

Genesis Minerals Limited and controlled entities

ABN 72 124 772 041

Interim Financial Report

for the half year ended 31 December 2019

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GENESIS MINERALS LIMITED
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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GENESIS MINERALS LIMITED
DIRECTORS' REPORT
31 DECEMBER 2019

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 2019.

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
Michael Fowler	Managing Director
Craig Bradshaw	Non-Executive Director
Gerry Kaczmarek	Non-Executive Director
Nic Earner	Non-Executive Director (appointed 24 October 2019)

OPERATING RESULTS

The consolidated loss of the Group amounted to \$4,037,731 (2018: \$4,036,549) after providing for income tax.

At the end of the half year the Group had cash assets of \$6,011,225 (30 June 2019: \$2,609,843) and net assets of \$5,244,545 (30 June 2019: \$1,839,300).

REVIEW OF OPERATIONS

Ulysses Gold Project, WA (Genesis: 100%)

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 which culminated in an upgraded Mineral Resource.

Feasibility studies to prepare for near term mining of the Ulysses resource was ongoing during the period.

Ulysses Deposit – Resource Upgrade and Extensional Drilling Results

A program of Reverse Circulation (RC) and diamond drilling commenced in August 2019 to upgrade the Ulysses Mineral Resource. Over 20,000m of drilling was completed by the end of November to upgrade the top 200m of the Resource in preparation for mining. Drilling targeted approximately 1,000m of strike and some 300m of down-dip extent within and adjacent to the previous Resource envelope. At Ulysses West, drilling targeted ~600m of down-plunge extent.

Results were reported during the half year from the Resource upgrade drilling program with holes targeting the upper parts of the Ulysses Mineral Resource (see Figure 1) with the drilling continuing to strongly support the continuity of the higher-grade gold mineralisation.

Hole 19USRC402 returned strong gold mineralisation with an intercept of 12m @ 6.39g/t gold including 3m @ 18.37g/t gold. This intersection is interpreted to occur within the Ulysses West quartz dolerite, which is one of the favourable host rocks for high-grade gold mineralisation at Ulysses. It occurs on the eastern limit of the intersection of the Ulysses West quartz dolerite and the Ulysses Shear, and potentially expands the zone of high-grade mineralisation associated with the Ulysses West shoot.

High-grade gold intersections from recent holes included:

- **9.05m @ 9.94g/t gold from 142.15m** **19USDH079**
 - *including 5.6m @ 14.92g/t gold*
- **6.24m @ 10.62g/t gold from 223.03m** **19USDH083**
 - *including 4.63m @ 14.1g/t gold*
- **6.14m @ 9.52g/t gold from 232.48m** **19USDH085**

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- *including 2.82m @ 19.8g/t gold*
- 6.00m @ 10.23g/t gold from 154.0m 19USDH113
 - *including 2.43m @ 20.33g/t gold*
- 6m @ 9.28g/t gold from 121m 19USRC392
 - *Including 3m @ 14.36g/t gold*
- 12m @ 6.39g/t gold from 210m 19USRC402
 - *Including 3m @ 18.37g/t gold*
- 6.00m @ 5.10g/t gold from 180m 19USDH118
 - *Including 1.40m @ 17.77g/t gold*
- 4.52m @ 9.71g/t gold from 145m 19USDH114
- 5.46m @ 10.71g/t gold from 229m 19USDH115
- 2.00m @ 28.76g/t gold from 188m 19USDH105
- 1.00m @ 33.86g/t gold from 103m 19USDH089
- 2.36m @ 9.41g/t gold from 142.64m 19USDH110
- 2.00m @ 9.20g/t gold from 179m 19USDH100
- 4.25m @ 5.29g/t gold from 240.85m 19USDH084
- 3.17m @ 4.36g/t gold from 168.83m 19USDH119
- 10.10m @ 2.45g/t gold from 182.2m 19USDH120
 - *Including 4.81m @ 4.51g/t gold*
- 4.57m @ 4.52g/t gold from 127.13m 19USDH123
- 1m @ 12.42g/t gold from 123m 19USRC388

True widths are ~90% to 100% of down-hole lengths

Full details of the assay results were provided in the Company's ASX Announcements dated 9 September, 22 October and 19 November 2019.

Ulysses Deposit – Mineral Resource Upgrade

On 19 December 2019, Genesis announced a **107,000oz increase** in the Mineral Resource for the Ulysses deposit from 760,000oz to **867,000oz** of contained gold¹.

The updated Mineral Resource incorporates the results of the highly successful drilling program completed at Ulysses during the second half of 2019, which returned numerous high-grade intersections that confirmed and extended a number of high-grade gold zones.

The updated Measured, Indicated and Inferred Mineral Resource now totals **8.5Mt @ 3.2g/t gold for 867,000 ounces of contained gold** (refer to Table 1 for full details), which represents a 14% increase in contained ounces when compared with the October 2018 Mineral Resource. Importantly, the higher-confidence Measured and Indicated component has increased by 103,000 ounces (22%) to 574,000 ounces, with the Measured Resource increasing significantly from 4,000 ounces to 133,000 ounces.

The high-grade portion of the Mineral Resource, reported at a cut-off of 2g/t gold (refer to Table 1 for full details), which will form part of the mining evaluation for the Feasibility Study, is estimated to contain **4.8Mt @ 4.5g/t gold for 695,000 ounces**.

The high-grade shoots which form part of the overall Mineral Resource are estimated to contain **1.73Mt @ 6.5g/t gold for 360,000 ounces**.

The Mineral Resource extends over a strike length of more than 2.5km and sits immediately below and along

¹ Refer to the original ASX announcement dated 19 December 2019 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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DIRECTORS' REPORT
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strike from the Ulysses Open Pits (see Figures 1 and 2).

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 base of the Indicated portion of the Resource is shown in Figure 1 below.

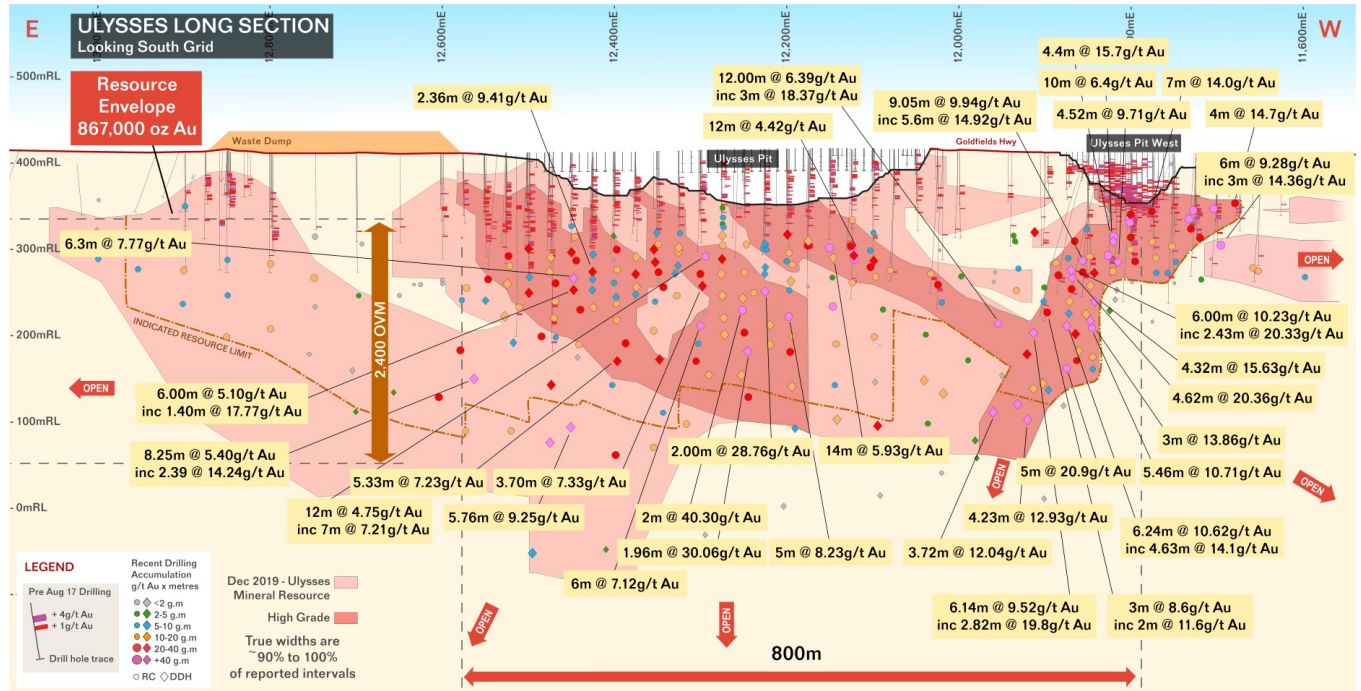


Figure 1. Projected Long Section in local grid showing the new Ulysses Mineral Resource (red shaded area) with the high-grade portion of the resource shown in darker red. Limit of Indicated Mineral Resource shown.



Figure 2. Plan view of the Ulysses resource.

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A summary of the updated 2019 Ulysses Mineral Resource is provided in Table 1 below:

Table 1: Ulysses Gold Deposit December 2019 Mineral Resource (0.75g/t cut-off grade above 200mRL, 2.0g/t cut-off below 200mRL)

Domain	Measured		Indicated		Inferred		Total		
	Tonnes Mt	Au g/t	Tonnes Mt	Au g/t	Tonnes Mt	Au g/t	Tonnes Mt	Au g/t	Au Ounces
HG Shoots	0.66	6.0	0.89	6.5	0.19	8.2	1.73	6.5	360,600
Shear Zone	0.14	1.3	3.20	2.2	1.88	3.2	5.21	2.5	426,100
Ulysses East			0.53	1.8	1.00	1.6	1.53	1.6	80,500
Total	0.80	5.2	4.61	3.0	3.07	3.0	8.48	3.2	867,200

December 2019 Mineral Resource Estimate 2.0g/t Global Cut-off									
Type	Measured		Indicated		Inferred		Total		
	Tonnes Mt	Au g/t	Tonnes Mt	Au g/t	Tonnes Mt	Au g/t	Tonnes Mt	Au g/t	Au Ounces
Total	0.66	6.0	2.42	4.4	1.70	4.1	4.78	4.5	695,900

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 19 December 2019.

Barimaia JV Gold Project, WA (Genesis: 65%)

The Barimaia JV 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.

Genesis has now earned an initial 65% interest in the project and has elected to form a joint venture for the continued development of the project.

A 1,500m wide-spaced air-core program was completed in July 2019 to complete a first pass test of the eastern strike extensions to the interpreted gold mineralised corridor (highlighted in Figure 4).

The results from the drilling program identified significant extensions of the east-west trending gold mineralised system to the east of McNabs East.

Hole 19BAAC105 returned a significant intercept of **2m @ 14.27g/t gold from 25m** and is interpreted to be associated with an east-northeast trending arm of the main mineralised corridor (see Figure 4), associated with a granodiorite. Hole 19BAAC097 returned **5m @ 0.11g/t gold** from 40m some 500m east of McNabs East and is associated with weather and foliated mafic rocks. This zone is interpreted to be open to the east and south-east.

Hole 19BAAC100 (**5m @ 0.14g/t gold**) and 19BAAC102 (**5m @ 0.17g/t gold**) are located to the south-east of the McNabs Prospects. These holes, together with 17BAAC013 (5m @ 0.26g/t gold), have outlined a saprolite-hosted zone of persistent anomalism over 600m of strike spatially associated with the interpreted position of the granite-greenstone contact.

Further work is required in this area to understand the significance of the anomalism.

Full details of the assay results were provided in the Company's ASX Announcement dated 15 August 2019.

In December 2019, Genesis completed a 245m diamond drilling program to test the current structural geological

model for the Barimaia Project. The assay results from this drilling are expected to be received in the first quarter of 2020.

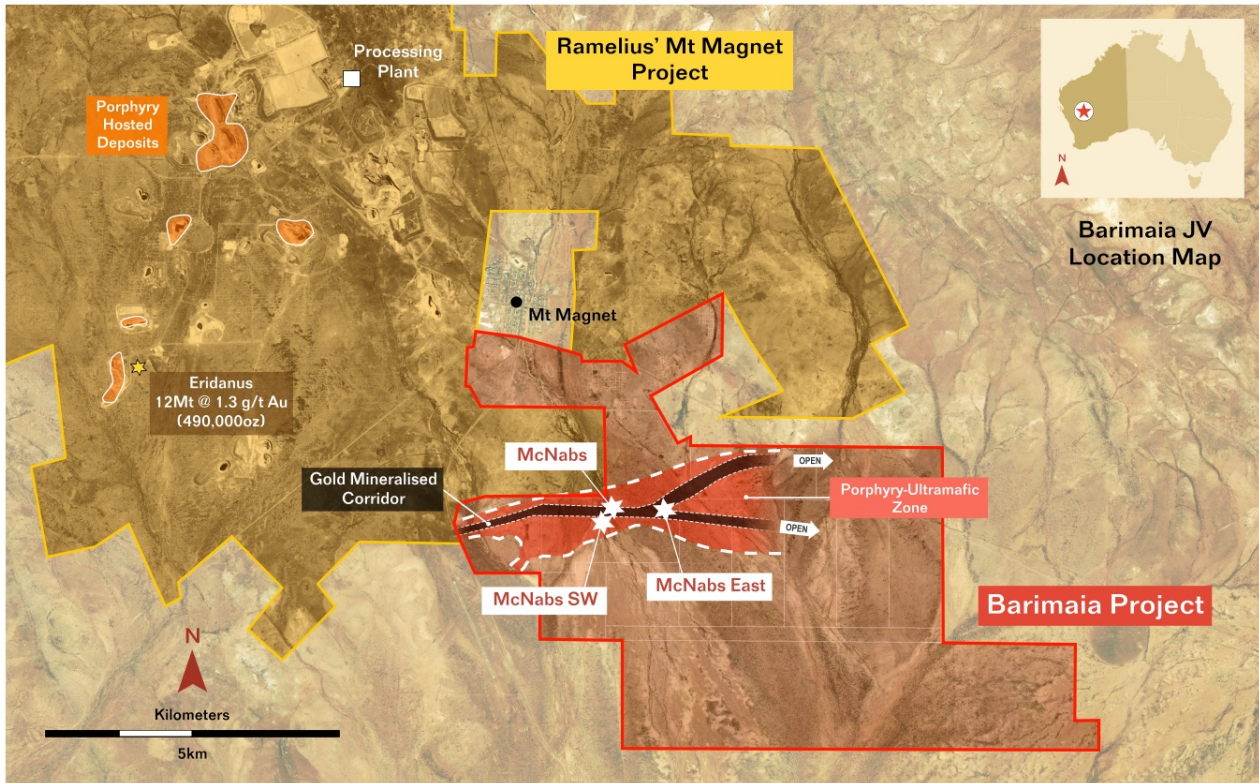


Figure 3. Barimaia Project showing prospect locations. The Barimaia Project is adjacent to Ramelius' Mt Magnet Gold Mine. Target mineralised corridor highlighted.

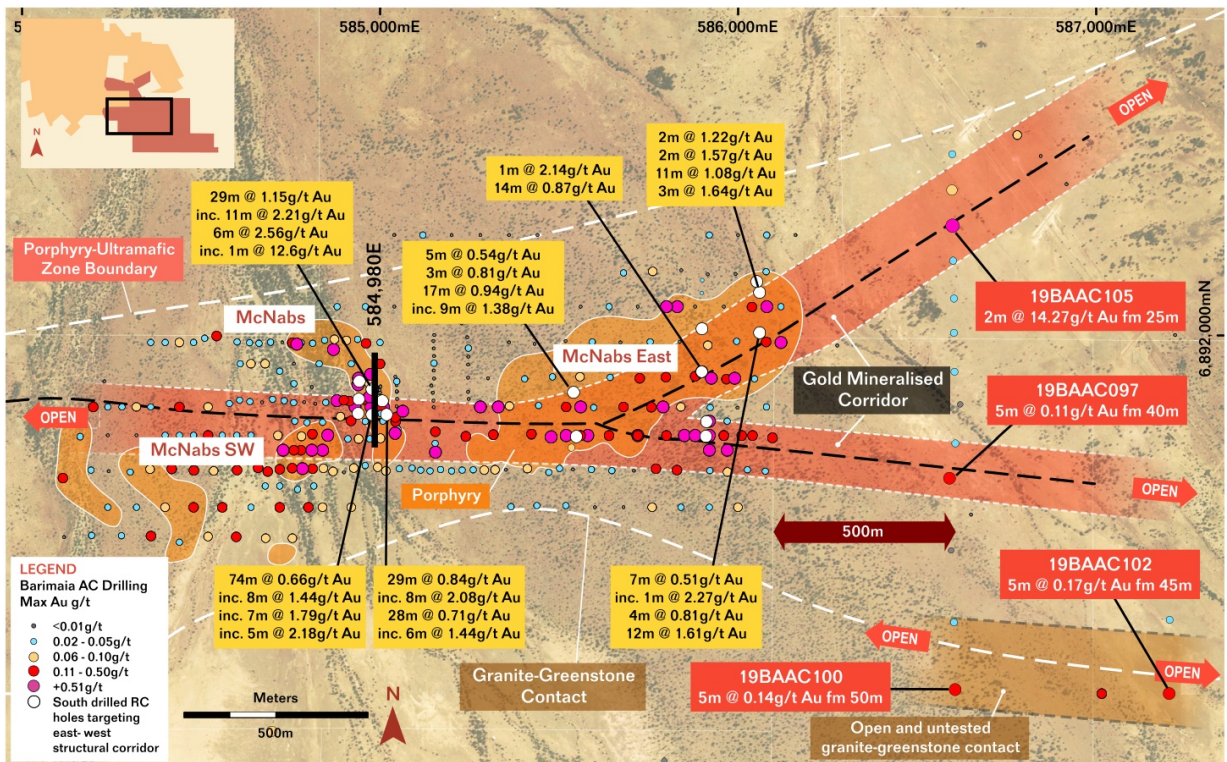


Figure 4. Plan view of the McNabs Prospects. The east-west trending gold mineralised structural corridor is highlighted. 2018 drilling intercepts (yellow box) from wide spaced RC drilling with holes drilled MGA south with collar locations shown by white circles.

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Desdemona South JV Gold Project, WA (Genesis: RTE 80%)

On 10 December 2019, Genesis announced that it had entered into a Farm-in and Joint Venture agreement with Kin Mining NL (ASX: KIN) over the Desdemona South JV Gold Project (“Desdemona South” or “Project”), located south of Leonora in Western Australia.

Desdemona South (see Figure 5) comprises a strategically located tenement package immediately north of and contiguous with Genesis’ 100%-owned 867,000oz Ulysses Gold Project, and includes a range of exploration targets which will strengthen and expand the Company’s growth pipeline in the Leonora region.

Under the terms of the agreement, Genesis will have the right to earn an initial 60% interest in the Project and move to 80% under certain conditions.

The Joint Venture will provide Genesis with over 10km of strike of mafic stratigraphy (similar to Ulysses) to explore within the same regional structural corridor that controls gold mineralisation in the district (see Figures 6 and 8).

Desdemona South Overview

The Desdemona South JV Gold Project comprises a package of nine tenements covering a total area of ~156km², shown in the orange shading in Figure 5. The Project is easily accessed off the Goldfields Highway and is strategically located between Genesis’ Ulysses Project and St Barbara’s Gwalia Mine.

The tenement package includes a number of conceptual to moderately advanced gold targets. There are no Mineral Resources located on the Project. The Project area has been explored for gold and base metals since the 1970’s but has had a fragmented and discontinuous exploration history due to a number of owners.

The Project area overlies Archaean greenstones and meta-sedimentary rocks intruded by sill-like bodies of mafic and ultramafic rocks. Mafic lavas, rhyolites and dacites predominate in the sequence, with dolerites and gabbros being the dominant intrusions. The regolith is variable with significant transported cover over the western portion of the project.

Early exploration of the Project area by previous explorers was hindered by the presence of widespread transported cover and deep clay overburden. Many rotary air blast drill programs conducted in the project area were unsuccessful, as target depths to test the bedrock could not be achieved due to swelling clays or water in-flows from buried palaeo-channels.

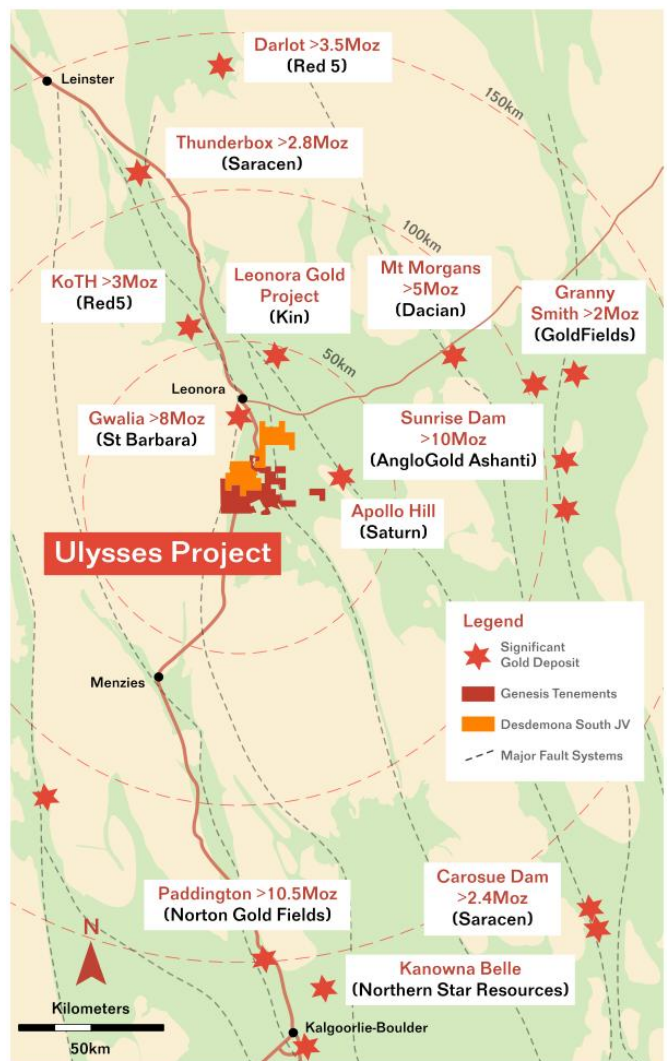


Figure 5. Project location map showing the Desdemona South JV Project in orange.

Target Zones

A number of target areas have been developed for drill testing in 2020 and are shown on Figures 7 and 8. Target

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areas 1 and 2 cover approximately 10km of strike of mafic stratigraphy (similar to Ulysses) within structurally complex areas within the regional structural corridor.

These targets are concealed by transported cover and have been under-explored to date. Genesis proposes initially to complete wide-spaced air-core drilling with the objective of defining significant gold anomalism.

Target 3 is located on the granite-greenstone contact outside the mafic stratigraphic sequence and covers a structurally complex area that is untested by drilling. The Company plans to undertake wide-spaced air-core drilling to test this area, with the objective of defining significant gold anomalism.

Target 4 is located in the north-eastern portion of the Project in a structurally complex area associated with the Emu Fault. This area is untested by drilling and is located adjacent to Lake Raeside.

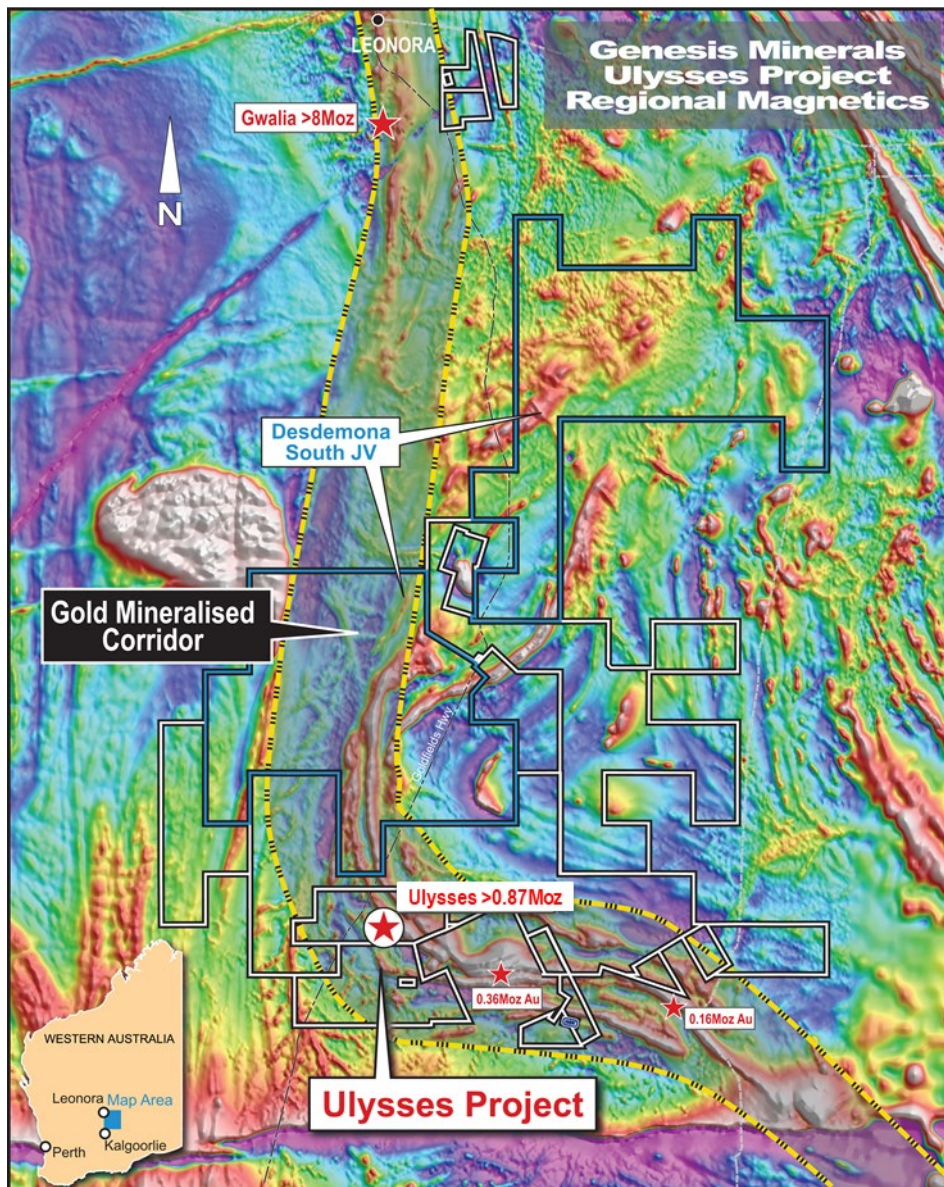


Figure 6. Regional magnetics RTP showing Ulysses and Desdemona South JV.

The Pelican-Flamingo Target (see Figures 7 and 8) is positioned on the northern limb of the Melita Syncline. Mineralisation comprises quartz veining and sericite-pyrite alteration in a quartz-feldspar porphyry. A best result of 8m @ 22.48g/t Au from 60m in HWAC037 in air-core drilling was recorded.

A follow-up RC program defined narrow high-grade bedrock mineralisation with a best/typical result of 1m at

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9.3g/t from 111m. The controls on mineralisation are not well understood and mineralisation remains open.

The broader area is only lightly tested and the magnetic dolerite unit spatially associated with the mineralisation remains untested. This area is considered a prospective target for applying the Ulysses geological model.

Planned drill testing will include Reverse Circulation and air-core drilling.

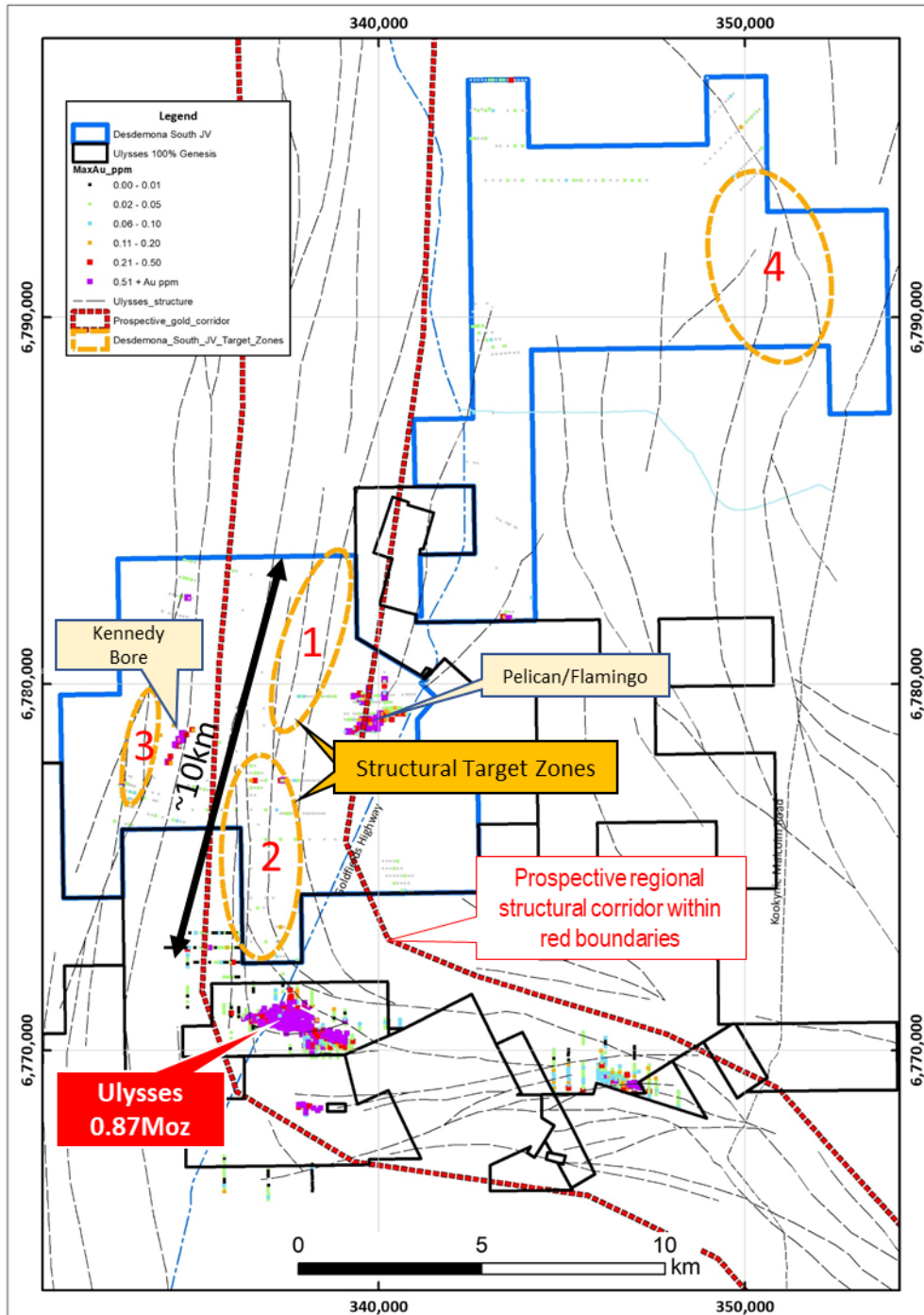


Figure 7. Plan view showing initial target zones on the Desdemona South JV area. Initial targets for testing highlighted within the orange polygons.

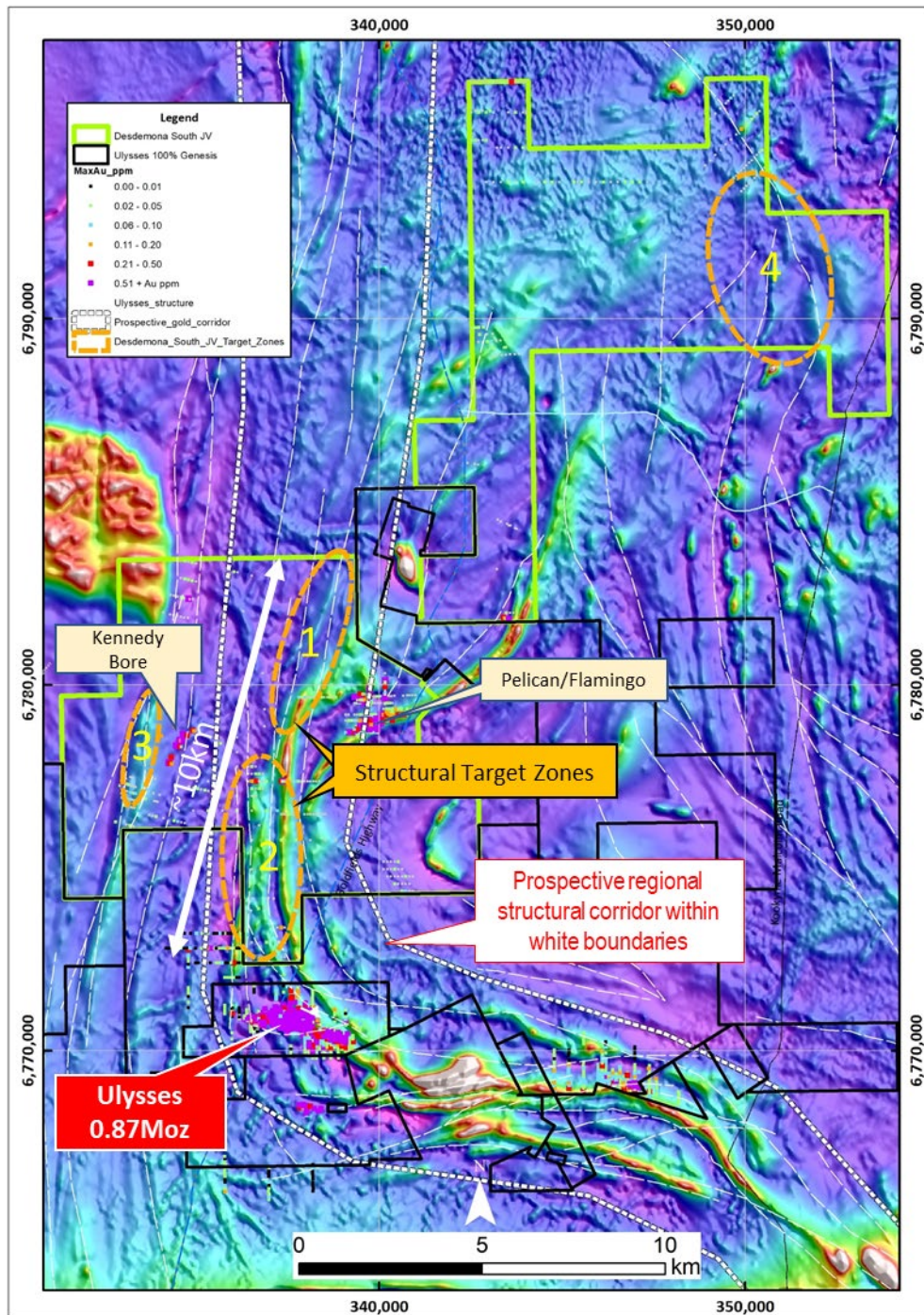


Figure 8. Plan view showing initial target zones on the Desdemona South JV area on RTP magnetics. Initial targets for testing highlighted within the orange polygons.

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.

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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.

SUBSEQUENT EVENTS

Other than noted elsewhere in this report, no matter or circumstance has arisen since 31 December 2019, 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 2019 has been received and can be found on page 12 of the interim financial report.

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, 13 March 2020

GENESIS MINERALS LIMITED
DIRECTORS' DECLARATION
31 DECEMBER 2019

The directors of the Group declare that:

1. the interim financial statements and notes, as set out on pages 13 to 21, 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 2019 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, 13 March 2020

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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 2019, 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

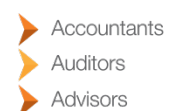
BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 13th day of March 2020



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GENESIS MINERALS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

		31 DECEMBER 2019	31 DECEMBER 2018
	NOTE	\$	\$
Revenue	3	7,195	25,307
Expenditure			
Exploration expenses		(3,324,719)	(3,452,910)
Salaries and employee benefits expenses		(233,754)	(239,150)
Corporate expenses		(200,632)	(88,197)
Administration costs		(242,068)	(192,922)
Depreciation expense		(4,823)	(880)
Share based payments expenses	8	(38,930)	(87,797)
Loss before income tax		(4,037,731)	(4,036,549)
Income tax expense		-	-
Loss for the half year		(4,037,731)	(4,036,549)
Other comprehensive loss for the half year, net of tax		-	-
Total comprehensive loss for the half year attributable to members of Genesis Minerals Limited		(4,037,731)	(4,036,549)
Basic and diluted loss per share (cents)		(0.32)	(0.44)

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 2019

	NOTE	31 DECEMBER 2019 \$	30 JUNE 2019 \$
CURRENT ASSETS			
Cash and cash equivalents		6,011,225	2,609,843
Trade and other receivables	4	63,324	36,429
Prepayments		11,994	27,893
TOTAL CURRENT ASSETS		6,086,543	2,674,165
NON-CURRENT ASSETS			
Plant and equipment		18,628	6,123
TOTAL NON-CURRENT ASSETS		18,628	6,123
TOTAL ASSETS		6,105,171	2,680,288
CURRENT LIABILITIES			
Trade and other payables	5	742,132	718,236
Provisions		118,494	122,752
TOTAL CURRENT LIABILITIES		860,626	840,988
TOTAL LIABILITIES		860,626	840,988
NET ASSETS		5,244,545	1,839,300
EQUITY			
Issued capital	6	41,224,146	33,820,100
Reserves		1,698,010	1,659,080
Accumulated losses		(37,677,611)	(33,639,880)
TOTAL EQUITY		5,244,545	1,839,300

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 2019

31 DECEMBER 2019

	ORDINARY SHARES	ACCUMULATED LOSSES	OPTIONS RESERVE	TOTAL
	\$	\$	\$	\$
Balance at 1 July 2019	33,820,100	(33,639,880)	1,659,080	1,839,300
Loss for the year	-	(4,037,731)	-	(4,037,731)
Total comprehensive loss	-	(4,037,731)	-	(4,037,731)
Transactions with owners in their capacity as owners				
Shares issued during the half year	7,686,161	-	-	7,686,161
Share issue costs	(282,115)	-	-	(282,115)
Share based payments	-	-	38,930	38,930
Sub-total	7,404,046	(4,037,731)	38,930	3,405,245
Balance at 31 December 2019 <small>10 June 2014</small>	41,224,146	(37,677,611)	1,698,010	5,244,545

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
Loss for the year	-	(4,036,549)	-	(4,036,549)
Total comprehensive loss	-	(4,036,549)	-	(4,036,549)
Transactions with owners in their capacity as owners				
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>10 June 2014</small>	33,827,600	(30,639,840)	1,614,487	4,802,247

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 2019

	31 DECEMBER 2019 \$	31 DECEMBER 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(734,043)	(565,455)
Payments for exploration and evaluation expenditure	(3,258,815)	(3,981,413)
Interest received	7,523	34,909
Net cash inflow/(outflow) from operating activities	(3,985,335)	(4,511,959)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for plant and equipment	(17,329)	-
Net cash inflow/(outflow) from investing activities	(17,329)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issues of ordinary shares	7,564,155	5,000,000
Payments for share issue costs	(160,109)	(210,000)
Net cash inflow/(outflow) from financing activities	7,404,046	4,790,000
Net increase/(decrease) in cash and cash equivalents	3,401,382	278,041
Cash and cash equivalents at beginning of the period	2,609,843	5,104,901
Cash and cash equivalents at end of the period	6,011,225	5,382,942

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 2019

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 2019, 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 \$4,037,731 (2018: \$4,036,549) as at 31 December 2019, the Group has a working capital surplus of \$5,225,917 and cash on hand of \$6,011,225.

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.

The Group recognises revenue as follows:

(i) Revenue from contract with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Variable consideration with the transaction price, if any, reflects concessions provided to the customers such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of the variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

(ii) Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

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 understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 has completed its impact assessment of AASB 16 and the effect of AASB 16 did not have a material effect on the Group.

3 REVENUE

	31 DECEMBER	31 DECEMBER
	2019	2018
	\$	\$
Interest revenue	7,195	25,307
	<u>7,195</u>	<u>25,307</u>

4 TRADE AND OTHER RECEIVABLES

	31 DECEMBER	30 JUNE
	2019	2019
	\$	\$
Trade debtors – GST receivable	63,324	33,902
Other debtor	-	2,200
Other receivables – accrued interest	-	327
	<u>63,324</u>	<u>36,429</u>

The Group expects the above trade and other receivables to be recovered within 12 months of 31 December 2019 and therefore considers the amounts shown above at cost to be a close approximation of fair value.

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5 TRADE AND OTHER PAYABLES

	31 DECEMBER	30 JUNE
	2019	2019
	\$	\$
Trade payables	708,578	553,490
Other payables and accruals	33,554	164,746
	<u>742,132</u>	<u>718,236</u>

6 ISSUED CAPITAL

1,329,558,441 (30 June 2019: 1,089,365,941) Ordinary shares	43,120,291	35,434,130
Value of conversion rights	25,633	25,633
Share issue costs written off against issued capital	(1,921,778)	(1,639,663)
	<u>41,224,146</u>	<u>33,820,100</u>

MOVEMENT IN ORDINARY SHARES

	NO.	\$
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	<u>1,089,365,941</u>	<u>33,827,600</u>

Balance at 1 July 2019	1,089,365,941	33,820,100
Placement at \$0.032 per share – 5 August 2019	44,327,199	1,418,470
Rights Issue at \$0.032 per share – 4 September 2019	188,949,343	6,046,380
Placement at \$0.032 per share – 25 September 2019	6,915,958	221,311
Less share issue costs	-	(282,115)
Balance at 31 December 2019	<u>1,329,558,441</u>	<u>41,224,146</u>

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

7 OPERATING SEGMENTS

For the half-year ended 31 December 2019, the Group operated in one segment, Australia.

8 SHARE-BASED PAYMENTS

During the 6 month period to 31 December 2019, nil options (2018: 7,600,000), valued at \$nil (2018: \$103,810), were issued to Directors.

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

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EXPIRY DATE	EXERCISE PRICE (CENTS)	BALANCE AT 1 JULY 2019	VESTED AND EXERCISABLE AT 1 JULY 2019	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	10,000,000
29 November 2020	4.9	2,600,000	2,600,000	-	-	-	2,600,000	2,600,000
13 December 2020	4.2	4,800,000	4,800,000	(800,000)	-	-	4,000,000	4,000,000
29 November 2021	5.3	2,300,000	-	-	-	-	2,300,000	2,300,000
13 December 2021	4.5	6,000,000	1,200,000	-	-	-	6,000,000	6,000,000
29 November 2022	5.6	2,700,000	-	-	-	-	2,700,000	-
TOTAL		33,200,000	23,400,000	(5,600,000)	-	-	27,600,000	24,900,000

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 2019, 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.

12 RELATED PARTY TRANSACTIONS

There were no changes to the nature of related party transactions in the 6 month period ending 31 December 2019.

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 2019, 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 period 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 Group 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 2019 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.

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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 Minerals 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 2019 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 13th day of March 2020

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