Genesis Minerals Limited and controlled entities

ABN 72 124 772 041

Annual Financial Report and Directors' Report

for the year ended 30 June 2018

Corporate Directory

ABN 72 124 772 041

Directors
Richard Hill (Non-Executive Chairman)
Michael Fowler (Managing Director)
Craig Bradshaw (Non-Executive Director)
Gerry Kaczmarek (Non-Executive Director)

Company Secretary
Geoff James

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

Postal Address
PO Box 937
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
info@genesisminerals.com.au

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

Contents

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 2018.

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	6,211,322 fully paid ordinary shares 800,000 options expiring 13 December 2019, exercisable at $0.039 800,000 options expiring 13 December 2020, exercisable at $0.042 1,200,000 options expiring 13 December 2021, exercisable at $0.045
Other directorships in listed entities held in the previous three years	Mr Hill resigned as a director of Strandline Resources Limited on 1 November 2017
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 27 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	12,167,230 fully paid ordinary shares 2,400,000 options expiring 13 December 2019, exercisable at $0.039 2,400,000 options expiring 13 December 2020, exercisable at $0.042 3,600,000 options expiring 13 December 2021, exercisable at $0.045
Other directorships in listed entities held in the previous three years	Mr Fowler resigned as a director of PolarX Limited (formerly Coventry Resources Limited) on 1 December 2017

Directors' Report

Craig Bradshaw	Non-Executive Director (Appointed 7 September 2017)
Qualifications	B.Eng. (Mining)
Experience	Mr Bradshaw is a mining engineer with more than 23 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	800,000 options expiring 13 December 2019, exercisable at $0.039 800,000 options expiring 13 December 2020, exercisable at $0.042 1,200,000 options expiring 13 December 2021, exercisable at $0.045
Other directorships in listed entities held in the previous three years	None
Gerry Kaczmarek	Non-Executive Director (Appointed 20 March 2018)
Qualifications	B.Ec (Acc), CPA, MAICD
Experience	Mr Kaczmarek has almost 40 years' experience working predominantly in the resource sector and specialising in accounting and finance and company management with several emerging and leading mid-tier Australian gold companies. He was Chief Financial Officer and Company Secretary for Saracen Mineral Holdings from 2012 to 2016. He served as Chief Financial Officer and Company Secretary at Troy Resources from 1998 to 2008 and has recently returned to that role. Earlier in his career, he held a range of positions with the CRA/Rio Tinto group and was Chief Financial Officer for a number of other Mid-Tier and Junior Mining Companies.
Interest in shares and options	200,000 fully paid ordinary shares
Other directorships in listed entities held in the previous three years	None
Darren Gordon	Non-Executive Director (Resigned 10 May 2018)
Qualifications	B.Bus, FCA, AGIA, ACIS
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 9 years. Prior to joining Centaurus, Mr Gordon was CFO of Gindalbie Metals Limited.
Interest in shares and options (as at date of resignation)	5,839,657 fully paid ordinary shares 800,000 options expiring 13 December 2019, exercisable at $0.039 800,000 options expiring 13 December 2020, exercisable at $0.042 1,200,000 options expiring 13 December 2021, exercisable at $0.045
Other directorships in listed entities held in the previous three years	Mr Gordon is a director of Centaurus Metals Limited

Directors' Report

COMPANY SECRETARY

Geoff James	Appointed 20 October 2015
Qualifications	B.Bus, CA, AGIA, ACIS
Experience	Mr James is a Chartered Accountant and a 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
Craig Bradshaw (appointed 7 September 2017)	6	6
Gerry Kaczmarek (appointed 20 March 2018)	3	3
Darren Gordon (resigned 10 May 2018)	5	6

Notes

A – Number of meetings attended.

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

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the exploration and development 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 moving forward with its strategy to develop a long-term underground mine at the Ulysses Gold Project. The Group ended the year in a strong financial position with exciting growth opportunities ahead for both the Ulysses and Barimaia Gold Projects.

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 several drilling campaigns, announced a significant increase to the Mineral Resource and commenced a Feasibility Study on developing a long-term underground mining operation.

Ulysses Deposit

A drilling program comprising eight Reverse Circulation (RC) holes for 1,505m was completed at the Ulysses Gold Project in August 2017 with all but one of the holes targeted at the Ulysses Resource. One hole as part of the program was drilled at Orient Well NW to follow up significant mineralisation defined by previous Aircore (AC) drilling.

The majority of the drilling targeted the high-grade gold shoot which is interpreted to extend beneath the Goldfields Highway at depth from below the Ulysses West pit.

The assay results received from the drilling program confirmed significant down-plunge extensions of the May 2017 Ulysses Mineral Resource estimate. High-grade results returned from the August 2017 drilling campaign included:

- **7m @ 4.69g/t gold from 152m 17USRC120**
- **10m @ 6.42g/t gold from 128m 17USRC121**
  - ***including 2m @ 16.3g/t gold***
- **6m @ 6.06g/t gold from 170m 17USRC123**
  - ***including 2m @ 16.8g/t gold***

Directors' Report

Drilling confirmed the Ulysses West shoot has a significant plunge extent and is open at depth. The drilling significantly improved the Company's understanding of the geological controls on the high-grade mineralisation. A full list of results from the August 2017 drill campaign was provided in the Company's ASX Announcement dated 6 September 2017.

On the strength of the results from the deeper drilling, Genesis completed a positive Scoping Study which confirmed the potential technical and economic viability of an underground mine at Ulysses, based on decline access from the Ulysses West open pit and assuming the toll-treatment of ore as the base case scenario (see ASX Release 21 September 2017). The drilling that was completed in August into the Ulysses West shoot was not included in the Scoping Study.

Based on the strength of the Scoping Study results the Company had sufficient confidence to undertake a resource upgrade and extensional drilling program. Based on the initial positive results received the program was extended to a total of 58 holes for 10,239m of RC and diamond drilling which was completed in December 2017.

High-grade gold intercepts from this program were reported to the ASX on 10 November, 4 December and 25 January 2108 including:

- **8m @ 5.16g/t gold from 109m** **17USRC133**
- **14m @ 5.93g/t gold from 120m** **17USRC147**
- **4.62m @ 20.36g/t gold from 166.6m** **17USDH008**
- **4.40m @ 15.7g/t gold from 119.0m** **17USDH002**
- **5.23m @ 5.34g/t gold from 141.3m** **17USDH006**
- **5.20m @ 5.06 g/t gold from 159.8m** **17USDH009**
- **3m @ 13.86g/t gold from 238m** **17USRC174**

In February 2018, Genesis announced a **55% increase** in the Mineral Resource estimate for the Ulysses deposit from 206,000oz to **321,000oz** of contained gold. The Measured, Indicated and Inferred Mineral Resource estimate totals **3.3Mt @ 3.0 g/t gold for 321,000 ounces of contained gold** (refer to Table 1 for full details), which represented a 55% increase in contained ounces and a 31% increase in grade when compared with the May 2017 Mineral Resource.

The high-grade shoots which form part of the overall Mineral Resource are estimated to contain **1.22Mt @ 5.5g/t gold for 215,000 ounces**. The Ulysses West shoot has an estimated grade of 8.5g/t gold.

The updated Mineral Resource incorporated the results from the highly successful drilling program completed at Ulysses over the second half of 2017, which returned a number of high-grade intersections that confirmed and extended a number of high-grade gold zones (shoots).

These shoots, which contain high-grade gold, are visually identifiable in drill chips and core and for the first time have been separately modelled and estimated to quantify the higher grade shoots within the overall Mineral Resource estimate.

These high-grade gold shoots have significant plunge extents and, importantly are all open at depth providing significant upside potential for further Resource growth.

The Mineral Resource extends for over 1,500m of strike and sits immediately below and along strike of the Ulysses Open Pits (see Figures 1 and 2). The Resource is estimated to an average depth of ~200m below surface.

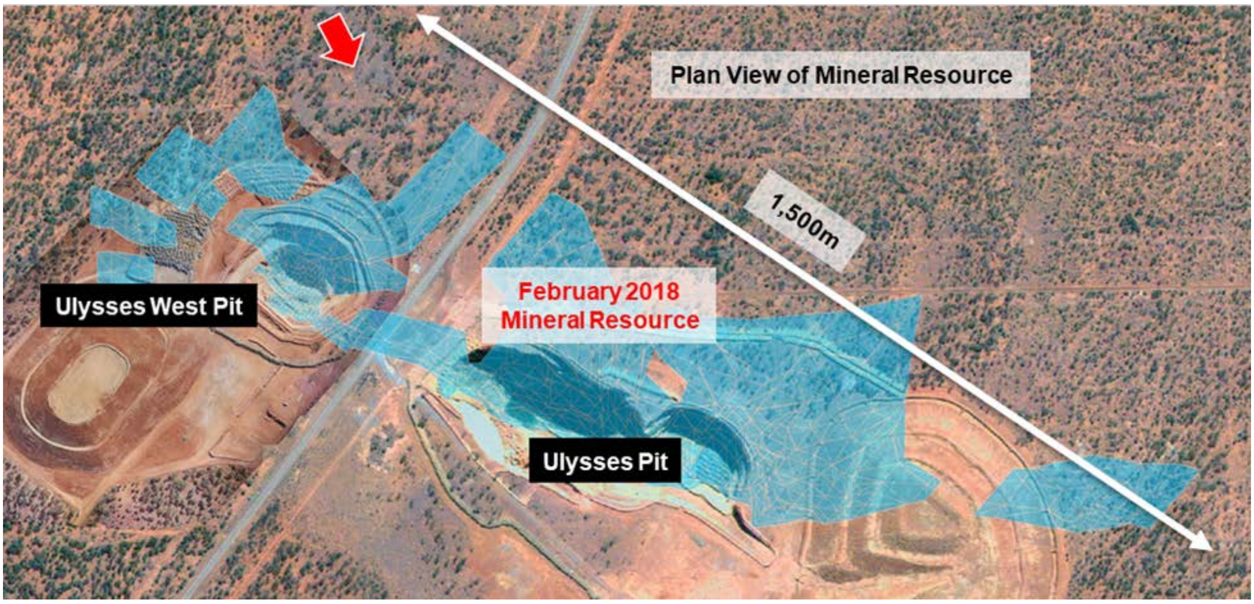

Figure 1. Plan view of the location of the Ulysses Mineral Resource projected to surface. The Mineral Resource outline is shown in cyan.

Directors' Report

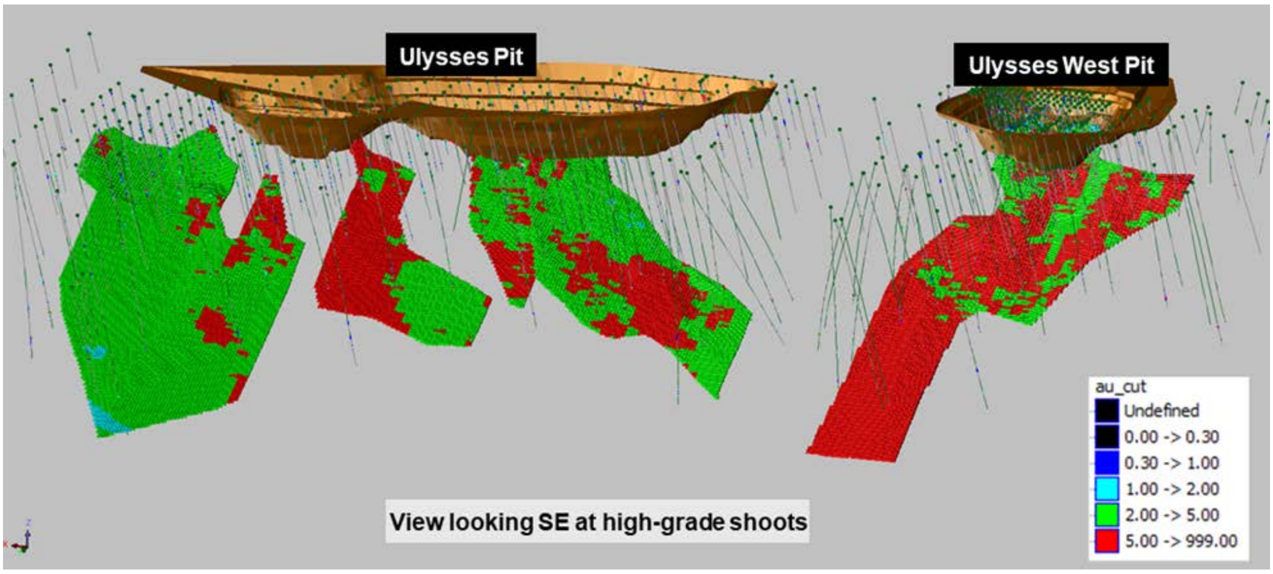

Figure 2. View (from position of red arrow in Figure 1) looking towards the south east showing the position of the modelled high-grade shoots.

Table 1: Ulysses Gold Deposit February 2018 Mineral Resource (0.75g/t Cut-off)

Type	Measured		Indicated		Inferred		Total		
	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Au Ounces
HG Shoots	21,000	5.1	785,000	5.0	420,000	6.3	1,225,000	5.5	215,000
Shear Zone	11,000	2.4	1,026,000	1.6	1,029,000	1.6	2,067,000	1.6	105,700
Total	**33,000**	**4.2**	**1,811,000**	**3.1**	**1,449,000**	**3.0**	**3,292,000**	**3.0**	**320,700**

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 21 February 2018.

Following on from the successful results received from 2017 drilling campaigns, Genesis commenced a major staged 30,000m drilling program in February 2018 to systematically test potential depth extensions to the Ulysses Mineral Resource. The results for the first batch of RC holes from this program were announced to the ASX on 9 April 2018 with high-grade gold intersections including:

- **5m @ 20.9g/t gold from 281m** **18USRC185**
- **3m @ 10.64g/t gold from 254m** **18USRC181**

On 29 May and 28 June 2018, Genesis announced to the ASX the assay results from step-out drilling up to 300m below surface and some 280m down-dip of the Ulysses Mineral Resource boundary. The results from the wide spaced diamond and RC holes continued to define significant high-grade gold mineralisation well beyond the current Mineral Resource (see Figures 3 and 5) with high-grade gold intersections including:

- **4.23m @ 12.93g/t gold from 347.94m** **18USDH028**
- **3.72m @ 12.04g/t gold from 343.71m** **18USDH029**
- **8.25m @ 5.40g/t gold from 299.42m** **18USDH022**
- **4.47m @ 6.59g/t gold from 278.37m** **18USDH024**
- **6m @ 5.85g/t gold from 259m** **18USRC192**
- **5.95m @ 3.75g/t gold from 363.05m** **18USDH014**
- **1.42m @ 12.45g/t gold from 293.58m** **18USDH025**
- **2m @ 9.23g/t gold from 237m** **18USRC190**
- **2m @ 5.09g/t gold from 293m** **18USRC189**
- **8m @ 2.51g/t gold from 168m** **18USRC195**
  - **including 4m @ 4.37g/t gold**
- **3m @ 4.59g/t gold from 244m** **18USRC191**
- **22.07m @ 1.66g/t gold from 282.06m** **18USDH021**
- **0.69m @ 14.34g/t gold from 323.74m** **18USDH013**

Genesis announced to the ASX on 9 July 2018 that it had intersected a high-grade gold reef 300m north of the Ulysses Mineral Resource with an assay result returning **3m @ 26.3g/t gold from 182m,** including **1m @ 74.3g/t gold from 183m**.

Directors' Report

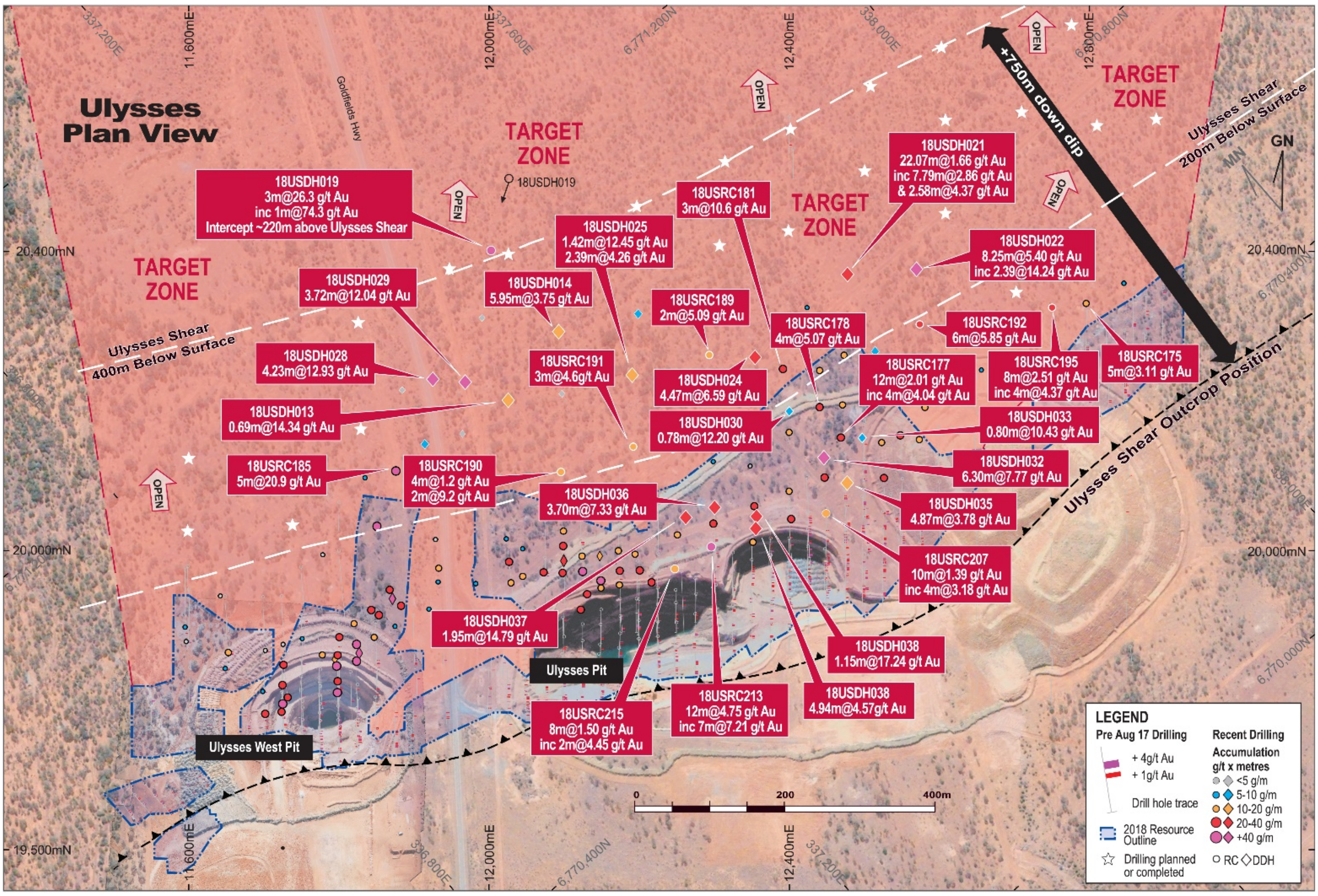

Figure 3. Plan view in local grid showing intersections reported in the June Quarter 2018. The Ulysses shear dips at ~35 to 30 degrees to the north and for this reason it is visualised best in plan view. The approximate positions at surface – outcrop, 200m below surface and 400m below surface of the Ulysses Main shear are shown. The circles and diamond shapes are pierce point positions (intersection points) on the Ulysses shear or on splays off the main shear. The blue outline is the boundary of the 2018 Mineral Resource in plan view. True widths are ~90% to 100% of down-hole lengths.

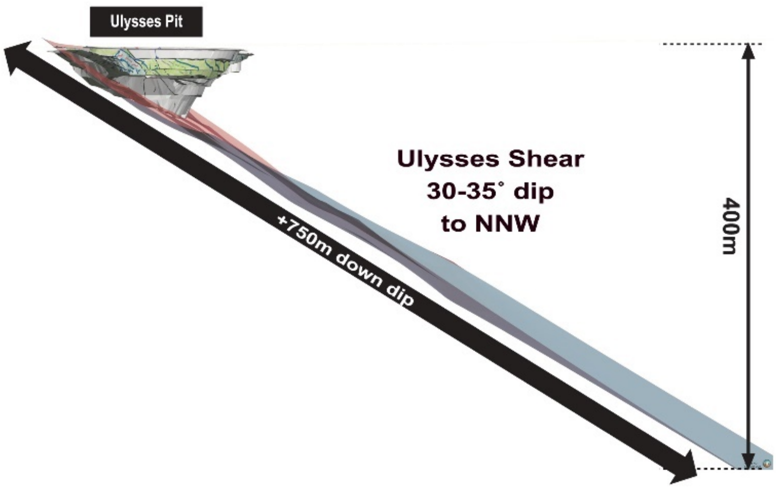

Figure 4. Schematic section (view looking west) showing the Ulysses Pit and the Ulysses shear. Extensional drilling is targeting to ~400m vertical depth covering over 750m of down dip extent and 1,000m of strike extent on the Ulysses shear at very wide spacings.

Directors' Report

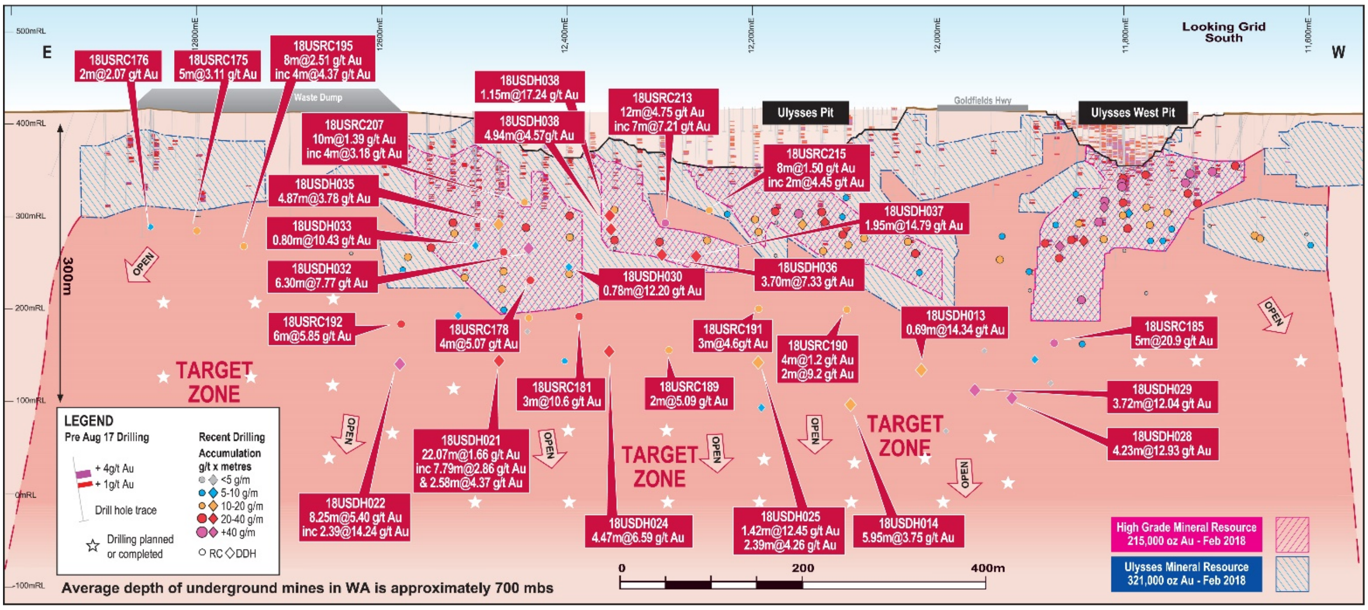

Figure 5. Schematic long section (view looking grid south) showing drill results reported in the June Quarter 2018. White stars are holes planned to be completed or have results pending.

The high-grade gold shoots outlined to date at Ulysses are extensive, have significant plunge extents and, importantly, are all open at depth – providing significant upside potential for further Resource growth.

Further extensional and infill drilling will be carried out in the September quarter to systematically test potential depth and strike extensions to the Ulysses Mineral Resource. An updated Mineral Resource estimate is scheduled for completion in Q4 2018.

Orient Well NW Prospect

A one-off RC hole drilled at the Orient Well NW prospect in August 2017 to follow-up a zone of anomalous gold intersected in previous aircore drilling returned an outstanding intercept of **11m @ 2.24g/t gold** in 17USRC127.

A short follow up drill program was completed in June 2018 and on 2 August 2018, Genesis announced to the ASX the results of follow up RC drilling with assay results including:

- **25m @ 1.36g/t Au from 65m 18USRC224**
    - **including 10m @ 2.51g/t Au**
- **20m @ 1.22g/t Au from 60m 18USRC225**
    - **including 10m @ 1.60g/t Au**

The results confirmed a significant zone of shallow oxide gold mineralisation. The drilling at Orient Well NW, located 10km east of the Ulysses deposit (see Figures 6 and 7), forms part of the Company's broader regional exploration program at Ulysses outside of the existing Resource, which is currently the main focus of drilling.

The follow-up program was designed to determine the orientation of the gold mineralisation intersected in 17USRC127. The intersections occur in saprolitic clays in a deeply weathered profile above fresh rock with 18USRC224 drilled grid west and 18USRC225 drilled grid south. The mineralisation is now interpreted to trend WNW and dip to the north.

The controls on primary mineralisation are unclear at this stage with drilling yet to test fresh rock. However, the mineralisation is interpreted to be associated with a strongly deformed felsic – sedimentary package, which are different host rocks to the mafic dominated sequence at Ulysses.

No drilling has taken place to the east of section 347,000E and the gold anomalous trend defined by wide-spaced aircore drilling to the west has not been evaluated. There is strong potential to define significant mineralisation along this untested trend over a strike length of 4km.

Aircore drilling is planned to test to the east of 347,000E over 1.5km of strike and step-out RC drilling is planned to follow up in the immediate area around 347,000E.

Directors' Report

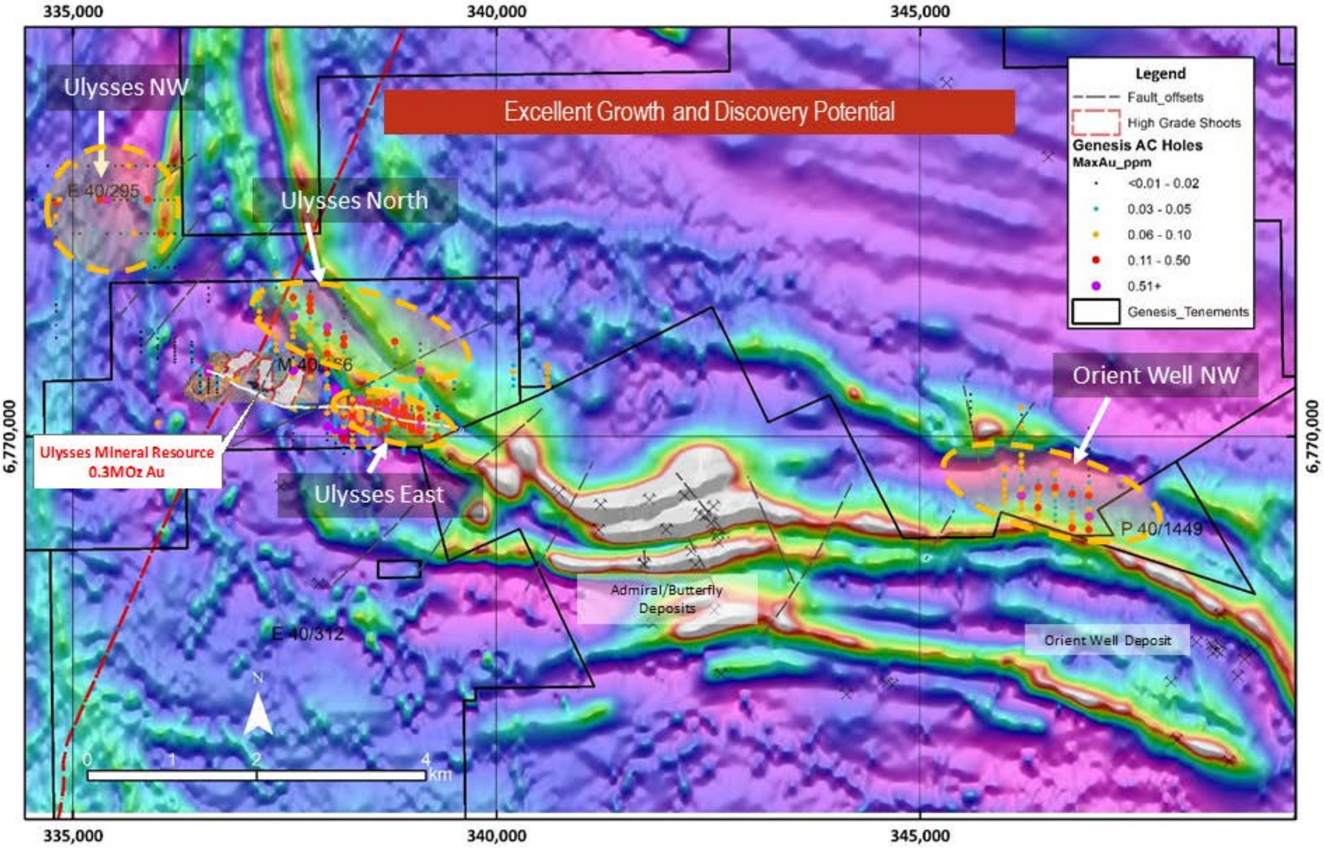

Figure 6. Orient Well NW location ~10km east of the Ulysses Mineral Resource.

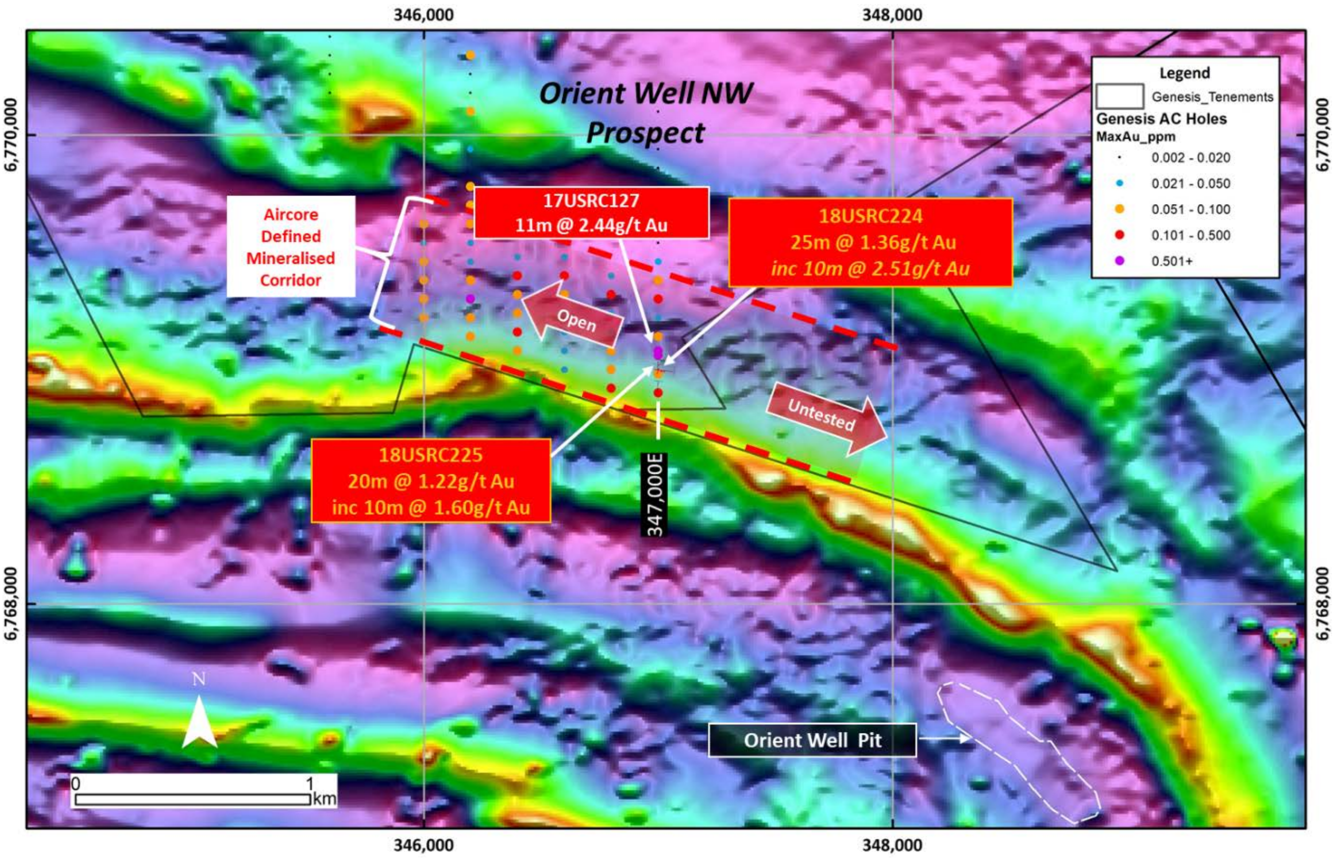

Figure 7. Plan view of Orient Well NW drill-hole locations. Mineralisation open in all directions.

Directors' Report

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 provided 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 Barimaia Project is close to Mt Magnet and a number of other gold processing facilities in the region that may provide 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 ASX Announcements dated 20 July and 21 August, 2017).

The drilling 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 21 August 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.

In December 2017 the Company completed a 2,000m wide-spaced RC drill program to follow-up the significant results returned in August, focussing on the three large bedrock gold targets which have been confirmed over a 1.0km by 1.5km zone centred on McNabs and McNabs East (see Figures 8 and 9).

Genesis announced to the ASX on 1 March 2018 the significant assay results from this drill program including:

- **5m @ 4.0g/t Au from 43m** **17BARC020**
    - **Including 2m @ 8.9g/t Au from 46m**
- **5m @ 1.28g/t Au from 59m** **17BARC020**
- **15m @ 0.85g/t Au from 51m** **17BARC010**
    - **Including 5m @ 1.85g/t Au from 60m**
- **37m @ 0.57g/t Au from 25m** **17BARC026**
- **11m @ 0.58g/t Au from 117m** **17BARC009**
    - **Including 3m @ 1.16g/t Au from 124m**

The drilling results have confirmed that a significant gold mineralised system is present at Barimaia.

The McNabs Prospects are entirely under shallow (5 to 10m) cover and comprises significant gold mineralisation associated with porphyry bodies intruding an ultramafic dominated volcano-sedimentary package. The prospect geology and mineralisation has strong similarities (including geochemical signature being anomalous in Au-Bi-Te-Pb-W-Ag) with the nearby porphyry-hosted gold deposits of Ramelius Resources Limited.

With the gold mineralisation and the targeted porphyry host rock remaining open in all directions (see Figure 9), further drilling is now planned to extend the gold mineralised system to the north, south and east.

Directors' Report

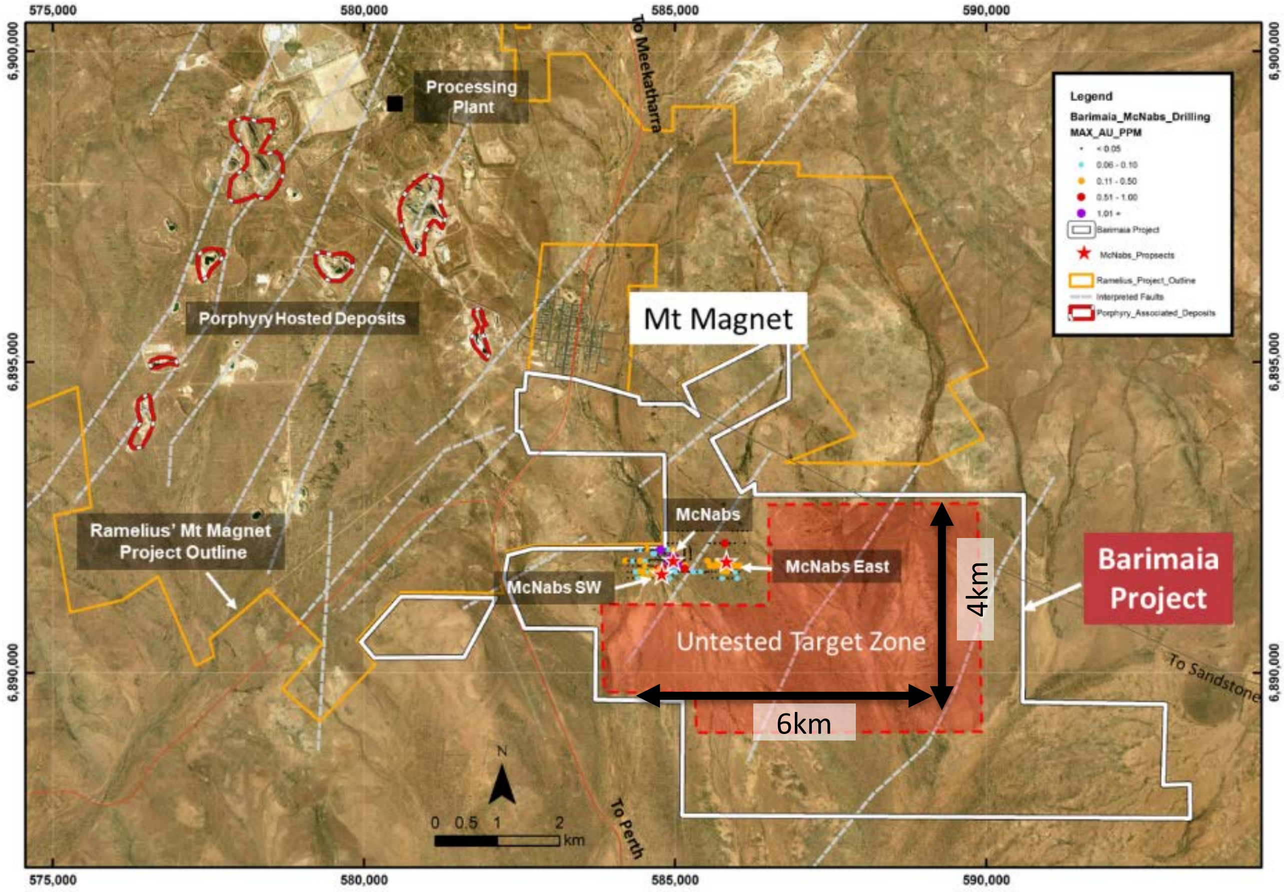

Figure 8: Barimaia Project showing prospect locations and target zone for new first pass aircore drilling.

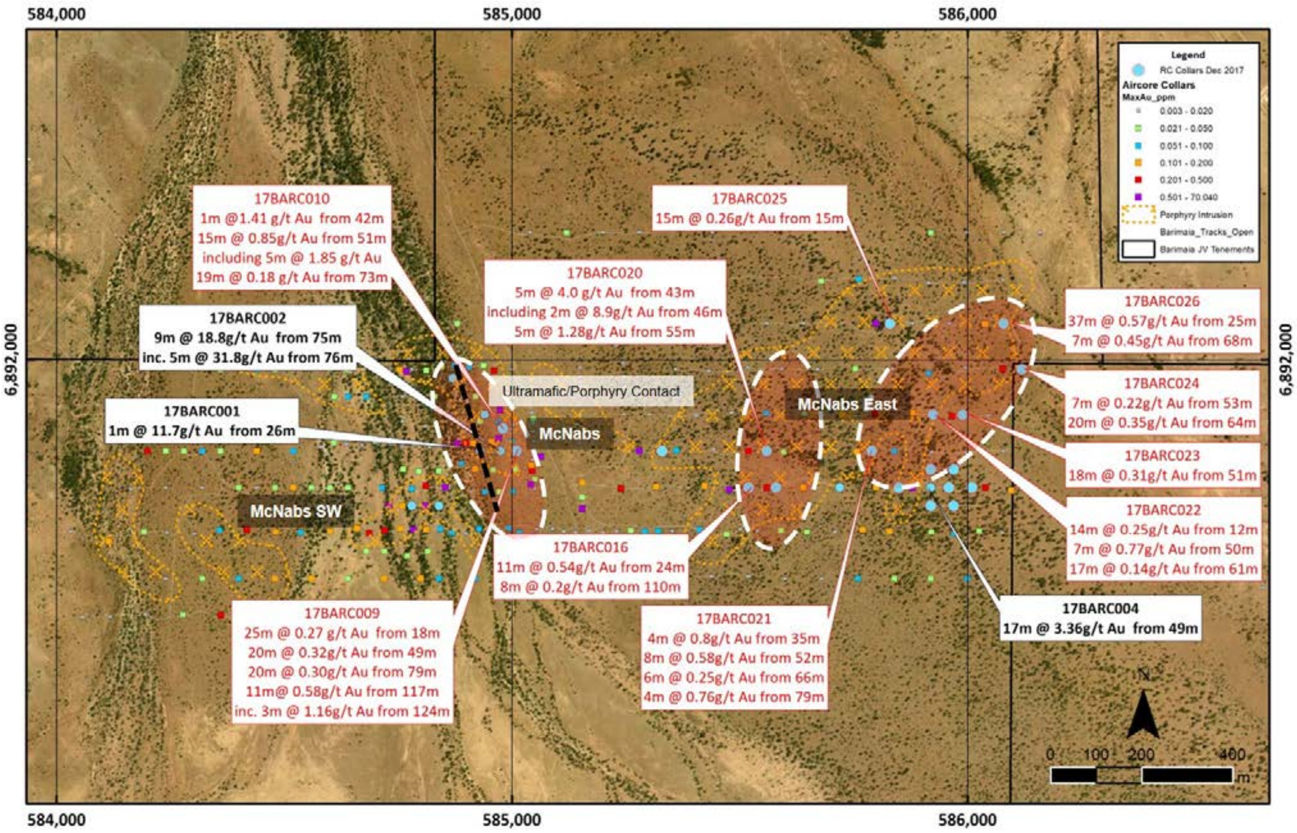

Figure 9: Plan view of the Barimaia Project showing recently completed Genesis RC drill holes (cyan circles with red outlines).

Directors' Report

COMPETENT PERSONS STATEMENTS

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

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

Directors' Report

Finance Review

The Group recorded an operating loss after income tax for the year ended 30 June 2018 of $5,573,467 (2017: $718,341). Profitable mining operations were concluded at the Ulysses Gold Project in the previous year which led to the significant increase in the operating loss for the 2018 year. In addition, the Group significantly expanded its exploration activities as part of its strategy to develop a long-term underground mine at the Ulysses Gold Project.

At 30 June 2018 cash assets available totalled $5,104,901 (2017: $4,155,593).

The net assets of the consolidated entity decreased from $4,361,048 in 2017 to $3,982,642 at June 30 2018. This decrease is largely attributable to the operating loss recorded for the year offset by issues of equity of $4,940,298 (net of costs).

Operating Results for the Year

Summarised operating results are as follows:

	2018		2017	
	Revenues $	Results $	Revenues $	Results $
Group revenues and loss from ordinary activities before income tax expense	**55,586**	**(5,573,467)**	**11,043,022**	**(718,341)**

Shareholder Returns

	2018	2017
Basic and diluted loss per share (cents)	**(0.72)**	**(0.10)**

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.

SHARES UNDER OPTION

At the date of this report there are 25,600,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	6,000,000
Movements of share options during the year	
Exercised December 2017 at 1.7 cents	(6,000,000)
Issued December 2017, exercisable at 3.9 cents	4,800,000
Issued December 2017, exercisable at 4.2 cents	4,800,000
Issued December 2017, exercisable at 4.5 cents	7,200,000
Issued April 2018, exercisable at 4.8 cents	10,000,000
Lapsed May 2018, exercisable at 4.5 cents	(1,200,000)
Total number of options outstanding as at 30 June 2018 and at the date of this report	**25,600,000**

The balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
13 December 2019	3.9	4,800,000
31 July 2020	4.8	10,000,000
13 December 2020	4.2	4,800,000
13 December 2021	4.5	6,000,000
Total		**25,600,000**

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 $5,000,000 (before costs) through the issue of 156,250,000 ordinary shares in total to institutional and sophisticated investors during the year. The Group issued 11,363,636 ordinary shares valued at $250,000 to acquire Metallo Resources Pty Ltd. The Group issued 6,000,000 ordinary shares pursuant to the exercise of options raising $102,000.

Directors' Report

AFTER BALANCE DATE EVENTS

Other than noted elsewhere in this report, 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.

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 21.

CORPORATE GOVERNANCE

A copy of Genesis' 2018 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.

Directors' Report

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.

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:

	2018 $	2017 $	2016 $	2015 $	2014 $
Net Loss	(5,573,467)	(718,341)	(2,220,550)	(1,527,678)	(1,757,105)
Share Price at Start of Year	$0.016	$0.019	$0.006	$0.021	$0.020
Share Price at End of Year	$0.043	$0.016	$0.019	$0.006	$0.021

USE OF REMUNERATION CONSULTANTS

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2018.

VOTING AND COMMENT MADE ON THE GROUP'S 2017 ANNUAL GENERAL MEETING

The Company received 100% of “yes” votes on its remuneration report for the 2017 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

	2018 $	2017 $
Short-term benefits	363,853	340,733
Post-employment benefits	25,172	23,467
Share-based payments	120,345	-
	509,370	364,200

Directors' Report

Key management personnel of the Group

	Short-Term Salary & Fees $	**Post Employment** Superannuation $	**Share-Based Payments** Options $	**Total** $	**Proportion of Remuneration Represented by Share-Based Payments** %	**Proportion of Remuneration Performance Based** %
Directors						
Richard Hill						
2018	**79,200[1]**	**-**	**20,197**	**99,397**	**20.32%**	**-%**
2017	67,555[1]	-	-	67,555	-%	-%
Michael Fowler						
2018	**220,454[2]**	**22,045**	**60,591**	**303,090**	**19.99%**	**-%**
2017	234,667[2]	23,467	-	258,134	-%	-%
Craig Bradshaw						
2018	**24,524[3]**	**2,330**	**20,197**	**47,051**	**42.93%**	**-%**
2017	-	-	-	-	-%	-%
Gerry Kaczmarek						
2018	**8,387[4]**	**797**	**-**	**9,184**	**-%**	**-%**
2017	-	-	-	-	-%	-%
Darren Gordon						
2018	**31,288[5]**	**-**	**19,360**	**50,648**	**38.22%**	**-%**
2017	38,511[5]	-	-	38,511	-%	-%
2018	**363,853**	**25,172**	**120,345**	**509,370**		
2017	340,733	23,467	-	364,200		

1. R Hill - includes additional consultancy fees of $24,450 (2017:$12,555).
2. M Fowler - includes payment of unused leave entitlements of $Nil (2017: $34,667).
3. C Bradshaw – appointed as Director on 7 September 2017.
4. G Kaczmarek – appointed as Director on 20 March 2018.
5. D Gordon - includes additional consultancy fees of $3,000 (2017: $5,661). Resigned as Director on 10 May 2018.

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. The Non-Executive Chairman receives a fee of $50,000 per annum, plus statutory superannuation, and Non-Executive Directors receive a fee of $30,000 per annum, plus statutory superannuation.

Mr Fowler has entered into an executive service agreement with the Company. He is engaged to provide services in the capacity of Managing Director and CEO.

Mr Fowler is entitled to a minimum notice period of six months from the Company and the Company is entitled to a minimum notice period of three months from Mr Fowler. In the event of a redundancy due to a successful takeover or merger of the Company, Mr Fowler is entitled to a payment equal to 12 months' salary.

In October 2017, Mr Fowler's salary was set at $227,272 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

16,800,000 options were issued during the year, valued at $225,600 (2017: nil). As a result of Darren Gordon's resignation, 1,200,000 options issued to Mr Gordon lapsed prior to vesting. As a result, the expense recognised in relation to these options (valued at $18,240 at grant date) was reduced to nil. 6,000,000 options were exercised during the year (2017: nil), 1,200,000 options lapsed during the year (2017: nil) and nil options expired (2017: 1,562,500).

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

Directors' Report

Directors	Number of Options Issued	Grant Date	Expiry Date	Exercise Price	Fair Value Per Option at Grant Date	Year in Which Grant Vests	% Vested During 2018	% Forfeited During 2018
Richard Hill								
- Tranche 1	800,000	13/12/2017	13/12/2019	$0.039	$0.0109	2018	100%	-%
- Tranche 2	800,000	13/12/2017	13/12/2020	$0.042	$0.0133	2019	-%	-%
- Tranche 3	1,200,000	13/12/2017	13/12/2021	$0.045	$0.0152	2020	-%	-%
Michael Fowler								
- Tranche 1	2,400,000	13/12/2017	13/12/2019	$0.039	$0.0109	2018	100%	-%
- Tranche 2	2,400,000	13/12/2017	13/12/2020	$0.042	$0.0133	2019	-%	-%
- Tranche 3	3,600,000	13/12/2017	13/12/2021	$0.045	$0.0152	2020	-%	-%
Craig Bradshaw								
- Tranche 1	800,000	13/12/2017	13/12/2019	$0.039	$0.0109	2018	100%	-%
- Tranche 2	800,000	13/12/2017	13/12/2020	$0.042	$0.0133	2019	-%	-%
- Tranche 3	1,200,000	13/12/2017	13/12/2021	$0.045	$0.0152	2020	-%	-%
Darren Gordon[1]								
- Tranche 1	800,000	13/12/2017	13/12/2019	$0.039	$0.0109	2018	100%	-%
- Tranche 2	800,000	13/12/2017	13/12/2020	$0.042	$0.0133	2018	100%	-%
- Tranche 3	1,200,000	13/12/2017	13/12/2021	$0.045	$0.0152	2020	-%	100%

1. D Gordon – resigned as Director on 10 May 2018

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:

2018	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	**2,000,000**	**2,800,000**	**(2,000,000)**	**-**	**2,800,000**	**800,000**
Michael Fowler	**2,000,000**	**8,400,000**	**(2,000,000)**	**-**	**8,400,000**	**2,400,000**
Craig Bradshaw	**-**	**2,800,000**	**-**	**-**	**2,800,000**	**800,000**
Gerry Kaczmarek	**-**	**-**	**-**	**-**	**-**	**-**
Darren Gordon	**-**	**2,800,000**	**-**	**-**	**2,800,000[1]**	**800,000[1]**
	4,000,000	**16,800,000**	**(4,000,000)**	**-**	**16,800,000**	**4,800,000**

1. D Gordon - balance on resignation on 10 May 2018. 1,200,000 options were forfeited immediately following resignation due to service condition. 800,000 further options also vested immediately following resignation.

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)[1]**	**2,000,000**	**2,000,000**
Michael Fowler	**2,937,500**	**-**	**-**	**(937,500)[1]**	**2,000,000**	**2,000,000**
Darren Gordon	**312,500**	**-**	**-**	**(312,500)[1]**	**-**	**-**
	5,562,500	**-**	**-**	**(1,562,500)**	**4,000,000**	**4,000,000**

1. Options expired during the year

Share based compensation

No shares were issued to directors in lieu of fees and salary during the year. 2017: (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.

Directors' Report

2018	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	**4,502,610**	**2,000,000**	**500,000[1]**	**7,002,610**
Michael Fowler	**10,167,230**	**2,000,000**	**-**	**12,167,230**
Craig Bradshaw	**-**	**-**	**-**	**-**
Gerry Kaczmarek	**-**	**-**	**200,000[1]**	**200,000**
Darren Gordon	**5,839,657**	**-**	**-**	**5,839,657[2]**
	20,509,497	**4,000,000**	**700,000**	**25,209,497**

1. On-market purchase of shares
2. D Gordon - balance on resignation on 10 May 2018

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	**4,102,610**	**-**	**400,000[1]**	**4,502,610**
Michael Fowler	**9,967,230**	**-**	**200,000[1]**	**10,167,230**
Darren Gordon	**5,839,657**	**-**	**-**	**5,839,657**
	19,909,497	**-**	**600,000**	**20,509,497**

1. On-market purchase of shares

Loans to key management personnel

There were no loans to key management personnel during the year. 2017: (nil).

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

There were no other transactions with key management personnel during the year. 2017: (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, 18 September 2018

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 Partner for the audit of the financial statements of Genesis Minerals Limited for the financial year ended 30 June 2018, 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

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 18th day of September 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2018	Notes	2018	2017
		$	$
REVENUE	2	**55,586**	**11,043,022**
OTHER INCOME	3	**-**	**21,986**
EXPENDITURE			
Mining costs		**(107,217)**	**(8,927,960)**
Exploration expenses		**(4,597,640)**	**(1,590,975)**
Salaries and employee benefits expense		**(343,742)**	**(329,310)**
Corporate expenses		**(208,558)**	**(213,167)**
Administration costs		**(248,900)**	**(279,514)**
Depreciation expense		**(2,651)**	**(937)**
Share based payments expense		**(120,345)**	**(441,486)**
LOSS BEFORE INCOME TAX		**(5,573,467)**	**(718,341)**
INCOME TAX BENEFIT/(EXPENSE)	4	**-**	**-**
LOSS FOR THE YEAR		**(5,573,467)**	**(718,341)**
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	11	**-**	**(3,292)**
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**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF GENESIS MINERALS LIMITED		**(5,573,467)**	**(683,143)**
Basic and diluted loss per share (cents per share)	12	**(0.72)**	**(0.10)**

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

Consolidated Statement of Financial Position

AT 30 JUNE 2018	Notes	2018	2017
		$	$
CURRENT ASSETS			
Cash and cash equivalents	5	**5,104,901**	**4,155,593**
Trade and other receivables	6	**85,959**	**1,126,218**
TOTAL CURRENT ASSETS		**5,190,860**	**5,281,811**
NON-CURRENT ASSETS			
Plant and equipment	7	**7,285**	**8,986**
TOTAL NON-CURRENT ASSETS		**7,285**	**8,986**
TOTAL ASSETS		**5,198,145**	**5,290,797**
CURRENT LIABILITIES			
Trade and other payables	8	**1,093,416**	**827,650**
Provisions	9	**122,087**	**102,099**
TOTAL CURRENT LIABILITIES		**1,215,503**	**929,749**
TOTAL LIABILITIES		**1,215,503**	**929,749**
NET ASSETS		**3,982,642**	**4,361,048**
EQUITY			
Issued capital	10	**29,059,243**	**24,118,945**
Reserves	11	**1,526,690**	**1,271,927**
Accumulated losses		**(26,603,291)**	**(21,029,824)**
TOTAL EQUITY		**3,982,642**	**4,361,048**

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 2018	Notes	Ordinary Share Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Options Reserve $	Total $
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	23	-	-	-	-	-
Sub-total		**4,619,673**	**(718,341)**	**35,198**	**-**	**3,936,530**
BALANCE AT 30 JUNE 2017		**24,118,945**	**(21,029,824)**	**-**	**1,271,927**	**4,361,048**
BALANCE AT 1 JULY 2017		**24,118,945**	**(21,029,824)**	**-**	**1,271,927**	**4,361,048**
Loss for the year		-	(5,573,467)	-	-	**(5,573,467)**
TOTAL COMPREHENSIVE LOSS		**-**	**(5,573,467)**	**-**	**-**	**(5,573,467)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year	10	5,352,000	-	-	-	5,352,000
Share issue transaction costs	10	(411,702)	-	-	134,418	(277,284)
Share based payments	23	-	-	-	120,345	120,345
Sub-total		**4,940,298**	**(5,573,467)**	**-**	**254,763**	**(378,406)**
BALANCE AT 30 JUNE 2018		**29,059,243**	**(26,603,291)**	**-**	**1,526,690**	**3,982,642**

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 2018	Notes	2018	2017
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from gold sales		1,217,110	10,900,338
Payments to suppliers and employees		(907,531)	(1,208,215)
Payments for mining activities		(743,990)	(6,360,555)
Payments for exploration expenditure		(3,483,124)	(1,676,981)
Interest received		43,077	27,160
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	22	(3,874,458)	1,681,747
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of subsidiary, net of cash disposed		-	112,915
Payments for plant and equipment		(950)	(4,713)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(950)	108,202
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		5,102,000	1,710,000
Payments for share issue costs		(277,284)	(56,813)
NET CASH INFLOW FROM FINANCING ACTIVITIES		4,824,716	1,653,187
NET INCREASE IN CASH AND CASH EQUIVALENTS		949,308	3,443,136
Cash and cash equivalents at the beginning of the financial year		4,155,593	711,989
Effects of exchange rate changes on cash and cash equivalents		-	468
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5	5,104,901	4,155,593

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 2018

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 18 September 2018. 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 2017 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 2017.

(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 $5,573,467 for the year ended 30 June 2018 (2017: $718,341). Included within this loss were mining costs of $107,217 (2017: $8,927,960) and exploration expenditure of $4,597,640 (2017: $1,590,975).

The net working capital surplus position of the Group at 30 June 2018 was $3,975,357 (2017: $4,352,062). The Group has expenditure commitments relating to work programme obligations of their assets of $548,900 which could potentially fall due in the twelve months to 30 June 2019.

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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(ii) 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.

(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.

Notes to the Consolidated Financial Statements

30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

Notes to the Consolidated Financial Statements

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and expenses 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.

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).

Notes to the Consolidated Financial Statements

30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Notes to the Consolidated Financial Statements

30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, it 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.

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 July 2018. The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments requirements for financial instruments and 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.

Notes to the Consolidated Financial Statements

30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

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 July 2018 as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*.

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.

The Group is in the process of completing its impact assessment of AASB 15. Based on a preliminary assessment performed, the effect of AASB 15 is not expected to have a material effect on the Group. 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 July 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 lease liability for all leases (excluding short-term leases with a lease term 12 months or less 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.

The Group is in the process of completing its impact assessment of AASB 16. Based on a preliminary assessment performed, the effect of AASB 16 is not expected to have a material effect on the Group. It is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the Consolidated Financial Statements

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2. REVENUE

	2018 $	2017 $
Sales of gold	-	11,015,862
Interest revenue	55,586	27,160
	55,586	11,043,022

3. OTHER INCOME

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

In the previous financial year, 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:

Gain on disposal	2018 $	2017 $
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

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:

Loss from continuing operations before income tax expense	(5,573,467)	(718,341)
Australian tax rate	27.5%	30%
Prima facie tax benefit at the Australian tax rate	(1,532,703)	(215,502)
Add tax effect of:		
Share-based payments	33,095	132,446
Expenses incurred in deriving non-assessable non-exempt income	10,995	30,641
Non-deductible expenses	65,770	4,895
Non-assessable income	(3,440)	-
Movements in unrecognised temporary differences	26,603	(20,270)
	(1,399,680)	(67,790)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	1,399,680	67,790
Income tax expense	-	-

(b) Tax Losses

Unused tax losses for which no deferred tax asset has been recognised	8,176,228	6,776,548
Potential tax benefit @ 27.5% (2017: 30%)	2,248,463	2,032,964
Unused capital losses for which no deferred tax asset has been recognised	487,085	487,085
Potential tax benefit @ 27.5% (2017: 30%)	133,948	146,126

Notes to the Consolidated Financial Statements

30 JUNE 2018

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.

	2018	2017
	$	$
Cash at bank and in hand	1,509,901	2,135,571
Short-term deposits	3,595,000	2,020,022
Cash and cash equivalents	5,104,901	4,155,593

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

	2018	2017
	$	$
Trade debtors – GST receivable	73,451	19,754
Accrued income – sales of gold	-	1,106,464
Other receivables – accrued interest	12,508	-
	85,959	1,126,218

The Group expects the above trade and other receivables to be recovered within 12 months of 30 June 2018 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

	2018	2017
	$	$
Plant and equipment		
Cost	13,857	12,908
Accumulated depreciation	(6,572)	(3,922)
Net book amount	7,285	8,986
Plant and equipment		
Opening net book amount	8,986	9,454
Exchange differences	-	151
Additions / (Disposals)	950	4,713
Sale of Subsidiary	-	(4,395)
Depreciation charge	(2,651)	(937)
Closing net book amount	7,285	8,986

8. TRADE AND OTHER PAYABLES

	2018	2017
Trade payables	902,527	280,264
Other payables and accruals	190,889	547,386
	1,093,416	827,650

9. PROVISIONS

	2018	2017
Employee entitlements	72,087	52,099
Rehabilitation	50,000	50,000
	122,087	102,099

Notes to the Consolidated Financial Statements

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10. ISSUED CAPITAL

	2018	2017
	$	$
910,794,512 (30 June 2017: 737,180,876) Ordinary shares	30,434,130	25,081,130
Value of conversion rights - Convertible Notes	25,633	25,633
Share issue costs written off against issued capital	(1,400,520)	(987,818)
	29,059,243	24,118,945

MOVEMENT IN ORDINARY SHARES	No.	$
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
Balance at 1 July 2017	737,180,876	24,118,945
Shares issued to vendors of Metallo Resources Pty Ltd at $0.022 per share – 19 September 2017 (Note 25)	11,363,636	250,000
Shares issued upon exercise of $0.017 options – 14 December 2017	2,000,000	34,000
Shares issued upon exercise of $0.017 options – 21 December 2017	4,000,000	68,000
Placement at $0.032 per share – 20 April 2018	138,281,250	4,425,000
Placement at $0.032 per share – 10 May 2018	17,968,750	575,000
Less share issue costs	-	(411,702)
Balance at 30 June 2018	910,794,512	29,059,243

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

	2018	2017
	No.	No.
Exercisable at 1.7 cents, on or before 22 December 2017	-	6,000,000
Exercisable at 3.9 cents, on or before 13 December 2019	4,800,000	-
Exercisable at 4.8 cents, on or before 31 July 2020	10,000,000	-
Exercisable at 4.2 cents, on or before 13 December 2020	4,800,000	-
Exercisable at 4.5 cents, on or before 13 December 2021	6,000,000	-
	25,600,000	6,000,000

(b) Movements in options on issue

Beginning of the financial year	6,000,000	27,250,000
Expired 10 December 2016	-	(21,250,000)
Exercised December 2017 at 1.7 cents	(6,000,000)	-
Issued during the year:		
Exercisable at 3.9 cents, on or before 13 December 2019	4,800,000	-
Exercisable at 4.8 cents, on or before 31 July 2020	10,000,000	-
Exercisable at 4.2 cents, on or before 13 December 2020	4,800,000	-
Exercisable at 4.5 cents, on or before 13 December 2021	7,200,000	-
Lapsed 11 May 2018	(1,200,000)	-
End of the financial year	25,600,000	6,000,000

Notes to the Consolidated Financial Statements

30 JUNE 2018

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 2018 is $3,975,357 (2017: $4,352,062).

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. The movement in the reserve is reconciled as follows:

	2018 $	2017 $
Balance at the beginning of the financial year	**1,271,927**	**1,271,927**
Recognition of share-based payments for options issued to corporate advisor	**134,418**	**-**
Recognition of share-based payments for options issued to directors	**120,345**	**-**
Balance at the end of the financial year	**1,526,690**	**1,271,927**

12. LOSS PER SHARE

(a) Reconciliation of earnings used in calculating loss per share

	2018 $	2017 $
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(5,573,467)	(718,341)

	2018 Number of shares	2017 Number of shares
(b) Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	778,610,048	687,886,629
Basic and diluted EPS (cents per share)	(0.72)	(0.10)

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:

	2018 $	2017 $
Within one year	**548,900**	**417,500**
Greater than one year but less than five years	**1,501,366**	**872,998**
	2,050,266	**1,290,498**

The above exploration commitments includes the Barimaia Gold Project which is subject to a Farm-In and Joint Venture Agreement (Mt Magnet Joint Venture) under which the Group has a right to earn an initial 65% interest in the Project. Refer to note 26 for details of the Mt Magnet Joint Venture.

Notes to the Consolidated Financial Statements

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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.

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:

	2018	2017
	$	$
Financial Assets		
Cash and cash equivalents	5,104,901	4,155,593
Trade and other receivables	85,959	1,126,218
Total financial assets	5,190,860	5,281,811
Financial Liabilities		
Trade and other payables	1,093,416	827,650
Total financial liabilities	1,093,416	827,650

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 in 2017 was derived from one customer, with collection terms set out in a Toll Milling Agreement. The payment terms included 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 did not have any significant revenue sources during the 2018 financial year. 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;

Notes to the Consolidated Financial Statements

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14. FINANCIAL RISK MANAGEMENT (continued)

- 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.

(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.

(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
2018	$51,049	($51,049)	$51,049	($51,049)
2017	$41,556	($41,556)	$41,556	($41,556)

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

The entities comprising the former South America operating segment, Genesis Minerals (Chile) S.A. and Genesis Minerals (Argentina) S.A. were sold during the year ended 30 June 2017. For the year ended 30 June 2017, the South American operations incurred a net loss of $53,032. For the year ended 30 June 2018, the Group operated in one segment, exploration of minerals in Australia. During the year ended 30 June 2017, the Group operated in two segments, being exploration of minerals in South America and exploration and mining of minerals in Australia.

Notes to the Consolidated Financial Statements

30 JUNE 2018

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel compensation

	2018	2017
	$	$
Short-term benefits	363,853	340,733
Post-employment benefits	25,172	23,467
Share-based payments	120,345	-
	509,370	364,200

17. REMUNERATION OF AUDITORS

	2018	2017
	$	$
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	33,750	35,015
Total remuneration for audit services	33,750	35,015

18. CONTINGENCIES

As part of the terms of the acquisition of the Ulysses Gold Project, 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. 52,653 dry metric tonnes of ore product from the Ulysses Gold Project has been processed to date.
- 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.

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) Appointment and Resignation of Directors

Mr Craig Bradshaw was appointed as Non-Executive Director on 7 September 2017 and Mr Gerry Kaczmarek was appointed as Non-Executive Director on 20 March 2018. Mr Darren Gordon resigned as Non-Executive Director on 10 May 2018.

(d) 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 2018

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)	
			2018 %	2017 %
Ulysses Mining Pty Ltd	Australia	Ordinary	**100**	**100**
Metallo Resources Pty Ltd(2)	Australia	Ordinary	**100**	**-**
Metallo (Chile) Pty Ltd(2)(3)	Australia	Ordinary	**100**	**-**

(1) The proportion of ownership interest is equal to the proportion of voting power held.
(2) Controlled entity acquired during the year (refer note 25).
(3) Dormant entity. Application lodged to wind up the entity subsequent to year end.

21. EVENTS AFTER THE BALANCE SHEET DATE

Other than noted elsewhere in this report, 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

	2018 $	2017 $
(a) Reconciliation of net loss after income tax to net cash inflow/(outflow) from operating activities		
Net loss for the year	**(5,573,467)**	**(718,341)**
Non-Cash Items		
Depreciation of non-current assets	**2,651**	**937**
Share based payments expense	**120,345**	**441,486**
Shares issued to acquire Metallo Resources Pty Ltd and expensed as exploration expenses	**250,000**	**-**
Shares issued in satisfaction of mining services provided	**-**	**2,500,000**
Shares issued in satisfaction of exploration expenses	**-**	**25,000**
Net gain on disposal of controlled entities	**-**	**(109,139)**
Net exchange differences	**-**	**35,198**
Change in operating assets and liabilities, net of effects from purchase of controlled entities		
Decrease/(increase) in trade and other receivables	**1,040,259**	**(1,060,358)**
(Decrease)/increase in trade and other payables	**265,765**	**548,065**
(Decrease)/increase in provisions	**19,989**	**18,899**
Net cash inflow/(outflow) from operating activities	**(3,874,458)**	**1,681,747**

(b) Non-cash investing and financing activities

During the year the Group acquired Metallo Resources Pty Ltd on 19 September 2017 by means of issuing 11,363,636 shares at a price of $0.022 per share for total consideration of $250,000 (2017: nil).

23. SHARE BASED PAYMENTS

Share-based payments including options are granted at the discretion of the Board to align the interests of directors, executives and employees with those of shareholders.

Each option issued converts into one ordinary share of Genesis Minerals Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry by paying the exercise price.

Notes to the Consolidated Financial Statements

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23. SHARE BASED PAYMENTS (continued)

Pursuant to shareholder approval, 16,800,000 options, valued at $225,600, were issued to directors during the year (2017: nil). As a result of Darren Gordon's resignation, 1,200,000 options issued to Mr Gordon lapsed prior to vesting. As a result, the expense recognised in relation to these options (valued at $18,240 at grant date) was reduced to nil. 6,000,000 options were exercised during the year (2017: nil), 1,200,000 options lapsed during the year (2017: nil) and nil options expired (2017: 1,562,500).

An amount of $120,345 was expensed to share based payments for the options issued to directors (2017: $441,486 relating to the issue of 100 million shares issued to SMS Innovative Mining Pty Ltd in lieu of $2,500,000 of mining services. The value of the shares issued to SMS on measurement date was $2,941,486 and the excess of $441,486 was expensed to share-based payments).

During the year, 10,000,000 options were issued to Argonaut Securities for services rendered as lead manager to the $5 million capital raising completed in April 2018. The value of the options issued to Argonaut on measurement date was $134,418 with the amount expensed as a share issue cost and written off against issued capital.

Details of the options on issue during the current and previous year are set out below:

Grant Date	Expiry Date	Fair Value at Valuation Date (cents)	Exercise Price (cents)	Number 30 June 2017	Number Vested and Exercisable at 30 June 2017	Number 30 June 2018	Number Vested and Exercisable at 30 June 2018
22/12/15	22/12/17	1.36	1.7	6,000,000	6,000,000	-	-
13/12/17	13/12/19	1.09	3.9	-	-	4,800,000	4,800,000
20/04/18	31/07/20	1.34	4.8	-	-	10,000,000	10,000,000
13/12/17	13/12/20	1.33	4.2	-	-	4,800,000	800,000
13/12/17	13/12/21	1.52	4.5	-	-	6,000,000	-
Total				**6,000,000**	**6,000,000**	**25,600,000**	**15,600,000**

The movement in options on issue during the current and previous year is reconciled as follows:

	Number of Options	Weighted Average Exercise Price (cents)	Weighted Average Contractual Life (days)
Options outstanding at 30 June 2016	6,000,000	1.70	540
Options outstanding at 30 June 2017	6,000,000	1.70	175
Issued during the year	26,800,000	4.45	
Exercised during the year	(6,000,000)	1.70	
Lapsed during the year	(1,200,000)	4.50	
Options outstanding at 30 June 2018	25,600,000	4.45	861

The options that were issued during the year had their price calculated by using a Black-Scholes option pricing model applying the following inputs:

Valuation date	30/11/17(1)	30/11/17(1)	30/11/17(1)	20/04/18
Valuation date fair value	$0.0109	$0.0133	$0.0152	$0.0134
Valuation date share price	$0.029	$0.029	$0.029	$0.034
Exercise price	$0.039	$0.042	$0.045	$0.048
Expected volatility	83.83%	83.83%	83.83%	83.83%
Option life	2 years	3 years	4 years	2.28 years
Expiry date	13/12/19	13/12/20	13/12/21	31/07/20
Risk-free interest rate	1.75%	1.89%	2.13%	2.10%

(1) The date of shareholder approval has been used as the valuation date.

Notes to the Consolidated Financial Statements

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24. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Genesis Minerals Limited, at 30 June 2018. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2018 $	2017 $
Current assets	5,190,560	4,175,347
Non-current assets	7,285	8,986
Total assets	5,197,845	4,184,333
Current liabilities	(1,150,529)	(348,075)
Total liabilities	(1,150,529)	(348,075)
Net assets	4,047,316	3,836,258
Issued capital	29,059,243	24,118,945
Reserves	1,526,690	1,271,927
Accumulated losses	(26,538,617)	(21,554,614)
Total equity	4,047,316	3,836,258
Loss for the year	(4,984,003)	(1,195,101)
Total comprehensive loss for the year	(4,984,003)	(1,195,101)

As announced to the ASX on 12 May 2017, the parent entity entered into an option agreement to acquire Metallo Resources Pty Ltd ("Metallo") in the 2017 financial year. 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. During the 2018 financial year, the parent entity satisfied the expenditure commitment resulting in no remaining commitment at 30 June 2018.

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 2018 or 30 June 2017.

25. ACQUISITION OF BARIMAIA GOLD PROJECT

During the year, the Group completed the acquisition of Metallo Resources Pty Ltd ("Metallo"). Metallo holds the right to earn-in to an initial 65 per cent interest in the Barimaia Gold Project (Mt Magnet Joint Venture), with the potential to earn up to a maximum 80 per cent stake. The Group acquired 100% of Metallo on 19 September 2017 by means of issuing 11,363,636 shares at a price of $0.022 per share for total consideration of $250,000, and for accounting purposes was considered as an acquisition of an asset.

Details of the fair value of the assets acquired as at the date of purchase on 19 September 2017 are as follows:

	19 September 2017 $
Purchase Consideration	
Shares issued	250,000
Total	250,000
Net Assets Acquired	
Other receivable	24,983
Exploration, evaluation and mining leases(1)	228,305
Trade creditors	(3,288)
Total	250,000

(1) Expensed to the statement of profit or loss and other comprehensive income as exploration expenses.

Notes to the Consolidated Financial Statements

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26 FARM-IN AND JOINT VENTURE COMMITMENTS

The Barimaia Gold project is subject to a Farm-In and Joint Venture Agreement (Mt Magnet Joint Venture) under which the Group's 100% owned subsidiary, Metallo Resources Pty Ltd ("Metallo"), is required to spend $750,000 on exploration activities over three years to earn an initial 65% interest in the Project. Metallo has until 26 February 2019 to complete the first stage earn-in. As at 30 June 2018, Metallo has spent $627,446 (including 10% allocation for overhead costs) on the earn-in.

Following satisfaction of the initial 65% earn-in, the Project Vendor may elect to form a Joint Venture ("JV"). If the Project Vendor does not elect to form a JV, Metallo may elect to form the JV or continue sole funding exploration, and earn a further 15% interest by spending $1 million on exploration over a further two years (amounting to $1.75M in expenditure over five years to earn an 80% interest). The five year earn-in period expires on 26 February 2021.

Metallo in its sole discretion may elect to withdraw from the Farm-In Joint Venture at any time.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 22 to 44 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 2018 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, 18 September 2018

Independent Auditor's Report

To the Members of Genesis Minerals Limited

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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 2018, 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 2018 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
Acquisition of Metallo Resources Pty Ltd (Refer to Note 25) As disclosed in Note 25 in the financial statements, the Company acquired a 100% interest in Metallo Resources Pty Ltd on 19 September 2017. This acquisition is considered to be a key audit matter due to – the value of the transaction; and – the complexities involved in determining the appropriate accounting treatment for such an acquisition.	Our procedures amongst others included: – Reviewing the acquisition agreement to understand the key terms and conditions, and confirming our understanding of the transaction with management; – Assessing the deemed consideration with the terms of the acquisition agreement; – Reviewing the acquisition date balance sheet of the acquiree against the acquisition agreement and underlying supporting documentation; – Assessing the nature and operations of the entity being acquired to determine if it constituted a business, and the relevant accounting implications; and – Assessing the adequacy of the disclosures included in Note 25 to 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 2018, 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 2018. 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 2018, complies with section 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 18th day of September 2018

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 14 September 2018.

(a) Distribution of equity securities

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

			Unlisted Options		Ordinary shares	
			Number of holders	Number of options	Number of holders	Number of shares
1	-	1,000	-	-	29	3,688
1,001	-	5,000	-	-	22	68,300
5,001	-	10,000	-	-	43	388,870
10,001	-	100,000	-	-	429	20,595,045
100,001		and over	6	25,600,000	647	889,738,609
			6	**25,600,000**	**1,170**	**910,794,512**

The number of shareholders holding less than a marketable parcel of shares are: 116

(b) Twenty largest shareholders

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

Rank	Name	Units	% of Units
1.	BOTSIS HOLDINGS PTY LTD	55,042,791	6.04
2.	STEFEAD INVESTMENTS PTY LTD <SWEENEY FAMILY A/C>	48,366,432	5.31
3.	THANKS HOLDINGS PTY LTD <HANKS INVESTMENT A/C>	43,212,722	4.74
4.	MS BETTY JEANETTE MOORE + MR PHILIP COLIN HAMMOND <BJM SUPERANNUATION FUND A/C>	20,000,000	2.20
5.	MR DENIS JOHN REYNOLDS	20,000,000	2.20
6.	MR PHILIP COLIN HAMMOND + MS BETTY JEANETTE MOORE <MGB SUPERANNUATION FUND A/C>	18,500,000	2.03
7.	MR MICHAEL GEORGE FOTIOS <MICHAEL FOTIOS FAMILY A/C>	14,591,295	1.60
8.	MR ROBERT JOHN SMITH	14,298,214	1.57
9.	CIG (WA) PTY LTD <CLARK FAMILY A/C>	13,563,117	1.49
10.	HOP VALLEY HOLDINGS PTY LTD <IZZARD FAMILY A/C>	13,563,116	1.49
11.	RESOURCE ASSETS PTY LTD	12,400,000	1.36
12.	SUPER SEED PTY LTD <THE WERSMAN SUPER FUND A/C>	10,637,500	1.17
13.	APOLLO CORPORATION (WA) PTY LTD <APOLLO INVESTMENT A/C>	10,233,450	1.12
14.	DR SALIM CASSIM	10,187,500	1.12
15.	MS SHELLEY KATHLEEN LEWIS <LEWIS A/C>	10,000,000	1.10
16.	RALMANA PTY LTD	10,000,000	1.10
17.	WYLLIE GROUP PTY LTD	9,747,224	1.07
18.	WESTORIA RESOURCE INVESTMENTS LTD	8,408,824	0.92
19.	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	8,319,671	0.91
20.	HILLBOI NOMINEES PTY LTD	8,028,267	0.88
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**359,100,223**	**39.43**
Total Remaining Holders Balance		**551,694,289**	**60.57**

(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
BOTSIS HOLDINGS PTY LTD	55,042,791
STEFEAD INVESTMENTS PTY LTD <SWEENEY FAMILY A/C>	48,366,432
TREVOR HANKS	47,900,222

(d) Voting rights

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

ASX Additional Information

(e) Buy-back

There is no current on-market buy-back.

(f) Schedule of interests in mining tenements

Project	Country	Tenement ID	Interest (%)
Ulysses	Australia	M40/166	100
Ulysses	Australia	E40/295	100
Ulysses	Australia	E40/312	100
Ulysses	Australia	E40/359	100
Ulysses	Australia	P40/1449	100
Viking 2	Australia	E63/1085	100
Viking 2	Australia	E63/1198	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	P58/1655	Note 1
Barimaia	Australia	P58/1654	Note 1
Barimaia	Australia	M58/361	Note 1
Barimaia	Australia	P58/1752	Note 1
Barimaia	Australia	P58/1751	Note 1
Barimaia	Australia	P58/1762	Note 1
Barimaia	Australia	P58/1763	Note 1
Barimaia	Australia	P58/1764	Note 1
Barimaia	Australia	P58/1765	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 2018.

During the year Genesis announced a 55% increase in the Mineral Resource estimate for the Ulysses Gold Project from 206,000oz to 321,000oz of contained gold.

The updated Mineral Resource incorporated the results of the highly successful drilling program completed at Ulysses over the second half of 2017, which returned a number of high-grade intersections that confirmed and extended a number of high-grade gold zones (shoots).

The updated Measured, Indicated and Inferred Mineral Resource estimate now totals **3.3Mt @ 3.0 g/t gold for 321,000 ounces of contained gold** (refer to Table 1 for full details), which represents a 55% increase in contained ounces and a 31% increase in grade when compared with the May 2017 Mineral Resource.

The high-grade shoots which form part of the overall Mineral Resource are estimated to contain **1.22Mt @ 5.5g/t gold for 215,000 ounces**. The Ulysses West shoot has an estimated grade of 8.5g/t gold. These high-grade gold shoots have significant plunge extents and, importantly are all open at depth providing significant upside potential for further Resource growth.

The Mineral Resource Estimate for Ulysses as at 30 June 2018 is set out in the following table:

Table 1: Ulysses Gold Deposit – February 2018 Mineral Resource (0.75g/t Cut-off)

Type	Measured		Indicated		Inferred		Total		
	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Au Ounces
HG Shoots	21,000	5.1	785,000	5.0	420,000	6.3	1,225,000	5.5	215,000
Shear Zone	11,000	2.4	1,026,000	1.6	1,029,000	1.6	2,067,000	1.6	105,700
Total	**33,000**	**4.2**	**1,811,000**	**3.1**	**1,449,000**	**3.0**	**3,292,000**	**3.0**	**320,700**

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 21 February 2018. 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.