

Genesis Minerals Limited and controlled entities

ABN 72 124 772 041

Interim Financial Report

for the half year ended 31 December 2018

GENESIS MINERALS LIMITED
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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GENESIS MINERALS LIMITED
DIRECTORS' REPORT
31 DECEMBER 2018

Your directors present their report, together with the interim financial statements of the Group, being Genesis Minerals Limited (the Company) and its controlled entities, for the half year ended 31 December 2018.

DIRECTORS

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

NAMES	POSITION
Tommy McKeith	Non-Executive Chairman (appointed 29 November 2018)
Richard Hill	Non-Executive Chairman (resigned 23 November 2018)
Michael Fowler	Managing Director
Craig Bradshaw	Non-Executive Director
Gerry Kaczmarek	Non-Executive Director

OPERATING RESULTS

The consolidated loss of the Group amounted to \$4,036,549 (2017: \$2,236,569) after providing for income tax.

At the end of the half year the Group had cash assets of \$5,382,942 (30 June 2018: \$5,104,901) and net assets of \$4,802,247 (30 June 2018: \$3,982,642).

REVIEW OF OPERATIONS

Ulysses Gold Project

The Ulysses Gold Project is located in Western Australia, approximately 30km south of Leonora and 200km north of the regional mining centre of Kalgoorlie. During the half year the Company carried out ongoing drilling programs, announced a significant increase to the Mineral Resource and completed a Scoping Study on developing a long-term underground mining operation.

Ulysses Deposit – Mineral Resource Upgrade

Following ongoing Reverse Circulation and diamond drilling programs, Genesis announced a **137% increase** in the Mineral Resource for the Ulysses deposit from 321,000oz to **760,000oz** of contained gold¹.

The updated Mineral Resource incorporates the results of the highly successful drilling program completed at Ulysses over the past six months, which has returned numerous high-grade intersections that confirmed and extended a number of high-grade gold zones (shoots).

The updated Measured, Indicated and Inferred Mineral Resource now totals **7.1Mt @ 3.3 g/t gold for 760,000 ounces of contained gold**, which represents a 137% increase in contained ounces and a 10% increase in grade when compared with the previously announced February 2018 Mineral Resource. Importantly, the higher-confidence Measured and Indicated component has increased by **290,000 ounces (162%) to 471,000 ounces**.

The high-grade portion of the Mineral Resource (reported at a cut-off grade of 2g/t gold; refer to Table 1 for full details) is estimated to contain **4.1Mt @ 4.7g/t gold for 628,000 ounces**.

¹ Refer to the original ASX announcement dated 9 October 2018 for full details and Table 1 in this report. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resource estimates, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially changed from the original market announcement.

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The high-grade shoots which form part of the overall Mineral Resource are estimated to contain **1.6Mt @ 6.9g/t gold for 356,000 ounces**. This represents a 66% increase in contained ounces and a 25% increase in grade for the high-grade shoots when compared with the February 2018 Mineral Resource.

These shoots are visually identifiable in drill chips and core and have been separately modelled and estimated to quantify the higher-grade shoots within the overall Mineral Resource estimate.

The Mineral Resource extends over a strike length of more than 2km and sits immediately below and along strike from the Ulysses Open Pits (see Figures 1 and 5).

The Resource envelope currently extends to ~500m below surface at its deepest point and is estimated to an average depth of ~320m below surface, with a gold endowment of +2,400 ounces per vertical metre (ovm) for the 260m interval from the 360mRL (base of the open pits) to the 100mRL (interval of highest drill density). The depth of the Indicated portion of the Resource is shown in Figure 2.

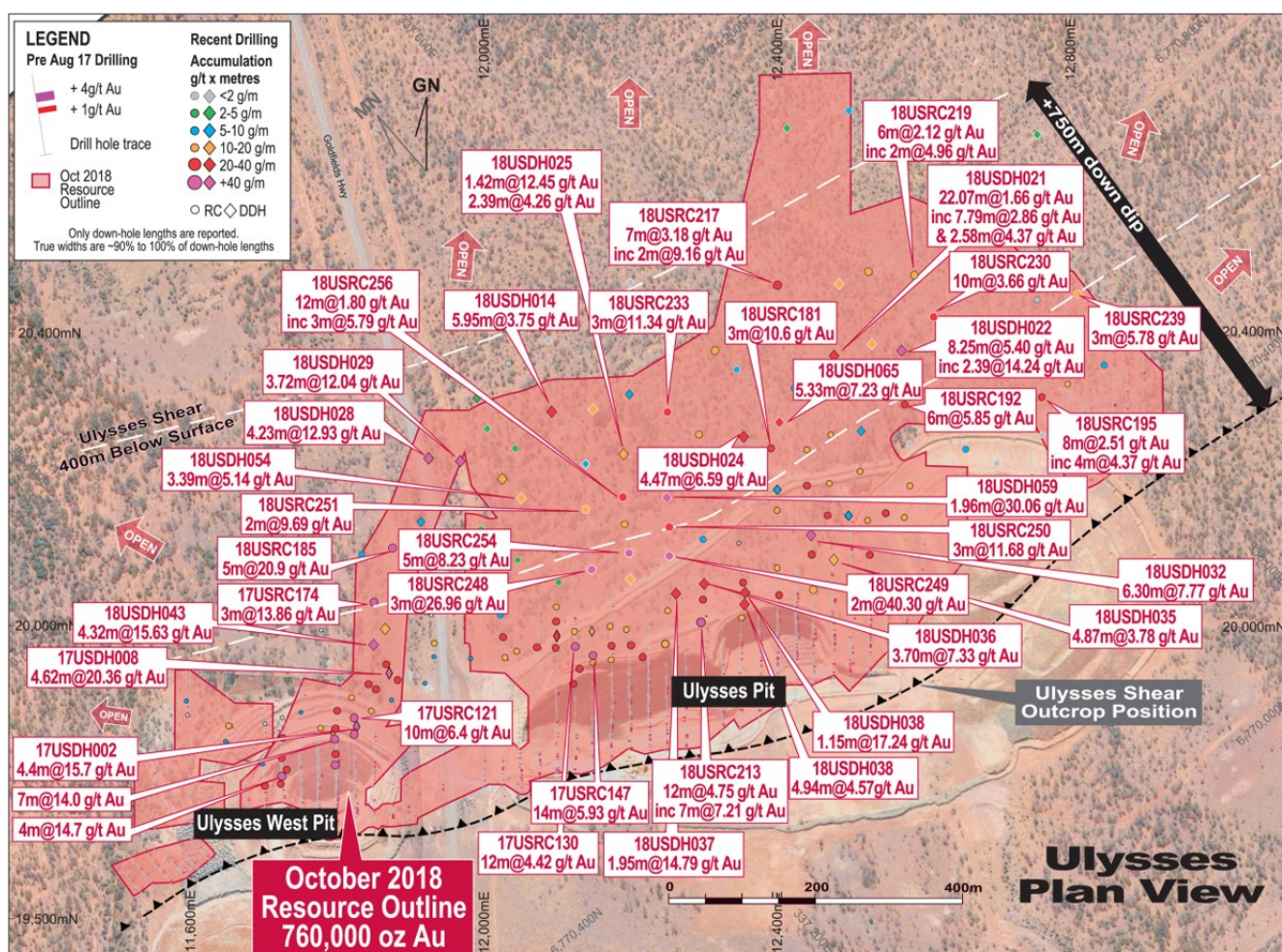


Figure 1. Plan view of the location of the Ulysses Mineral Resource projected to surface. The Mineral Resource outline is shown in red.

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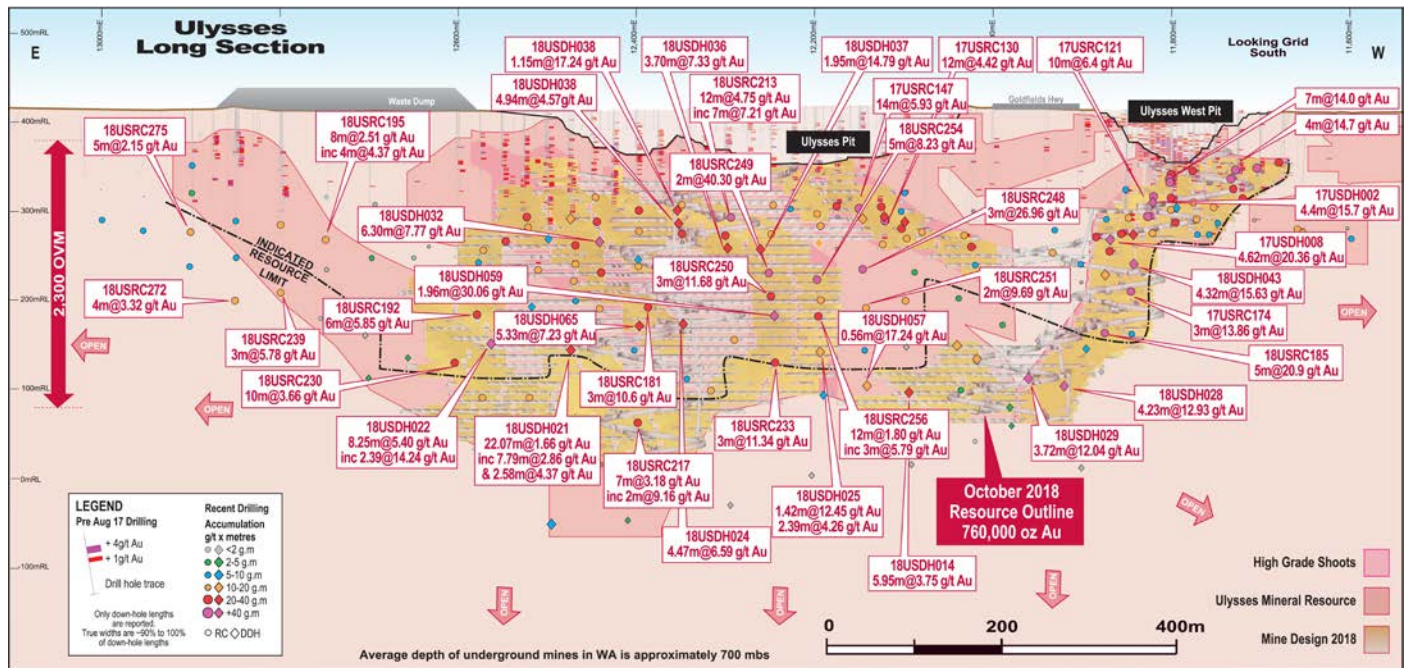


Figure 2. Schematic long section (view looking local grid south on the Ulysses Grid) showing the new Ulysses Mineral Resource and drill results.

A summary of the updated 2018 Ulysses Mineral Resource is provided in Table 1 below:

Table 1. October 2018 Mineral Resource Estimate 0.75g/t Cut-off above 200mRL, 2.0g/t Below 200mRL

Type	Measured		Indicated		Inferred		Total		
	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Au Ounces
Oxide	6,000	2.1	143,000	1.6	146,000	1.6	295,000	1.6	15,200
Transition	6,000	3.1	364,000	1.9	234,000	1.6	604,000	1.8	34,700
Fresh	21,000	5.0	3,647,000	3.7	2,551,000	3.3	6,220,000	3.6	710,500
Total	33,000	4.1	4,154,000	3.5	2,932,000	3.0	7,119,000	3.3	760,400

October 2018 Mineral Resource Estimate 2.0g/t Global Cut-off

Type	Measured		Indicated		Inferred		Total		
	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Au Ounces
Oxide	4,000	2.5	26,000	2.8	22,000	2.2	51,000	2.5	4,200
Transition	5,000	3.3	114,000	3.1	20,000	2.2	138,000	3.0	13,400
Fresh	21,000	5.0	2,323,000	5.2	1,605,000	4.3	3,949,000	4.8	610,800
Total	29,000	4.4	2,463,000	5.0	1,647,000	4.3	4,139,000	4.7	628,400

October 2018 Mineral Resource Estimate High Grade Shoots

Type	Measured		Indicated		Inferred		Total		
	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Au Ounces
HG Shoots	21,000	5.2	1,398,000	6.4	187,000	10.8	1,606,000	6.9	356,100

NB. Rounding differences may occur

The updated Mineral Resource was independently estimated by Payne Geological Services Pty Ltd. Full details of the Mineral Resource estimate are provided in the Company's ASX announcement dated 9 October 2018.

Ulysses Deposit – Scoping Study

Following the delivery of the updated 760,000 ounce Resource for the Ulysses Gold Project, Genesis completed a positive Scoping Study which outlined the potential to develop a standalone gold operation at Ulysses.

The Scoping Study contemplated the development of an underground mining operation with the construction of a stand-alone 0.8 million tonne per annum (Mtpa) ore processing facility and the results to date clearly demonstrate a project which is financially robust and has strong project fundamentals and low technical risk.

The positive Scoping Study provides the Company with confidence to advance the project through a detailed Feasibility Study while maintaining an aggressive approach to drilling to grow the Ulysses Mineral Resource and target potential new discoveries.

Key observations and conclusions of the November 2018 Scoping Study are:

- The Resources in the proposed Life-of-Mine (LOM) production schedule extracted from the total Mineral Resource of 7.1Mt @ 3.3g/t gold for 760,000oz are ~3.01Mt @ 4.1g/t gold for 400,000oz fully-diluted.
- Resource categories in the proposed LOM production schedule are approximately 0.4% Measured, 79.2% Indicated and 20.4% Inferred.
- A production rate of approximately 0.8Mtpa to 0.9Mtpa is considered the optimum development scenario for the Project and produced the best capital and operating efficiencies.
- Upfront capital costs of ~\$84.4M (+/- 35%) have been estimated, comprising \$69.6M for a new CIL plant and associated infrastructure and \$14.8M for mining pre-production capital and surface infrastructure.
- Gold production based on the proposed LOM production schedule is forecast at ~357,000oz recovered over 4 years.²
- Gold production ranges from 41,000oz of gold in Year 1 with a peak of 118,000oz in Year 3 in the LOM plan.
- AISC costs (LOM)³ are forecast in the range of A\$1,000/oz to A\$1,100/oz.
- The addition of further Resources will add significant value and improve project economics.

Cautionary Statement

The Scoping Study referred to in this report is based on low level technical and economic assessments that are not sufficient to support the estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

The Company considers that the Project is economically viable based on its ability to pay back the project start-up capital and provide ongoing positive operational cash flows. The current Life-of-Mine (LOM) plan has a 91%: 9% proportionate split of Measured and Indicated Mineral Resources to Inferred Mineral Resources for the first three years, during which more than 276,000oz of gold will potentially be mined as considered in the Scoping Study.

Over the LOM production schedule as contemplated in the Study, the remaining one year has a proportionate Measured and Indicated Mineral Resource to Inferred Mineral Resource ratio of 44%: 56%. It is anticipated that the lower confidence material (Inferred Mineral Resources) in the later years of the proposed production schedule will increase in confidence (to Measured and Indicated Mineral Resources) through in-fill drilling as the Ulysses Gold Project progresses through Pre-Feasibility Studies to a Definitive Feasibility Study.

² Refer to the original ASX announcement dated 23 November 2018 for full details of the material assumptions underpinning the production target for the Ulysses Gold Project. The Company confirms that all the material assumptions underpinning the production target continue to apply and have not materially changed.

³ AISC cost (LOM) – All-in Sustaining Costs are calculated as all operating costs including mining, processing, general administration, royalties and sustaining capital. Excludes initial plant capital. In the Study, the AISC includes Sustaining Costs but excludes start-up CAPEX.

Genesis believes that an initial 4-year production life for approximately 0.36 million ounces of gold produced is possible and will be assessed more fully in a detailed Feasibility Study. Following the delineation of Ore Reserves, the Genesis Board will then consider a decision to proceed with project development.

Further information on the Ulysses Scoping Study is provided in the Company's ASX Announcement dated 23 November 2018.

Ulysses Deposit – Resource Upgrade and Extensional Drilling Results

During the half year, Genesis reported the results from ongoing Resource upgrade and extensional drilling programs which were incorporated into the updated Mineral Resource announced on 9 October 2018.

Drilling was completed using a combination of Reverse Circulation (RC) and diamond holes. In-fill drilling was completed in the area between 12,000E and 12,800E, between ~225mRL (base of Resource) and ~100mRL (315m below surface) (see Figures 1 and 2). This covers an area of ~800m (strike extent) x 250m (dip extent) on the Ulysses shear with the drill coverage on ~50m x 50m centres.

Drilling has been very successful in meeting the objective of defining significant high-grade gold mineralisation. Of particular note is the fact that in-fill drilling between the 200mRL and 100mRL (see Figures 1 and 2), although still at a relatively wide spacing, has revealed an overall increase in grade compared to the first-pass, wide-spaced step-out drilling.

This trend of increased grade with increased drill density was observed in drilling completed between the 325mRL and 225mRL over the past 12 months.

The in-fill drilling has closed the drill spacing from +100m x 100m to ~50m x 50m to ~300m below surface.

Drilling has shown that mineralisation extends to over 450m from surface, some 900m down-dip of the Ulysses pit. Hole 18USDH052, which intersected 4.82m @ 1.06g/t Au from 473.18m within quartz dolerite, is the deepest intersection returned to date at Ulysses and shows that the mineralised system persists to significant depths. Further drilling is required at depth and along strike.

Refer to the ASX announcements dated 2 August and 25 September 2018 for full details of the Resource drilling results.

Subsequent to the end of the half year, Genesis reported significant results from 13 wide-spaced (+50m to 80m centres on Ulysses Shear) RC holes (18USRC270 to 282) testing potential strike extensions to the Ulysses Mineral Resource on the Ulysses Shear to the east of the main resource over approximately 200m of strike.

The results (see Figure 2) from drilling have demonstrated that mineralisation continues outside and to the east of the Resource with mineralisation open along strike and at depth.

Drilling in 2019 will continue to systematically test potential extensions to the Resource with a focus on expanding the current Resource inventory.

Full details of the assay results were provided in the Company's ASX Announcement dated 14 January 2019.

Orient Well NW Prospect

Assay results received subsequent to the end of the half year have significantly increased the Company's confidence in the emerging oxide opportunity at Orient Well NW, which is the first satellite prospect to be drilled outside of the existing Ulysses Resource (see Figure 3).

Drilling at Orient Well NW returned a best result of **20m @ 9.10g/t gold** and a number of wide zones of lower grade mineralisation including **5m @ 1.52g/t gold** within a broader zone of **28m @ 0.69g/t gold** and **8m @ 1.80g/t gold**. The drilling has highlighted 1.5km of highly prospective strike which will be systematically tested for potential open pittable Mineral Resources in the first half of 2019. This mineralised strike remains open.

Significant gold mineralisation was first identified at Orient Well NW, located 10km east of the Ulysses Mineral Resource, in August 2018 with wide zones of gold mineralisation identified from a first-pass, three-hole RC program.

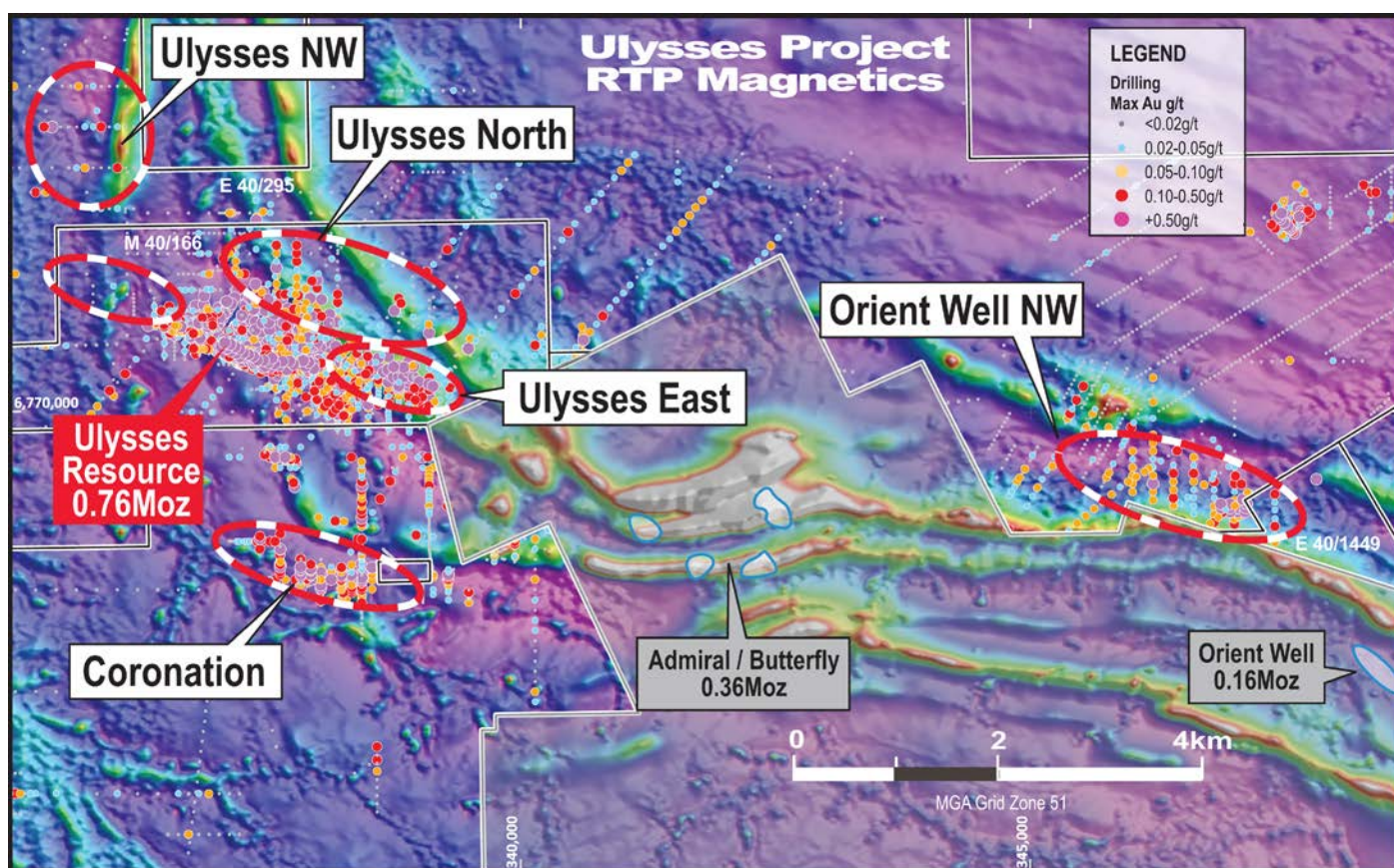


Figure 3. Orient Well NW location ~10km east of the Ulysses Mineral Resource.

Follow-up drilling comprising a total of 12 holes (18USRC260 to 265 and 18USRC299 to 304) was designed to confirm the orientation and extent of the gold mineralisation intersected in this initial drilling.

Drilling has defined a zone of mostly shallow oxide mineralisation **over a strike length of approximately 250m** which remains open both along strike and at depth (see Figure 4).

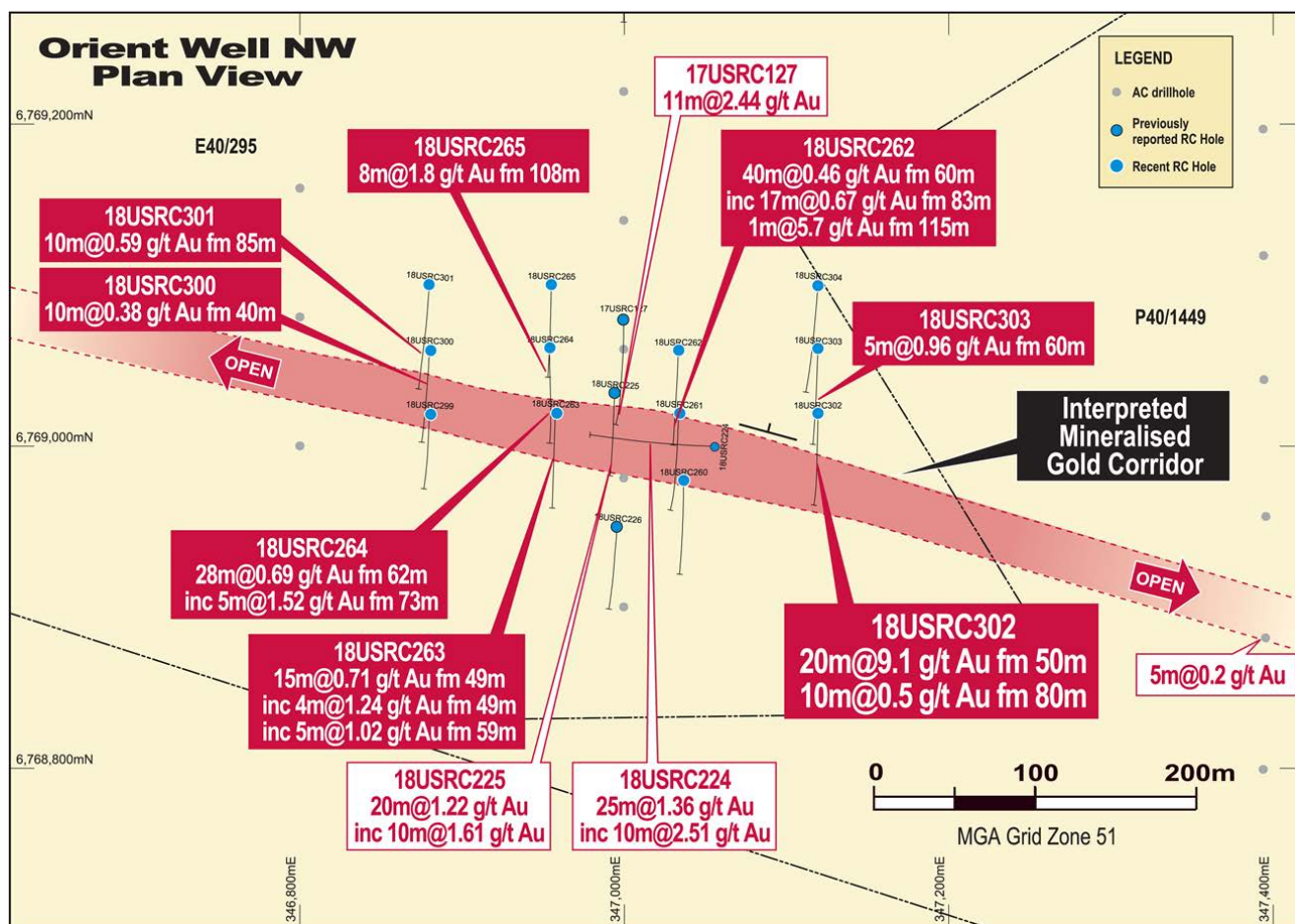


Figure 4. Plan view of Orient Well NW drill-hole locations. Mineralisation open in all directions.

Drilling returned a significant result of **20m @ 9.10g/t gold from 50m** in 18USRC302, which was drilled grid south on 347,120E. The intercept was based on 5m composite results with individual 5m intervals comprising 12.3g/t Au, 5.5g/t Au, 14.5g/t Au and 4.0g/t Au. The intersection occurs in saprolitic clays in a deeply weathered profile beneath ~15m of transported cover.

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

Significant results from the recent drilling at Orient Well NW include:

- **20m @ 9.10g/t Au from 50m** 18USRC302*
- **10m @ 0.59g/t Au from 85m** 18USRC301*
- **5m @ 0.96g/t Au from 60m** 18USRC303*
- **40m @ 0.46g/t Au from 60m** 18USRC262
 - including 7m @ 0.68g/t Au from 60m
 - including 17m @ 0.67g/t Au from 83m
 - including 8m @ 1.00g/t Au from 87m
- **1m @ 5.70g/t Au from 115m** 18USRC262
- **15m @ 0.71g/t Au from 49m** 18USRC263
 - including 4m @ 1.24g/t Au from 49m
 - including 5m @ 1.02g/t Au from 59m
- **28m @ 0.69g/t Au from 62m** 18USRC264
 - including 5m @ 1.52g/t Au from 73m
- **8m @ 1.80g/t Au from 108m** 18USRC265

Only down-hole lengths are reported. * Results are based on 5m composite sampling for 18USRC299 to 304.

The Orient Well NW mineralised corridor represents a significant open pit target.

One line of aircore drilling has been completed on 347,400E which returned a strongly anomalous gold intercept of 5m @ 0.2g/t gold, which is interpreted to be located within the eastern extensions of the WNW/ESE gold mineralised corridor that has been defined by RC drilling.

No RC drilling has taken place to the east of section 347,120E (east of hole 18USRC302) and the area to the east represents a significant drill target with over 300m of strike planned to be drill tested.

There is strong potential to define significant mineralisation along the Aircore-defined gold trend over a strike length of 1.5km. This trend is open along strike and requires further systematic Aircore drilling to define the limits of the anomaly. Refer to the ASX announcements dated 2 August 2018 and 14 January 2019 for full details of the exploration results for the Orient Well NW prospect.

Ulysses East – Drilling Results

Results were also received subsequent to the end of the half year from 10 wide-spaced RC holes (18USRC284 to 293), drilled at +50m to 100m centres on the Ulysses shear at Ulysses East (see right hand side of Figure 5) testing potential strike and depth extensions to the Ulysses Mineral Resource.

Significant gold mineralisation has been intersected associated with a third dolerite unit (known as the upper MQD).

Hole 18USRC293 drilled at the eastern limit of the upper MQD returned a significant result of **10m @ 3.05g/t Au from 102m**. Gold mineralisation is hosted by a sheared, biotite – silica altered quartz dolerite with sulphide (dominantly pyrite) content ranging from 2 to 10%.

Drilling at Ulysses East has defined the intersection of the upper MQD unit and the Ulysses Shear over an intersectional strike of ~400m. The intersection of the upper MQD and the Ulysses Shear plunges shallowly to moderately to the north-east. The intersection of the Ulysses shear and magnetic, upper MQD represents a significant drill target that will be systematically drill tested in 2019.

The lower and middle MQD units host high-grade gold shoots beneath the Ulysses West and Ulysses open pits. These high-grade gold shoots are known to have significant (+800m) down-plunge extents which are open at depth.

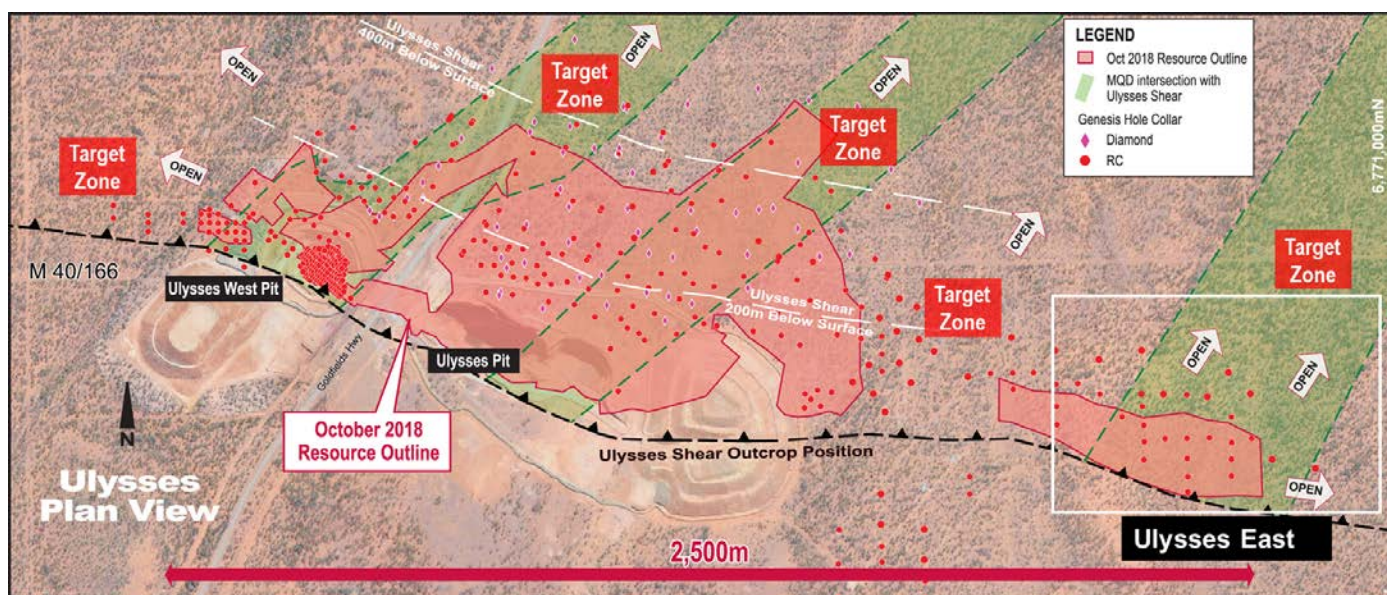


Figure 5. Plan view showing hole locations (white circles with black outline) from recent 2018 drill results. Green shaded zones highlight the surface projections of intersection of quartz dolerite (MQD) units with the Ulysses Shear. The white box highlights the Ulysses East area.

Intersections from the recent extensional drilling include:

- **10m @ 3.05g/t Au from 102m 18USRC293**
- **5m @ 5.08g/t Au from 75m 18USRC287**
- **3m @ 1.85g/t Au from 170m 18USRC286**
- **4m @ 1.08g/t Au from 182m 18USRC286**
- **6m @ 1.28g/t Au from 149m 18USRC288**

Barimaia Gold Project

The Barimaia Gold Project, located in the Murchison district of Western Australia, is a highly prospective ground package located just 10km south-east of the 6Moz Mt Magnet Gold Mine, operated by ASX listed, Ramelius Resources Limited.

The Company considers the Barimaia Project to offer the potential for the discovery of large, low strip ratio porphyry-hosted gold deposits. The Barimaia Project is close to Mt Magnet and a number of other gold processing facilities in the region that may provide a potential low-cost pathway to production should an economic discovery be made.

Subsequent to the end of the half year, the Company received results from a 21-hole/2,140m Reverse Circulation (RC) drilling program completed in November 2018 which has further significantly enhanced the prospectivity of the project.

The results have defined significant shallow gold mineralisation over 1km of strike, with the wide-spaced drilling focused on the previously identified bedrock gold targets at the McNabs and McNabs East prospects (see Figures 6 and 7).

Wide zones of mineralisation were intersected including **74m @ 0.66g/t Au** in 18BARC028 and **29m @ 0.84g/t Au** and **28m @ 0.71g/t Au** in BARC031 from McNabs. At the McNabs East Prospect, drilling located up to 1km to the east of the McNabs Prospect intersected **12m @ 1.61g/t Au** in 18BARC041 and **17m @ 0.94g/t Au** in 18BARC046.

Although at an early stage of definition and based on wide-spaced drilling, the gold mineralisation at McNabs and McNabs East is considered to occur within the same east-west oriented structural trend.

The drill program was based on a revised geological interpretation which highlighted a distinct east-west trending structural corridor which is noted in the magnetics and supported by mapping of sub-cropping mafic-ultramafic rocks and gold anomalous rock chips of porphyries in the western arm of the Barimaia Creek system to the west of the McNabs Prospect.

Strong gold anomalism from shallow air-core drilling completed in 2016 and 2017 at Barimaia also supports the overall east-west orientation.

The recent drilling program, which comprised a series of south-oriented RC holes at McNabs and McNabs East, strongly supports the interpreted overall east-west trend of the bedrock mineralisation and now represents a very large bedrock gold target that requires systematic drill testing.

Significant results (see Figure 7) from the recent drilling at McNabs and McNabs East include:

- **74m @ 0.66g/t Au from 59m** 18BARC028
 - *including 8m @ 1.44g/t Au from 59m*
 - *including 7m @ 1.79g/t Au from 77m*
 - *including 5m @ 2.18g/t Au from 106m*
- **26m @ 1.15g/t Au from 17m** 18BARC029
 - *including 11m @ 2.21g/t Au from 18m*
- **6m @ 2.56g/t Au from 103m** 18BARC029
 - *including 1m @ 12.6 from 107m*
- **14m @ 0.60g/t Au from 30m** 18BARC030
- **29m @ 0.84g/t Au from 43m** 18BARC031
 - *including 8m @ 2.08g/t Au from 63m*
- **28m @ 0.71g/t Au from 90m** 18BARC031
 - *including 6m @ 1.44g/t Au from 102m*
- **13m @ 0.52g/t Au from 94m** 18BARC032
- **14m @ 0.87g/t Au from 77m** 18BARC037
- **12m @ 1.61g/t Au from 93m** 18BARC041
- **11m @ 1.08g/t Au from 82m** 18BARC042
 - *including 2m @ 1.38g/t Au from 82m*
 - *including 2m @ 4.23g/t Au from 90m*
- **3m @ 1.64g/t Au from 104m** 18BARC042
- **17m @ 0.94g/t Au from 51m** 18BARC046
 - *including 9m @ 1.38g/t Au from 57m*

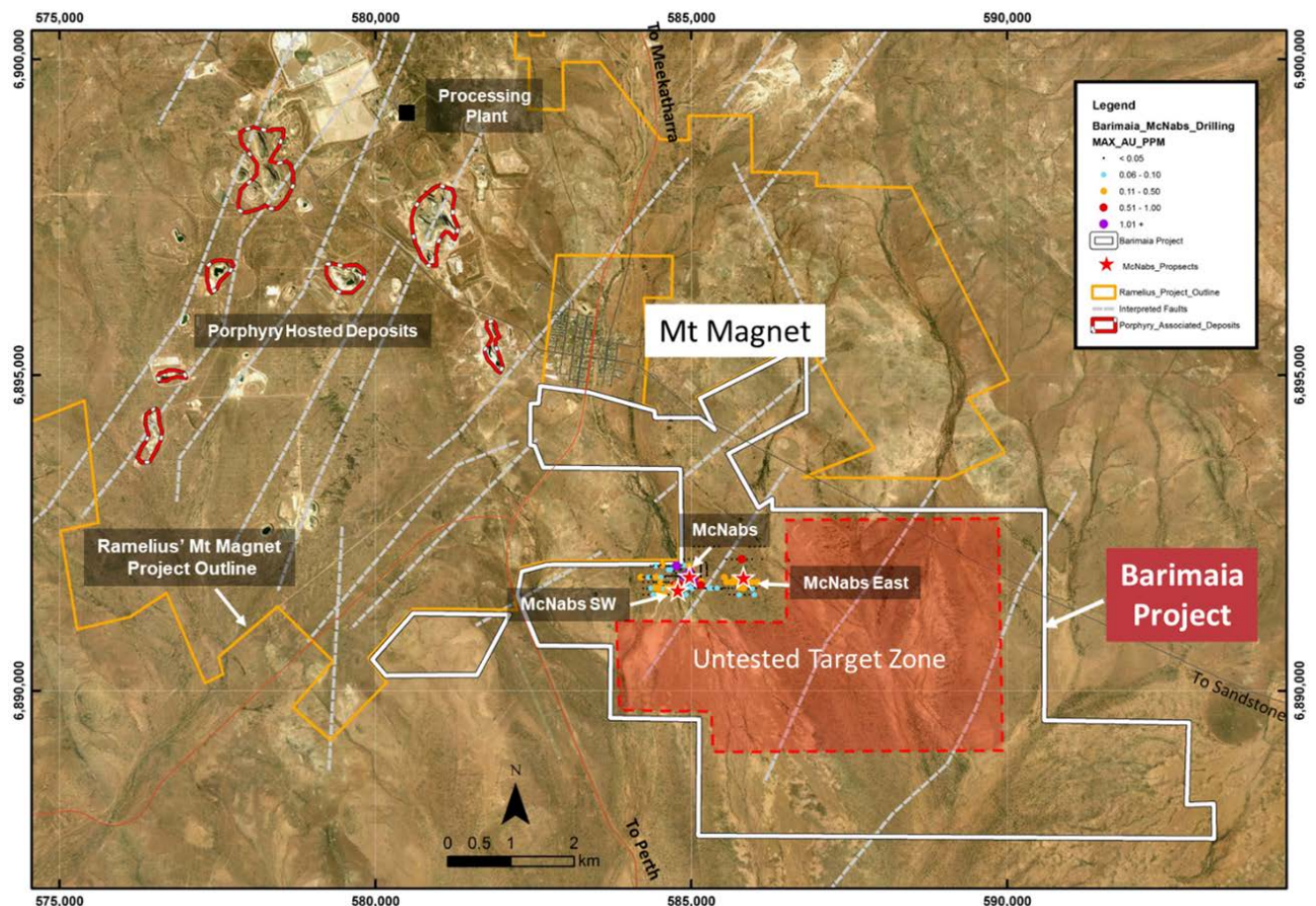


Figure 6. Barimaia Project showing prospect locations. The Barimaia Project (white outline) is adjacent to Ramelius' Mt Magnet Gold Mine.

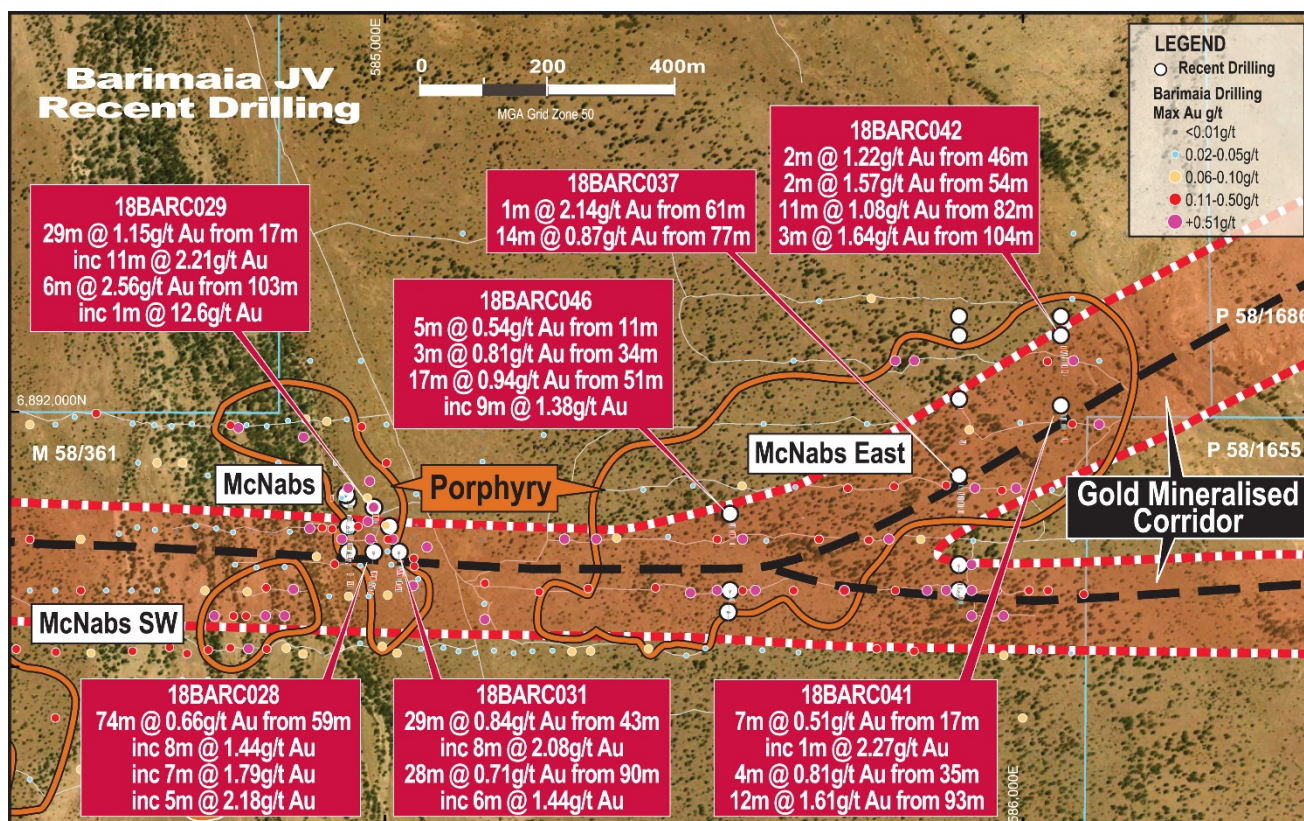


Figure 7. Plan view of the McNabs Prospects and recently completed Genesis RC holes (white circles with black outlines). East-west trending gold mineralised structural corridor highlighted.

The Barimaia Joint Venture Gold Project is subject to a Farm-in and Joint Venture Agreement (Mt Magnet JV), under which Genesis has now earned an initial 65% interest in the project by spending \$750,000 on exploration over three years.

Following satisfaction of this initial 65% earn-in, Genesis has until 22 March 2019 to elect to either form a Joint Venture or continue sole funding exploration, and earn a further 15% interest by spending \$1 million on exploration over a further two years (amounting to \$1.75M in expenditure over five years to earn an 80% interest).

Refer to the ASX announcement dated 6 February 2019 for full details of the exploration results for the Barimaia Gold Project.

SUBSEQUENT EVENTS

Other than noted elsewhere in this report, no matter or circumstance has arisen since 31 December 2018, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2018 has been received and can be found on page 15 of the interim financial report.

GENESIS MINERALS LIMITED
DIRECTORS' REPORT
31 DECEMBER 2018

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

On behalf of the directors



Michael Fowler
Managing Director

Perth, 8 March 2019

COMPETENT PERSONS STATEMENTS

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

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

GENESIS MINERALS LIMITED
DIRECTORS' DECLARATION
31 DECEMBER 2018

The directors of the Group declare that:

1. the interim financial statements and notes, as set out on pages 16 to 25, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standard 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 31 December 2018 and of the performance for the half year ended on that date of the company and consolidated group;
2. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Michael Fowler
Managing Director

Perth, 8 March 2019

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To the Board of Directors

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

As lead audit partner for the review of the financial statements of Genesis Minerals Limited for the period ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Partner

Dated at Perth this 8th day of March 2019

GENESIS MINERALS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

		31 DECEMBER	31 DECEMBER
		2018	2017
	NOTE	\$	\$
Revenue	3	25,307	20,240
Mining costs		(2,528)	(107,217)
Salaries and employee benefits expenses		(239,150)	(162,183)
Corporate expenses		(88,197)	(120,653)
Administrative expenses		(192,922)	(130,475)
Depreciation expenses		(880)	(1,259)
Share based payments expenses	8	(87,797)	(62,389)
Exploration expenses		(3,450,382)	(1,672,633)
Loss before income taxes		(4,036,549)	(2,236,569)
Income tax expense		-	-
Loss for the half year		(4,036,549)	(2,236,569)
Total comprehensive loss for the half year attributable to members of Genesis Minerals Limited		(4,036,549)	(2,236,569)
Loss per share			
Basic and diluted loss per share (cents)		(0.44)	(0.30)

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

GENESIS MINERALS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	NOTE	31 DECEMBER 2018 \$	30 JUNE 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		5,382,942	5,104,901
Trade and other receivables	4	103,427	85,959
TOTAL CURRENT ASSETS		5,486,369	5,190,860
NON-CURRENT ASSETS			
Plant and equipment		6,405	7,285
TOTAL NON-CURRENT ASSETS		6,405	7,285
TOTAL ASSETS		5,492,774	5,198,145
CURRENT LIABILITIES			
Trade and other payables	5	575,671	1,093,416
Provisions		114,856	122,087
TOTAL CURRENT LIABILITIES		690,527	1,215,503
TOTAL LIABILITIES		690,527	1,215,503
NET ASSETS		4,802,247	3,982,642
EQUITY			
Issued capital	6	33,827,600	29,059,243
Reserves		1,614,487	1,526,690
Accumulated losses		(30,639,840)	(26,603,291)
TOTAL EQUITY		4,802,247	3,982,642

This Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

GENESIS MINERALS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

31 DECEMBER 2018				
	ORDINARY SHARES	ACCUMULATED LOSSES	OPTIONS RESERVE	TOTAL
	\$	\$	\$	\$
Balance at 1 July 2018	29,059,243	(26,603,291)	1,526,690	3,982,642
Losses attributable to members of the parent entity	-	(4,036,549)	-	(4,036,549)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(4,036,549)	-	(4,036,549)
Shares issued during the half year	5,000,000	-	-	5,000,000
Share issue costs	(231,643)	-	-	(231,643)
Share based payments	-	-	87,797	87,797
Sub-total	4,768,357	(4,036,549)	87,797	819,605
Balance at 31 December 2018 <small>30 June 2014</small>	33,827,600	(30,639,840)	1,614,487	4,802,247
31 DECEMBER 2017				
	ORDINARY SHARES	ACCUMULATED LOSSES	OPTIONS RESERVE	TOTAL
	\$	\$	\$	\$
Balance at 1 July 2017	24,118,945	(21,029,824)	1,271,927	4,361,048
Losses attributable to members of the parent entity	-	(2,236,569)	-	(2,236,569)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(2,236,569)	-	(2,236,569)
Shares issued during the half year	352,000	-	-	352,000
Share issue costs	(3,676)	-	-	(3,676)
Share based payments	-	-	62,389	62,389
Sub-total	348,324	(2,236,569)	62,389	(1,825,856)
Balance at 31 December 2017 <small>30 June 2014</small>	24,467,269	(23,266,393)	1,334,316	2,535,192

This Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

GENESIS MINERALS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 DECEMBER 2018 \$	31 DECEMBER 2017 \$
CASH FROM OPERATING ACTIVITIES:		
Gold Sales	-	1,217,110
Interest received	34,909	20,240
Payments to suppliers and employees	(565,455)	(394,892)
Payments for mining activities	(2,528)	(743,990)
Payments for exploration and evaluation expenditure	(3,978,885)	(1,477,629)
Net cash used by operating activities	(4,511,959)	(1,379,161)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of plant and equipment	-	(950)
Net cash used in investing activities	-	(950)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of ordinary shares	5,000,000	102,000
Payment of share issue costs	(210,000)	(1,838)
Net cash provided by financing activities	4,790,000	100,162
Net cash increase / (decrease) in cash and cash equivalents	278,041	(1,279,949)
Cash and cash equivalents at beginning of the period	5,104,901	4,155,593
Cash and cash equivalents at end of the period	5,382,942	2,875,644

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

GENESIS MINERALS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

1 BASIS OF PREPARATION

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Genesis Minerals Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2018, together with any public announcements made during the half year.

The registered office and principal place of business of the Group is: Unit 6, 1 Clive Street West Perth WA 6005.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) GOING CONCERN

The half year financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Although the Group incurred a loss for the half year of \$4,036,549 (2017: \$2,236,569) as at 31 December 2018, the Group has a working capital surplus of \$4,795,842 and cash on hand of \$5,382,942.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

(B) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The directors evaluate estimates and judgments incorporated into the interim financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

REVENUE RECOGNITION:

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

GENESIS MINERALS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SALE OF GOODS – GOLD ORE

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

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

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

SHARE BASED PAYMENTS

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

ENVIRONMENTAL ISSUES

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

TAXATION

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

(C) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 9 *Financial Instruments* and related amending Standards;
- AASB 15 *Revenue from Contracts with Customers* and related amending Standards; and
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*.

GENESIS MINERALS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 9 Financial Instruments and related amending Standards

In the current year, the Group has applied AASB 9 *Financial Instruments* (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives however there was no material impact on adoption of the standard.

Additionally, the Group adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures*.

In summary AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets; and
- General hedge accounting.

AASB 15 Revenue from Contracts with Customers and related amending Standards

In the current year, the Group has applied AASB 15 *Revenue from Contracts with Customers* (as amended) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios.

There was no material impact on adoption of the standard and no adjustment made to current or prior period amounts.

(D) ACCOUNTING STANDARDS NOT YET APPLICABLE

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

AASB 16 Leases

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

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

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

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

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

GENESIS MINERALS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

3 REVENUE

	31 DECEMBER 2018	31 DECEMBER 2017
	\$	\$
Interest revenue	25,307	20,240
	<u>25,307</u>	<u>20,240</u>

4 TRADE AND OTHER RECEIVABLES

	31 DECEMBER 2018	30 JUNE 2018
	\$	\$
Trade debtors – GST receivable	100,521	73,451
Other receivables – accrued interest	2,906	12,508
	<u>103,427</u>	<u>85,959</u>

The Group expects the above trade and other receivables to be recovered within 12 months of 31 December 2018 and therefore considers the amounts shown above at cost to be a close approximation of fair value.

5 TRADE AND OTHER PAYABLES

	31 DECEMBER 2018	30 JUNE 2018
	\$	\$
Trade payables	539,868	902,527
Other payables and accruals	35,803	190,889
	<u>575,671</u>	<u>1,093,416</u>

6 ISSUED CAPITAL

1,089,365,941 (30 June 2018: 910,794,512) Ordinary shares	35,434,130	30,434,130
Value of conversion rights	25,633	25,633
Share issue costs written off against issued capital	(1,632,163)	(1,400,520)
	<u>33,827,600</u>	<u>29,059,243</u>

MOVEMENT IN ORDINARY SHARES

	NO.	\$
Balance at 1 July 2017	737,180,876	24,118,945
Shares issued to vendors of Metallo Resources Pty Ltd – 19 September 2017	11,363,636	250,000
Shares issued upon exercise of options – 14 December 2017	2,000,000	34,000
Shares issued upon exercise of options – 21 December 2017	4,000,000	68,000
Less share issue costs	-	(3,676)
Balance at 31 December 2017	754,544,512	24,467,269
Balance at 1 July 2018	910,794,512	29,059,243
Placement at \$0.028 per share – 14 December 2018	178,571,429	5,000,000
Less share issue costs	-	(231,643)
Balance at 31 December 2018	1,089,365,941	33,827,600

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

GENESIS MINERALS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

7 OPERATING SEGMENTS

The entities comprising the former South America operating segment, Genesis Minerals (Chile) S.A. and Genesis Minerals (Argentina) S.A. were sold during the year ended 30 June 2017. For the half-year ended 31 December 2018, the Group operated in one segment, Australia.

8 SHARE-BASED PAYMENTS

During the 6 month period to 31 December 2018 7,600,000 options (2017: 16,800,000), valued at \$103,810 (2017: \$225,600), were issued to Directors.

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

EXPIRY DATE	EXERCISE PRICE (CENTS)	BALANCE AT 1 JULY 2018	LAPSED	ISSUED	EXERCISED	BALANCE AT THE END OF THE PERIOD	VESTED AND EXERCISABLE AT THE END OF THE PERIOD
13 December 2019	3.9	4,800,000	-	-	-	4,800,000	4,800,000
31 July 2020	4.8	10,000,000	-	-	-	10,000,000	10,000,000
29 November 2020	4.9	-	-	2,600,000	-	2,600,000	2,600,000
13 December 2020	4.2	4,800,000	-	-	-	4,800,000	4,800,000
29 November 2021	5.3	-	-	2,300,000	-	2,300,000	-
13 December 2021	4.5	6,000,000	-	-	-	6,000,000	-
29 November 2022	5.6	-	-	2,700,000	-	2,700,000	-
TOTAL		25,600,000	-	7,600,000	-	33,200,000	22,200,000

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

Valuation date	23/11/18 ⁽¹⁾	23/11/18 ⁽¹⁾	23/11/18 ⁽¹⁾
Valuation date fair value	\$0.0110	\$0.0138	\$0.0161
Valuation date share price	\$0.030	\$0.030	\$0.030
Exercise price	\$0.049	\$0.053	\$0.056
Expected volatility	91.17%	91.17%	91.17%
Option life	2 years	3 years	4 years
Expiry date	29/11/20	29/11/21	29/11/22
Risk-free interest rate	2.03%	2.105%	2.305%

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

9 FINANCIAL INSTRUMENTS

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

10 CONTINGENT LIABILITIES

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

11 SUBSEQUENT EVENTS

Other than noted elsewhere in this report, no matter or circumstance has arisen since 31 December 2018, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

GENESIS MINERALS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

12 RELATED PARTY TRANSACTIONS

During the half-year, Mr Tommy McKeith was appointed as Non-Executive Chairman on 29 November 2018. Remuneration for Mr McKeith is consistent with that of the previous Chairman.

Options were issued to Directors as disclosed at Note 8.

There were no other changes to the nature of related party transactions in the 6 month period ending 31 December 2018.

13 FARM-IN AND JOINT VENTURE COMMITMENTS

The Barimaia Gold project is subject to a Farm-In and Joint Venture Agreement (Mt Magnet Joint Venture) under which the Group's 100% owned subsidiary, Metallo Resources Pty Ltd ("Metallo"), is required to spend \$750,000 on exploration activities over three years to earn an initial 65% interest in the Project. Metallo has until 26 February 2019 to complete the first stage earn in. As at 31 December 2018, Metallo has spent \$943,319 (including 10% allocation for overhead costs) on the earn in and accordingly has met the requirement to earn an initial 65% interest.

Following satisfaction of the initial 65% earn-in, Metallo has until 22 March 2019 to elect to either form a Joint Venture or continue sole funding exploration, and earn a further 15% interest by spending \$1 million on exploration over a further two years (amounting to \$1.75M in expenditure over five years to earn an 80% interest). The five year earn in period expires on 26 February 2021.

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

Independent Auditor's Review Report

To the Members of Genesis Minerals Limited

We have reviewed the accompanying financial report of Genesis Minerals Limited ("the Company") and Controlled Entities ("the Group") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Group, comprising the Company and the entities it controlled during the period.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Review Report

To the Members of Genesis Minerals Limited (Continued)



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Genesis Mineral Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the period ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 8th day of March 2019