# Genesis Minerals Limited and controlled entities

**ABN 72 124 772 041**

## Annual Financial Report and Directors' Report

**for the year ended 30 June 2017**

# Corporate Directory

**ABN 72 124 772 041**

**Directors**
Richard Hill (Non-Executive Chairman)
Michael Fowler (Managing Director)
Darren Gordon (Non-Executive Director)
Craig Bradshaw (Non-Executive Director)

**Company Secretary**
Geoff James

**Registered Office and Principal Place of Business**
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WEST PERTH WA 6005
Telephone: +61 8 9322 6178

**Postal Address**
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WEST PERTH WA 6872

**Share Register**
Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
PERTH WA 6000

**Auditors**
Bentleys
Level 3, 216 St Georges Terrace
PERTH WA 6000

**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).

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# 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 2017.

## 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 (Appointed 13 February 2013) |
| Qualifications | BSc (Hons), B.Juris, LLB. |
| Experience | Mr Hill is a qualified solicitor and geologist with over 25 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, mining law and land access issues as well as local and overseas marketing and fund raising. |
| Interest in shares and options | 3,911,322 fully paid ordinary shares<br>2,000,000 options expiring 22 Dec 2017 ex at $0.017 |
| Other directorships in listed entities held in the previous three years | Mr Hill resigned as a director of Centaurus Metals Limited on 4 July 2014<br>Mr Hill is a director of Strandline Resources Limited |
| **Michael Fowler** | Managing Director (Appointed 16 April 2007) |
| Qualifications | BSc, MSc, MAusIMM |
| Experience | Mr Fowler is a Geologist and holds a Bachelor of Applied Science degree majoring in Geology from Curtin University and a Master of Science degree majoring in Ore Deposit Geology from the University of Western Australia. Mr Fowler brings to the Board over 25 years experience as an exploration and mining professional with extensive corporate and operational management skills in the minerals industry in Australia, South America and Africa. |
| Interest in shares and options | 10,167,230 fully paid ordinary shares<br>2,000,000 options expiring 22 Dec 2017 ex at $0.017 |
| Other directorships in listed entities held in the previous three years | Mr Fowler is a director of PolarX Limited (formerly Coventry Resources Limited) |

# Directors' Report

| | |
|---|---|
| **Darren Gordon** | Non-Executive Director (Appointed 23 March 2016) |
| Qualifications | B.Bus, FCA, AGIA |
| Experience | Mr Gordon has more than 20 years' experience in the Australian and international resource sector, having held senior financial, corporate and executive roles with a number of ASX-listed exploration and mining companies. During his career he has been involved in the acquisition, financing, development and operation of iron ore, precious metal and base metal projects in Australia and Brazil. Mr Gordon is currently Managing Director of Centaurus Metals (ASX: CTM) a position held for the past 8 years. Prior to joining Centaurus, Mr Gordon was CFO of Gindalbie Metals Limited. |
| Interest in shares and options | 5,839,657 fully paid ordinary shares |
| Other directorships in listed entities held in the previous three years | Mr Gordon is a director of Centaurus Metals Limited |
| **Craig Bradshaw** | Non-Executive Director (Appointed 7 September 2017) |
| Qualifications | B.Eng. (Mining) |
| Experience | Mr Bradshaw is a mining engineer with more than 22 years' experience in the Australian and international mining industry. During his career, he has held numerous senior operational and executive roles with a range of companies and spanning several different commodities. He was Chief Operating Officer for Saracen Mineral Holdings from 2013 to 2017, a leading mid-tier gold producer. Prior to joining Saracen, Mr Bradshaw was Chief Operating Officer for Inter Mining and Navigator Resources, Operations Manager at St Ives Gold Mines for Gold Fields Australia, Mining Manager for Albidon at the Munali Nickel Project in Zambia and Chief Operating Officer for Fox Resources. He also worked for WMC Limited at the Perseverance Nickel Mine and Leinster Nickel Operations. He is currently the CEO of Adaman Resources, a privately owned resource investment company. |
| Interest in shares and options | Nil |
| Other directorships in listed entities held in the previous three years | None |

## COMPANY SECRETARY

| | |
|---|---|
| **Geoff James** | Appointed 20 October 2015 |
| Qualifications | B.Bus, CA, AGIA |
| Experience | Mr James is a Chartered Accountant and member of the Governance Institute. He is an experienced finance professional with over 20 years' experience in senior management roles. |

## DIRECTORS' MEETINGS

Attendances by each director during the year were as follows:

| | Directors Meetings | |
|---|---|---|
| | **A** | **B** |
| Richard Hill | 7 | 7 |
| Michael Fowler | 7 | 7 |
| Darren Gordon | 7 | 7 |
| Craig Bradshaw (appointed 7 September 2017) | - | - |

**Notes**

A – Number of meetings attended.

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

# Directors' Report

## PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the mining and exploration of gold deposits in Western Australia.

## DIVIDENDS

No dividend was declared or paid during the current or previous year.

## OPERATING AND FINANCIAL REVIEW

### Strategy

The Group has had a successful year in delivering its strategy to generate cash-flows from low-cost toll treatment mining campaigns and to unlock value from its gold projects in Western Australia. The Group ended the year in a strong financial position with exciting growth opportunities ahead for the Ulysses Gold Project and subsequent to the end of the financial year, the Group exercised the option to acquire the Barimaia Gold Project.

### Project Activities

### Ulysses Gold Project

The Ulysses Gold Project is located in Western Australia, approximately 30km south of Leonora and 200km north of the regional mining centre of Kalgoorlie. During the year the Company completed two open pit mining campaigns at Ulysses West and a number of exploration programs on the broader Ulysses Gold Project. Ore from Ulysses West was processed under a toll treatment arrangement at the Paddington Mill located 160km south of Ulysses along the Goldfields Highway.

### Ulysses West Open Pit Mining Operations

Genesis completed two phases of open pit mining during the year at the Ulysses West Open Pit. Ore was mined to the 355mRL (~60m below surface). The first mining campaign was completed in late 2016 and a subsequent limited mining campaign to extract high-grade material at the base of the pit was completed in May 2017. Approximately 57,000 wet tonnes of ore grading ~4.5g/t gold were dispatched to the Paddington Mill for processing under a toll-milling agreement. The recovered gold from processing totalled 6,917 ounces earning revenue of $11 million for the Company.

*Mining Services*

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

*Ore Treatment Agreement*

Ore from the Ulysses West open pit was processed under a Toll Milling Agreement with Paddington Gold Pty Ltd ("Paddington"), with the first batch (UW001) of five for the first phase of mining delivered to the Paddington Mill in November 2016. The final batch (UW005) was delivered in late December 2016 which completed the first mining campaign. For the second phase of mining, a single batch (UW006) was delivered to the Paddington Mill in May 2017. Ore haulage to Paddington was via the Goldfields Highway using Paddington's preferred haulage contractor.

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

### Ulysses Exploration

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

*Ulysses West*

Genesis completed a number of drilling programs during the year (see GMD ASX Releases October 3 and November 10, 2016) to extend mineralisation further to the west from the current Ulysses West pit along the interpreted Ulysses Shear zone. Results from the programs included **10m @ 3.2g/t Au** from 30m and **7m @ 3.6g/t Au** from 40m. The drilling has defined a continuous zone of mineralisation over a strike length of 140m at Ulysses West.

# Directors' Report

### *Ulysses East*

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

Follow up Reverse Circulation ("RC") drilling at Ulysses East completed in February (see GMD ASX Release April 12, 2017) defined a coherent zone of east-west trending, north-dipping mineralisation over a strike length of 200m in the central portion of the Ulysses East anomaly. This mineralisation remains completely open along strike and at depth, and to date has been hosted entirely within basalt.

Best results from the drilling included:

- **9m @ 2.6 g/t gold from 76m**
- **5m @ 2.3 g/t gold from 80m**
- **18m @ 0.7 g/t gold from 57m**
- **12m @ 1.4 g/t gold from 82m**
- **12m @ 1.5 g/t gold from 51m**
- **3m @ 2.3 g/t gold from 60m**

A further program of RC drilling was completed in May 2017 (see GMD ASX Release July 3, 2017) to continue the first pass evaluation of this emerging prospect. Drilling has now been completed on 100m and 200m spacing covering over 500m of strike. Drilling has extended mineralisation to the west with positive results continuing to be returned including **5m @ 4.78 g/t gold** from 66m. Drilling on the eastern limit of the current RC coverage returned **5m @ 2.61g/t gold** from 110m.

*Orient Well NW Prospect*

Aircore drilling completed at the Orient Well NW prospect, located ~10km east of the Ulysses Resource, targeted a similar structural position to Ulysses but on the eastern side of the Ulysses-Orient Well mineralised corridor, in the zone where the east-west trending stratigraphy changes orientation to ESE/SE (as opposed to the Ulysses area where it changes to a WNW/NW trend).

Best results from Orient Well NW included **61m @ 0.70g/t gold (including 15m @ 2.15g/t gold)** (see GMD ASX Release April 12, 2017).

A one-off RC hole drilled in August 2017 to follow up a zone of anomalous gold intersected in previous aircore drilling returned an outstanding intercept of **5m @ 22.2g/t gold** from 95m and 20m @ 0.43g/t Au from 100m (see GMD ASX Release September 6, 2017).

The intersections highlight the significant potential to define a large, gold mineralised system at Orient Well NW. Mineralisation is hosted within a highly weathered and foliated felsic unit with quartz veining and iron oxide after sulphide.

The style of mineralisation has similarities to the Orient Well deposit located about 2km to the south-east. The orientation and geometry of the mineralisation is unclear but a NW trend to the overall strike of the mineralisation is interpreted. The Orient Well NW prospect sits in a similar structural position to Ulysses.

*Ulysses North and NW Prospects*

Wide-spaced aircore drilling was completed at several new areas including Ulysses North, located immediately north of the Ulysses Resource, and Ulysses NW, located ~4km north-west of the Ulysses Resource (see GMD ASX Release April 12, 2017).

Drilling successfully intersected mineralised zones with drilling results including:

- **5m @ 2.3 g/t gold from 45m**
- **4m @ 1.6 g/t gold from 70m**
- **5m @ 1.99 g/t gold from 55m**

*Updated Mineral Resource Estimate*

Genesis announced an updated Mineral Resource estimate for the Ulysses Project during the year, which delivered a substantial increase in the Project's gold inventory.

The updated Measured, Indicated and Inferred Mineral Resource now totals **2.8 million tonnes at an average grade of 2.3g/t for 206,400 ounces**, which represents a 32% increase in resource tonnes and 36% increase in contained ounces compared with the February 2016 Mineral Resource. The resource remains open and untested at depth.

The updated Mineral Resource incorporates the results of drilling completed over the past year. It also follows the success of the two open pit mining campaigns completed at Ulysses.

# Directors' Report

A summary of the 2017 Ulysses Mineral Resource is shown in Table 1 below:

**Table 1: Ulysses Gold Deposit – May 2017 Mineral Resource (0.75g/t Cut-off)**

| | Measured | | Indicated | | Inferred | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| **Type** | **Tonnes (t)** | **Au Cut (g/t)** | **Tonnes (t)** | **Au Cut (g/t)** | **Tonnes (t)** | **Au Cut (g/t)** | **Tonnes (t)** | **Au Cut (g/t)** | **Cut Ounces** |
| Oxide | 7,000 | 2.0 | 176,000 | 1.7 | 79,000 | 1.5 | **262,000** | **1.6** | **13,800** |
| Transition | 8,000 | 2.6 | 392,000 | 1.8 | 172,000 | 1.7 | **573,000** | **1.8** | **32,900** |
| Fresh | 10,000 | 5.3 | 1,285,000 | 2.7 | 674,000 | 2.2 | **1,968,000** | **2.5** | **159,700** |
| **Total** | **26,000** | **3.4** | **1,853,000** | **2.4** | **924,000** | **2.0** | **2,803,000** | **2.3** | **206,400** |

NB. Rounding differences may occur.

The updated Mineral Resource was independently estimated by Payne Geological Services Pty Ltd ("PayneGeo"). Full details of the Mineral Resource estimate are provided in the Company's ASX Announcement dated May 8, 2017.

*Ulysses Resource Depth Extensions*

An RC drilling program was completed at the Ulysses Gold Project in May 2017. The wide-spaced drilling covered a 2km strike length of the currently known Ulysses mineralisation and was designed to scope out the broader potential of the overall gold system.

In particular, drilling targeted the down-plunge extents of the existing Ulysses Mineral Resource and extensions to the Ulysses and Ulysses West open pits. Full details of the RC drilling results are provided in the Company's ASX Announcement dated July 3, 2017.

Three holes were drilled to test the interpreted down-plunge extents of the existing Mineral Resource. All three holes were successful and drilling has confirmed the presence of significant mineralisation at depth (150 to 200m below surface) which opens up a significant area for exploration and potential underground mining if exploration is successful. Drilling below the existing pits was completed over an 800m strike length, demonstrating the overall scale of the gold system at Ulysses.

Results from the drilling included:

- **7m @ 4.11g/t gold from 153m**
- **4m @ 6.11g/t gold from 177m**
- **3m @ 1.87g/t gold from 220m and 2m at 3.34g/t Au from 246m**

A follow-up RC drilling program was completed in August 2017 which confirmed that the Ulysses West shoot has a plunge extent of more than 400 metres and remains open at depth, with the recent drilling continuing to improve the Company's understanding of the geological controls on the high-grade mineralisation (see GMD ASX Release September 6, 2017).

The new results all sit outside the 206,400oz Mineral Resource and open up a significant untested area to be targeted by further drilling.

Results returned from the recent drilling campaign included:

- **7m @ 4.69g/t gold from 152m**
- **10m @ 6.42g/t gold from 128m**
  - ***including 2m @ 16.3g/t gold***
- **10m @ 1.70g/t gold from 129m**
- **6m @ 6.06g/t gold from 170m**
  - ***including 2m @ 16.8g/t gold***
- **5m @ 2.55g/t gold from 184m**
- **5m @ 2.44g/t gold from 60m**
- **2m @ 4.73g/t gold from 200m**

On the strength of the results from the deeper drilling, Genesis completed a positive Scoping Study which confirmed the potential of an underground mine at Ulysses assuming a toll-treatment of ore as the base case scenario (see GMD ASX Release September 21, 2017). Genesis has now commenced a Feasibility Study on the development of a long-term standalone underground operation.

## Viking Gold Project

The Viking Gold Project is located in Western Australia, approximately 30km south-east of Norseman. Previous exploration at the Viking Project has delineated several advanced gold prospects, including the Beaker 2 and Beaker 4 prospects and Dr Bunsen geochemical anomaly. During the year two aircore drilling programs were completed (November and March) to test these prospects (see GMD ASX Releases December 13, 2016 and May 18, 2017)

### *Beaker 2*

The standout result from the November 2016 program was an oxide intercept of **5m at 44.5g/t Au** from 50m. Subsequent re-sampling at 1m intervals of this drill hole result returned an exceptional intercept of **6m @ 64.0g/t gold, including 1m @**

**213g/t gold** from 52m and **1m @ 105g/t gold** from 55m.

Results from the March 2017 drilling campaign included:

- **5m @ 19.8g/t gold from 40m**
- **5m @ 1.93g/t gold from 55m**
- **10m @ 0.96g/t gold from 25m**
- **5m @ 0.58g/t gold from 20m**
- **5m @ 1.08g/t gold from 20m**

The results have defined a Resource Target Zone extending over a strike length of 500m and a width of 100m which is oriented in a north-easterly direction. The latest drilling has also extended the 1.5km long Beaker 2 anomaly a further 125m to the north, with the mineralisation remaining open to the north and south. The anomaly remains undrilled to the north-east along the interpreted strike of the Beaker 2 prospect.

The mineralisation defined to date at Beaker 2 has a north-east orientation, coincident with an interpreted north-east trending structure defined in the detailed magnetics. Importantly, all of the mineralisation intersected at the Beaker 2 prospect to date occurs in the oxide (supergene zone). The potential for a primary mineralisation source remains to be tested, and this remains an exciting opportunity for the Company.

### *Beaker 4*

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

### *Dr Bunsen*

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

## Barimaia Gold Project

In May 2017, Genesis secured an Option Agreement over the highly prospective Barimaia Gold Project, located in the Murchison district of Western Australia, opening up an exciting new front for its gold exploration and growth activities.

The Option Agreement was signed with private company, Metallo Resources Pty Ltd (Metallo), and provides Genesis with an attractive, low risk opportunity to assess a highly prospective ground package located just 10km south-east of the 6Moz Mt Magnet Gold Mine, operated by ASX listed, Ramelius Resources Limited. Metallo holds the right to earn-in to an initial 65% interest in the Barimaia Gold Project (the Mt Magnet JV), with the potential to earn up to a maximum 80% stake.

The Company considers the Barimaia Project to offer the potential for the discovery of large, low strip ratio porphyry-hosted gold deposits.

The project's close proximity to Mt Magnet and the various gold processing facilities in the region provides a potential low-cost pathway to production should an economic discovery be made.

RC drilling was completed to test the McNabs Prospects and aircore drilling was completed to link the previously identified porphyry intrusions at the McNabs, McNabs East and McNabs SW prospects and to extend the porphyry system to the north, south and east (see GMD ASX Announcements dated July 20 and August 21, 2017).

The drilling has identified three large bedrock gold targets associated with the McNabs porphyry system, with assay results from RC drilling returning impressive thick high-grade gold intercepts including hits of up to **17m at 3.36g/t Au** from 49m and **9m at 18.8g/t Au** from 75m.

Results from the aircore drilling program have confirmed an extensive area of anomalous gold mineralisation over a 1.0km x 1.5km area centred on the McNabs and McNabs East Prospects. Significant results from the aircore drilling program include **5m @ 1.77g/t gold** from 40m, **14m @ 0.24g/t gold** from 15m and **5m @ 0.53g/t gold** from 15m.

Following the very positive results generated by the exploration program outlined above, Genesis announced on August 21, 2017 of its intention to proceed with the option to acquire Metallo subject to completing the final conditions of the Option Agreement. The acquisition was completed on 19 September 2017 for consideration of $250,000 by means of issuing 11,363,636 shares at $0.022 per share.

## COMPETENT PERSONS STATEMENTS

*The information in this report that relates to Exploration Results is based on information compiled by Mr. Michael Fowler who is a full-time employee of the Company, a shareholder of Genesis Minerals Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr. Fowler has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Fowler consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

# Directors' Report

*The Information in this report that relates to Mineral Resources is based on information compiled by Mr Paul Payne, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Payne Geological Services and is a shareholder of Genesis Minerals Limited. Mr Payne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## Finance Review

The Group recorded an operating loss after income tax for the year ended 30 June 2017 of $718,341 (2016: $2,220,550). The significant decrease in the loss compared to the previous year was due to profitable mining campaigns carried out at the Ulysses Project during the year.

At 30 June 2017 cash assets available totalled $4,155,593 (2016: $711,989).

The net assets of the consolidated entity increased from $424,518 in 2016 to $4,361,048 at June 30 2017. This increase is largely attributable to issues of equity during the year of $4,619,673 (net of costs). This is offset by the operating loss recorded for the year.

## Operating Results for the Year

Summarised operating results are as follows:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Revenues $ | Results $ | Revenues $ | Results $ |
| Group revenues and loss from ordinary activities before income tax expense | **11,043,022** | **(718,341)** | **6,486** | **(2,220,550)** |

## Shareholder Returns

| | 2017 | 2016 |
|---|---|---|
| Basic and diluted loss per share (cents) | **(0.10)** | **(0.49)** |

## Factors and Business Risks Affecting Future Business Performance

The following factors and business risks could have a material impact on the Group's success in delivering its strategy:

*Access to Funding*

The Group's ability to successfully develop projects is contingent on the ability to fund those projects from operating cash flows or through affordable debt and equity raisings.

*Exploration and Development*

The business of exploration, project development and ultimately production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continued success of these activities is dependent on many factors such as:

- discovery of economically recoverable ore reserves;
- access to adequate capital for project development;
- design and construction of efficient development and production infrastructure within capital expenditure budgets;
- securing and maintaining title to interests;
- obtaining necessary consents and approvals;
- access to competent operational management and appropriately skilled personnel;
- mining risks;
- operating risks;
- environmental risks; and
- financial risks.

*Commodity Prices and Exchange Rates*

Commodity prices fluctuate according to changes in demand and supply. The Group is exposed to changes in commodity prices, which could affect the profitability of the Group's projects. Significant adverse movements in commodity prices could also affect the ability to raise debt and equity to fund exploration and development of projects. The Group will be exposed to changes in the US Dollar. Gold sales are denominated in US Dollars.

# Directors' Report

## SHARES UNDER OPTION

At the date of this report there are 6,000,000 unissued ordinary shares in respect of which options are outstanding.

| | Number of options |
|---|---|
| Balance at the beginning of the year | 27,250,000 |
| **Movements of share options during the year** | |
| Expired on 10 December 2016, exercisable at 3.2 cents | (21,250,000) |
| **Total number of options outstanding as at 30 June 2017 and the date of this report** | **6,000,000** |

The balance is comprised of the following:

| Expiry date | Exercise price (cents) | Number of options |
|---|---|---|
| 22 December 2017 | 1.7 | 6,000,000 |

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 contract of insurance prohibits disclosure of the amount of the premium paid.

## NON-AUDIT SERVICES

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

## 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 $1,710,000 through the issue of 68,400,000 ordinary shares in total to institutional and sophisticated investors during the year. Drilling expenses of $25,000 were paid for via the issue of 1,000,000 ordinary shares. 100 million shares were issued to SMS Innovative Mining Pty Ltd during the period in lieu of $2,500,000 of mining services. The value of the shares on measurement date was $2,941,486 and the excess of $441,486 was expensed to Share Base Payments.

## AFTER BALANCE DATE EVENTS

Genesis announced on September 7, 2017 the appointment of Craig Bradshaw as a non-executive Director.

Genesis announced on September 19, 2017 the completion of the acquisition of Metallo Resources Pty Ltd (Metallo) for consideration of $250,000 by means of issuing 11,363,636 shares at $0.022 per share. Metallo holds the right to earn-in to an initial 65% interest in the Barimaia Gold Project (the Mt Magnet JV), with the potential to earn up to a maximum 80% stake.

Other than the above, 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.

# Directors' Report

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

All information regarding likely developments and expected results is contained in the "Operating and Financial Review" section in this report.

## 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 16.

### CORPORATE GOVERNANCE

A copy of Genesis' 2017 Corporate Governance Statement, which provides detailed information about governance, and a copy of Genesis' Appendix 4G which sets out the Company's compliance with the recommendations in the third edition of the ASX Corporate Governance Council's Principles and Recommendations is available on the corporate governance section of the Company's website at http://www.genesisminerals.com.au/governance.php

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## 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 results in long-term growth in shareholder wealth.

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

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% (unless otherwise stated), and do not receive any other retirement benefits.

# Directors' Report

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.

Due to the stage of the Group's development, no link has been established between remuneration and financial performance. Over the past 5 years, the Group's activities have primarily been involved with mineral exploration and pre-development activities, with a small-scale mining campaign completed during the 2017 financial year. Shareholder wealth is dependent upon exploration success and has fluctuated accordingly in addition to being influenced by broader market factors.

The table below sets out the performance of the Group and the movement in the share price:

| | 2017<br>$ | 2016<br>$ | 2015<br>$ | 2014<br>$ | 2013<br>$ |
|---|---|---|---|---|---|
| Net Loss | (718,341) | (2,220,550) | (1,527,678) | (1,757,105) | (2,952,294) |
| Share Price at Start of Year | $0.019 | $0.006 | $0.021 | $0.020 | $0.080 |
| Share Price at End of Year | $0.016 | $0.019 | $0.006 | $0.021 | $0.020 |

***USE OF REMUNERATION CONSULTANTS***

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2017.

***VOTING AND COMMENT MADE ON THE GROUP'S 2016 ANNUAL GENERAL MEETING***

The Company received 99.89% of "yes" votes on its remuneration report for the 2016 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

***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 comprise the directors. 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 compensation**

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| Short-term benefits | 340,733 | 286,412 |
| Post-employment benefits | 23,467 | 20,000 |
| Share-based payments | - | 81,582 |
| | 364,200 | 387,994 |

# Directors' Report

***Key management personnel of the Group***

| | Short-Term | Post Employment | Share-Based Payments | | Total | Proportion of Remuneration Represented by Share-Based Payments |
|---|---|---|---|---|---|---|
| | Salary & Fees | Superannuation | Shares | Options | | |
| | $ | $ | $ | $ | $ | % |
| **Directors** | | | | | | |
| Richard Hill | | | | | | |
| **2017** | **67,555[1]** | - | **-** | **-** | **67,555** | **-** |
| 2016 | 54,500 | - | - | 27,194 | 81,694 | 33.3% |
| Michael Fowler | | | | | | |
| **2017** | **234,667[2]** | **23,467** | **-** | **-** | **258,134** | **-** |
| 2016 | 200,000 | 20,000 | - | 27,194 | 247,194 | 11.0% |
| Darren Gordon | | | | | | |
| **2017** | **38,511[3]** | - | **-** | **-** | **38,511** | **-** |
| 2016 | 9,412[4] | - | - | - | 9,412 | - |
| Damian Delaney | | | | | | |
| **2017** | **-** | **-** | **-** | **-** | **-** | **-** |
| 2016 | 22,500[5] | - | - | 27,194 | 49,694 | 54.7% |
| **2017** | **340,733** | **23,467** | **-** | **-** | **364,200** | |
| 2016 | 286,412 | 20,000 | - | 81,582 | 387,994 | |

1. R Hill - includes additional consultancy fees of $12,555
2. M Fowler - includes payment of unused leave entitlements of $34,667
3. D Gordon - includes additional consultancy fees of $5,661
4. D Gordon – appointed as Director on 23 March 2016
5. D Delaney – resigned as Director on 23 March 2016

**Service agreements**

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

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.

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.

In September 2014, Mr Fowler's salary was set at $200,000 per annum plus 10% superannuation.

**Equity instrument disclosures relating to key management personnel**

*Options provided as remuneration and shares issued on exercise of such options*

No options were issued during the year. 2016: (6,000,000 were issued, valued at $81,582).

Details of the vesting profiles of the options granted as remuneration to key management personnel of the Group are detailed below:

| Directors | Number of Options Issued | Grant Date | Expiry Date | Exercise Price | Fair Value Per Option at Grant Date | Year in Which Grant Vested | % Vested During 2017 | % Forfeited During 2017 |
|---|---|---|---|---|---|---|---|---|
| Richard Hill | 2,000,000 | 22/12/15 | 22/12/17 | $0.017 | $0.0136 | 2016 | - | - |
| Michael Fowler | 2,000,000 | 22/12/15 | 22/12/17 | $0.017 | $0.0136 | 2016 | - | - |
| Damian Delaney[1] | 2,000,000 | 22/12/15 | 22/12/17 | $0.017 | $0.0136 | 2016 | - | - |

1. D Delaney – resigned as Director on 23 March 2016

*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:

# Directors' Report

| 2017 | 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*** | | | | | | |
| ***Options*** | | | | | | |
| Richard Hill | 2,312,500 | - | - | (312,500) | 2,000,000 | 2,000,000 |
| Michael Fowler | 2,937,500 | - | - | (937,500) | 2,000,000 | 2,000,000 |
| Darren Gordon | 312,500 | - | - | (312,500) | - | - |
| | 5,562,500 | - | - | (1,562,500) | 4,000,000 | 4,000,000 |

| 2016 | 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*** | | | | | | |
| ***Options*** | | | | | | |
| Richard Hill | 625,000 | 2,000,000 | (312,500) | - | 2,312,500 | 2,312,500 |
| Michael Fowler | 1,875,000 | 2,000,000 | (937,500) | - | 2,937,500 | 2,937,500 |
| Darren Gordon | - | - | - | 312,500[1] | 312,500 | 312,500 |
| Damian Delaney | 2,500,000 | 2,000,000 | (1,250,000) | - | 3,250,000[2] | 3,250,000 |
| | 5,000,000 | 6,000,000 | (2,500,000) | 312,500 | 8,812,500 | 8,812,500 |

1. Balance on appointment on 23 March 2016.

2. Balance on resignation on 23 March 2016.

## Share based compensation

No shares were issued to directors in lieu of fees and salary during the year. 2016: (nil).

*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.

| 2017 | 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 | 3,511,322 | - | 400,000 | 3,911,322 |
| Michael Fowler | 9,967,230 | - | 200,000 | 10,167,230 |
| Darren Gordon | 5,839,657 | - | - | 5,839,657 |
| | 19,318,209 | - | 600,000 | 19,918,209 |

| 2016 | 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 | 3,198,822 | 312,500 | - | 3,511,322 |
| Michael Fowler | 9,029,730 | 937,500 | - | 9,967,230 |
| Darren Gordon | - | - | 5,839,657[1] | 5,839,657 |
| Damian Delaney | 7,002,292 | 1,250,000 | 5,830,034 | 14,082,326[2] |
| | 19,230,844 | 2,500,000 | 11,669,691 | 33,400,535 |

1. Balance on appointment on 23 March 2016.

2. Balance on resignation on 23 March 2016.

# Directors' Report

**Loans to key management personnel**

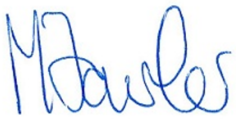
There were no loans to key management personnel during the year.  2016: (nil).

**Other key management personnel transactions with Directors and Director-related entities**

There were no other transactions with key management personnel during the year.  2016: (nil).

**END OF REMUNERATION REPORT**

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, 27 September 2017

Bentleys
THINKING AHEAD

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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 2017, 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

**BENTLEYS**
**Chartered Accountants**

**DOUG BELL CA**
**Director**

Dated at Perth this 27th day of September 2017

# Consolidated Statement of Profit or Loss and Comprehensive Income

| YEAR ENDED 30 JUNE 2017 | Notes | 2017 | 2016 |
|---|---|---|---|
| | | $ | $ |
| **REVENUE** | 2 | **11,043,022** | **6,486** |
| **OTHER INCOME** | 3 | **21,986** | **-** |
| | | | |
| **EXPENDITURE** | | | |
| Mining costs | | **(8,927,960)** | **-** |
| Salaries and employee benefits expense | | **(329,310)** | **(331,701)** |
| Exploration expenses | | **(1,590,975)** | **(1,546,716)** |
| Corporate expenses | | **(213,167)** | **(125,739)** |
| Administration costs | | **(279,514)** | **(138,926)** |
| Depreciation expense | | **(937)** | **(2,372)** |
| Share based payments expense | | **(441,486)** | **(81,582)** |
| | | | |
| **LOSS BEFORE INCOME TAX** | | **(718,341)** | **(2,220,550)** |
| | | | |
| **INCOME TAX BENEFIT/(EXPENSE)** | 4 | **-** | **-** |
| | | | |
| **LOSS FOR THE YEAR** | | **(718,341)** | **(2,220,550)** |
| | | | |
| **OTHER COMPREHENSIVE (LOSS)/INCOME** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Exchange differences on translation of foreign operations | 11 | **(3,292)** | **(8,260)** |
| Reclassification adjustments relating to foreign operations disposed of during the year | 11 | **38,490** | **-** |
| Other comprehensive (loss)/income for the year, net of tax | | **35,198** | **(8,260)** |
| | | | |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF GENESIS MINERALS LIMITED** | | **(683,143)** | **(2,228,810)** |
| | | | |
| Basic and diluted loss per share (cents per share) | 12 | **(0.10)** | **(0.49)** |

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

# Consolidated Statement of Financial Position

## AT 30 JUNE 2017

| | Notes | 2017 | 2016 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 5 | **4,155,593** | **711,989** |
| Trade and other receivables | 6 | **1,126,218** | **65,860** |
| **TOTAL CURRENT ASSETS** | | **5,281,811** | **777,849** |
| **NON-CURRENT ASSETS** | | | |
| Plant and equipment | 7 | **8,986** | **9,454** |
| **TOTAL NON-CURRENT ASSETS** | | **8,986** | **9,454** |
| **TOTAL ASSETS** | | **5,290,797** | **787,303** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 8 | **827,650** | **279,585** |
| Provisions | 9 | **102,099** | **83,200** |
| **TOTAL CURRENT LIABILITIES** | | **929,749** | **362,785** |
| **TOTAL LIABILITIES** | | **929,749** | **362,785** |
| **NET ASSETS** | | **4,361,048** | **424,518** |
| **EQUITY** | | | |
| Issued capital | 10 | **24,118,945** | **19,499,272** |
| Reserves | 11 | **1,271,927** | **1,236,729** |
| Accumulated losses | | **(21,029,824)** | **(20,311,483)** |
| **TOTAL EQUITY** | | **4,361,048** | **424,518** |

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

# Consolidated Statement of Changes in Equity

| YEAR ENDED 30 JUNE 2017 | Notes | Ordinary Share Capital $ | Accumulated Losses $ | Foreign Currency Translation Reserve $ | Options Reserve $ | Total $ |
|---|---|---|---|---|---|---|
| **BALANCE AT 1 JULY 2015** | | **16,691,573** | **(18,090,933)** | **(26,938)** | **1,190,345** | **(235,953)** |
| Loss for the year | | - | (2,220,550) | - | - | **(2,220,500)** |
| **OTHER COMPREHENSIVE LOSS** | | | | | | |
| Exchange differences on translation of foreign operations | 11 | - | - | (8,260) | - | **(8,260)** |
| **TOTAL COMPREHENSIVE LOSS** | | **-** | **(2,220,550)** | **(8,260)** | **-** | **(2,228,810)** |
| **TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS** | | | | | | |
| Shares issued during the year | 10 | 2,892,956 | - | - | - | 2,892,956 |
| Share issue transaction costs | 10 | (85,257) | - | - | - | (85,257) |
| Share based payments | | - | - | - | 81,582 | 81,582 |
| **Sub-total** | | **2,807,699** | **(2,220,550)** | **(8,260)** | **81,582** | **660,471** |
| **BALANCE AT 30 JUNE 2016** | | **19,499,272** | **(20,311,483)** | **(35,198)** | **1,271,927** | **424,518** |
| | | | | | | |
| **BALANCE AT 1 JULY 2016** | | **19,499,272** | **(20,311,483)** | **(35,198)** | **1,271,927** | **424,518** |
| Loss for the year | | - | (718,341) | - | - | **(718,341)** |
| **OTHER COMPREHENSIVE LOSS** | | | | | | |
| Exchange differences on translation of foreign operations | 11 | - | - | (3,292) | - | **(3,292)** |
| Reclassification adjustments relating to foreign operations disposed of during the year | 11 | - | - | 38,490 | - | **38,490** |
| **TOTAL COMPREHENSIVE LOSS** | | **-** | **(718,341)** | **35,198** | **-** | **(683,143)** |
| **TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS** | | | | | | |
| Shares issued during the year | 10 | 4,676,486 | - | - | - | 4,676,486 |
| Share issue transaction costs | 10 | (56,813) | - | - | - | (56,813) |
| Share based payments | | - | - | - | - | - |
| **Sub-total** | | **4,619,673** | **(718,341)** | **-** | **-** | **3,936,530** |
| **BALANCE AT 30 JUNE 2017** | | **24,118,945** | **(21,029,824)** | **-** | **1,271,927** | **4,361,048** |

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 2017 | Notes | 2017 | 2016 |
|---|---|---|---|
| | | $ | $ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash receipts from gold sales | | 10,900,338 | - |
| Payments to suppliers and employees | | (1,208,215) | (667,082) |
| Payments for mining activities | | (6,360,555) | - |
| Payments for exploration expenditure | | (1,676,981) | (1,179,760) |
| Interest received | | 27,160 | 6,486 |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | 22 | 1,681,747 | (1,840,356) |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from disposal of subsidiary, net of cash disposed | | 112,915 | - |
| Payments for plant and equipment | | (4,713) | (5,823) |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | | 108,202 | (5,823) |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issues of ordinary shares | | 1,710,000 | 2,540,957 |
| Payments for share issue costs | | (56,813) | (85,257) |
| NET CASH INFLOW FROM FINANCING ACTIVITIES | | 1,653,187 | 2,455,700 |
| | | | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 3,443,136 | 609,521 |
| Cash and cash equivalents at the beginning of the financial year | | 711,989 | 110,830 |
| Effects of exchange rate changes on cash and cash equivalents | | 468 | (8,362) |
| | | | |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR** | 5 | 4,155,593 | 711,989 |

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

30 JUNE 2017

## 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 Australian dollars. 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 27 September 2017. 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 2016 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 2016.

*(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 $718,341 for the year ended 30 June 2017 (2016: $2,220,550). Included within this loss was mining costs of $8,927,960 (of which $2,500,000 were non-cash share based payments) (2016: $nil) and exploration expenditure of $1,590,975 (2016: $1,546,716).

The net working capital surplus position of the Group at 30 June 2017 was $4,352,062 (2016: $415,064). The Group has expenditure commitments relating to work programme obligations of their assets of $417,500 which could potentially fall due in the twelve months to 30 June 2018.

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

### (b) 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 20 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.

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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 the Statement of Profit or Loss and Other Comprehensive Income.

### (d) 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.

### (e) 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.

# Notes to the Consolidated Financial Statements

30 JUNE 2017

## 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.

### (f) 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, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

*(i) Sale of goods – gold ore*

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

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

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

*(i) Interest*

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

### (g) Income tax

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.

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.

### (h) 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.

# Notes to the Consolidated Financial Statements

30 JUNE 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Financial instruments

*(i) 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.

*(ii) 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 an 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.

*(iii) 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.

### (j) Share capital

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

### (k) 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.

*(i) Plant and equipment*

Plant and equipment are measured at cost. 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.

*(ii) 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.

*(iii) Class of fixed asset useful life (years)*

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

Plant and Equipment: 2 to 5 years

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

### (l) Exploration and development expenditure

Exploration and evaluation costs are expensed as incurred.

# Notes to the Consolidated Financial Statements

30 JUNE 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (m) 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.

### (n) Rehabilitation provisions

The Group records the present value of estimated costs of legal and constructive obligations required to restore and rehabilitate operating locations in the period in which the obligation is incurred. The nature of the restoration activities includes restoring ground to its natural state and re-vegetating the disturbed area. When this provision gives access to future economic benefits, an asset is recognised and then subsequently depreciated in line with the life of the underlying asset, otherwise the costs are charged to the income statement.

The obligation arises when the ground/environment is disturbed or an asset is installed at the production location. The liability is initially recognised at the estimated costs, and where it is to be settled in more than 12 months it is discounted to present value. The periodic unwinding of the discount is recognised in the income statement as a finance cost.

### (o) Employee benefit provisions

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 have been measured at the amounts expected to be paid when the liability is settled.

### (p) 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 into 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.

### (q) 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.

### (r) 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 the 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.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgements 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.

### *(i) 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.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (i.e. 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 (i.e. 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 (i.e. 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.

***(ii) 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; and
- 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.

***(iii) 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

30 JUNE 2017

## 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.

***(iv) Key estimate - share based payments***

The Group measures the cost of equity settled transactions by reference to the fair value of the equity instrument at the date at which they are granted (for employees) or their measurement date (for other service providers). For Options, the fair value is determined by an internal valuation using a Black Scholes option pricing model. The valuation relies on the use of certain assumptions. If the assumptions were to change, there may by an impact on the amounts reported. For ordinary shares which are traded on the stock exchange, the fair value is determined by reference to the closing price of the security on the measurement date.

***(v) Key estimate – taxation***

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

***(vi) Key estimate – rehabilitation provision***

Balances disclosed in the consolidated financial statements and the notes thereto, related to rehabilitation provisions, are based on the best estimates of directors. Estimates are required in relation to estimating the extent of rehabilitation activities, including the volume to be rehabilitated and unit rates, technology changes and regulatory changes. When these estimates change or become known in the future, such differences will impact the rehabilitation provision in the period in which they change or become known. A change in any, or a combination of, the key estimates used to determine the provision could have a material impact on the carrying value of the provision.

***(vii) Key judgement – environmental issues***

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

***(viii) Key judgement – comparative figures***

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its consolidated financial statements, a consolidated statement of financial position as at the beginning of the earliest comparative period will be disclosed.

**ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

*New, revised or amending Accounting Standards and Interpretations adopted*

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

# Notes to the Consolidated Financial Statements

30 JUNE 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*New Accounting Standards and Interpretations for application in future periods*

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

***AASB 9: Financial Instruments and associated Amending Standards***

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Based on preliminary analysis the directors anticipate that the adoption of AASB 9 is unlikely to have a material impact on the Group's financial instruments.

***AASB 15: Revenue from Contracts with Customers***

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

***AASB 16: Leases***

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

# Notes to the Consolidated Financial Statements

30 JUNE 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

## 2. REVENUE

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Sales of gold | 11,015,862 | - |
| Interest revenue | 27,160 | 6,486 |
| | 11,043,022 | 6,486 |

## 3. OTHER INCOME

| | | |
|---|---|---|
| Gain on disposal of subsidiaries | 21,986 | - |
| | 21,986 | - |

Genesis Minerals (Chile) S.A. and Genesis Minerals (Argentina) S.A. were sold on 16 January 2017 for a total cash consideration of $112,915 (CLP: 55,844,194). The gain on disposal is calculated as follows:

| | 2017 | 2016 |
|---|---|---|
| **Gain on disposal** | $ | $ |
| Total disposal consideration | 112,915 | - |
| Carrying amount of net assets sold | (52,439) | - |
| Less: Foreign currency translation reserve taken to profit/(loss) on disposal | (38,490) | - |
| Gain on disposal before income tax | 21,986 | - |
| Income tax expense | - | - |
| Gain on disposal after income tax | 21,986 | - |

## 4. INCOME TAX EXPENSE

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **Statement of Profit or Loss and Other Comprehensive Income** | | |
| Current income tax | - | - |
| Deferred tax | - | - |
| | - | - |

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

| | 2017 | 2016 |
|---|---|---|
| Loss from continuing operations before income tax expense | (718,341) | (2,220,550) |
| Prima facie tax benefit at the Australian tax rate of 30% | (215,502) | (666,165) |
| Add tax effect of: | | |
| Share-based payments | 132,446 | 24,475 |
| Expenses incurred in deriving non-assessable non-exempt income | 30,641 | 73,869 |
| Sundry items | 4,895 | 9,962 |
| Movements in unrecognised temporary differences | (20,270) | 14,535 |
| | (67,790) | (543,525) |
| Tax effect of current year tax losses for which no deferred tax asset has been recognised | 67,790 | 543,325 |
| Income tax expense | - | - |

(b) Tax Losses

| | 2017 | 2016 |
|---|---|---|
| Unused tax losses for which no deferred tax asset has been recognised | 8,103,650 | 8,035,860 |
| Potential tax benefit @ 30% | 2,431,095 | 2,410,758 |

# Notes to the Consolidated Financial Statements

30 JUNE 2017

## 4. INCOME TAX EXPENSE (continued)

The benefit for tax losses will only be obtained if:

(a) The company and consolidated entity derive future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(b) The company and the consolidated entity continue to comply with the conditions for deductibility imposed by law; and

(c) No changes in tax legislation adversely affect the ability of the Company and consolidated entity to realise these benefits.

## 5. CASH AND CASH EQUIVALENTS

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

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Cash at bank and in hand | 2,135,571 | 33,718 |
| Short-term deposits | 2,020,022 | 678,271 |
| Cash and cash equivalents | 4,155,593 | 711,989 |

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.

## 6. TRADE AND OTHER RECEIVABLES

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Trade debtors | 19,754 | 38,934 |
| Accrued income – sales of gold | 1,106,464 | - |
| Other receivables | - | 26,926 |
| | 1,126,218 | 65,860 |

The Group expects the above trade and other receivables to be recovered within 12 months of 30 June 2017 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 14(A).

## 7. PLANT AND EQUIPMENT

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **Plant and equipment** | | |
| Cost | 12,908 | 21,526 |
| Accumulated depreciation | (3,922) | (12,072) |
| Net book amount | 8,986 | 9,454 |
| | | |
| **Plant and equipment** | | |
| Opening net book amount | 9,454 | 6,433 |
| Exchange differences | 151 | (362) |
| Additions / (Disposals) | 4,713 | 5,755 |
| Sale of Subsidiary | (4,395) | - |
| Depreciation charge | (937) | (2,372) |
| Closing net book amount | 8,986 | 9,454 |

## 8. TRADE AND OTHER PAYABLES

| | 2017 | 2016 |
|---|---|---|
| Trade payables | 280,264 | 185,783 |
| Other payables and accruals | 547,386 | 93,802 |
| | 827,650 | 279,585 |

## 9. PROVISIONS

| | | |
|---|---|---|
| Employee entitlements | **52,099** | **83,200** |
| Rehabilitation | **50,000** | **-** |
| | **102,099** | **83,200** |

## 10. ISSUED CAPITAL

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| 737,180,876 (30 June 2016: 567,780,876) Ordinary shares | **25,081,130** | **20,404,644** |
| Value of conversion rights - Convertible Notes | **25,633** | **25,633** |
| Share issue costs written off against issued capital | **(987,818)** | **(931,005)** |
| | **24,118,945** | **19,499,272** |

| MOVEMENT IN ORDINARY SHARES | No. | $ |
|---|---|---|
| Balance at 1 July 2015 | 344,837,912 | 16,691,573 |
| Issue to Project vendors August 2015 | 10,000,000 | 100,000 |
| Share placement August 2015 | 22,500,000 | 225,000 |
| Share placement September 2015 | 18,000,000 | 180,000 |
| Share placement October 2015 | 32,500,000 | 325,000 |
| Issue for drilling services October 2015 | 1,200,000 | 12,000 |
| Conversion of $0.016 Options | 17,914,062 | 286,625 |
| Share placement March 2016 | 111,023,707 | 1,554,331 |
| Issue to Project vendor March 2016 | 714,286 | 10,000 |
| Issue to JV partner to terminate agreement | 9,090,909 | 200,000 |
| Less: share issue costs | - | (85,257) |
| Balance at 30 June 2016 | **567,780,876** | **19,499,272** |
| | | |
| Balance at 1 July 2016 | **567,780,876** | **19,499,272** |
| Placement – 15 August 2016 | **68,400,000** | **1,710,000** |
| Shares issued for drilling – 15 August 2016 | **1,000,000** | **25,000** |
| Shares issued for mining services – 25 November 2016 (Note 23) | **100,000,000** | **2,941,486** |
| Less share issue costs | **-** | **(56,813)** |
| **Balance at 30 June 2017** | **737,180,876** | **24,118,945** |

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** | 2017 | 2016 |
|---|---|---|
| Exercisable at 3.2 cents, on or before 10 Dec 2016 | **-** | **21,250,000** |
| Exercisable at 1.7 cents, on or before 22 Dec 2017 | **6,000,000** | **6,000,000** |
| | **6,000,000** | **27,250,000** |

**(b) Movements in options on issue**

| | | |
|---|---|---|
| Beginning of the financial year | **27,250,000** | **43,250,000** |
| Expired on 30 November 2015, exercisable at 12 cents | **-** | **(750,000)** |
| Expired on 10 December 2015, exercisable at 1.6 cents | **-** | **(3,335,938)** |
| Exercised December 2015 at 1.6 cents | **-** | **(17,914,062)** |
| Expired 10 December 2016 | **(21,250,000)** | **-** |
| | | |
| Issued during the year: | | |
| Exercisable at 1.7 cents, on or before 22 December 2017 | **-** | **6,000,000** |
| End of the financial year | **6,000,000** | **27,250,000** |

## 10. ISSUED CAPITAL (continued)

### 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.

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 2017 is $4,352,062 (2016: $415,064).

## 11. RESERVES AND ACCUMULATED LOSSES

### 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(e). The reserve is recognised in profit and loss when the net investment is disposed of. Refer to note 3 for the movement on disposal.

*(ii) Share-based payments reserve*

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

## 12. LOSS PER SHARE

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| (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 | (718,341) | (2,220,550) |
| | **Number of shares** | **Number of shares** |
| (b) Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share | 687,886,629 | 454,384,638 |
| Basic and diluted EPS (cents per share) | (0.10) | (0.49) |

## 13. 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:

| | 2017 | 2016 |
|---|---|---|
| Within one year | **417,500** | **509,500** |
| Greater than one year but less than five years | **872,998** | **1,046,726** |
| | **1,290,498** | **1,556,226** |

## 14. 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 payables and loans to subsidiaries.

# Notes to the Consolidated Financial Statements

30 JUNE 2017

## 14. FINANCIAL RISK MANAGEMENT (continued)

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:

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **Financial Assets** | | |
| Cash and cash equivalents | **4,155,593** | **711,989** |
| Trade and other receivables | **1,126,218** | **65,860** |
| **Total financial assets** | **5,281,811** | **777,849** |
| | | |
| **Financial Liabilities** | | |
| Trade and other payables | **827,650** | **279,585** |
| **Total financial liabilities** | **827,650** | **279,585** |

### 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 holding cash and cash equivalents and 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.

The Group's policy for reducing credit risk from holding cash is to ensure cash is only invested with counterparties with Standard & Poor's rating of at least AA-. The credit rating of the Group's bank is AA-.

The Group's revenue is derived from 1 customer, with collection terms set out in a Toll Milling Agreement. The payment terms include a 2-stage payment method, with an initial payment made within 15 days of final ore delivery for any given batch and a final payment is made once final recovered gold ounces are determined. The Group's debtor is subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation. The Group does not have any receivables that are past due or impaired at the reporting date.

### (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.

## 14. FINANCIAL RISK MANAGEMENT (continued)

*i. Commodity price risk*

The Group is exposed to commodity price volatility on the sale of gold, which is based on the spot price as quoted by the Perth Mint. It was not practicable for the Group to enter into hedging arrangements due to the relatively low volume of gold sales made under the toll treatment arrangement.

*ii. Foreign exchange risk*

The Group is exposed to the Australian dollar currency risk on gold sales, which are denominated in US dollars. No hedging arrangements have been put in place to manage the currency risk.

Prior to the sale of the Group's foreign subsidiaries in January 2017, the Group operated internationally and was 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 had not previously formalised a foreign currency risk management policy, however, it monitored its foreign currency expenditure in light of exchange rate movements. At 30 June 2017, the Group's Net CLP exposure was CLP nil (2016: $4,702,817) which translated to $nil (2016: $9,597) AUD.

Had the AUD weakened/strengthened by 10% against the CLP, there would have been a $nil (2016: $960) 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.

*Interest Rate 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 all other variables are held constant.

| | PROFIT | | EQUITY | |
|---|---|---|---|---|
| | 100 BASIS POINTS INCREASE | 100 BASIS POINTS DECREASE | 100 BASIS POINTS INCREASE | 100 BASIS POINTS DECREASE |
| 2017 | 41,556 | (41,556) | 41,556 | (41,556) |
| 2016 | 7,120 | (7,120) | 7,120 | (7,120) |

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.

## 15. OPERATING SEGMENTS

**Identification of reportable segments**

For management purposes, the Group is organised into two main operating segments, the exploration of minerals in South America (Chile & Argentina) and exploration and mining of minerals, 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.

# Notes to the Consolidated Financial Statements

30 JUNE 2017

## 15. OPERATING SEGMENTS (continued)

*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.

*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.

| Segment performance | SOUTH AMERICA | | AUSTRALIA | | TOTAL | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ | $ | $ |
| **REVENUE** | | | | | | |
| Sales of gold | - | - | **11,015,862** | **-** | **11,015,862** | - |
| Corporate interest revenue | **-** | - | **27,160** | 6,486 | **27,160** | 6,486 |
| **Total segment revenue** | **-** | - | **11,043,022** | 6,486 | **11,043,022** | 6,486 |
| **SEGMENT RESULTS** | | | | | | |
| Depreciation expense | **-** | (2,138) | **(937)** | (234) | **(937)** | (2,372) |
| Employee benefits expense | **(187,460)** | (148,667) | **(141,850)** | (183,034) | **(329,310)** | (331,701) |
| Share based payments | **-** | - | **(441,486)** | (81,582) | **(441,486)** | (81,582) |
| Other expenses | **134,428** | (48,512) | **(11,146,044)** | (1,762,869) | **(11,011,616)** | (1,811,381) |
| | **(53,032)** | (199,317) | **(687,295)** | (2,021,233) | **(740,327)** | (2,220,550) |
| Reconciling items – gain on disposal of subsidiary | | | | | **21,986** | - |
| | | | | | **(718,341)** | (2,220,550) |
| **SEGMENT ASSETS** | | | | | | |
| Segment operating assets | **-** | 20,431 | **5,290,797** | 766,872 | **5,290,797** | 787,303 |
| **Total segment assets** | **-** | 20,431 | **5,290,797** | 766,872 | **5,290,797** | 787,303 |
| **SEGMENT LIABILITIES** | | | | | | |
| Segment operating liabilities | **-** | (24,584) | **929,749** | (338,201) | **929,749** | (362,785) |
| **Total segment liabilities** | **-** | (24,584) | **929,749** | (338,201) | **929,749** | (362,785) |

The entities comprising the South America operating segment, Genesis Minerals (Chile) S.A. and Genesis Minerals (Argentina) S.A., were sold on 16 January 2017 for a total cash consideration of $112,915. Refer to note 3 for further details.

## 16. KEY MANAGEMENT PERSONNEL DISCLOSURES

**Key management personnel compensation**

| | 2017 $ | 2016 $ |
|---|---|---|
| Short-term benefits | 340,733 | 286,412 |
| Post-employment benefits | 23,467 | 20,000 |
| Share-based payments | - | 81,582 |
| | 364,200 | 387,994 |

## 17. REMUNERATION OF AUDITORS

| | 2017 $ | 2016 $ |
|---|---|---|
| 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 | 35,015 | 29,750 |
| Total remuneration for audit services | 35,015 | 29,750 |

## 18. CONTINGENCIES

As part of the terms of the acquisition of Ulysses Mining Pty Ltd completed during 2016, the Group agreed to the following terms:

- Deferred consideration of $10.00 per dry metric tonne of ore product from the tenements which is treated through a toll treatment plant for the first 200,000 DMT of ore processed, to a maximum of $2,000,000. No deferred consideration payments are payable on any ore product until such time as a minimum of 20,000 DMT of ore product or the treatment of the minimum Ore Product parcel accepted by the toll treatment plant has been accepted.
- 1.2% of the Net Smelter Return generated from the sale of any product from the tenement area, after 200,000 of dry metric tonnes of ore product from the tenements has been treated through a toll treatment plant.

Royalty payments from production during the period have been paid and included in mining expenses.

As announced to the ASX on 12 May 2017, the Group entered into an option agreement to acquire Metallo Resources Pty Ltd (“Metallo”). The terms of the agreement included the requirement to spend a minimum of $140,000 on a proof of concept exploration programme in respect to the Barimaia Project. At 30 June 2017 $107,340 had been spent on the exploration programme. Subsequent to 30 June 2017, the Group satisfied the expenditure commitment and accordingly exercised its option to acquire Metallo for consideration of $250,000 by means of issuing 11,363,636 shares at $0.022 per share.

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

## 19. 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 20.

**(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 16: 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

30 JUNE 2017

## 20. 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)] | |
|---|---|---|---|---|
| | | | 2017 | 2016 |
| | | | % | % |
| Genesis Minerals (Chile) S.A.[(2)] | Chile | Ordinary | - | 100 |
| Genesis Minerals (Argentina) S.A.[(2)] | Argentina | Ordinary | - | 100 |
| Genesis Minerals UK Limited[(3)] | United Kingdom | Ordinary | - | 100 |
| Ulysses Mining Pty Ltd[(4)] | Australia | Ordinary | 100 | - |

(1) The proportion of ownership interest is equal to the proportion of voting power held.
(2) Controlled entity sold during the year – refer to note 3 for further details
(3) Controlled entity wound up during the year
(4) Controlled entity acquired during the year

## 21. EVENTS AFTER THE BALANCE SHEET DATE

Genesis announced on September 7, 2017 the appointment of Craig Bradshaw as a non-executive Director.

Genesis announced on September 19, 2017 the completion of the acquisition of Metallo Resources Pty Ltd (Metallo) for consideration of $250,000 by means of issuing 11,363,636 shares at $0.022 per share. Metallo holds the right to earn-in to an initial 65% interest in the Barimaia Gold Project (the Mt Magnet JV), with the potential to earn up to a maximum 80% stake.

Apart from the above, 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.

## 22. CASH FLOW INFORMATION

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **(a) Reconciliation of net loss after income tax to net cash inflow/(outflow) from operating activities** | | |
| Net loss for the year | **(718,341)** | **(2,220,550)** |
| **Non-Cash Items** | | |
| Depreciation of non-current assets | **937** | **2,372** |
| Loss on disposal of assets | **-** | **67** |
| Share based payments expense | **441,486** | **42,000** |
| Issue of options | **-** | **81,582** |
| Shares issued in satisfaction of mining services provided | **2,500,000** | **-** |
| Shares issued in satisfaction of exploration expenses | **25,000** | **310,000** |
| Net gain on disposal of controlled entities | **(109,139)** | **-** |
| Net exchange differences | **35,198** | **(61)** |
| **Change in operating assets and liabilities, net of effects from purchase of controlled entities** | | |
| Decrease/(increase) in trade and other receivables | **(1,060,358)** | **(58,925)** |
| (Decrease)/increase in trade and other payables | **548,065** | **(7,623)** |
| (Decrease)/increase in provisions | **18,899** | **10,782** |
| Net cash inflow/(outflow) from operating activities | **1,681,747** | **(1,840,356)** |

**(b) Non-cash investing and financing activities**

There were no non-cash investing and financing activities during either the 2017 or 2016 financial years.

# Notes to the Consolidated Financial Statements

30 JUNE 2017

## 23. SHARE BASED PAYMENTS

The Group established the Genesis Minerals Limited Option Plan ("Plan") on 15 May 2007.

Details of the options granted under the Plan are as follows:

| | Number of options | Weighted average exercise price (cents) |
|---|---|---|
| Options outstanding at 30 June 2015 | 5,125,000 | 3.8 |
| Exercised during the year | (2,500,000) | 1.6 |
| Expired during the year | (2,625,000) | 5.8 |
| Granted during the year | 6,000,000 | 1.7 |
| Options outstanding at 30 June 2016 | 6,000,000 | 1.7 |
| Options outstanding at 30 June 2017 | 6,000,000 | 1.7 |

On 25 November 2016, the Company issued 100,000,000 shares to SMS Innovative Mining Pty Ltd in lieu of $2,500,000 of mining services. The fair value of the shares on measurement date was $2,941,486 and the excess of $441,486 was expensed to Share-Based Payments.

## 24. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Genesis Minerals Limited, at 30 June 2017. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

| | 2017 $ | 2016 $ |
|---|---|---|
| Current assets | **4,175,347** | 761,661 |
| Non-current assets | **8,986** | 5,210 |
| **Total assets** | **4,184,333** | 766,871 |
| Current liabilities | **(348,075)** | (338,201) |
| **Total liabilities** | **(348,075)** | (338,201) |
| **Net assets** | **3,836,258** | 428,670 |
| Issued capital | **24,118,945** | 19,499,272 |
| Reserves | **1,271,927** | 1,288,911 |
| Accumulated losses | **(21,554,614)** | (20,359,513) |
| **Total equity** | **3,836,258** | 428,670 |
| Loss for the year | **(1,195,101)** | (2,237,838) |
| **Total comprehensive loss for the year** | **(1,195,101)** | (2,237,838) |

As announced to the ASX on 12 May 2017, the parent entity entered into an option agreement to acquire Metallo Resources Pty Ltd ("Metallo"). The terms of the agreement included the requirement to spend a minimum of $140,000 on a proof of concept exploration programme in respect to the Barimaia Project. Subsequent to 30 June 2017, the parent entity satisfied the expenditure commitment.

Apart from the above, 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 2016 or 30 June 2017.

# Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 17 to 38 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 2017 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, 27 September 2017

# Independent Auditor's Report

## To the Members of Genesis Minerals Limited

Bentleys
THINKING AHEAD

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### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Genesis Minerals Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity 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 2017 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Revenue – Gold Sales - $11,015,862**<br>(Refer Note 2)<br><br>As disclosed in Note 2 in the financial statements, during the year ended 30 June 2017, the Consolidated Entity recognised revenue from gold sales of $11,015,862.<br><br>Revenue from gold sales are considered to be a key audit matter due to:<br>- the value of the transactions; and<br>- the judgement required to determine when risks and rewards have transferred under the contractual arrangements with the customer. | Our procedures included, amongst others:<br><br>- Reviewing the contractual agreements applicable to the sale of gold, and ensured that the recognition of revenue complied with the requirements of *AASB 118 Revenue*;<br>- We obtained correspondence from the operator of the mill outlining details of the sales transactions during the year to the underlying records;<br>- Verification of receipts from sales to bank statements; and<br>- Assessing the adequacy of the disclosures included in the financial report. |
| **Share based payments expense – $441,486**<br>(Refer to Note 23)<br><br>As disclosed in Note 23 in the financial statements, during the year ended 30 June 2017, the Consolidated Entity incurred share based payments expenses totalling $441,486.<br><br>Share based payments are considered to be a key audit matter due to the value of the transactions and the complexities involved in recognition and measurement of these instruments. | Our procedures included, amongst others:<br><br>- Analysing contractual agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with *AASB 2 Share Based Payments*;<br>- Evaluating management's assessment of the fair value of share based payments issued; and<br>- Assessing the adequacy of the disclosures included in the financial report. |

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Consolidated Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

### Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

**BENTLEYS**
**Chartered Accountants**

**DOUG BELL CA**
**Director**

Dated at Perth this 27th day of September 2017

# 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 25 September 2017.

### (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 | 21 | 2,429 |
| 1,001 | - | 5,000 | 22 | 71,798 |
| 5,001 | - | 10,000 | 44 | 392,693 |
| 10,001 | - | 100,000 | 332 | 15,815,720 |
| 100,001 | | and over | 404 | 732,261,872 |
| | | | **823** | **748,544,512** |

The number of shareholders holding less than a marketable parcel of shares are: 151

### (b) Twenty largest shareholders

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

| Rank | Name | Units | % of Units |
|---|---|---|---|
| 1. | KSA MINING PTY LTD | 104,000,000 | 13.89 |
| 2. | BOTSIS HOLDINGS PTY LTD | 45,600,010 | 6.09 |
| 3. | MR MICHAEL GEORGE FOTIOS <MICHAEL FOTIOS FAMILY A/C> | 26,486,148 | 3.54 |
| 4. | MS BETTY JEANETTE MOORE + MR PHILIP COLIN HAMMOND <BJM SUPERANNUATION FUND A/C> | 20,487,500 | 2.74 |
| 5. | MR PHILIP COLIN HAMMOND + MS BETTY JEANETTE MOORE <MGB SUPERANNUATION FUND A/C> | 20,437,500 | 2.73 |
| 6. | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 19,158,644 | 2.56 |
| 7. | MR DENIS JOHN REYNOLDS | 16,000,000 | 2.14 |
| 8. | MR ROBERT JOHN SMITH | 14,748,214 | 1.97 |
| 9. | GASMERE PTY LTD | 14,000,000 | 1.87 |
| 10. | INVESTMET LIMITED | 11,945,383 | 1.60 |
| 11. | MR ANDREW WILLIAM SPENCER <SPENCER SUPER FUND A/C> | 10,475,770 | 1.40 |
| 12. | SUPER SEED PTY LTD <THE WERSMAN SUPER FUND A/C> | 10,012,500 | 1.34 |
| 13. | RALMANA PTY LTD | 10,000,000 | 1.34 |
| 14. | WYLLIE GROUP PTY LTD | 9,747,224 | 1.30 |
| 15. | RESOURCE ASSETS PTY LTD | 9,439,335 | 1.26 |
| 16. | MR BRADLEY GEORGE BOLIN | 9,000,000 | 1.20 |
| 17. | MR SALIM CASSIM | 8,000,000 | 1.07 |
| 18. | CEDARFIELD HOLDINGS PTY LTD <THE CEDARFIELD A/C> | 8,000,000 | 1.07 |
| 19. | WESTORIA RESOURCE INVESTMENTS LTD | 7,721,324 | 1.03 |
| 20. | MR DAMIAN PAUL DELANEY | 7,000,000 | 0.94 |
| **Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)** | | **382,259,552** | **51.07** |
| **Total Remaining Holders Balance** | | **366,284,960** | **48.93** |

### (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 |
|---|---|
| KSA MINING PTY LTD | 104,000,000 |
| BOTSIS HOLDINGS PTY LTD | 45,600,010 |

### (d) Voting rights

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

# ASX Additional Information

**(e) Unquoted securities**

As at 25 September 2017, the Company has a total of 6,000,000 unlisted options as follows:

| Number of Options | Number of Holders | Exercise Price | Expiry Date |
|---|---|---|---|
| 6,000,000 | 3 | $0.017 | 22/12/2017 |

**(f) Schedule of interests in mining tenements**

| Project | Country | Tenement ID | Interest |
|---|---|---|---|
| Ulysses | Australia | E40/295 | 100% |
| Ulysses | Australia | E40/312 | 100% |
| Ulysses | Australia | E40/359 | 100% |
| Ulysses | Australia | M40/166 | 100% |
| Ulysses | Australia | P40/1449 | 100% |
| Viking 2 | Australia | E63/1085 | 100% |
| Viking 2 | Australia | E63/1198 | 100% |
| Viking 2 | Australia | E63/1739 | 100% |
| Barimaia | Australia | E58/497 | Note 1 |
| Barimaia | Australia | P58/1686 | Note 1 |
| Barimaia | Australia | P58/1687 | Note 1 |
| Barimaia | Australia | P58/1688 | Note 1 |
| Barimaia | Australia | P58/1689 | Note 1 |
| Barimaia | Australia | P58/1690 | Note 1 |
| Barimaia | Australia | P58/1691 | Note 1 |
| Barimaia | Australia | P58/1692 | Note 1 |
| Barimaia | Australia | P58/1461 | Note 1 |
| Barimaia | Australia | P58/1655 | Note 1 |
| Barimaia | Australia | P58/1654 | Note 1 |
| Barimaia | Australia | P58/1464 | Note 1 |
| Barimaia | Australia | P58/1465 | Note 1 |
| Barimaia | Australia | P58/1468 | Note 1 |
| Barimaia | Australia | P58/1469 | Note 1 |
| Barimaia | Australia | P58/1471 | Note 1 |
| Barimaia | Australia | P58/1472 | Note 1 |
| Barimaia | Australia | P58/1657 | Note 1 |
| Barimaia | Australia | P58/1618 | Note 1 |
| Barimaia | Australia | P58/1589 | Note 1 |

Note 1: The Company holds the right to earn-in to an initial 65 per cent interest in the Barimaia Project (the Mt Magnet JV), with the potential to earn up to a maximum 80 per cent stake.

# Mineral Resources Information

**MINERAL RESOURCES AND ORE RESERVES ANNUAL STATEMENT AND REVIEW**

The Company carries out an annual review of its Mineral Resources and Ore Reserves as required by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) 2012 edition and the ASX Listing Rules. The review was carried out as at 30 June 2017.

During the year Genesis announced an updated Mineral Resource estimate for the Ulysses Gold Project, located in Western Australia, which delivered a substantial increase in the Project's gold inventory.

The updated Measured, Indicated and Inferred Mineral Resource now totals **2.8 million tonnes at an average grade of 2.3g/t for 206,400 ounces**, which represents a 32% increase in resource tonnes and 36% increase in contained ounces compared with the February 2016 Mineral Resource. The resource remains open and untested at depth.

The updated Mineral Resource incorporates the results of drilling completed over the past year. It also follows the success of the two open pit mining campaigns completed at Ulysses.

The Mineral Resource Estimate, inclusive of Ore Reserves, for Ulysses as at 30 June 2017 is set out in the following table:

**Table 1: Ulysses Gold Deposit – May 2017 Mineral Resource (0.75g/t Cut-off)**

| | Measured | | Indicated | | Inferred | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| Type | Tonnes (t) | Au Cut (g/t) | Tonnes (t) | Au Cut (g/t) | Tonnes (t) | Au Cut (g/t) | Tonnes (t) | Au Cut (g/t) | Cut Ounces |
| Oxide | 7,000 | 2.0 | 176,000 | 1.7 | 79,000 | 1.5 | **262,000** | **1.6** | **13,800** |
| Transition | 8,000 | 2.6 | 392,000 | 1.8 | 172,000 | 1.7 | **573,000** | **1.8** | **32,900** |
| Fresh | 10,000 | 5.3 | 1,285,000 | 2.7 | 674,000 | 2.2 | **1,968,000** | **2.5** | **159,700** |
| **Total** | **26,000** | **3.4** | **1,853,000** | **2.4** | **924,000** | **2.0** | **2,803,000** | **2.3** | **206,400** |

NB. Rounding errors may occur.

The updated Mineral Resource was independently estimated by Payne Geological Services Pty Ltd ("PayneGeo"). Full details of the Mineral Resource estimate are provided in the Company's ASX Announcement dated May 8, 2017.

The Company is not aware of any new information or data that materially affects the information included in this Annual Statement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

**ESTIMATION GOVERNANCE STATEMENT**

The Company ensures that all Mineral Resource and Ore Reserve calculations are subject to appropriate levels of governance and internal controls. Exploration Results are collected and managed by competent qualified geologists and overseen by the Company's Managing Director. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management.

Mineral Resource and Ore Reserve estimates are prepared by qualified independent Competent Persons and further verified by the Company's Managing Director. If there is a material change in the estimate of a Mineral Resource, the modifying factors for the preparation of Ore Reserves, or reporting an inaugural Mineral Resource or Ore Reserve, the estimate and supporting documentation in question is reviewed by a suitably qualified independent Competent Person.

**APPROVAL OF MINERAL RESOURCES AND ORE RESERVE STATEMENT**

The Company reports its Mineral Resources and Ore Reserves on an annual basis in accordance with the JORC Code 2012 Edition.

The Ore Reserves and Mineral Resources Statement is based on and fairly represents information and supporting documentation prepared by competent and qualified independent external professionals and reviewed by the Company's Managing Director. The Ore Reserves and Mineral Resources Statement has been approved by Michael Fowler, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Fowler is the Managing Director of Genesis Minerals Limited. Mr Fowler has consented to the inclusion of the Statement in the form and context in which it appears in this report.

**COMPETENT PERSON'S STATEMENT**

The Information in this report that relates to Mineral Resources is based on information compiled by Mr Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Payne Geological Services and is a shareholder of Genesis Minerals Limited. Mr Payne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.