



**Consolidated Financial Statements**

Genmin Limited

For the year ended 31 December 2018



## Contents

<b>Section</b>	<b>Page</b>
Group Directory	4
Directors' Report	6
Auditor's Independence Declaration	22
Statement of Profit or Loss and Other Comprehensive Income	23
Statement of Financial Position	24
Statement of Changes in Equity	25
Statement of Cash Flows	26
Notes to the Consolidated Financial Statements	27
1 Statement of significant accounting policies	27
2 Going concern	34
3 Interests in subsidiaries	34
4 Other income	34
5 Director and employee expenses	35
6 Auditor's remuneration	35
7 Taxation	36
8 Cash and cash equivalents	36
9 Trade and other receivables	37
10 Property, plant and equipment	37
11 Exploration and evaluation expenditure	37
12 Intangible Assets	37
13 Commitments	38
14 Trade and other payables	38
15 Share capital	39
15.1 Share capital	39
15.2 Options	39
15.3 Performance rights	40
16 Cash flow information	40
17 Related party transactions	41
17.1 Transactions with key management personnel	41
17.2 Transactions with non-executive directors	41
18 Financial instrument risk	42
18.1 Risk management objectives and policies	42
18.2 Market risk analysis	42
18.3 Credit risk	42
18.4 Interest rate risk	42
18.5 Liquidity risk	43
18.6 Foreign currency risk	43
18.7 Foreign currency sensitivity	44
18.8 Fair value measurement of financial instruments	44



19	Capital management policies and procedures	44
20	Parent entity information	45
21	Events after the reporting date	45
22	Group details	46
	Directors' Declaration	47
	Independent Auditor's Report	48



## **Group Directory**

### **Directors**

Mr John Russell Hodder  
Mr Giuseppe Vince Ariti  
Ms Claire Sylvia Tolcon

Non-Executive Chairman  
Managing Director and Chief Executive Officer  
Non-Executive Director

### **Company Secretary**

Ms Claire Sylvia Tolcon

### **Registered Office and Principal Place of Business**

Suite 7, Outram Centre  
1297 Hay Street  
West Perth WA 6005  
Tel: +61 8 9200 5812

### **Auditor**

Grant Thornton Audit Pty Ltd  
Level 43, Central Park, 152 -158 St Georges Terrace  
Perth WA 6000  
Tel: +61 8 9480 2000  
Fax: +61 8 9322 7787

### **Solicitors**

Herbert Smith Freehills  
QV1 Building, 250 St Georges Terrace  
Perth WA 6000  
Tel: +61 8 9211 7777  
Fax: +61 8 9322 7787

### **Bankers**

National Australia Bank  
Business Banking  
Level 14, 100 St George's Terrace  
Perth WA 6000  
Tel: +61 8 9226 7000  
Fax: +61 8 9211 7878

Union Gabonaise de Banque (UGB), Libreville, Republic of Gabon  
Credit de Congo, Pointe-Noire, Republic of Congo



## **General Information**

These financial statements are consolidated financial statements for the group consisting of Genmin Limited and its subsidiaries. A list of subsidiaries is included in Note 2. Genmin Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements are presented in the US dollar currency. The financial statements were authorised for issue by the Directors on 29 April 2019. The Directors have the power to amend and reissue the financial statements.



## **Directors' Report**

The Directors of Genmin Limited present their Report together with the financial statements of the Consolidated Entity, being Genmin Limited (the "Company" or "Genmin") and its Controlled Entities (the "Group") for the twelve months ended 31 December 2018 and the Independent Auditor's Report thereon.

### **Directors**

The names of the Directors in office at any time during or since the end of the year and have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### **John Russell Hodder**

**BSc, MSc, BComm**

**Non-Executive Chairman**

**Appointed Non-Executive Director: 22 May 2014**

**Appointed Non-Executive Chairman: 20 December 2018**

Mr Hodder is a founding principal of Tembo Capital ("Tembo"), a mining private equity fund, which specialises in African and emerging markets. He has over 25 years' experience in the resources industry. He initially worked as a geologist and then in project evaluation for both mineral, and oil and gas companies. In 1995, Mr Hodder worked for an international finance corporation financing resources projects within emerging markets, where he gained skills in both project finance and private equity. After that he worked in the funds management industry within Australia where he was directly involved in investing in resources companies listed on the ASX.

Mr Hodder has been a director of ASX listed, East African mineral sands explorer, Strandline Resources Limited (ASX: STA) since June 2016. In February 2018, Mr Hodder was appointed a non-executive director of ASX listed Paladin Energy Ltd (ASX: PDN) and on 25 September 2018 Mr Hodder was appointed a non-executive director of Laguna Gold Limited (Administrators Appointed).

Mr Hodder was appointed a Non-Executive Director of the Company on 22 May 2014 and Non-Executive Chairman on 20 December 2018.

#### **Giuseppe Vince Ariti**

**BSc, DipMinSc, MBA, MAusIMM, MAICD**

**Managing Director and Chief Executive Officer**

**Appointed Executive Chairman and Chief Executive Officer: 11 January 2010**

**Appointed Managing Director and Chief Executive Officer: 20 December 2018**

Mr Ariti is an experienced company director and mining executive with over 25 years' experience in technical, management and executive roles including developing, managing and financing mining projects in Australia, Indonesia, PNG and the West Africa region.

He has previously been a director of Australian iron ore producer Territory Resources Limited when it was taken over by Hong Kong based commodities trading company Nobel Group. He was also a founding director of African Iron Limited, an entity developing iron ore assets in the Republic of Congo until March 2012 at which time it was taken over by Exxaro Resources Limited.



Mr Ariti was the inaugural Executive Chairman and Chief Executive Officer of the Company and was appointed the Managing Director and Chief Executive Officer on 20 December 2018 following a decision for good corporate governance to separate the Chairman and Chief Executive Officer roles.

**Claire Sylvia Tolcon**

**LLB, BComm, FFIN, GradDipAppCorpGov**

**Appointed Non-Executive Director & Group Secretary: 22 May 2014**

Ms Tolcon has over 18 years' experience in the legal profession, primarily in the areas of equity capital markets, mergers and acquisitions, corporate restructuring, corporate governance and mining and resources. She was a partner of an Australian corporate law firm for several years before working in house at various ASX listed companies. Ms Tolcon has a Bachelor of Laws and Bachelor of Commerce (Accounting) degree and has completed a Graduate Diploma of Applied Finance with FINSIA and a Graduate Diploma of Corporate Governance with the Governance Institute of Australia (previously Chartered Secretaries of Australia Ltd).

**Significant Changes in State of Affairs**

No significant changes in the Group's state of affairs occurred during the financial year.

**Principal Activities**

During the period, the principal activity of entities within the Group was mineral exploration, in particular iron ore exploration in Gabon, central West Africa.

**Corporate Overview**

The Group recorded a loss after tax for the 12 months ended 31 December 2018 of USD4,872,941 (twelve months ended 31 December 2017: USD1,918,170).

**Board Reorganisation**

In December 2018, the Board considered it appropriate that for good corporate governance, the Chairman and Chief Executive Officer roles should be held by separate persons. Accordingly, from 20 December 2018, Mr Hodder assumed the position of Non-Executive Chairman and Mr Ariti retained his position as Chief Executive Officer/Managing Director.

Post year end, the Board has determined that it is appropriate to diversify the Board skill set with in-country project approvals and government liaison expertise, to position the Company for its next phase. It is expected a new Non-Executive Director possessing these skills will be appointed in 2019 and Ms Tolcon will step down as Non-Executive Director.



## **Fund Raisings During 2018**

During 2018, major shareholder Ndovu Capital I.B.V (“Ndovu”) contributed approximately USD10.2 million into the Company via the early exercise of 76,485,723 options. Ndovu currently holds 214,880,037 shares in the Company, representing 77.33% of the shares on issue.

In the last quarter of 2018, Ndovu exercised 20,232,083 January 2023 options (strike price USD0.15, expiry date January 2023) contributing USD 3,034,812 into the Company. In consideration for the early exercise of the options, the Company agreed to issue Ndovu one replacement option (strike price USD0.15, expiry date 31 December 2023) for every two options exercised. The Company also agreed that if Ndovu exercised any of its 7,894,737 options (strike price USD0.15, expiry date 31 July 2023) prior to 14 August 2019, the Company would issue one replacement option (strike price USD0.15, expiry date 31 July 2024) for every two options exercised. Post year end, Ndovu exercised the 7,844,737 options, providing further funding of USD1.2 million to the Company in March 2019.

In February 2019, the Company invited all other option holders to participate on the same terms as Ndovu in relation to all options held by option holders as at 15 February 2019. Under this offer, for every two options exercised prior to 14 August 2019, the Company will issue to the option holder one replacement option (strike price of USD0.15 and an expiry date of 31 July 2024). As at the date of this report 40,309 options have been exercised by option holders, resulting in the issue of 20,154 replacement options.

## **2019 Focus**

In the coming year, the Company’s principal focus will be on preparing a definitive feasibility study, and social and environmental impact assessment (“Work Plan”) in respect of permitting and developing the Baniaka project.

The budget for the Work Plan and exploration at the other projects is estimated at USD25 million, and at the date of this Report the Company has commenced a series of road shows in South Africa, London and mainland China to raise the required funding.

As a consequence, the Work Plan and exploration at the other projects is not expected to commence until the second half of 2019, with the shareholder base expected to broaden with the new funding and further changes to the Board likely from those discussed above.



## Operations overview

### Introduction

At 31 December 2018, Genmin had six (6) exploration projects in Gabon, controlling approximately 5,540 km<sup>2</sup> of ground prospective for iron ore, gold and base metals (gold and base metals limited to the Mafoungui and Bitam permits) (Figure 1).

The Company's southern hub and primary focus is in the Haut-Ogooué province in south-eastern Gabon (Figure 2). The existing and operating infrastructure in the southern hub is advantageous for mining development and includes the Trans-Gabon Railway that operates from Franceville to Port Owendo, near the capital city of Libreville. The newly constructed and operating mineral port located at Port Owendo and connected to the Trans-Gabon Railway provides an export terminal for iron ore and manganese and is potentially scalable to 25 Mtpa export volume. The southern hub is also proximal to the Grand Poubara hydroelectric power station, which represents a cost-effective power supply with current available capacity. The nearby towns of Moanda and Franceville have experience in supporting mining operators such as COMILOG and Areva.

The application for the Mbinda exploration licence in the Republic of Congo ("RoC") lodged in 2017 was unsuccessful, with the area reverting to previous owner African Iron Ltd. Genmin currently does not hold any exploration rights in RoC.

Project interests, landholding and location are summarised in Table 1 and are shown in Figures 1 and 2.

**Table 1: Project Interests, Landholding and Location**

Project	Location	Genmin Interest (%)	Area (km <sup>2</sup> )	Date Granted	Permit / Authorisation Number
Baniaka	Gabon	100	774	26-Sep-12	G2-537
Mafoungui	Gabon	100	807	31-Dec-12	G7-535
Bakoumba	Gabon	100	1,030	26-Jan-12	G2-511
Minvoul	Gabon	100	1,362	21-Jun-12	G9-512
Baniaka-West	Gabon	100	107	12-May-14	G2-572
Bitam	Gabon	100	1,463	4-Apr-16	G9-590
Total			5,543		

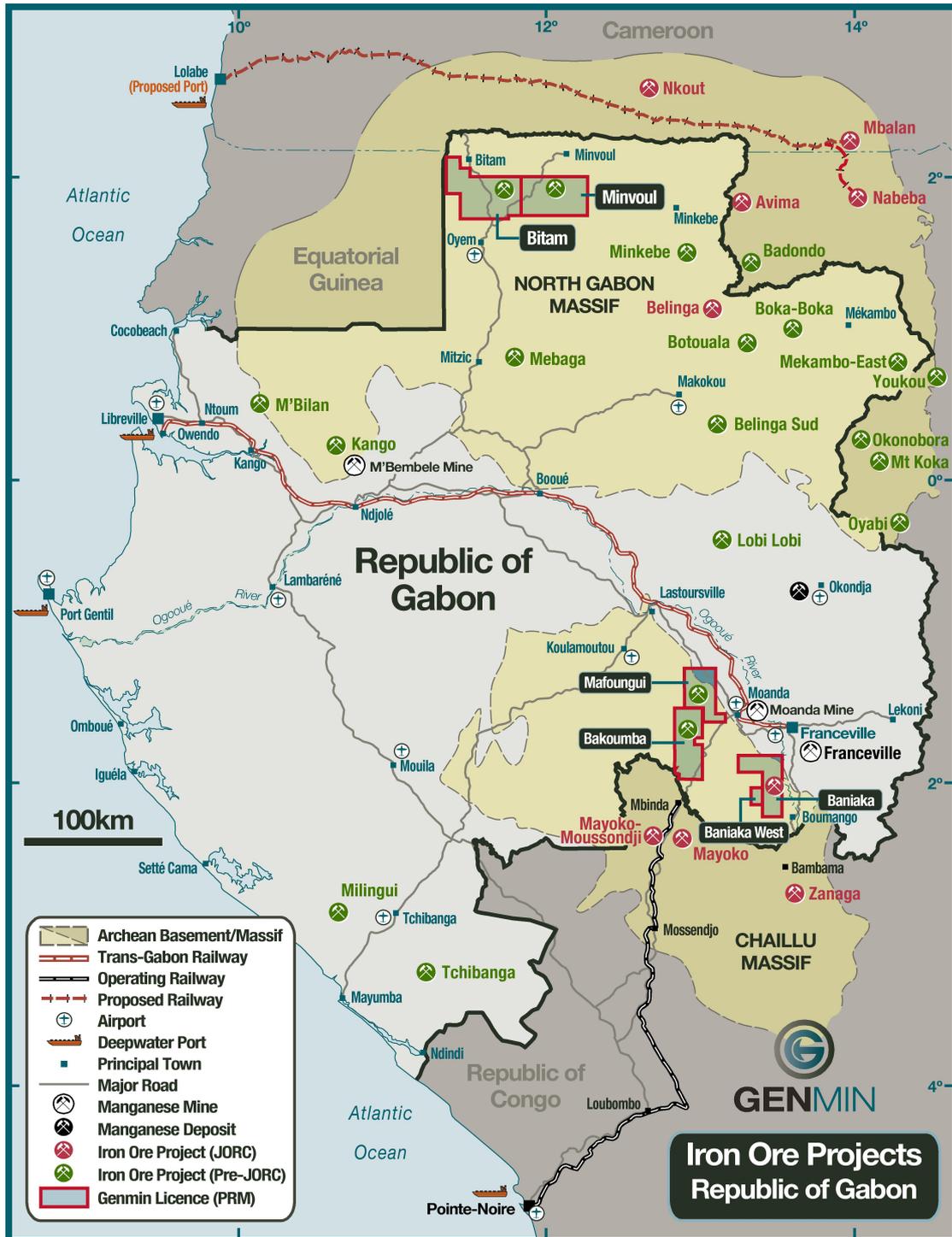


Figure 1: Genmin project locations, Gabon



Figure 2: Genmin project location, southeast Gabon



## **Baniaka Project (100% interest, 774 km<sup>2</sup>)**

### **Overview**

The Company's most advanced and flagship project, Baniaka, was granted in 2012. It has a cumulative strike length of 57 km of banded iron formation ("BIF") stratigraphy with ten (10) prospects defined.

The 2017/2018 field and drilling campaign has seen a significant increase in the Mineral Resource inventory across the Baniaka Project, expanding from surficial detrital iron deposits ("DID") defined in 2016 to the underlying Oxide and Primary BIF iron ore material. The Inferred and Indicated Mineral Resource inventory as at March 2019 totals 244 Mt of iron ore at 40 % Fe of (inclusive of the 17.5 Mt of DID defined at Baniaka-West, see Table 2), reported according to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("The JORC Code 2012 Edition"). This positions Baniaka as one of the major mineral deposits in Gabon. Data collected in 2018 will also support further resource increases during the first half of 2019.

The mining, infrastructure and economic aspects of the project have also been advanced with Whittle mining optimisation work and a more comprehensive development Optimisation Study completed in 2018. In addition, a Memorandum of Understanding ("MoU") was signed with Gabon Special Economic Zone Mineral Port to provide rail and port solution from the mine gate to ocean-going vessels. The MoU has been progressed to a near final long form agreement.

Significant achievements during 2018 included:

- 6,490 metres of diamond drilling in 67 holes at Tsengué, Bingamba North and South and CP31 prospects;
- 2,033 metres of auger drilling in 178 holes at Tsengué, Kopa, CP31 and Bingamba prospects;
- Acquisition of helicopter-borne, high-resolution LiDAR topography data and aerial imagery over the Mineral Resource and infrastructure areas;
- Acquisition of ground magnetic data over 513 line-kilometers;
- Preparation of a Maiden Oxide and Primary BIF Mineral Resource at Tsengué and Bingamba North;
- Update of the DID Mineral Resource at Tsengué, Bingamba North and South, Kopa and CP31 prospects;
- Completion of a Whittle pit optimisation study as a preliminary assessment of mining recovery and economic aspects; and
- Completion of a comprehensive Optimisation Study to determine project staging, capex, opex etc.

### **Details**

Resource definition diamond drilling was conducted to assess the potential of the Oxide and Primary BIF material. Started in late 2017, it continued at Tsengué and covered Bingamba North, on 400 m sections, with closer spacing in the structurally complex Bingamba South area. Reconnaissance drilling was also conducted at CP31. Infill auger drilling in 2018 aimed to increase the confidence in the DID resource and



was completed at Tsengué. Extension and infill drilling were also conducted at CP31 and Bingamba North.

Supporting information for the resource estimation was acquired in the form of high-resolution LiDAR topography data and density measurements from core and mechanised excavations.

The Mineral Resource estimates, prepared by international mining consultancy Golder Associates (“Golder”), include both an update and increase of the DID surficial material and a Maiden Mineral Resource on the Oxide and Primary BIF (Tsengué and Bingamba North). A detailed breakdown of the Mineral Resources is shown in Table 2. Oxide and Primary materials have seen further metallurgical characterisation work, which showed they are amenable to upgrade with simple processing to high-grade iron ore products with low impurities.

The pit optimisation study demonstrated that a recovery of 97% of the DID material with low stripping ratios is achievable. The Optimisation Study focused on improving the processing component of the project and integrated the processing, mining, transport and infrastructure aspects into a cost and financial evaluation.

Exploration at Baniaka in 2019 will aim to upgrade a component of the existing Inferred DID, Oxide and Primary Mineral Resource to Indicated to support a Feasibility Study to define Ore Reserves as per The JORC Code 2012 Edition. A total of 4,500 m of diamond and 9,500 m of RC drilling focused on Tsengué and Bingamba prospects is planned to this intent. Additional reconnaissance diamond (600 m) and auger drilling (5,750 m) are designed to test the Lendzoubi, Bambono and Ngaila prospects.

Commencement of social and environmental baseline data collection will be undertaken to support an Environmental Impact Assessment. Geotechnical, hydrological, mining and infrastructure studies are planned as part of the Feasibility Study.

### **Baniaka-West Project (100% interest, 107 km<sup>2</sup>)**

The advanced exploration area of Baniaka-West, granted in 2014, is adjacent to and immediately west of Baniaka and comprises two major prospects, Bandjougoy and Floufrou (Figure 2). Mapping campaigns and ground magnetic data had confirmed BIF units, estimated up to 150 m thickness over a strike length of 18 km, within broader greenstone belt assemblages. Mapping had also highlighted the presence of DID, oxidised, ferruginous hardcap and oxide iron ore at both prospects.

Baniaka-West has been advanced significantly in 2018 with resource definition auger drilling enabling the estimation of a Maiden DID Mineral Resource at Bandjougoy and also providing sufficient data for a Maiden Mineral Resource estimate at Floufrou in 2019. A total Inferred Mineral Resource of 17.5 Mt of DID at 49.6 % Fe has been estimated by Golder (Table 2) at Bandjougoy.



The thick, shallow-dipping BIF unit at Bandjougoy offers up to 300 m wide exposure to weathering and iron enrichment. Diamond drilling has confirmed the potential for Oxide mineralisation with an in-house Exploration Target<sup>1</sup> estimate of 71–118 Mt at 35–43 % Fe.

Significant achievements during 2018 included:

- 5,340 metres of auger drilling in 434 holes at Bandjougoy and Flouflou prospects;
- 1,186 metres of diamond drilling in 12 holes at Bandjougoy prospect;
- 26 km<sup>2</sup> LiDAR coverage over BIF stratigraphy; and
- A pitting and costean programme for bulk density determinations and metallurgical samples.

Exploration planned for 2019 comprises 2,500 m of diamond and 5,500 m of RC drilling at Bandjougoy targeting a Maiden Indicated Oxide and Primary Mineral Resource and upgrade of the DID Mineral Resource to Indicated. These estimates will support the Feasibility Study planned to commence in 2019 at Baniaka. Reconnaissance diamond drilling is designed at Flouflou to assess the oxide potential.

Throughout 2019, the Company will commence and progress the merging of Baniaka-West into the Baniaka Project.

### **Bakoumba and Mafoungui Projects (100% interest)**

Bakoumba (1,029 km<sup>2</sup>) and Mafoungui (807 km<sup>2</sup>) were first granted in 2012 and are situated 80 km directly northwest of Baniaka.

The Bakoumba project was renewed in April 2018 with a revised perimeter, which now includes the former Lebombi Authorisation to Prospect (“AtP”). As part of the change of perimeter, an area equal to that of the AtP was surrendered to maintain the initial granted area of the Bakoumba permit. An application for second renewal for Mafoungui was submitted in September 2018 with a proposed change of endorsement to include gold, silver, nickel, chromium, copper and platinum group elements.

Interpretation of ground magnetic data at Bakoumba together with field mapping have confirmed a 35 km strike-length of semi-continuous BIF stratigraphy with potential for high grade detrital iron accumulations. Reconnaissance pitting work has tested the main magnetic anomalies coinciding with BIF stratigraphy. Sighter metallurgical test work on nine (9) bulk, composite pit samples show a simple wet screening and dense media separation plant would produce saleable iron ore products from detrital iron accumulations.

Resource definition auger drilling is planned for 2019 at Mabinga, Lébombi North and the Koumbi prospects (Figure 2) at Bakoumba, focusing on the surficial DID mineralisation identified in the pitting campaigns. The auger drilling is proposed to cover a 6 km strike length of prospective BIF stratigraphy on 400 m line spacing over Lébombi North and Koumbi prospects. Mabinga prospect will be tested over a 1 km strike length.

---

<sup>1</sup> The potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in a Mineral Resource.



Reconnaissance auger drilling is planned to assess the potential of Lébombi South, Lemanissa South and Lemanissa North prospects at Bakoumba where lower grade hybrid detrital iron (“HYB”) has been identified by the pitting campaigns.

Pending approval of renewal and modified endorsement, Mafoungui will be evaluated for gold and base metals with detailed mapping and soil sampling planned in 2019.

### **Minvoul and Bitam Projects (100% interest)**

The Minvoul and Bitam exploration permits cover a combined area of 2,825 km<sup>2</sup> in northern Gabon. Minvoul was granted in 2012 with endorsement for iron ore. Contiguous, and to the west, Bitam was granted in 2016 and authorizes Genmin to explore for iron, gold, copper and associated substances. The second renewal of Minvoul was granted in June 2018. An application for first renewal of the Bitam permit was submitted in December 2018.

Previous mapping campaigns have identified greenstone belts comprising BIF stratigraphy, that extends across both permits and has confirmed the potential for DID mineralisation. Historic, Artisanal diggings of iron ore have been found on both permits.

A high-resolution magnetic and radiometric airborne survey comprising 25,842 line-kilometers was completed in March 2018. It refined the geometry of existing iron ore prospects and help define new prospective areas. The high-resolution geophysical data together with existing field observations were combined into a new structural and geological interpretation of Minvoul and Bitam. Several areas prospective for gold and base metals were identified.

Field program for 2019 includes follow-up mapping on priority iron ore and Au-Cu targets with surface sampling and pitting/trenching.

### **Competent Person's Statement**

*Any information, in this report that relates to Exploration Results, Exploration Targets and Mineral Resources is based on information compiled by Mr. Mathieu Lacorde, a member of the Australian Institute of Geoscientists. Mr. Lacorde is a full-time employee of the Company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in The JORC Code 2012 Edition. Mr. Lacorde consents to the inclusion in this Report of the matters based on the information in the form and context in which is appears.*

**Table 2: Mineral Resources at the Baniaka and Baniaka West Projects**

<b>Baniaka</b>									
<b>Prospect</b>	<b>Class</b>	<b>Material</b>	<b>Tonnes (Mt)</b>	<b>Fe (%)</b>	<b>SiO<sub>2</sub> (%)</b>	<b>Al<sub>2</sub>O<sub>3</sub> (%)</b>	<b>P (%)</b>	<b>S (%)</b>	<b>LOI (%)</b>
Bingamba North	Inferred	DID	8.0	48.3	16.6	7.6	0.08	0.05	5.9
		Soft Oxide	15.9	43.7	31.4	2.7	0.05	0.03	2.9
		Intact Oxide	19.3	36.7	42.1	2.6	0.06	0.03	2.0
		Primary BIF	60.6	35.0	44.8	1.5	0.06	0.05	-0.1
Bingamba South	Inferred	DID	3.3	42.9	22.3	9.0	0.07	0.06	6.0
CP31	Indicated	DID	2.6	45.9	17.1	8.3	0.07	0.08	8.5
	Inferred	DID	0.6	40.9	22.7	8.9	0.06	0.09	9.2
Kopa	Inferred	DID	1.8	40.2	19.0	13.0	0.07	0.09	9.1
Tsengué	Indicated	DID	9.1	49.0	14.9	7.3	0.07	0.06	6.2
	Inferred	DID	3.9	44.1	19.7	9.3	0.06	0.06	6.0
		Soft Oxide	31.6	44.6	28.0	3.6	0.06	0.02	4.2
		Intact Oxide	24.8	39.4	36.4	2.9	0.06	<0.01	3.0
		Primary BIF	45.2	34.8	43.2	2.2	0.06	<0.01	1.0
<b>Baniaka West</b>									
<b>Prospect</b>	<b>Class</b>	<b>Material</b>	<b>Tonnes (Mt)</b>	<b>Fe (%)</b>	<b>SiO<sub>2</sub> (%)</b>	<b>Al<sub>2</sub>O<sub>3</sub> (%)</b>	<b>P (%)</b>	<b>S (%)</b>	<b>LOI (%)</b>
Bandjougoy	Inferred	DID	17.5	49.6	13.5	7.5	0.08	0.07	7.6
<b>Total – Baniaka and Baniaka West</b>									
	<b>Class</b>	<b>Material</b>	<b>Tonnes (Mt)</b>	<b>Fe (%)</b>	<b>SiO<sub>2</sub> (%)</b>	<b>Al<sub>2</sub>O<sub>3</sub> (%)</b>	<b>P (%)</b>	<b>S (%)</b>	<b>LOI (%)</b>
	<b>Inferred &amp; Indicated</b>	DID	46.8	47.6	16.0	8.0	0.07	0.07	6.9
		Oxide	91.6	41.4	33.8	3.04	0.06	0.02	3.2
		Primary	105.8	34.6	44.3	2.0	0.06	0.03	0.4
		<b>DID Oxide Primary</b>	<b>244.2</b>	<b>39.6</b>	<b>34.9</b>	<b>3.5</b>	<b>0.06</b>	<b>0.03</b>	<b>2.7</b>

Notes:

1. DID Mineral Resource, Golder, December 2018. Combines DID and HYB (mixed DID-lateritic colluvium) materials with respective cut-off grades of 40 % Fe and 30 % Fe.
2. BIF Mineral Resource, Golder, March 2019. No head grade cut-off is applied. Nominal cut-off grade implied as ~90% of BIF samples grade  $\geq 25$  % Fe.
3. Loss on Ignition (“LOI”) reported at 1000°C.



### Directors' meetings

The number of meetings of Directors held during the period and the number of meetings attended by each Director is as follows:

Board Member	Board Meetings	
	Number Held	Number Attended
JR Hodder	7	7
GV Ariti	7	7
CS Tolcon	7	7

Given the small size of the Company, there is no Nomination and Remuneration Committee nor Audit and Risk Committee.

### Unissued shares under option

During 2018, Ndovu and other option holders exercised a total of 79,075,298 options as follows:

Date of Exercise	Number Exercised	Exercise Price
13 February 2018	30,464,166	AUD0.04
13 February 2018	10,000,000	USD0.22
8 March 2018	80,618	AUD0.04
29 June 2018	10,000,000	USD0.25
31 July 2018	5,789,474	USD0.22
31 July 2018	2,508,957	AUD0.04
12 October 2018	10,232,083	USD0.15
29 November 2018	10,000,000	USD0.15

Unissued ordinary shares of Genmin under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Exercise Price of Shares (\$)	Number Options
1 September 2012	14 August 2019	AUD0.04	13,450,000
1 September 2012	14 August 2022	AUD0.04	8,200,000
7 June 2017	6 June 2022	AUD0.04	124,403
2 June 2015	14 August 2019	USD0.129	200,000
4 August 2015	13 July 2020	USD0.22	130,682
26 April 2016	30 April 2021	USD0.250	968,625
31 July 2018	31 January 2023	USD0.15	1,254,788
29 November 2018	31 December 2023	USD0.15	10,116,042
14 & 27 March 2019	31 July 2024	USD0.15	3,967,522

At the 2018 Annual General Meeting, shareholders approved the adoption of a Performance Rights Plan ("Plan") and the issue of 6,000,000 performance rights to GV Ariti and 2,400,000 performance rights to CS Tolcon.



The Board noted in the Explanatory Memorandum accompanying the Notice of Meeting that the Board proposes to issue up to 12,000,000 performance rights under the Plan. As at the date of this report, Genmin has the following Performance Rights on issue, which upon achievement of the relevant milestone will entitle the holder to one fully paid ordinary share in the Company (unless the Board resolves to otherwise satisfy via a cash payment). If the milestone is not achieved by the relevant expiry date, the Performance Rights will lapse (unless otherwise determined by the Board in accordance with the Plan).

<b>Holder</b>	<b>Number</b>	<b>Milestone</b>	<b>Expiry</b>
GV Ariti	6,000,000	<p>20% - definition in total at the Baniaka and Baniaka West projects of &gt;150Mt of DSO Inferred Mineral Resource, where DSO means Detrital/Channel iron deposits, Powder Ore and Intact Hematite Ore.</p> <p>20% - entering into substantive Rail and Port Infrastructure Agreements for the Baniaka Iron Ore Project.</p> <p>20% - raising new equity at USD100 million or greater valuation or an IPO at a pre-money valuation of USD100 million.</p> <p>20% - asset growth through the acquisition of key projects with significant value uplift (as determined by an independent party).</p> <p>20% - shareholder exit whereby the Company is acquired for an amount in excess of USD200 million is achieved.</p>	21/08/2021
CS Tolcon	2,400,000	<p>33.33% - raising new equity at USD100 million or greater valuation or an IPO at a pre-money valuation of USD100 million.</p> <p>33.33% - asset growth through the acquisition of key projects with significant value uplift (as determined by an independent party).</p> <p>33.33% - shareholder exit whereby the Company is acquired for an amount in excess of USD200 million is achieved.</p>	21/08/2021



M Lacorde	750,000	250,000 – After completion of two years of continual service with the Company. 250,000 – Declaration of a maiden Inferred resource by 30 September 2019 at Bakoumba for prospects subject to auger drilling. 250,000 – Declaration of a maiden Inferred (or better) oxide resource (POW/IHO) at Baniaka for Tsengue and Bingamba prospects by 31 March 2019 (the “JORC Resource Milestone”).	11/09/2021
-----------	---------	--	------------

Post year end, upon achievement of the JORC Resource Milestone, which resulted in the vesting of 250,000 Performance Rights, 250,000 shares were issued to Mathieu Lacorde.

#### **Dividends paid or recommended**

There were no dividends paid or declared during the period.

#### **Likely developments**

The Group plans to continue exploration and development studies in respect of its projects in Gabon.

#### **Events arising since the end of the reporting period**

##### Exercise of Options

In March 2019, Ndovu exercised 7,894,737 options (strike price USD0.15, expiry date 31 July 2023) (“Ndovu Options”) contributing approximately USD1.2 million to the Company.

In consideration for Ndovu exercising the Ndovu Options prior to their expiry date, the Company issued Ndovu one replacement option (strike price USD0.15, expiry 31 July 2024) for every two Ndovu Options exercised (“Ndovu Replacement Options”), which resulted in Ndovu receiving 3,947,369 Ndovu Replacement Options.

##### Offer to Other Option Holders

In February 2019, the Company invited all other option holders to participate on the same terms as Ndovu in relation to all options held by option holders as at 15 February 2019. Under this offer, for every two options exercised prior to 14 August 2019, the Company will issue to the option holder one replacement option (strike price USD0.15, expiry 31 July 2024). As at the date of this report 40,309 options have been exercised by option holders, resulting in the issue of 20,154 replacement options.



### Vesting of Performance Rights

In April 2019, the Company issued 250,000 shares to an employee upon achievement of a milestone relating to 250,000 Performance Rights issued to the employee under the Plan.

### **Environmental legislation**

Genmin's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

### **Indemnities given to, and insurance premiums paid for, auditors and officers**

#### **Insurance of officers**

During the twelve months, Genmin paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the period, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

#### **Indemnity of auditors**

The Group has agreed to indemnify its auditors, Grant Thornton, to the extent permitted by law, against any claim by a third party arising from the Group's breach of its agreement. The indemnity requires the Group to meet the full amount of any such liabilities including a reasonable amount of legal costs.

#### **Proceedings on behalf of Group**

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 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 22 and forms part of this Directors' Report.



Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'John Hodder'.

John Hodder  
**Non-Executive Chairman**  
30 April 2019

## Auditor's Independence Declaration

To the Directors of Genmin Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Genmin Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M J Hillgrove  
Partner – Audit & Assurance

Perth, 30 April 2019



## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Note	2018 US\$	2017 US\$
<b>Continuing operations</b>			
Other income	4	1,180	6,072
<b>Total Other income</b>		<b>1,180</b>	<b>6,072</b>
Accounting and audit fees		(95,264)	(107,915)
Consultancy fees		(242,327)	(65,452)
Travel and accommodation		(114,307)	(69,951)
Corporate expenses		(182,989)	(348,729)
Director and employee expenses	5.1	(3,555,108)	(587,683)
Legal fees		(206,722)	(233,218)
Occupancy expenses		(42,966)	(53,819)
Depreciation expense		(18,606)	(20,869)
Impairment Exploration		(234,711)	-
Other expenses		(181,121)	(436,606)
<b>Loss before income tax</b>		<b>(4,872,941)</b>	<b>(1,918,170)</b>
Income tax expense	7	-	-
<b>Loss after income tax</b>		<b>(4,872,941)</b>	<b>(1,918,170)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
· exchange differences on translating controlled entities		(1,129,026)	934,472
<b>Other comprehensive income, net of income tax</b>		<b>(1,129,026)</b>	<b>934,472</b>
<b>Total Comprehensive loss</b>		<b>(6,001,967)</b>	<b>(983,698)</b>

This statement should be read in conjunction with the notes to the financial statements.



## Statement of Financial Position

As at 31 December 2018

	Note	2018 US\$	2017 US\$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	8	1,047,649	1,605,039
Trade and other receivables	9	51,897	72,059
Financial assets		58	58
Prepayments		90,788	36,381
<b>Total current assets</b>		<b>1,190,392</b>	<b>1,713,537</b>
<b>Non-current</b>			
Property, plant and equipment	10	374,405	242,990
Exploration and evaluation expenditure	11	20,279,945	13,381,191
Other Intangible Assets	12	395,285	-
<b>Total non-current assets</b>		<b>21,049,635</b>	<b>13,624,181</b>
<b>Total assets</b>		<b>22,240,027</b>	<b>15,337,718</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	14	857,176	774,026
<b>Current liabilities</b>		<b>857,176</b>	<b>774,026</b>
<b>Total liabilities</b>		<b>857,176</b>	<b>774,026</b>
<b>Net assets</b>		<b>21,382,851</b>	<b>14,563,692</b>
<b>Equity</b>			
Share capital	15.1	32,673,175	22,604,089
Reserves		(709,114)	(2,288,969)
Non-controlling interest		(49,765)	1,647
Accumulated losses		(10,531,445)	(5,753,075)
<b>Total equity</b>		<b>21,382,851</b>	<b>14,563,692</b>

This statement should be read in conjunction with the notes to the financial statements.



## Statement of Changes in Equity

For the year ended 31 December 2018

	Share capital	Foreign currency translation reserve	Options reserve	Performance right reserve	Acquisition of NCI reserve	Non-Controlling interest	Accumulated losses	Total
	US\$	US\$	US\$		US\$	US\$	US\$	US\$
<b>Balance at 1 January 2017</b>	<b>16,539,750</b>	<b>(1,848,898)</b>	<b>10,864</b>	-	<b>(1,385,407)</b>	-	<b>(3,837,110)</b>	<b>9,479,199</b>
Loss for the year	-	-	-	-	-	(2,205)	(1,915,965)	(1,918,170)
Other comprehensive income	-	934,472	-	-	-	-	-	934,472
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>934,472</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,205)</b>	<b>(1,915,965)</b>	<b>(983,698)</b>
<i>Transactions with owners in their capacity as owners:</i>								
· issue of ordinary shares	6,064,339	-	-	-	-	-	-	6,064,339
· recognition of non-controlling interest	-	-	-	-	-	3,852	-	3,852
· FX translation	-	(917)	917	-	-	-	-	-
<b>Sub-total</b>	<b>6,064,339</b>	<b>(917)</b>	<b>917</b>	<b>-</b>	<b>-</b>	<b>3,852</b>	<b>-</b>	<b>6,068,191</b>
<b>Balance at 31 December 2017</b>	<b>22,604,089</b>	<b>(915,343)</b>	<b>11,781</b>	<b>-</b>	<b>(1,385,407)</b>	<b>1,647</b>	<b>(5,753,075)</b>	<b>14,563,692</b>
Loss for the year	-	-	-	-	-	(51,223)	(4,821,718)	(4,872,941)
Other comprehensive income	-	(1,172,185)	-	-	-	(189)	43,348	(1,129,026)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(1,172,185)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51,412)</b>	<b>(4,778,370)</b>	<b>(6,001,967)</b>
<i>Transactions with owners in their capacity as owners:</i>								
· issue of ordinary shares	10,069,086	-	-	-	-	-	-	10,069,086
· issue of performance rights	-	-	-	2,752,040	-	-	-	2,752,040
<b>Sub-total</b>	<b>10,069,086</b>	<b>-</b>	<b>-</b>	<b>2,752,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,821,126</b>
<b>Balance at 31 December 2018</b>	<b>32,673,175</b>	<b>(2,087,528)</b>	<b>11,781</b>	<b>2,752,040</b>	<b>(1,385,407)</b>	<b>(49,765)</b>	<b>(10,531,445)</b>	<b>21,382,851</b>

This statement should be read in conjunction with the notes to the financial statements.



## Statement of Cash Flows

For the year ended 31 December 2018

	Note	2018 US\$	2017 US\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(1,728,236)	(2,282,902)
Interest received		1,035	323
<b>Net cash used in operating activities</b>	16	<b>(1,727,201)</b>	<b>(2,282,579)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(230,575)	(216,387)
Purchase of financial assets		-	(58)
Purchase of intangible assets		(395,285)	-
Payments for exploration and evaluation		(7,207,690)	(4,185,667)
<b>Net cash used in investing activities</b>		<b>(7,833,550)</b>	<b>(4,402,112)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		10,069,086	6,064,339
<b>Net cash provided by financing activities</b>		<b>10,069,086</b>	<b>6,064,339</b>
<b>Net change in cash and cash equivalents held</b>		<b>508,335</b>	<b>(620,352)</b>
Cash and cash equivalents at beginning of financial year		1,605,039	1,290,919
Effects of exchange rate changes on cash		(1,065,725)	934,472
<b>Cash and cash equivalents at end of financial year</b>	8	<b>1,047,649</b>	<b>1,605,039</b>

This statement should be read in conjunction with the notes to the financial statements.



## Notes to the Consolidated Financial Statements

### 1 Statement of significant accounting policies

The Directors' have prepared the general purpose financial statements of Genmin Limited (the "Company" or "Genmin") and its Controlled Entities (the "Group") in accordance with the requirements of the Corporations Act 2001, the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with the Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Genmin is a for-profit entity for the purpose of preparing financial statements under Australian Accounting Standards.

Genmin is a company limited by shares, incorporated and domiciled in Australia. The financial statements have been presented in United States Dollars (US\$).

#### 1.1 Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

#### 1.2 New and amended standards adopted by the Group

The Group has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 January 2018.

None of the amendments have had a significant impact on the Group.

#### 1.3 Accounting standards issued but not yet effective and not been adopted early by the Group

The only standard effective for annual periods beginning on or after 1 January 2019. Information on the new standard is presented below.

New / revised pronouncement (effective date)	Nature of change	Likely impact on initial application
<b>AASB 16 Leases (01 January 2019)</b>	AASB 16: <ul style="list-style-type: none"> <li>• replaces AASB 117 Leases and some lease-related Interpretations than short-term and low value asset leases</li> <li>• provides new guidance on the application of the definition of lease and on sale and lease back accounting</li> <li>• largely retains the existing lessor accounting requirements in AASB 117</li> <li>• requires new and different disclosures about leases</li> </ul>	When this Standard is first adopted for the year ending 31 December 2019, there will be no material impact on the transactions and balances recognised in the financial statements.



#### **1.4 Significant accounting policies**

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

##### **Basis of consolidation**

The Group financial statements consolidate those of the parent Company and all its subsidiaries as of 31 December 2018. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

##### **Foreign currency translation**

###### *Functional and presentation currency*

The consolidated financial statements are presented in United States Dollars (US\$). The functional currency of the Parent Company and its Australian subsidiaries were changed from Australian Dollars (AUD) to United States Dollars (US\$) to more accurately reflect the dominant currency of the Parent Company. The Parent Company receive most of its funding in United States Dollars (US\$) and the Group's exploration activities are predominately in the Iron Ore space, a bulk commodity that trades in United States Dollars (US\$) on the international markets.

###### *Foreign currency transactions and balances*

Foreign currency transactions are translated into the functional currency of the respective Group Entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

###### *Foreign operations*

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than US\$ are translated into US\$ upon consolidation. The functional currency of the non-Australian based entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into US\$ at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into US\$ at the closing rate. Income and expenses have been translated into US\$ at the average rate over the reporting period. Exchange differences are charged / credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.



## **Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

### *Interest*

Interest income is reported on an accrual basis using the effective interest method.

### *Sale of assets*

Sale of assets is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership.

## **Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the goods and service or at the date of their origin.

## **Income tax**

The income tax expense / (revenue) for the year comprises current income tax expense / (income) based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. The Board periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## **Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.



### **Property, plant and equipment**

Property, plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Assets are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of the assets. The following useful lives are applied:

- Plant & equipment: 3-5 years
- Office furniture and fittings: 4-5 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

#### *Useful lives of depreciable assets*

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

#### *Operating Leases*

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### *Impairment Testing of Property Plant & Equipment*

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **Exploration and evaluation expenditure**

The Group capitalises exploration expenditure where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of resources or reserves.

At least annually a review is undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself, or if not whether it successfully recovers the related exploration and evaluation asset through sale.

### **Equity and reserves**

Share capital represents the historical value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital.



- **Foreign currency translation reserve** – comprises foreign currency translation differences arising on the translation of financial statements of the Group's foreign entities into US Dollars.
- **Acquisition of non-controlling interest reserve** – comprises the amount of share capital issued by the Parent of the Group in order to acquire non-controlling interests in subsidiaries.
- **Options reserve** – comprises the amount of options issued in lieu of payment of costs incurred.
- **Performance right reserve** – comprises the amount of performance rights issued.

## **Employee benefits**

### *Short-term employee benefits*

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating annual leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

## **Provisions, contingent liabilities and contingent assets**

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

## **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office or the relevant taxation jurisdiction that the Group operates in. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST if the GST is not recoverable.

Cash flows are presented in the 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.

## **Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying values of non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value



using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

## **Financial instruments**

### *Initial recognition and measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

### *Effective interest rate method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

### *Classification and subsequent measurement*

#### *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

#### *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 stated at amortised cost using the effective interest rate method.

#### *Held-to-maturity investments*

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly to other comprehensive income.



#### *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

#### *Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

#### *Impairment of financial assets*

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### *Derecognition*

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

### **Significant management judgement in applying accounting policies**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### *Significant management judgement*

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

#### *Exploration and evaluation expenditure*

The Group capitalises exploration expenditure where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of resources or reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the view that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.



## 2 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. As is common with many junior exploration and mining companies, the Group raises capital for exploration and other projects as and when required. There can be no assurance that the Group's projects will be fully developed in accordance with current plans or completed on time or to budget. Future work on the development of these projects may be adversely affected by factors outside the control of the Group.

## 3 Interests in subsidiaries

### Composition of the Group

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of the Entity	Country of Incorporation	Ownership Interest	
		2018	2017
Genmin Capital Pty Ltd	Australia	100%	100%
Genmin Metals Pty Ltd	Australia	100%	100%
Genmin Energy Pty Ltd	Australia	100%	100%
Genmin Manganese Pty Ltd	Australia	100%	100%
Afrika West Resources Pty Ltd	Australia	100%	100%
Genmin (Bermuda) Limited	Bermuda	100%	100%
Genmin Holdings Bermuda Limited	Bermuda	100%	100%
Genmin Iron Limited	Bermuda	100%	100%
Kbak Limited	Seychelles	100%	100%
Westmin Holdings Limited	Seychelles	100%	100%
Central African Resources Limited	Mauritius	100%	100%
Lebaye Minerals Limited	Mauritius	100%	100%
Potamon Limited	Isle of Man	100%	100%
Reminac SA	Gabon	100%	100%
Minconsol SA	Gabon	100%	100%
Azingo Gabon SA	Gabon	100%	100%
Afrique Resources SA	Gabon	100%	100%
Kimin Gabon SA	Gabon	100%	100%
Niari Holdings Limited	Seychelles	80%	80%
Genmin Congo SA	Republic of Congo	80%	80%

## 4 Other income

	2018	2017
	US\$	US\$
	2018	2017
	US\$	US\$
Interest received	1,035	323
Miscellaneous income	145	5,749
<b>Total Other income</b>	<b>1,180</b>	<b>6,072</b>



## 5 Director and employee expenses

### 5.1 Director and Employee Expenses

	2018 US\$	2017 US\$
Salaries and wages	693,440	455,087
Superannuation contributions	65,269	39,155
Performance rights	2,752,040	-
Recruitment costs	39,744	90,958
Other	4,615	2,483
<b>Total Director and employee expenses</b>	<b>3,555,108</b>	<b>587,683</b>

### 5.2 Pension and other employee obligations

	2018 US\$	2017 US\$
Defined benefit plan	12,269	151
Provisions for Annual Leave	38,914	22,156
Provisions for Long Service Leave	14,384	9,698
<b>Total Pension and other employee obligations</b>	<b>65,567</b>	<b>32,005</b>

The defined benefit plan obligation will be settled during 2019.

## 6 Auditor's remuneration

	2018 US\$	2017 US\$
Auditors of Genmin Limited - Grant Thornton Audit Pty Ltd	32,503	42,612
Other services - Grant Thornton Group Companies	15,245	15,446
Auditors of Gabon subsidiaries - Delta Grant Thornton Gabon	28,906	39,126
Other Services to Gabon subsidiaries - Delta Grant Thornton Gabon	57,024	11,673
Auditors of Congo subsidiaries - GKM Audit & Conseil	11,098	-
Other Services to Congo subsidiaries - GKM Audit & Conseil	19,489	-
<b>Total Auditor's remuneration</b>	<b>164,265</b>	<b>108,857</b>

## 7 Taxation

	2018 US\$	2017 US\$
<b>Income tax expense comprises:</b>		
Current tax	-	-
<b>Income tax expense</b>	<b>-</b>	<b>-</b>
<b>Numerical reconciliation of loss before tax to income tax expense</b>		
Loss before tax	(4,872,941)	(1,918,170)
Income tax benefit calculated at 30% (31 December 2016: 30%)	(1,461,882)	(575,451)
Non-deductable expenses	1,326,086	391,214
Non-assessable income	-	83,228
Temporary differences not recognised	85,242	69,624
Tax rate differential	9,214	31,385
Other non-deductible items	41,340	-
<b>Income tax expense</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets not recognised</b>		
Provisions for employee entitlements	1,967	998
Capital expenditure	1,469	2,077
Plant and Equipment	-	63
Prepayments	-	1,472
Unrealised foreign exchange losses	1,187	19,267
Tax losses	505,039	389,221
	<b>509,662</b>	<b>413,098</b>
<b>Deferred tax liabilities not recognised</b>		
Prepaid expenses	-	(241)
	<b>-</b>	<b>(241)</b>
<b>Net deferred tax assets not recognised</b>	<b>509,662</b>	<b>412,857</b>

The net deferred tax asset arising from tax losses has not been recognised as an asset in the consolidated statement of financial position, because recovery is not probable.

The taxation benefit of tax losses not brought to account will only be obtained if:

- i. Assessable income is derived of a nature and of an amount sufficient to enable the benefits to be realised;
- ii. Conditions for deductibility imposed by the law are complied with; and
- iii. No changes in tax legislation adversely affect the realisation of the benefits from deductions.

## 8 Cash and cash equivalents

	2018 US\$	2017 US\$
Cash at bank and in hand		
United States Dollar (USD)	887,360	1,306,313
Australian Dollar (AUD)	102,026	130,855
Central African Franc (XAF)	58,263	167,871
<b>Total Cash and cash equivalents</b>	<b>1,047,649</b>	<b>1,605,039</b>



## 9 Trade and other receivables

	2018 US\$	2017 US\$
GST Receivable	18,059	40,373
Deposits paid	16,388	13,426
Receivables	17,450	18,260
<b>Total Trade and other receivables</b>	<b>51,897</b>	<b>72,059</b>

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

## 10 Property, plant and equipment

	Plant & equipment	Office Furniture & Fittings	Total
<b>Balance at 31 December 2016</b>	<b>38,249</b>	<b>12,251</b>	<b>50,500</b>
Additions	216,387	-	216,387
Disposals	(1,734)	-	(1,734)
Depreciation Expense	(33,210)	(4,881)	(38,091)
FX translation	14,983	945	15,928
<b>Balance at 31 December 2017</b>	<b>234,675</b>	<b>8,315</b>	<b>242,990</b>
Additions	191,817	34,035	225,852
Disposals	-	-	-
Depreciation Expense	(78,548)	(6,610)	(85,158)
Foreign exchange translation	(9,279)	-	(9,279)
<b>Balance at 31 December 2018</b>	<b>338,665</b>	<b>35,740</b>	<b>374,405</b>

## 11 Exploration and evaluation expenditure

	2018 US\$	2017 US\$
<b>Balance at 1 January 2018</b>	13,381,191	8,472,808
Exploration and evaluation expenditure (current period)	7,490,611	4,202,889
Impairment of exploration and evaluation expenditure	(234,711)	-
Foreign exchange translation effect	(357,146)	705,494
<b>Balance at 31 December 2018</b>	<b>20,279,945</b>	<b>13,381,191</b>

The future recoverability of capitalised exploration and evaluation expenditure is dependent on several factors, including whether the Company decides to exploit the related leases itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

## 12 Intangible Assets

	2018 US\$	2017 US\$
<b>Balance at 1 January 2018</b>	-	-
Mineral Royalty	395,285	-
<b>Balance at 31 December 2018</b>	<b>395,285</b>	-



On 13 February 2017, the Company entered into a conditional royalty sale agreement with Cape Lambert Resources Limited (“Cape Lambert”) to acquire the Mayoko royalty (AUD1 per tonne of iron ore shipped indexed to CPI) for AUD1million.

Cape Lambert failed to satisfy the condition precedent to obtain a fully executed deed of covenant from SAPRO SA and its controlled entities (the current owners of the Mayoko iron ore project) in respect to the royalty within the prescribed time. In February 2018, the Company negotiated restructured consideration for the royalty being a AUD500,000 upfront payment plus AUD500,000 deferred consideration (payable on receipt of the first royalty payment) and a revised form of deed of covenant. Completion of the acquisition of the Mayoko royalty occurred on 19 February 2018.

The Company made use of an independent expert to value the Mayoko royalty agreement for impairment purposes and the directors are satisfied that no impairment is required. The future value of the royalty agreement is dependent on several factors including the successful commissioning of the underlying mining activities

## 13 Commitments

### 13.1 Operating lease commitments

The Group leases office premises in West Perth, Western Australia and in Libreville, Gabon. Commitments payable under this lease are:

	2018 US\$	2017 US\$
<b>Lease commitment</b>		
Payable in 12 months	75,871	30,831
Payable after twelve month no later than 2 years	16,192	-
<b>Balance at 31 December 2018</b>	<b>92,063</b>	<b>30,831</b>

### 13.2 Exploration expenditure commitments

The Republic of Gabon prescribes minimum annual expenditure obligations for Exploration Licences. The Company expects it will be able to meet any expenditure obligations imposed for any of the Exploration Licences that it holds in the normal course of operations. If any expenditure obligations are not met, then the Company has the ability to request a waiver of these obligations or to negotiate amended obligations for the remaining term of the Exploration Licence or relinquish the Exploration Licence. The current total commitment over the next three years amounts to USD5,933,000.

## 14 Trade and other payables

All amounts are short-term and unsecured. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

	2018 US\$	2017 US\$
Trade and other payables	374,785	488,481
Accrued expenses	80,441	82,781
Employee provisions	53,298	31,777
Withholding tax payable	315,877	159,019
PAYG withholding payable	20,506	11,817
Superannuation contributions payables	12,269	151
<b>Total Trade and other payables</b>	<b>857,176</b>	<b>774,026</b>



## 15 Share capital

### 15.1 Share capital

The share capital of Genmin Limited consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital.

	Date	No of shares	Value (US\$)
<b>Opening balance</b>	<b>01-Jan-17</b>	150,901,783	16,539,750
Issue of shares (Tembo/Ndovu Capital 1 BV)	05-Jan-17	5,961,668	1,000,000
Issue of shares (Tembo/Ndovu Capital 1 BV)	30-May-17	33,333,333	5,000,000
Issue of shares (Chantilly Limited)	30-May-17	161,237	24,186
Issue of shares (Ralsten Pty Ltd)	06-Jun-17	17,914	2,697
Issue of shares (GV Ariti)	06-Jun-17	248,807	37,456
<b>Closing balance</b>	<b>31-Dec-17</b>	<b>190,624,742</b>	<b>22,604,089</b>
Issue of shares (Tembo/Ndovu Capital 1 BV)	13-Feb-18	30,464,166	983,749
Issue of shares (Tembo/Ndovu Capital 1 BV)	13-Feb-18	10,000,000	2,200,000
Issue of shares (Chantilly Limited)	08-Mar-18	80,618	2,570
Issue of shares (Tembo/Ndovu Capital 1 BV)	29-Jun-18	10,000,000	2,500,000
Issue of shares (Tembo/Ndovu Capital 1 BV)	31-Jul-18	5,789,474	1,273,684
Issue of shares (Ralsten Pty Ltd)	31-Jul-18	708,957	20,987
Issue of shares (MJC Trading Acc)	31-Jul-18	250,000	7,400
Issue of shares (Kasmea Super Fund)	31-Jul-18	250,000	7,401
Issue of shares (K Bischoff)	31-Jul-18	300,000	8,881
Issue of shares (South Durras Pty Ltd)	31-Jul-18	1,000,000	29,602
Issue of shares (Tembo/Ndovu Capital 1 BV)	12-Oct-18	10,232,083	1,534,812
Issue of shares (Tembo/Ndovu Capital 1 BV)	29-Nov-18	10,000,000	1,500,000
<b>Closing balance</b>	<b>31-Dec-18</b>	<b>269,700,040</b>	<b>32,673,175</b>

### 15.2 Options

Options are issued and give the holder the right, but not the obligation, to subscribe for one (1) fully paid ordinary share in the capital of the Company. These options are considered equity transactions and no value is placed on the early conversion or on the granting of additional options.

	2018	2017
<b>Options</b>		
At the beginning of the reporting period	81,916,925	65,036,281
Issued during the year	39,537,650	30,678,144
Exercised during the year	(79,075,298)	(13,797,500)
<b>At reporting date</b>	<b>42,379,277</b>	<b>81,916,925</b>



### 15.3 Performance rights

Performance rights are issued by the Board under the Performance Rights Plan which was approved at the Company's annual general meeting held on 29 May 2018. The Performance Rights are issued to employees, eligible contractors and directors and are linked to performance hurdles that correspond to the business plan and objectives of the Company. At the discretion of the Board all exercised Performance Rights can be settled by one ordinary share for every Performance Right or a cash payment. All Performance Rights expire three years from the date of issue.

	2018	2017
<b>Performance Rights</b>		
Issued during the year	2,752,040	-
<b>At reporting date</b>	<b>2,752,040</b>	<b>-</b>
Options expiring in next financial year	-	-
Options expiring thereafter	2,752,040	-
<b>Total</b>	<b>2,752,040</b>	<b>-</b>

### 16 Cash flow information

	2018	2017
	US\$	US\$
<b>Reconciliation of cash flows from operating activities</b>		
Loss for the period	(4,872,941)	(1,918,170)
Non-cash flows in loss from ordinary activities		
Issue of performance rights	2,752,040	-
Depreciation expense	18,606	20,869
Impairment on exploration assets	234,711	-
Loss on disposal of assets	-	5,586
Foreign currency (gain)/loss	90,233	(934,472)
Changes in assets and liabilities		
(Increase)/decrease in receivables	20,255	(19,969)
Decrease/(increase) in prepayments	(53,957)	2,580
Increase/(decrease) in payables	83,852	560,997
<b>Net cash flows used in operating activities</b>	<b>(1,727,201)</b>	<b>(2,282,579)</b>



## 17 Related party transactions

The Group's related parties include its key management, post-employment benefit plans for the Group's employees and the Genmin Limited's subsidiaries. All outstanding Inter-Company loan balances at year end are unsecured and are not interest bearing.

### 17.1 Transactions with key management personnel

Key management of the Group are the Executive members of Genmin Limited's Board of Directors. Key Management Personnel remuneration includes the following expenses:

	2018 US\$	2017 US\$
<b>Transactions with key management personnel</b>		
Short-term employee benefits		
Salaries	182,648	182,708
Performance rights	1,813,510	-
<b>Total Short-term employee benefits</b>	<b>1,996,158</b>	<b>192,877</b>
Long service leave	9,660	9,675
<b>Total other long-term benefits</b>	<b>9,660</b>	<b>9,675</b>
Superannuation	17,352	17,292
<b>Total Post-employment benefits</b>	<b>17,352</b>	<b>17,292</b>
<b>Total Remuneration</b>	<b>2,023,170</b>	<b>219,844</b>

### 17.2 Transactions with non-executive directors

	2018 US\$	2017 US\$
<b>Transactions with non-executive directors</b>		
Professional services rendered	51,519	45,998
Performance rights	725,400	-
<b>Total Remuneration</b>	<b>776,919</b>	<b>45,998</b>



## 18 Financial instrument risk

### 18.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The carrying amounts of financial assets and financial liabilities in each category is as follows:

	Note	2018 US\$	2017 US\$
Cash and cash equivalents	8	1,047,649	1,605,039
Trade and other receivables	9	51,897	72,059
Financial assets held for trading		58	58
Prepayments		90,788	36,381
<b>Total financial assets</b>		<b>1,190,392</b>	<b>1,713,537</b>
Trade and other payables	14	857,176	774,026
<b>Total financial liabilities</b>		<b>857,176</b>	<b>774,026</b>

The Group's principal financial instruments comprise of cash. The main purpose of these financial instruments is to provide working capital for the Group and to fund its operations.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

### 18.2 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

### 18.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. All cash balances held at banks are held at internationally recognised institutions. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised in Note 16.

### 18.4 Interest rate risk

The Group has minimal interest rate risk arising from cash and cash equivalents held as funds are held in USD and converted to AUD as required. Interest payable on USD deposits is negligible. The Group's exposure to interest rate risk and effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:



	Average Int Rate %	Fixed Int USD	Less than 1 year USD	Non Int Bearing USD	Total USD
<b>Dec 2018</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1.85%	42,927	-	1,004,722	<b>1,047,649</b>
Trade and other receivables	-	-	-	51,897	<b>51,897</b>
Financial assets	-	-	-	58	<b>58</b>
Prepayments	-	-	90,788	-	<b>90,788</b>
<b>Total Financial assets</b>		<b>42,927</b>	<b>90,788</b>	<b>1,056,677</b>	<b>1,190,392</b>
<b>Financial liabilities</b>					
Trade payables	-	-	-	857,176	<b>857,176</b>
<b>Total Financial liabilities</b>		-	-	<b>857,176</b>	<b>857,176</b>
<b>Dec 2017</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1.85%	42,927	-	1,562,112	<b>1,605,039</b>
Trade and other receivables	-	-	-	72,059	<b>72,059</b>
Financial assets	-	-	-	58	<b>58</b>
Prepayments	-	-	36,381	-	<b>36,381</b>
<b>Total Financial assets</b>		<b>42,927</b>	<b>36,381</b>	<b>1,634,229</b>	<b>1,713,537</b>
<b>Financial liabilities</b>					
Trade payables	-	-	-	774,026	<b>774,026</b>
<b>Total Financial liabilities</b>		-	-	<b>774,026</b>	<b>774,026</b>

## 18.5 Liquidity risk

The Group manages liquidity risk by monitoring cash levels of the group on an ongoing basis against budget and forecast cash flows. The Group's operations require it to raise capital to fund its exploration program. If the Group does not raise capital in the short term, it can continue as a going concern by reducing exploration expenditure until funding is available.

## 18.6 Foreign currency risk

As a result of the Group operating overseas (Gabon), the Group is exposed to foreign exchange risk from commercial transactions and recognised assets denominated in a currency that is not the Group's functional currency. The Group also has transactional currency exposures. Such exposure arises from purchases by an operating entity other than the Group's functional currency. The Group does not enter into forward foreign exchange contracts or any other forms of foreign currency protection instruments and does not have a hedging policy.



### 18.7 Foreign currency sensitivity

Most of the Group's transactions are carried out in AUD and USD. Exposures to currency exchange rates arise from expenditure on the Group's overseas projects and the corporate office in Perth, which are primarily in AUD, South African Rand (ZAR) and Central African Franc (XAF).

	AUD	USD	Other	Total
<b>Foreign currency sensitivity</b>				
<b>Dec 2018</b>				
Financial assets	153,981	978,148	58,263	<b>1,190,392</b>
Financial liabilities	(312,827)	(106,020)	(438,329)	<b>(857,176)</b>
<b>Total exposure</b>	<b>(158,846)</b>	<b>872,128</b>	<b>(380,066)</b>	<b>333,216</b>
<b>Dec 2017</b>				
Financial assets	212,782	1,306,313	194,442	<b>1,713,537</b>
Financial liabilities	(536,129)	(34,631)	(203,266)	<b>(774,026)</b>
<b>Total exposure</b>	<b>(323,347)</b>	<b>1,271,682</b>	<b>(8,824)</b>	<b>939,511</b>

The Group does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk.

### 18.8 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

	2018 US\$	2017 US\$
<b>Fair value measurement of financial instruments</b>		
Financial assets held for sale (listed securities) - Level 1	58	<b>58</b>
<b>Total</b>	<b>58</b>	<b>58</b>

## 19 Capital management policies and procedures

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maximise the returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board is constantly reviewing the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, the Board may issue new shares, return capital to shareholders or sell assets.



## 20 Parent entity information

Information relating to Genmin Limited (“the Parent Entity”):

	2018 US\$	2017 US\$
<b>Statement of Financial Position</b>		
Current assets	1,048,726	1,519,039
Non-current assets	23,402,083	14,641,920
<b>Total assets</b>	<b>24,450,809</b>	<b>16,160,959</b>
Current liabilities	426,228	540,715
<b>Total liabilities</b>	<b>426,228</b>	<b>540,715</b>
<b>Net assets</b>	<b>24,024,581</b>	<b>15,620,244</b>
Issued Capital	32,673,175	22,604,089
Reserves	1,996,787	(813,669)
Accumulated Losses	(10,645,381)	(6,170,176)
<b>Total Equity</b>	<b>24,024,581</b>	<b>15,620,244</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Loss for the year	(4,475,205)	(1,726,701)
Other comprehensive loss	-	-
<b>Total comprehensive income</b>	<b>(4,475,205)</b>	<b>(1,726,701)</b>

## 21 Events after the reporting date

The following matters or circumstances have arisen since the end of the financial year which have affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### Exercise of Options

In March 2019, Ndovu exercised 7,894,737 options (strike price USD0.15, expiry date 31 July 2023) (“Ndovu Options”) contributing approximately USD1.2 million to the Company.

In consideration for Ndovu exercising the Ndovu Options prior to their expiry date, the Company issued Ndovu one replacement option (strike price USD0.15, expiry 31 July 2024) for every two Ndovu Options exercised (“Ndovu Replacement Options”), which resulted in Ndovu receiving 3,947,369 Ndovu Replacement Options.

### Offer to Other Option Holders

In February 2019, the Company invited all other option holders to participate on the same terms as Ndovu in relation to all options held by option holders as at 15 February 2019. Under this offer, for every two options exercised prior to 14 August 2019, the Company will issue to the option holder one replacement option (strike price USD0.15, expiry 31 July 2024). As at the date of this report 40,309 options have been exercised by option holders, resulting in the issue of 20,154 replacement options.

### Vesting of Performance Rights

In April 2019, the Company issued 250,000 shares to an employee upon achievement of a milestone relating to 250,000 Performance Rights issued to the employee under the Plan.



## **22 Group details**

The registered office and principal place of business for the Group is:

Genmin Limited  
Outram Centre Suite 7  
1297 Hay Street  
West Perth WA



## Directors' Declaration

The Directors have determined that the Group is not a reporting entity and that this general purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors of the Group declare that:

- 1 The financial statements and notes, as set out on pages 23 to 46, are in accordance with the *Corporations Act 2001*:
  - a Comply with Accounting Standards as described in Note 1 to the financial statements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b Give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the Group in accordance with the accounting policies described in Note 1 to the financial statements; and
- 2 There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

JR Hodder  
Non-Executive Chairman

Dated the 30th day of April 2019

# Independent Auditor's Report

To the Members of Genmin Limited

Report on the audit of the financial report

## Opinion

We have audited the financial report of Genmin Limited (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

## Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Company in accordance with 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.

## Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 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*. The Directors' responsibility also includes 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 preparing the financial report, the Directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M J Hillgrove  
Partner – Audit & Assurance

Perth, 30 April 2019