	0.74	Composite samples
						inc	*20*	*25*	*5*	*1.88*	
14VKRC010	412,914	6,419,991	302	98	270	-60	5	25	20	0.59	Composite samples
						inc	*10*	*15*	*5*	1.91	
14VKRC011	412,958	6,419,999	302	93	270	-60	15	30	15	0.42	Composite samples
14VKRC014	407,909	6,420,946	305	68	270	-50	50	55	5	0.25	Composite samples

Las Opeñas Project

Following the renegotiation of the Las Opeñas agreement Genesis completed a 2,400m drilling program at Las Opeñas during June 2014. The drilling targeted the very large, partially outcropping epithermal system with drilling intersecting wide zones of encouraging mineralisation hosted in breccia. Results from the wide spaced program (see Table 2 and Figures 9 to 11) testing the breccia system include:

- 14LODH015 126.4m @ 0.17g/t gold, 3.2g/t silver and 0.20% zinc
- 14LODH015 27.8m @ 0.26g/t gold and 0.52% zinc
- 14LODH015 36.7m @ 0.23g/t gold, 5.6g/t silver, 1.00% zinc and 0.13% lead

High-grade mineralisation was also intersected associated with ENE trending structures. Results include:

- 14LODH019 2m @ 7.45g/t gold, 256g/t silver, 0.61% zinc and 1.03% lead
- 14LODH020 1m @ 5.26g/t gold and 31.0g/t silver

High grade mineralisation is within semi massive sulphide veins and veinlets associated with interpreted strike extensive (+5km combined) high-grade structures (see Figure 9) that are untested by drilling and require systematic follow up exploration. These structures are identified in part by mapping, surface rock chip sampling and magnetic interpretation. Very wide zones of strongly anomalous base-metal mineralisation (see Figure 11 and Table 2) have been returned from holes intersecting breccia hosted mineralisation at Las Opeñas, including:

- 14LODH015 - 307m @ 0.55% zinc from 98m
- 14LODH018 - 192.4m @ 0.50% zinc from 0m
- 14LODH020 - 31.2m @ 0.65% zinc and 0.19% lead from 14.7m

A large area (700m x 600m) of zinc – lead mineralisation has been outlined closely associated with the breccia system.

Review of Operations (continued)

Further structural interpretation, geochemical analysis and geophysical interpretation of the dacite-breccia complex is required prior to considering further drilling to test for breccia-hosted mineralisation.

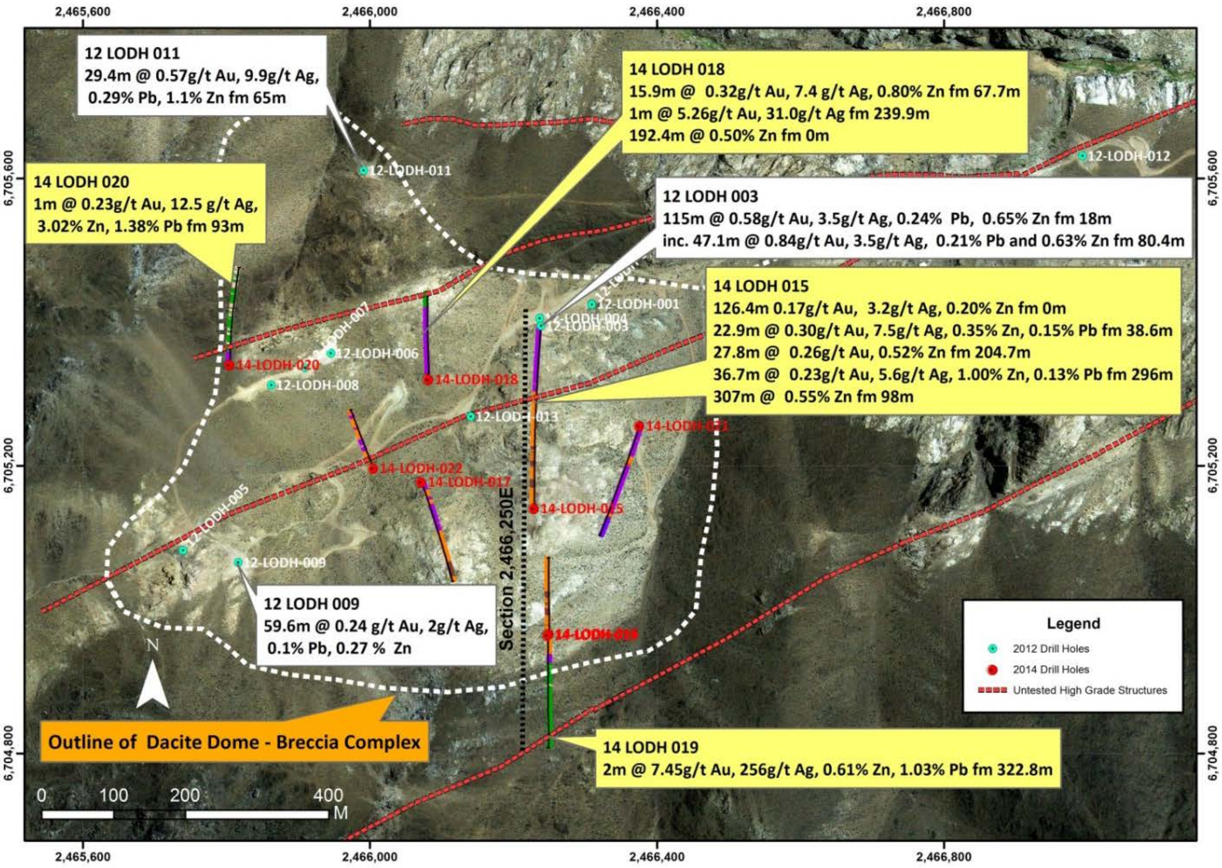


Figure 9 Drill hole locations with intercepts

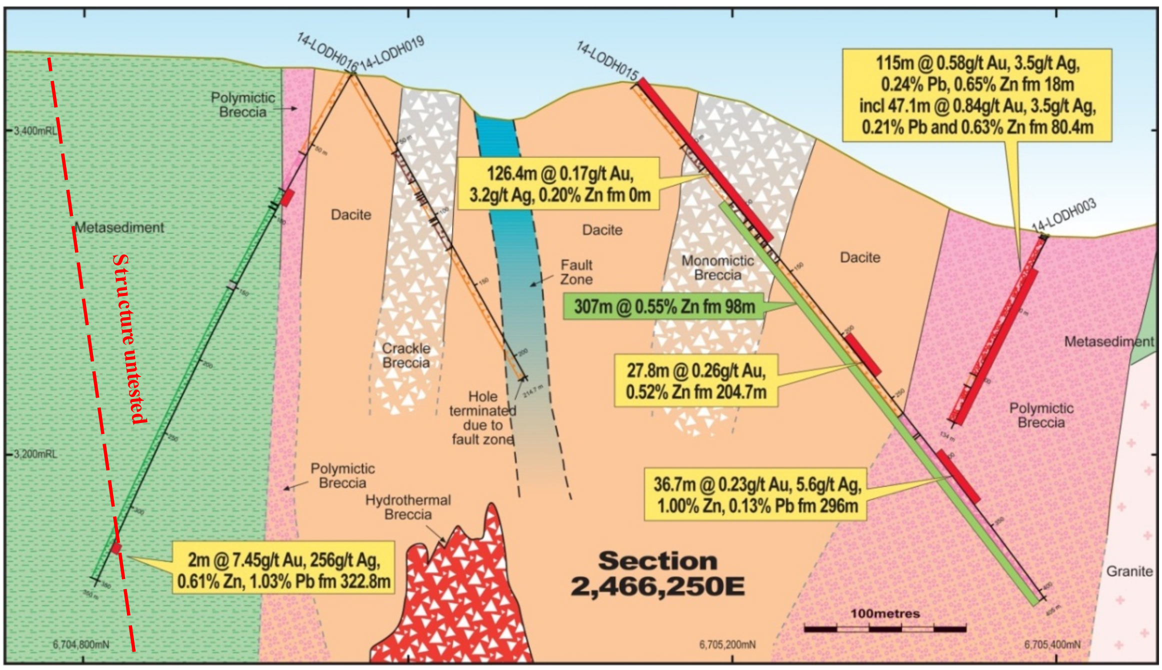


Figure 10 Section 2,466,250E

Review of Operations (continued)

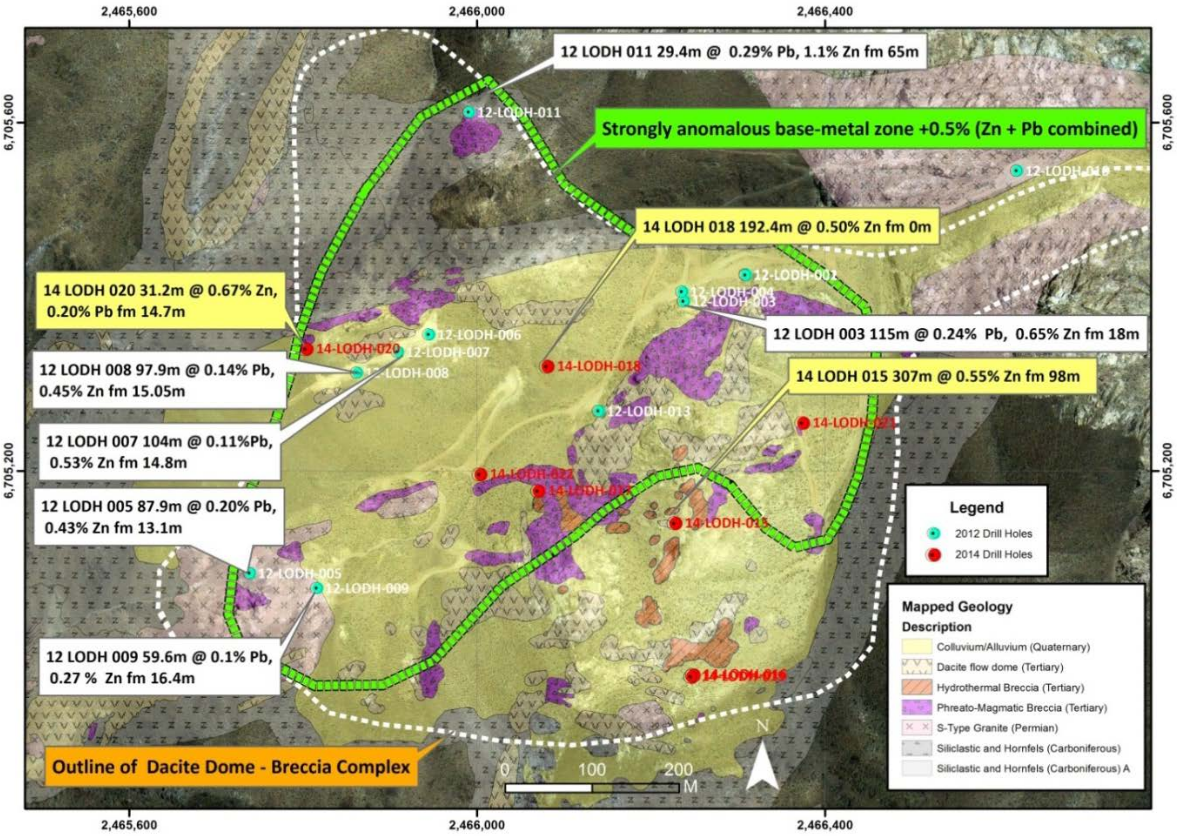


Figure 11 Anomalous base metal zone

Table 2 Las Opeñas Intercepts - June 2014 Program

Hole ID	East Posgar2	North Posgar2	mRL	Depth	Az	Dip	From	To	Interval	Au (ppm)	Ag (ppm)	Zn (%)	Pb (%)
14-LODH-015	2,466,229	6,705,141	3,429	405	0	-50	0	126.4	126.4	0.17	3.2	0.20	0.07
						incl	*38.6*	*61.5*	*22.9*	*0.30*	*7.5*	*0.35*	*0.15*
							204.7	232.5	27.8	0.26	1.6	0.52	0.03
							296	**332.7**	**36.7**	**0.23**	**5.6**	**1.00**	**0.13**
							98	405	307			0.55	
14-LODH-016	2,466,250	6,704,971	3,435	215	0	-60	NSA						
14-LODH-017	2,466,067	6,705,175	3,394	299	165	-60	NSA						
14-LODH-018	2,466,080	6,705,332	3,370	249	0	-60	25.5	29.5	4	0.27	7.2	0.99	0.01
							52.5	54.5	2	0.49	17.1	1.53	0.04
							67.7	83.5	15.9	0.32	7.4	0.80	0.04
							123.3	135.2	12	0.19	1.9	0.40	0.04
							239.9	240.9	1	5.26	31.0		
							0	192.4	192.4			0.50	
14-LODH-019	2,466,250	6,704,972	3,431	350	180	-60	73.5	82	8.5	0.17	12.8	0.54	0.10
							322.8	327.6	4.8	3.23	112.5	0.26	0.44
						incl	**322.8**	**324.8**	**2**	**7.45**	**256**	**0.61**	**1.03**
14-LODH-020	2,465,801	6,705,340	3,478	279	0	-60	14.75	45.95	31.2	0.06	3.34	0.67	0.20
							93	94	1	0.23	12.50	3.02	1.38
14-LODH-021	2,466,370	6,705,257	3,370	333	200	-60	243	267	24			0.57	0.16
14-LODH-022	2,466,030	6,705,210	3,370	270	340	-70	143	206	63			0.43	

Review of Operations (continued)

Alliance Projects

Genesis will explore for epithermal and porphyry hosted gold deposits within the Alliance Projects that are located in San Juan, Argentina (Figure 2). The Projects lie within the north-south trending Upper Paleozoic-aged precious and base metal belt of the Andes in Argentina. The Upper Paleozoic belt (Upper Carboniferous to Upper Permian) hosts several gold and copper-gold occurrences of porphyry, epithermal and possibly Intrusive Related Gold (IRG) affinity. The belt is roughly 500 km long and 50 km wide, paralleling the north-south trending international border between Argentina and Chile.

Genesis intends to leverage off Teck's geological knowledge of the San Juan pre-cordillera and rapidly complete initial low-cost, exploration programs over the Alliance Projects. Exploration of the Alliance Projects in the 2nd half of 2014 will focus on mapping, geochemical sampling and geophysical surveying at the Castaños Project (Figures 12 to 13) and initial geochemical sampling of the Espota Project (Figure 14) which contains an untested, strike extensive vein and breccia system.

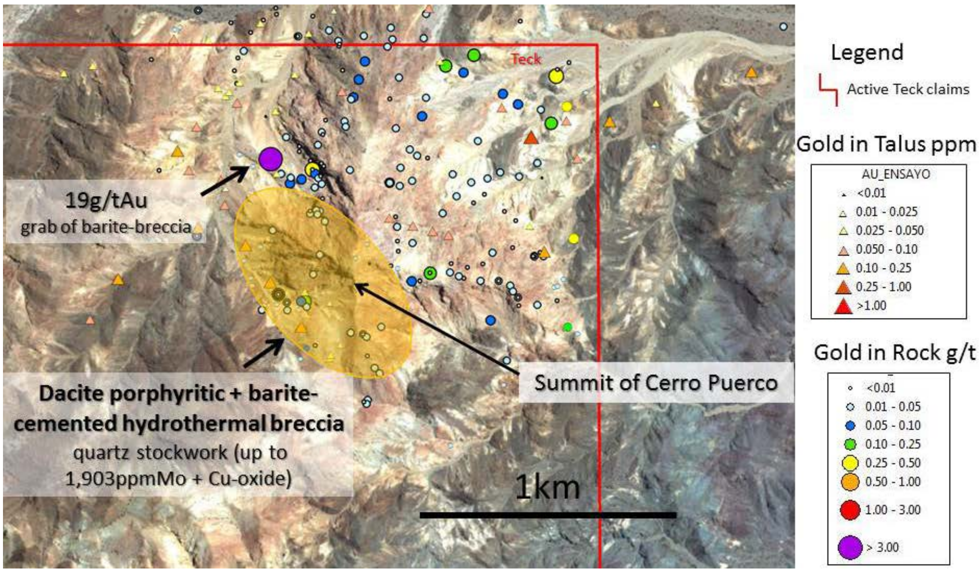


Figure 12 Castaños Project Cerro Puerco Prospect

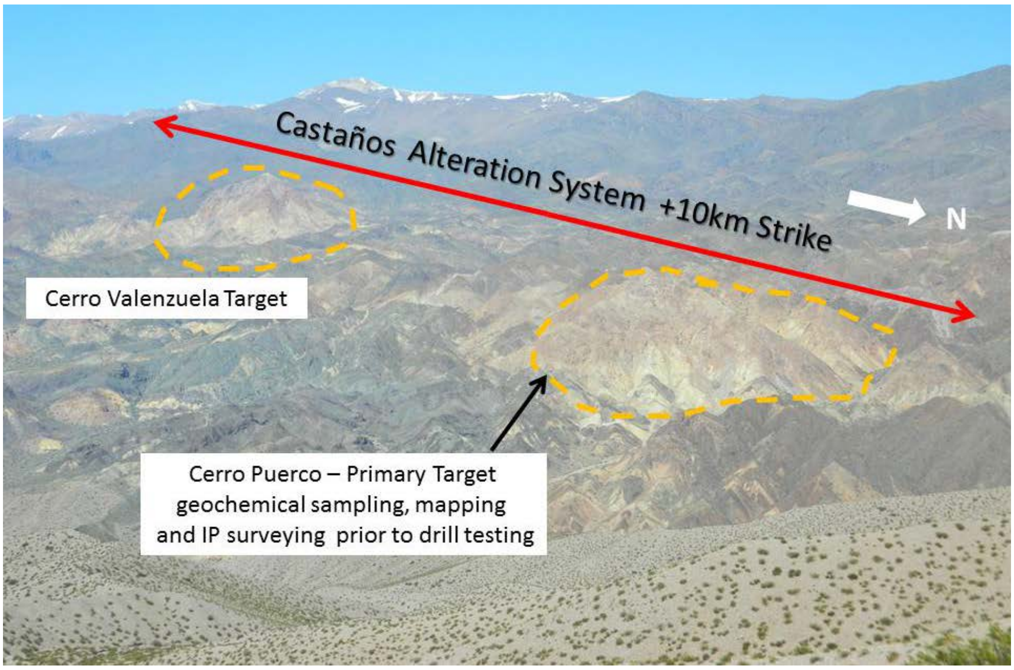


Figure 13 Photo showing the Castaños alteration system

Review of Operations (continued)

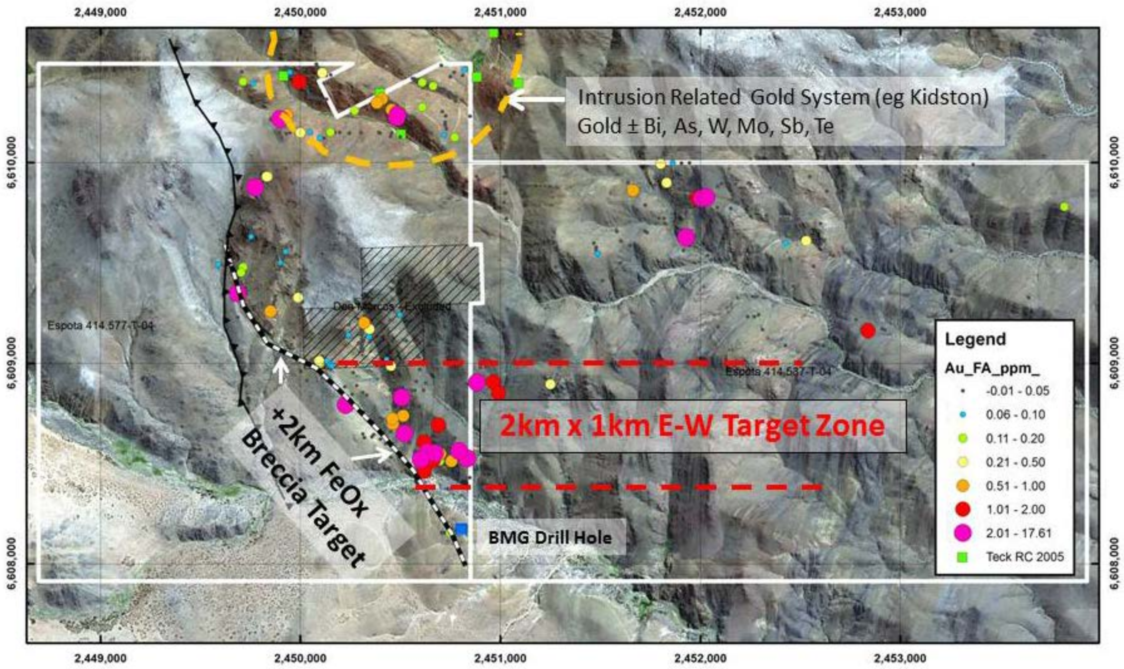


Figure 14 Plan view of the Espota Project

Other Projects

During the year Genesis withdrew from the Poncha Project in Argentina and the Cerro Verde Project in Chile.

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 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.

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Genesis Minerals Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Information on Directors

Richard Hill	Non-Executive Chairman
Qualifications	BSc (Hons), B.Juris, LLB.
Experience	Mr Hill is a qualified solicitor and geologist with over 23 years experience in the Resource Industry. During this period Mr Hill has performed roles as legal counsel, geologist and commercial manager for several mid cap Australian mining companies and more recently as founding director for a series of successful ASX-listed companies. Mr Hill was also co-founder of resources fund, Westoria Resource Investments. During his time in the resource industry Mr Hill has gained a diversity of practical geological experience as a mine based and exploration geologist in a range of commodities and rock types. In his commercial and legal roles, he has been involved in project generation and evaluation, acquisition and joint venture negotiation, company secretarial functions, mining law and land access issues as well as local and overseas marketing and fund raising.
Interest in shares and options	1,698,822 fully paid ordinary shares
Other directorships in listed entities held in the previous three years	Mr Hill resigned as a director of Centaurus Metals Limited 2 July 2014
Michael Fowler	Managing Director
Qualifications	BSc, MSc, MAusIMM
Experience	Mr Fowler is a geologist with 24 years of experience in the resources industry. He graduated from Curtin University in 1988 with a bachelor of Applied Science degree majoring in geology and in 1999 received a Master of Science majoring in Ore Deposit Geology from the University of Western Australia. On graduating he explored for gold and base metals for Dominion Mining in the Murchison, Gascoyne and Eastern Goldfields Regions of Western Australia. In 1996, Mr Fowler joined Croesus Mining NL and was made Exploration Manager in 1997. He oversaw all exploration for Croesus until June 2004 and was then appointed Business Development Manager and subsequently Managing Director in October 2005. Mr Fowler has overseen the discovery and development of several significant gold deposits. He has been intimately involved in a number of significant acquisitions and project reviews. He has recently worked as the Exploration Manager for Castle Minerals in Ghana.
Interest in shares and options	5,153,730 fully paid ordinary shares, 2,000,000 options expiring 31 Dec 2014 exercisable at 22 cents; 27,084 options expiring 1 March 2015 exercisable at 20 cents
Other directorships in listed entities held in the previous three years	Mr Fowler has not held any other directorships in the last 3 years
Damian Delaney	Non-Executive Director
Qualifications	Chartered Accountant; MAICD

Directors' Report continued

Experience	Mr Delaney is a Chartered Accountant with many years of experience working with international listed companies. Mr Delaney commenced his career in South Africa, qualifying with Coopers & Lybrand, before taking up a series of positions in the United Kingdom. He has worked in the resource sector for the past 8 years where he has been involved in numerous capital raisings. Mr Delaney is fully conversant with all regulatory requirements of the Australian markets and has significant experience managing all aspects of company financial and regulatory reporting.
Interest in shares and options	1,600,000 fully paid ordinary shares; 4,000,000 options expiring 31 December 2014 exercisable at 22 cents; 115,001 options expiring 1 March 2015 exercisable at 20 cents
Other directorships in listed entities held in the previous three years	Mr Delaney is also a director Redbank Copper Ltd.

COMPANY SECRETARY

Damian Delaney

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the acquisition of mining tenements, and the exploration of these tenements with the objective of identifying economic mineral deposits.

DIVIDENDS

No dividends were paid or declared during the year. No recommendation for payment of dividends has been made.

OPERATING AND FINANCIAL REVIEW

Finance Review

The Group has recorded an operating loss after income tax for the year ended 30 June 2014 of $1,757,105 (2013: $2,952,294).

At 30 June 2014 cash assets available totalled $1,239,869 (2013: $1,109,319).

The net assets of the consolidated entity decreased from $916,020 in 2013 to $755,540 at June 30 2014. This decrease is largely due to the following factors:

- exploration of the Group's projects;
- raising $1.6 million from 2 placements during the year; and
- normal operational overheads incurred in running a listed entity with an overseas subsidiary for 12 months.

Operating Review

A review of the operations of the Group during the financial year can be found on page 4 of the annual report.

Operating Results for the Year

Summarised operating results are as follows:

	2014		2013	
	Revenues	Results	Revenues	Results
	$	$	$	$
Group revenues and loss from ordinary activities before income tax expense	**15,952**	**(1,757,105)**	39,907	(2,952,294)

Shareholder Returns

	2014	2013
Basic and diluted loss per share (cents)	**(0.91)**	(2.17)

Directors' Report continued

DIRECTORS' MEETINGS

During the financial year three meetings of directors were held. Attendances by each director during the year were as follows:

	Directors Meetings A	Directors Meetings B
Richard Hill	4	4
Michael Fowler	4	4
Damian Delaney	4	4

Notes

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the year.

SHARES UNDER OPTION

At the date of this report there are 23,760,596 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	38,921,192
Movements of share options during the year	
Expired on 23 August 2013, exercisable at 15 cents	(75,000)
Expired on 23 August 2013, exercisable at 20 cents	(75,000)
Expired on 24 Nov 2013, exercisable at 31 cents	(2,400,000)
Expired on 1 March 2014 exercisable at 15 cents	(13,510,596)
Total number of options outstanding as at 30 June 2014 and the date of this report	**23,760,596**

The balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
1 March 2015	20	13,510,596
31 December 2014	22	9,500,000
30 November 2015	12	750,000
Total number of options outstanding at the date of this report		**23,760,596**

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums insuring all the directors of Genesis Minerals Limited against costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid is $10,348 (2013: $12,210).

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Bentleys, or associated entities.

Directors' Report continued

RISK MANAGEMENT

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Group believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Group raised $422,427 through the issue of 24,848,649 ordinary shares to institutional and sophisticated investors in March 2014. The Group raised $1,179,585 through the issue of 69,331,464 ordinary shares in May 2014.

AFTER BALANCE DATE EVENTS

No matters or circumstances, besides those disclosed at Note 19, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

AUDITOR’S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

Directors' Report continued

REMUNERATION REPORT (AUDITED)

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

REMUNERATION POLICY

The remuneration policy of Genesis Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board of Genesis Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.25% (unless otherwise stated), and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group and are able to participate in the employee option plan.

PERFORMANCE BASED REMUNERATION

The Group currently has no performance based remuneration component built into Director and Executive remuneration packages.

GROUP PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTORS' AND EXECUTIVES' REMUNERATION

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors and Executive's performance. The Group plans to facilitate this process by directors and executives participating in future option issues to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth.

USE OF REMUNERATION CONSULTANTS

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2014.

VOTING AND COMMENT MADE ON THE GROUP'S 2013 ANNUAL GENERAL MEETING

The Company received 100% of “yes” votes on its remuneration report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Directors' Report continued

DETAILS OF REMUNERATION

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

The key management personnel of the Group include the directors and company secretary as per page 13 above.

Given the size and nature of operations of the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

Key management personnel of the Group

	Short-Term		**Post Employment**		**Share-based Payments**	**Total**
	Salary & Fees	Non-Monetary	Superannuation	Retirement benefits	Options	
	$	**$**	**$**	**$**	**$**	**$**
Directors						
Richard Hill						
2014	**55,000**	-	-	-	-	**55,000**
2013	18,167	-	-	-	-	18,167
Michael Fowler						
2014	**275,000**	**-**	**25,000**	**-**	**-**	**300,000**
2013	275,000	-	25,000	-	-	300,000
Damian Delaney						
2014	**66,000**	-	-	-	-	**66,000**
2013	60,000	-	-	-	-	60,000
Total key management personnel compensation						
2014	**396,000**	**-**	**25,000**	**-**	**-**	**421,000**
2013	395,689	-	25,000	-	-	420,689

Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

No options were provided as remuneration during the year. 2013:(nil).

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Genesis Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2014	**Balance at start of the year**	**Granted as compensation**	**Exercised**	**Other changes**	**Balance at end of the year**	**Vested and exercisable**
Directors of Genesis Minerals Limited						
Richard Hill		-	-			
Michael Fowler	3,554,168	-	-	**(1,527,084)**	**2,027,084**	**2,027,084**
Damian Delaney	4,345,003	-	-	**(230,002)**	**4,115,001**	**4,115,001**
	7,899,171	-	-	**(1,757,086)**	**6,142,085**	**6,142,085**

2013	**Balance at start of the year**	**Granted as compensation**	**Exercised**	**Other changes**	**Balance at end of the year**	**Vested and exercisable**
Directors of Genesis Minerals Limited						
Michael Haynes	1,000,000	-	-	(1,000,000)	-	-
Michael Fowler	3,581,252	-	-	(27,084)	3,554,168	3,554,168
Damian Delaney	4,345,003	-	-	-	4,345,003	4,345,003
Richard Hill						
	8,926,255	-	-	**(1,027,084)**	**7,899,171**	**7,899,171**

Service agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a

Directors' Report continued

letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

On 25 June 2007 the Company entered into an Executive Service Agreement with Mr Michael Fowler.

Under the Agreement, Mr Michael Fowler is engaged by the Company to provide services to the Company in the capacity of Managing Director and CEO.

Mr Fowler was paid a salary of $275,000 per annum (plus 10% superannuation entitlement).

The Agreement was effective from the date the Company was admitted to the Official List (30 July 2007) and continues until terminated by either Mr Fowler or the Company. Mr Fowler is entitled to a minimum notice period of three months from the Company and the Company is entitled to a minimum notice period of three months from Mr Fowler.

Share based compensation

There were no share based payments granted to key management personnel during the year ended 30 June 2014.

Existing KMP Options

	Grant Date	Granted Number	Vesting Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number
Directors							
Michael Fowler	21/03/2012	2,000,000	11/04/2012	31/12/2014	22.0	8.6	N/A
Damian Delaney	21/03/2012	4,000,000	11/04/2012	31/12/2014	22.0	8.6	N/A

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each director of Genesis Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2014	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Genesis Minerals Limited				
Ordinary shares				
Richard Hill	**448,822**	**-**	**1,250,000**	**1,698,822**
Michael Fowler	**3,430,730**	**-**	**1,723,000**	**5,153,730**
Damian Delaney	**1,100,000**	**-**	**500,000**	**1,600,000**

2013	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Genesis Minerals Limited				
Ordinary shares				
Michael Haynes	**993,334**	**-**	**(993,334)**	**-**
Michael Fowler	**3,247,917**	**-**	**182,813**	**3,430,730**
Damian Delaney	**345,000**	**-**	**755,000**	**1,100,000**
Richard Hill	**-**	**-**	**448,822**	**448,822**

(c) Loans to key management personnel

There were no loans to key management personnel during the year.

END OF REMUNERATION REPORT

Directors' Report continued

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Michael Fowler
Managing Director
Perth, 30 September 2014

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Genesis Minerals Limited for the financial year ended 30 June 2014, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 30th day of September 2014

Corporate Governance Statement

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any shareholding qualification.

As and if the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the Board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board's duties and physical ability to undertake Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees (other than an Audit Committee) at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The Board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mining exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

The Board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The Board has adopted the revised Recommendations and the following table sets out the Company's present position in relation to each of the revised Principles.

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	**A**	Matters reserved for the Board are included on the Company website in the Corporate Governance Section.
1.2	Companies should disclose the process for evaluating the performance of senior executives	**A**	The remuneration of management and employees is reviewed by the Managing Director and approved by the Board. Acting in its ordinary capacity the Board from time to time carries out the process of considering and determining performance issues.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	**A (in part)**	Matters reserved for the Board can be viewed on the Company website.
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors	**A**	Given the Group's background, the nature and size of its business and the current stage of its development, the board comprises three directors, two of whom are non-executive. The board believes that this is both appropriate and acceptable at this stage of the Group's development.
2.2	The chair should be an independent director	**A**	
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	**A**	The position of Chairman and Managing Director are held by separate persons.
2.4	The board should establish a nomination committee	**A**	The full Board is the Nomination Committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for screening and appointing new Directors. In view of the size and resources available to the Group it is not considered that a separate Nomination Committee would add any substance to this process.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	**N/A**	Given the size and nature of the Group a formal process for performance evaluation has not been developed.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	**A (in part)**	The skills and experience of the Directors are set out in the Group's Annual Report and on the website.
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code	**A**	The Group has established a Code of Conduct which can be viewed on its website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them	**N/A**	The Company has established a Diversity Policy, however, the policy does not include requirements for the board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by	**N/A**	The Company has established a Diversity Policy, however, the policy does not include requirements for the board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
	the Board in accordance with the diversity policy and progress towards achieving them		company, the board does not think it is yet appropriate to include measurable objectives in relation to gender.
A = Adopted *N/A = Not adopted*			
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	**A**	The proportion of women employees in the whole organisation is 33% (excluding directors). There are currently no women in senior executive positions. There are currently no women on the board.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	**A**	
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee	**A**	
4.2	The audit committee should be structured so that it:		
	• consists only of non-executive directors	**A**	
	• consists of a majority of independent directors	**A**	
	• is chaired by an independent chair, who is not chair of the board	**A**	
	• has at least three members	**N/A**	The Company only has two non-executive directors.
4.3	The audit committee should have a formal charter	**A**	
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	**A**	
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	**A**	Directors must obtain the approval of the Chairman of the Board and notify the Company Secretary before they buy or sell shares in the Company, and it is subject to Board veto. Directors must provide the information required by the Company to ensure Compliance with Listing Rule 3.19A.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	**A**	The Board receives monthly reports on the status of the Group's activities and any new proposed activities. Disclosure is reviewed as a routine agenda item at each Board Meeting.
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	**A**	In line with adherence to continuous disclosure requirements of the ASX all shareholders are kept informed of major developments affecting the Group. This disclosure is through regular shareholder communications including the Annual report, Quarterly Reports, the Company Website and the distributions of specific releases covering major transactions and events.

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	A	The Group has formulated a Communication Policy which is included in its Corporate Governance Statement on the Company Website.

A = Adopted
N/A = Not adopted

Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	**N/A**	While the Group does not have formalised policies on risk management the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors. Determined areas of risk which are regularly considered include: • performance and funding of exploration activities • budget control and asset protection • status of mineral tenements • compliance with government laws and regulations • safety and the environment • continuous disclosure obligations
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	**N/A**	While the Group does not have formalised risk management policies it recognises its responsibility for identifying areas of significant business risk and ensuring that arrangements are in place to adequately manage these risks. This issue is regularly reviewed at Board meetings and a risk management culture is encouraged amongst employees and contractors.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	**A**	Assurances received from CEO and CFO (or equivalent) each year.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	**A**	
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee	**A**	

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
8.2	The remuneration committee should be structured so that it:		
	• consists of a majority of independent directors	**N/A**	The Group established a Remuneration Committee consisting of three non-executive directors, only one of whom is classified as independent. As there is only one independent director, it is not possible to have an independent chair that is not chair of the board. Sourcing alternative directors to strictly comply with this Principle is considered expensive with costs outweighing the potential benefits.
	• is chaired by an independent director	**N/A**	The Group has established a Remuneration Committee consisting of three non-executive directors, only one of whom is classified as independent. As there is only one independent director, it is not possible to have an independent chair that is not chair of the board. Sourcing alternative directors to strictly comply with this Principle is considered expensive with costs outweighing the potential benefits.
	• has at least three members	**A**	
A = Adopted *N/A = Not adopted*			
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	**A**	
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	**A**	Refer to the Annual Report and the Corporate Governance section of the Company's website.

A = Adopted
N/A = Not adopted

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2014

	Notes	2014 $	2013 $
REVENUE		**15,952**	39,907
EXPENDITURE			
Depreciation expense		**(473)**	(3,573)
Salaries and employee benefits expense		**(451,586)**	(459,759)
Exploration expenses		**(995,148)**	(2,008,625)
Impairment expense		**-**	(22,834)
Corporate expenses		**(143,777)**	(156,823)
Administration costs		**(168,526)**	(308,950)
Share based payments expense		**(13,547)**	(31,637)
LOSS BEFORE INCOME TAX		**(1,757,105)**	(2,952,294)
INCOME TAX BENEFIT/(EXPENSE)	2	**-**	-
LOSS FOR THE YEAR		**(1,757,105)**	(2,952,294)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**14,308**	34,512
Other comprehensive (loss)/income for the year, net of tax		**14,308**	34,512
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF GENESIS MINERALS LIMITED		**(1,771,413)**	(2,917,782)
Basic and diluted loss per share (cents per share)	9	**(0.91)**	(2.17)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

AT 30 JUNE 2014	Notes	2014	2013
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	**1,239,869**	1,109,319
Trade and other receivables	4	**8,415**	4,477
TOTAL CURRENT ASSETS		**1,248,284**	1,113,796
NON-CURRENT ASSETS			
Plant and equipment	5	**7,964**	9,333
TOTAL NON-CURRENT ASSETS		**7,964**	9,333
TOTAL ASSETS		**1,256,248**	1,123,129
CURRENT LIABILITIES			
Trade and other payables	6	**410,071**	128,344
Provisions		**58,942**	53,347
TOTAL CURRENT LIABILITIES		**469,013**	181,691
Provisions		**31,695**	25,418
TOTAL NON-CURRENT LIABILITIES		**31,695**	25,418
TOTAL LIABILITIES		**500,708**	207,109
NET ASSETS		**755,540**	916,020
EQUITY			
Issued capital	7	**16,009,161**	14,440391
Reserves	8	**1,309,634**	1,281,779
Accumulated losses		**(16,563,255)**	(14,806,150)
TOTAL EQUITY		**755,540**	916,020

The above Consolidated Statement of Financial Position should be read in conjunction w ith the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2014

	Notes	Ordinary Share Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Options Reserve $	Total $
BALANCE AT 1 JULY 2012		**12,397,575**	**11,853,856**	**76,556**	**11,139,075**	**1,759,350**
Loss for the year		-	(2,952,294)	-	-	(2,952,294)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations	8	-	-	34,512	-	34,512
TOTAL COMPREHENSIVE LOSS		**-**	**(2,952,294)**	**34,512**	**-**	**(2,917,782)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year		2,201,292	-	-	-	2,201,292
Share issue transaction costs		(158,476)	-	-	-	(158,476)
Share based payments		-	-	-	31,636	31,636
Sub-total		**2,042,816**	**(2,952,294)**	**34,512**	**31,636**	**(843,330)**
BALANCE AT 30 JUNE 2013		**14,440,391**	**(14,806,150)**	**111,068**	**1,170,711**	**916,020**
BALANCE AT 1 JULY 2013		**14,440,391**	**(14,806,150)**	**111,068**	**1,170,711**	**916,020**
Loss for the year		-	(1,757,105)	-	-	**(1,757,105)**
OTHER COMPREHENSIVE LOSS						
Exchange differences on translation of foreign operations	8	-	-	14,308	-	**14,308**
TOTAL COMPREHENSIVE LOSS		**-**	**(1,757,105)**	**14,308**	**-**	**(1,742,797)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year	7	1,602,012	-	-	-	**1,602,012**
Share issue transaction costs	7	(33,242)	-	-	-	**(33,242)**
Share based payments		-	-	-	13,547	**13,547**
Sub-total		**1,568,770**	**(1,757,105)**	**14,308**	**13,547**	**(160,480)**
BALANCE AT 30 JUNE 2014		**16,009,161**	**(16,563,255)**	**125,376**	**1,184,258**	**755,540**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2014	Notes	2014	2013
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(471,462)**	(957,980)
Payments for exploration expenditure		**(995,148)**	(1,984,626)
Interest received		**15,952**	39,907
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	19	**(1,450,658)**	(2,902,699)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**171**	(21,216)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**171**	(21,216)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			-
Proceeds from issues of ordinary shares		**1,602,013**	2,151,578
Payments of share issue costs		**(33,243)**	(158,476)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**1,568,770**	1,993,102
NET INCREASE IN CASH AND CASH EQUIVALENTS		**118,283**	(930,813)
Cash and cash equivalents at the beginning of the financial year		**1,109,319**	2,040,132
Effects of exchange rate changes on cash and cash equivalents		**12,267**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	3	**1,239,869**	1,109,319

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Genesis Minerals Limited and its subsidiaries ("the Group"). The financial statements are presented in the Australian currency. Genesis Minerals Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 30 September 2014. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Genesis Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Genesis Minerals Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which have been measured at fair value.

(v) Going concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group incurred a loss from ordinary activities of $1,757,105 for the year ended 30 June 2014 (2013: $2,952,294). Included within this loss was exploration expenditure of $995,148 (2013: $2,008,625).

The net working capital position of the Group at 30 June 2014 was $779,271 (2013: $932,105) and the net increase in cash held during the year was $130,550 (2013: ($930,813)).The Group has expenditure commitments relating to work programme obligations of their assets of $398,000 which potentially could fall due in the twelve months to 30 June 2015.

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group successfully raising additional share capital and ultimately developing one of its mineral properties. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Group's current exploration projects, the Directors believe that the additional capital required can be raised in the market; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

Should the Group not be able to successfully raise capital if required, it may be necessary to sell some of its assets, farm out exploration projects, reduce exploration expenditure by various methods including surrendering less prospective tenements. Although the Directors believe that they will be successful in these measures, if they are not, the Group may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

(b) Principles of consolidation

The financial statements incorporate the assets, liabilities and results of entities controlled by Genesis Minerals Limited at the end of the reporting period. A controlled entity is any entity over which Genesis Minerals Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

A list of controlled entities is contained in Note 15 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the financial statements as well as their results for the year then ended.

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In preparing the financial statements, all inter-group balances and transactions between entities in Genesis Minerals Limited have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(c) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination, one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The consideration transferred for a business combination shall form the cost of the investment in the separate financial statements. Such consideration is measured at fair value at acquisition date and consists of the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to Statement of Profit or Loss and Other Comprehensive Income.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Australian dollars, which is Genesis Minerals Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial results and position of foreign operations whose functional currency is different from Genesis Minerals Limited's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to Genesis Minerals Limited's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(e) Revenue and other income

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. The following specific recognition criteria must also be met before revenue is recognised.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(f) Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(h) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when Genesis Minerals Limited would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the other assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

FINANCIAL INSTRUMENTS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Group commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options for immediate are recognised as a deduction from equity, net of any tax effects.

DERECOGNITION

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(M) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PLANT AND EQUIPMENT

Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

DEPRECIATION

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The estimated useful lives used for each class of depreciable assets are:

CLASS OF FIXED ASSET	USEFUL LIFE (YEARS)
Plant and Equipment	2 to 5

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(N) EXPLORATION AND DEVELOPMENT EXPENDITURE

Exploration, evaluation costs are expensed as incurred.

(O) TRADE AND OTHER PAYABLES

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(P) PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statement of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(Q) EMPLOYEE BENEFITS

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

EQUITY-SETTLED COMPENSATION

The Group operates equity-settled share-based payment share, right and option schemes. The fair value of the equity to which personnel become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options, rights or shares granted. This expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options or rights which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

(R) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(S) EARNINGS PER SHARE

Genesis Minerals Limited presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(T) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(U) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The directors evaluate estimates and judgments incorporated into the 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.

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Assets and Liabilities
The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.
Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.
As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques
In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy
AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

KEY ESTIMATES - IMPAIRMENT
The Group assesses impairment at the end of each reporting year by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

KEY ESTIMATES - SHARE BASED PAYMENTS
The Group measures the cost of equity-settled transactions with personnel by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model in the case of options and, in the case of performance rights, a hybrid share option pricing model that simulates the share price as at the expiry date using a Monte-Carlo model. The valuation involves making key estimates such as volatility and expected exercise date.

(V) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

New and revised AASB's affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised AASB's issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective from an accounting period on or after 1 January 2013.

The Group has applied AASB 13 'Fair Value Measurement' for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

In addition, standards on consolidation, joint arrangements, associates and disclosures were adopted. The impact of the application of these standards is not material.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets'	1 January 2014	30 June 2015
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

30 JUNE 2014	2014	2013
	$	$

2. INCOME TAX EXPENSE

(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

Statement of Profit or Loss and Other Comprehensive Income		
Current income tax	**-**	-
Deferred tax	**-**	-
	-	-

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Loss from continuing operations before income tax expense	**(1,757,105)**	(2,952,294)
Prima facie tax benefit at the Australian tax rate of 30%	**(527,132)**	(885,688)
Add:		
Tax effect of :		
Share-based payments	**4,064**	17,205
Expenses incurred in deriving non-assessable non-exempt income	**298,686**	602,238
Sundry items	**3,630**	1,276
Movements in unrecognised temporary differences	**(76,339)**	23,540
	(297,090)	(241,429)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	297,090	241,429
Income tax expense	**-**	-

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

2. INCOME TAX EXPENSE (continued)

At 30 June 2014 Genesis Minerals Limited had unused tax losses for which no deferred tax asset has been recognised in the amount of approximately $2,980,207 (2013: $2,690,317). The availability of these losses is subject to satisfying Australian taxation legislation requirements. The deferred tax asset attributable to tax losses has not been brought to account in these financial statements because the Directors believe it is not presently appropriate to regard realisation of the future income tax benefits probable.

3. CASH AND CASH EQUIVALENTS

The following table details the components of cash and cash equivalents as reported in the statement of financial position.

	2014 $	2013 $
Cash at bank and in hand	**321,530**	50,251
Short-term deposits	**918,339**	1,059,068
Cash and cash equivalents	**1,239,869**	1,109,319

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

	2014 $	2013 $
4. TRADE AND OTHER RECEIVABLES		
Other receivables	**8,415**	4,477
	8,415	4,477

The Group expects the above trade and other receivables to be recovered within 12 months of 30 June 2014 and therefore considers the amounts shown above at cost to be a close approximation of fair value.

Trade and other receivables expose Genesis Minerals Limited to credit risk as potential for financial loss arises should a debtor fail to repay their debt in a timely manner. Disclosure on credit risk can be found at Note 11(a).

5. PLANT AND EQUIPMENT

Plant and equipment		
Cost	**17,470**	28,194
Accumulated depreciation	**(9,506)**	(18,861)
Net book amount	**7,964**	9,333
Plant and equipment		
Opening net book amount	**9,333**	12,906
Exchange differences	**(724)**	-
Disposals	**172**	-
Depreciation charge	**(473)**	(3,573)
Closing net book amount	**7,964**	9,333

6. TRADE AND OTHER PAYABLES

Trade payables	**86,794**	78,177
Other payables and accruals	**323,277**	50,167
	410,071	128,344

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

7. ISSUED CAPITAL

259,837,912 (30 June 2013: 165,657,799) Ordinary shares	**16,821,937**	15,243,924
Value of conversion rights - Convertible Notes	**25,633**	25,633
Share issue costs written off against issued capital	**(838,409)**	(829,166)
	16,009,161	14,440,391

MOVEMENT IN ORDINARY SHARES

	No.	$
Balance at 1 July 2013	**165,657,799**	14,440,391
Capital Raising 27 March 2014	**24,848,649**	422,427
Capital raising 14 May 2014	**69,331,464**	1,179,585
Less share Issue Costs	**-**	(33,242)
	259,837,912	16,009,161

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

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands

OPTIONS

(a) Options on issue	**2014**	**2013**
Exercisable at 15 cents, on or before 23 August 2013		**75,000**
Exercisable at 20 cents, on or before 23 August 2013		**75,000**
Exercisable at 31 cents, on or before 30 November 2013		**2,400,000**
Exercisable at 15 cents, on or before 1 Mar 2014		**13,510,596**
Exercisable at 22 cents, on or before 31 Dec 2014	**9,500,000**	**9,500,000**
Exercisable at 20 cents, on or before 1 Mar 2015	**13,510,596**	**13,510,596**
Exercisable at 12 cents, on or before 30 Nov 2015	**750,000**	**750,000**
	23,760,596	**39,821,192**

(b) Movements in options on issue

Beginning of the financial year	**39,821,192**	53,681,788
Issued during the year:		
– Exercisable at 12 cents, on or before 30 Nov 2015		750,000
– Expired on 15 May 2013, exercisable at 20 cents		(600,000)
– Expired on 15 May 2013, exercisable at 20 cents		(13,510,596)
– Expired on 15 May 2013, exercisable at 20 cents		(500,000)
– Expired on 23 August 2013, exercisable at 20 cents	**(75,000)**	
– Expired on 23 August 2013, exercisable at 20 cents	**(75,000)**	
– Expired on 24 Nov 2013, exercisable at 31 cents	**(2,400,000)**	
– Expired on 1 March 2014, exercisable at 15 cents	**(13,510,596)**	
End of the financial year	**23,760,596**	39,821,192

CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

7. ISSUED CAPITAL (continued)

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group at 30 June 2014 is $779,271 (2013: $932,105)

8. RESERVES

Nature and purpose of reserves

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

9. LOSS PER SHARE

	2014	2013
(a) Reconciliation of earnings used in calculating loss per share	$	$
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(1,757,105)	(2,952,294)
	Number of shares	**Number of shares**
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	193,346,503	135,675,986
EPS (cents per share)	(0.91)	(2.17)

10. COMMITMENTS

Exploration commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

within one year	**398,000**	500,000
	398,000	500,000

11. FINANCIAL RISK MANAGEMENT

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects and ensure that net cash flows are sufficient to support the delivery of the Company's financial targets whilst protecting future financial security. The Group continually monitors and tests its forecasted financial position against these objectives.

The main risks Genesis Minerals Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, currency risk and commodity price risk.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

11. FINANCIAL RISK MANAGEMENT (continued)

	2014 $	2013 $
Financial Assets		
Cash and cash equivalents	**1,239,869**	1,109,319
Trade and other receivables	**8,415**	4,477
Total financial assets	**1,248,284**	1,113,796
Financial Liabilities		
Trade and other payables	**410,071**	128,344
Total financial liabilities	**410,071**	128,344

FINANCIAL RISK MANAGEMENT POLICIES

The Board of Directors has overall responsibility for the establishment of Genesis Minerals Limited's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Mitigation strategies for specific risks faced are described below:

The main risks Genesis Minerals Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk, currency risk and commodity price risk.

(A) CREDIT RISK

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to Genesis Minerals Limited and arises principally from Genesis Minerals Limited's receivables.

The Group's maximum exposure to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. Other than cash balances and term deposits held at bank the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Group's policy for reducing credit risk is to ensure cash is only invested with counterparties with Standards and Poor rating of at least -AA.

(B) LIQUIDITY RISK

Liquidity risk arises from the possibility that Genesis Minerals Limited might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- monitoring the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to appropriate capital raisings as required;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of current financial liabilities with the realisation profile of current financial assets.

(C) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

11. FINANCIAL RISK MANAGEMENT (continued)

i. Price risk

Given the current level of operations, the Group is not exposed to price risk.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Chilean Peso ("CLP"). Foreign exchange risk arises from future commercial transactions and recognises assets and liabilities denominated in a currency that is not the Group's functional currency and net investments in foreign operations. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements. At 2014, the Group's Net CLP exposure was $5,979,348 (2013: ($1,541,672)) which translated to $11,523 (2013: ($3,237)) AUD.

Had the AUD weakened/strengthened by 10% against the CLP, there would have been a nil (2013: nil) impact on the Group's post tax losses and an immaterial movement to the Group's equity for both years.

iii. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed by maintaining cash in interest bearing accounts and having no interest bearing liabilities.

ii. Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

This analysis assumes that other variables are held constant.

	PROFIT		EQUITY	
	80 BASIS POINTS INCREASE	80 BASIS POINTS DECREASE	80 BASIS POINTS INCREASE	80 BASIS POINTS DECREASE
2014	9,750	(9,750)	9,750	(9,750)
2013	9,500	(9,500)	9,500	(9,500)

The net exposure at the end of the reporting period is representative of what Genesis Minerals Limited was and is expecting to be exposed to at the end of the next twelve months.

(D) FAIR VALUE ESTIMATION

The fair values of financial assets and financial liabilities can be compared to their carrying values as presented in the consolidated statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

There are no financial assets or liabilities which are required to be revalued on a recurring basis.

12. OPERATING SEGMENTS

Identification of reportable segments

For management purposes, the Group is organised into two main operating segments, the exploration of minerals in Chile and the corporate activities and administrative costs in Australia. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

12. OPERATING SEGMENTS (continued)

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. This price is re-set quarterly and is based on what would be realised in the event the sale was made to an external party at arm's-length. All such transactions are eliminated on consolidation for the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of the segment:

- Head office and other administration costs.

SEGMENT PERFORMANCE

	CHILE		AUSTRALIA		TOTAL	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
REVENUE						
Corporate interest revenue			**15,952**	39,850	**15,952**	39,850
Interest - investment				57		57
Total segment revenue			**15,952**	39,907	**15,952**	39,907
SEGMENT RESULTS	**(361,042)**	(690,244)		-	**(361,042)**	(690,244)
Depreciation expense			**(214)**	(2,241)	**(214)**	(2,241)
Employee benefits expense			**(451,586)**	(459,759)	**(451,586)**	(459,759)
Share based payments			**(13,547)**	(31,636)	**(13,547)**	(31,636)
Other expenses			**(946,668)**	(1,808,321)	**(946,668)**	(1,808,321)
	(361,042)	(690,244)	**(1,396,063)**	(2,262,050)	**(1,757,105)**	(2,952,294)
SEGMENT ASSETS						
Segment operating assets	**31,147**	28,210		-	**31,147**	28,210
Other assets		-	**1,225,101**	1,094,919	**1,225,101**	1,094,919
Total segment assets	**31,147**	28,210	**1,225,101**	1,094,919	**1,256,248**	1,123,129
SEGMENT LIABILITIES						
Segment operating liabilities	**(4,180,888)**	(4,237,890)		-	**(4,180,888)**	(4,237,890)
Inter-segment eliminations			**4,148,533**	4,201,499	**4,148,533**	**4,201,499**

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

12. OPERATING SEGMENTS (continued)

Other corporate and administrative liabilities			**(468,353)**	(170,718)	**(468,353)**	**(170,718)**
Total segment liabilities	**(4,180,888)**	(4,237,890)	**3,680,180**	4,030,781	**(500,708)**	(207,109)

13. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

Short-term benefits	**396,000**	395,689
Post-employment benefits	**25,000**	25,000
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**-**	-
	421,000	420,689

Detailed remuneration disclosures are provided in the remuneration report on pages 17-19..

14. REMUNERATION OF AUDITORS

	2014	2013
	$	$

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Audit services

Bentleys - audit and review of financial reports	**25,000**	27,500
Total remuneration for audit services	**25,000**	27,500

15. CONTINGENCIES

There are no contingent liabilities or contingent assets of the Group at balance date.

16. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Genesis Minerals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 17.

(c) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 13: Key management Personnel Disclosures (KMP) and the remuneration report in the Directors' Report.

There were no other related party transactions during the year.

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

17. CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Class of Shares	Equity Holding[(1)]	
			2014	2013
			%	%
Genesis Minerals (Chile) S.A.	Chile	Ordinary	**100**	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

18. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

19. CASH FLOW INFORMATION

	2014 $	2013 $
(a) Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(1,757,105)**	(2,952,294)
Non-Cash Items		
Depreciation of non-current assets	**473**	3,573
Share based payments expense	**13,547**	81,350
Shares issued in satisfaction of exploration expenses		-
Accretion expense on convertible notes		-
Net exchange differences	**2,765**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entities		
Decrease/(increase) in trade and other receivables	**(3,937)**	14,072
(Decrease)/increase in trade and other payables	**281,727**	(83,411)
Increase in provisions	**11,872**	34,011
Net cash outflow from operating activities	**(1,450,658)**	(2,902,699)

(b) Non-cash investing and financing activities

There were no non-cash investing and financing activities during either the 2014 or 2013 financial years.

20. SHARE BASED PAYMENTS

The Group established the Genesis Minerals Limited Option Plan on 15 May 2007. On 7 November 2012 the Group came to an agreement to grant 750,000 options to the Chilean Manager of the Group's South American asset base.

The fair value for the options granted is deemed to represent the value of the employee services received over the vesting period. The 750,000 options were issued in 3 tranches, each containing 250,000 options. Each tranche contained the following vesting conditions:

- Tranche 1 - vest immediately
- Tranche 2 - vest on 1 November 2013
- Tranche 3 - vest on 1 November 2014

The expense arising from the options issued during year was nil 2013: ($31,637). The value was calculated by using a Black- Scholes option pricing model applying the following inputs:

Notes to the Consolidated Financial Statements continued

30 JUNE 2014

20. SHARE BASED PAYMENTS (continued)

	2014	2013
Underlying share price (cents):	-	9.0
Weighted average exercise price (cents):	-	12
Weighted average life of the option (years):	-	3
Expected share price volatility (%):	-	128.00
Risk-free interest rate (%):	-	2.79

Set out below are summaries of the options granted:

	Number of options	Weighted average exercise price (cents)
Options outstanding at 1 July 2012	13,150,000	23.0
Granted during the year	750,000	12.0
Options outstanding at 30 June 2013	13,900,000	22.4
Granted during the year	-	-
Expired during the year	3,650,000	28.2
Options outstanding at 30 June 2014	10,250,000	21.3

21. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Genesis Minerals Limited, at 30 June 2014. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2014 $	2013 $
Current assets	**1,224,779**	1,094,382
Non-current assets	**321**	5,35
Total assets	**1,225,100**	1,094,917
Current liabilities	**(436,658)**	(145,299)
Non-current liabilities	**(31,695)**	(25,417)
Total liabilities	**(468,353)**	(170,716)
Issued capital	**15,985,161**	14,440,391
Share-based payments reserve	**1,184,278**	1,170,711
Accumulated losses	**(16,412,692)**	(14,686,901)
Total equity	**756,747**	924,201
Loss for the year	**(1,749,791)**	(2,871,464)
Total comprehensive loss for the year	**(1,749,791)**	(2,871,464)

The parent entity did not have any contingent liabilities, or any contractual commitments for the acquisition of property, plant and equipment, as at 30 June 2013 or 30 June 2014.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 27 to 49 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Michael Fowler
Managing Director

Perth, 30 September 2014

Independent Auditor's Report

To the Members of Genesis Minerals Limited

Bentleys®
THINKING AHEAD

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We have audited the accompanying financial report of Genesis Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Opinion

In our opinion:

a. The financial report of Genesis Minerals Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter on Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity had operating cash outflows of $1,757,105 during the year ended 30 June 2014. This condition, along with other matters as set forth in Note 1, 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 financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Genesis Minerals Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 30th day of September 2014

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 26 September 2014.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary shares	
			Number of holders	**Number of shares**
1	-	1,000	15	788
1,001	-	5,000	27	90,085
5,001	-	10,000	47	413,850
10,001	-	100,000	256	10,811,584
100,001		and over	216	248,521,605
			561	**259,837,912**

The number of shareholders holding less than a marketable parcel of shares are:	52

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

GENESIS MINERALS LIMITED

Rank	Name	Units	%
1	*MR MICHAEL GEORGE FOTIOS <MICHAEL FOTIOS FAMILY A/C>*	*19,064,415*	*7.34*
2	*TECK RESOURCES LIMITED*	*16,321,283*	*6.28*
3	*INVESTMET LIMITED*	*11,945,383*	*4.60*
4	*BOTSIS HOLDINGS PTY LTD*	*11,764,706*	*4.53*
5	*MR DENIS JOHN REYNOLDS*	*10,000,000*	*3.85*
6	*WYLLIE GROUP PTY LTD*	*9,747,224*	*3.75*
7	*WESTORIA RESOURCE INVESTMENTS LTD*	*7,121,324*	*2.74*
8	*ARGONAUT EQUITY PARTNERS PTY LIMITED*	*5,535,939*	*2.13*
9	*ARGONAUT SECURITIES (NOMINEES) PTY LTD*	*5,000,000*	*1.92*
10	*MR GRANT POVEY*	*4,442,052*	*1.71*
11	*PERSHING AUSTRALIA NOMINEES PTY LTD <ARGONAUT ACCOUNT>*	*4,413,000*	*1.70*
12	*HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2*	*3,680,000*	*1.42*
13	*STATELINE INVESTMENTS PTY LTD <COLGAN FAMILY A/C>*	*3,081,000*	*1.19*
14	*MR JEFFREY ARTHUR BROOKS + MRS CAMILLE DIANNE BROOKS <THE BROOKS SUPER FUND A/C>*	*3,038,860*	*1.17*
15	*TAMPILO PTY LTD <TAMPILO A/C>*	*3,000,000*	*1.15*
16	*WALLOON SECURITIES PTY LTD*	*3,000,000*	*1.15*
17	*MR NICHOLAS SIMON DRAPER + MRS MELINDA JANE DRAPER <DRAPER SUPER FUND A/C>*	*2,941,177*	*1.13*
18	*DELTA RESOURCE MANAGEMENT PTY LTD*	*2,937,500*	*1.13*
19	*BUNDA HOLDINGS PTY LTD*	*2,843,750*	*1.09*
20	*MR HENRY WIECHECKI*	*2,750,000*	*1.06*
Total		**132,627,613**	**51.04**

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
Investmet Ltd	16,321,283

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

ASX Additional Information continued

(e) Unquoted Securities

As at 26 September 2014, the Company has a total of unlisted options as follows:

Number of Options	Number of Holders	Exercise Price	Expiry Date
9,500,000	5	$0.22	31/12/2014
13,510,596	207	$0.20	01/03/2015
750,000	1	$0.12	30/11/2015
23,760,596	**635**		

Unlisted Option holder holding greater than 20% of a class of unlisted options

Unlisted options exercisable at $0.20 expiring on 31/12/2014	No of Options Held	% Held
Mr D Delaney	4,000,000	42%
Mr M Fowler	2,000,000	21%
Mr M Fotios	2,000,000	21%

Unlisted options exercisable at $0.12 expiring on 30/11/215	No of Options Held	% Held
Mr S Mandujano	750,000	100%

(f) Schedule of interests in mining tenements

Project	Country	Tenement Name	Tenement ID	Interest
Viking	Australia		E63/1078	100%
Viking	Australia		E63/1085	100%
Viking	Australia		E63/1086	100%
Viking	Australia		E63/1087	100%
Viking	Australia		E63/1172	100%
Viking	Australia		E63/1196	100%
Viking	Australia		E63/1198	100%
Las Opeñas	Argentina		1249-T-05	100%
Espota	Argentina	Moria	414.537-T-04	RTE 100%
Espota	Argentina	Tocota	414.577-T-2004	RTE 100%
Fierro	Argentina	Fierro 2	425.342-T-03	RTE 100%
Fierro	Argentina	Fierro 1	425.343-T-03	RTE 100%
Fortuna	Argentina		1124.022-T-2014	RTE 100%
Fortuna	Argentina		425.450-T-03	RTE 100%
Castaños	Argentina		1124.208-T-09	RTE 100%
Castaños	Argentina		041124.208-T-09	RTE 100%
Castaños	Argentina		1124.609-T-10	RTE 100%
Castaños	Argentina		414.138-T-04	RTE 100%
Castaños	Argentina		414.137-T-04	RTE 100%