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GENESIS RESOURCES LIMITED
ABN 22 114 787 469
and its controlled entities

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Lodged with ASX under Listing Rule 4.2A
This information should be read in conjunction with 30 June 2016 Annual Report

Genesis Resources Limited
Financial Report for the half-year ended 31 December 2016

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Directors' Report

The Directors present their report together with the interim financial report of Genesis Resources Limited (**Genesis** or the **Company**), for the six months ended 31 December 2016 (**Half Year**) and independent auditor's review report thereon. This financial report has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards.

Directors

The names of Directors who held office during or since the end of the Half Year and until the date of this report are as below:

Name	Position	Period of directorship
Mr Eddie Lung Yiu Pang	Managing Director /Executive Chairman	6 March 2009 – present (Chairman 1 December 2013 – 27 September 2015; and 26 November 2015 – present)
Mr Deric Wee	Non-Executive Director	11 December 2009 – 26 November 2012 16 January 2013 – present
Mr Kim Heng Lim	Non-Executive Director	31 May 2016 – present
Mr Chin Niap Mah	Non-Executive Director	31 May 2016 – present
Mr James Patterson	Exploration Manager / Director	24 October 2016 – present
Mr Yau Young Lim	Non-Executive Director	21 November 2016 – present
Previous Directors during the Half Year		
Ms Alyn Tai	Non-Executive Director (ceased)	26 November 2015 – 10 October 2016

EVENTS DURING HALF YEAR

Non-renounceable rights issue

On 12 August 2016, the Company announced a pro-rata non-renounceable rights issue (**2016 Rights Issue**), which was partially underwritten by S Active Holding Sdn Bhd (**Underwriter**), an entity associated with Genesis Director Mr Kim Heng Lim. The 2016 Rights Issue closed on 16 September 2016 and the 10,774,579 shares subscribed for by eligible shareholders under the 2016 Rights Issue were issued on 23 September 2016, raising a total of \$323,237.37. On 3 October 2016, 66,666,667 shares were issued to the Underwriter, raising a further \$2,000,000 and bringing the total amount raised under the 2016 Rights Issue to \$2,323,237.37 (excluding any shortfall placement).

On 26 October 2016, 2,400,000 fully paid ordinary shares were issued as part of the placement of the shortfall under the 2016 Rights Issue, at \$0.03 per share.

Board changes

Ms Alyn Tai resigned as a Director of Genesis effective 10 October 2016. Mr James Patterson (the Company's Exploration Manager) was appointed as a Director of Genesis on 24 October 2016, and Mr Yau Young Lim was appointed as a Director of Genesis on 21 November 2016.

Publication of Mineral Resource Estimate for Plavica Project

Genesis announced the publication of a JORC 2012 Compliant Mineral Resource Estimate Report in relation to its Plavica Project in Macedonia. A copy of the full report is available on Genesis' website and in an ASX announcement lodged by the Company on 19 December 2016.

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2016 Annual General Meeting

On 11 November 2016, Genesis held its 2016 Annual General Meeting. All resolutions proposed by the Company to shareholders were unanimously carried on a show of hands.

EVENTS SUBSEQUENT TO HALF YEAR

Non-renounceable rights issue

On 1 February 2017, the Company announced a pro-rata non-renounceable rights issue (**2017 Rights Issue**), which was fully underwritten by the Underwriter. The 2017 Rights Issue closed on 24 February 2017 and the 2,896,927 shares subscribed for by eligible shareholders under the 2017 Rights Issue were issued on 3 March 2017, raising a total of \$49,248. On 14 March 2017, 171,375,560 fully paid ordinary shares were issued to the Underwriter, raising a further \$2,913,384 and bringing the total amount raised under the 2017 Rights Issue to \$2,962,632.

REVIEW OF OPERATIONS

The principal activities of the Group during the period were exploration for and evaluation of gold, manganese and base metals. There was no significant change in the nature of the Group's activities during the period.

Principal Activities

PLAVICA AU-AG-CU PROJECT

- The Company released a JORC 2012 compliant resource statement over Plavica during the period ended 31 December 2016 which included maiden resource results for Maricanski Rid. The total gold resource was 65.8 MT at 0.70 g/t Au containing **1.46 Million Ounces of Gold**. The resource also contained 107 kT of contained copper and 11.1 Million Ounces of Silver. The full report can be seen on the Genesis website.
- The extensional and infill drilling program continued at Plavica and Maricanski Rid. A total of 30 core holes were drilled for a total of 5,499.25m and 38 RC holes were also drilled for 4,470m. This drilling is to increase the confidence in the resource and get most of it into the 'indicated' category.
- Drilling at the eastern and western ends of Maricanski Rid continue to return significant results including:
 - ❖ **MRRC015: 53m @ 1.49 g/t Au from 43m from the eastern end of the Maricanski Rid prospect.**
 - ❖ **MRDD050: 34m @ 1.13 g/t Au from 0m from the western end of the Maricanski Rid prospect.**

These above results are not included in the Resource model.

PLAVICA HIGH SULPHIDATION EPITHERMAL GOLD-COPPER-SILVER PROJECT

(Figure 1)

Following the granting of the 30-year Exploitation Licence at Plavica in May 2015, drilling has since focused on extending and better understanding the previously known mineralisation at both the Plavica and Maricanski Rid prospects with a focus on the oxide gold potential.

As announced to the market on 19 December 2016, a JORC 2012 compliant resource was released for the Plavica project. The total Indicated and Inferred Mineral Resources as at November 2016 are estimated at 65.8 million tonnes (MT) at 0.70 grams per tonne of gold (g/t Au) containing **1.46 million**

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ounces of gold. Contained within this total resource is 31.7 MT @ 0.77 g/t Au for 781,000 Au ounces of oxide and transitional (Pox) material from both the Plavica and Maricanski Rid deposits.

The resource estimate follows a series of reverse circulation and diamond drilling campaigns completed to define mineralisation along both the main Plavica ridge and Maricanski Rid. Mineralisation is continuous for over 1km at Plavica and 700m at Maricanski Rid and has been drilled to depths of over 300m. The Resource at Plavica remains open along strike to the east and at Maricanski Rid to the east and west.

Resource estimations were also completed for silver (11.1 million ounces) and copper (107 kT contained copper) within the Primary unoxidized material.

The Resource represents a major milestone for the Company and work has begun on completing a Pre-Feasibility Study. Golder Associates have been contracted to complete this work.

In addition, further infill drilling has been completed to increase the confidence in the resource to 'indicated'. Extensional drilling has also been undertaken.

Results from the follow up extensional drilling and infill drilling at Plavica (PN) and Maricanski Rid (MR) are very encouraging and include:

- ❖ **PNDD080: 20m @ 1.55 g/t Au from 111m & 53.3m @ 1.67 g/t Au from 152m.**
- ❖ **PNRC105: 51m @ 1.98 g/t Au from 78m.**
- ❖ **MRDD032: 129.8m @ 1.20 g/t Au from 12m.**
- ❖ **MRRC001: 76m @ 2.01 g/t Au from 0m.**
- ❖ **MRRC015: 53m @ 1.49 g/t Au from 43m from the eastern end of the Maricanski Rid prospect.**
- ❖ **MRDD050: 34m @ 1.13 g/t Au from 0m from the western end of the Maricanski Rid prospect.**

The last two intercepts listed above lie outside the current resource model.

Drill collar details are shown in Tables 1 and 2 and their locations are shown in Figure 2. Composites from results received this half-year are shown in Tables 3, 4 and 5. A section through the eastern end of Maricanski Rid is shown as Figure 3.

Genesis is currently completing a feasibility study, due before October 2017, and has agreed to commit up to US \$7.5m for these activities.

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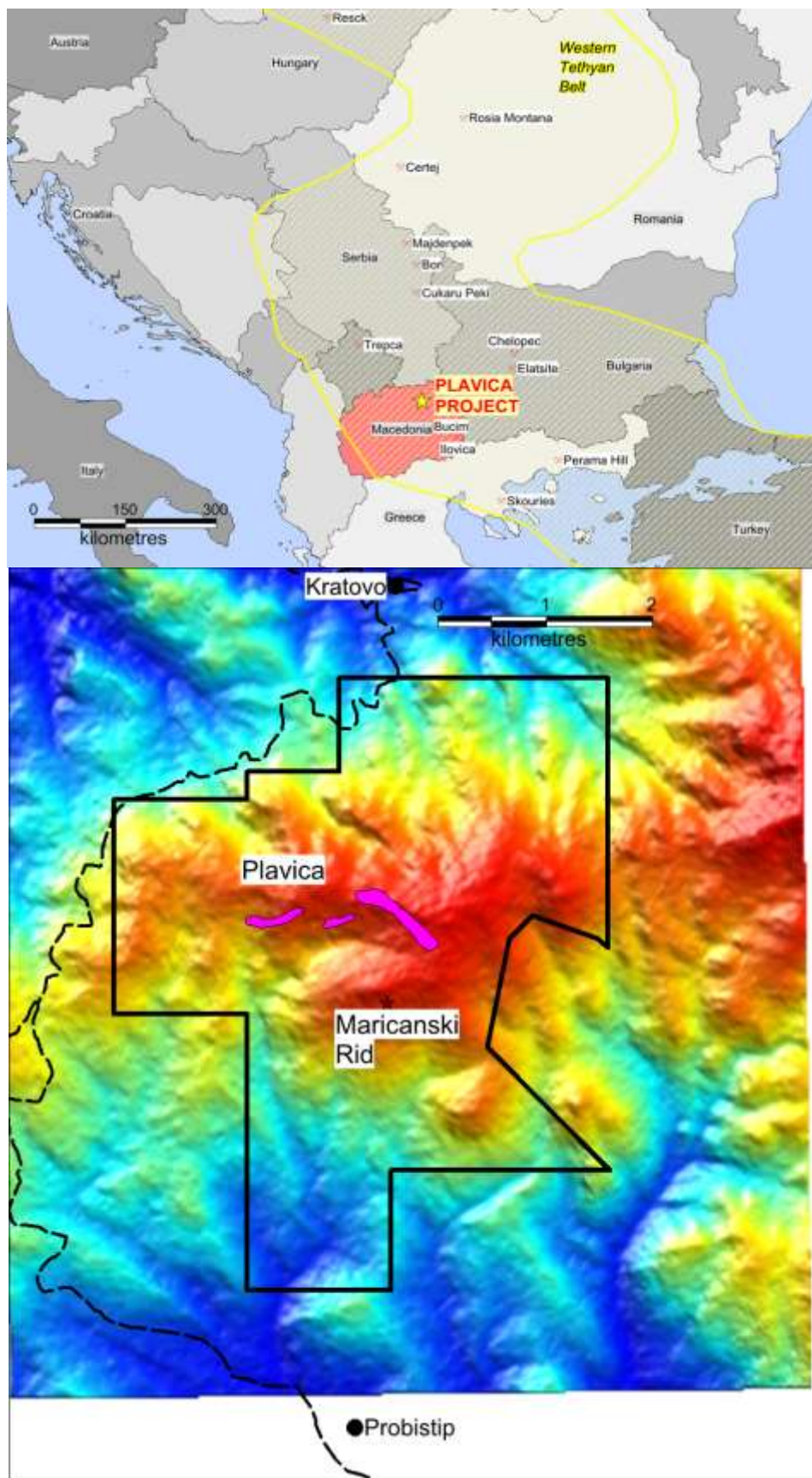


Figure 1 Location of Plavica Gold-Copper-Silver Project, Republic of Macedonia. Bottom Image overlays a Digital Terrain Model (DTM).

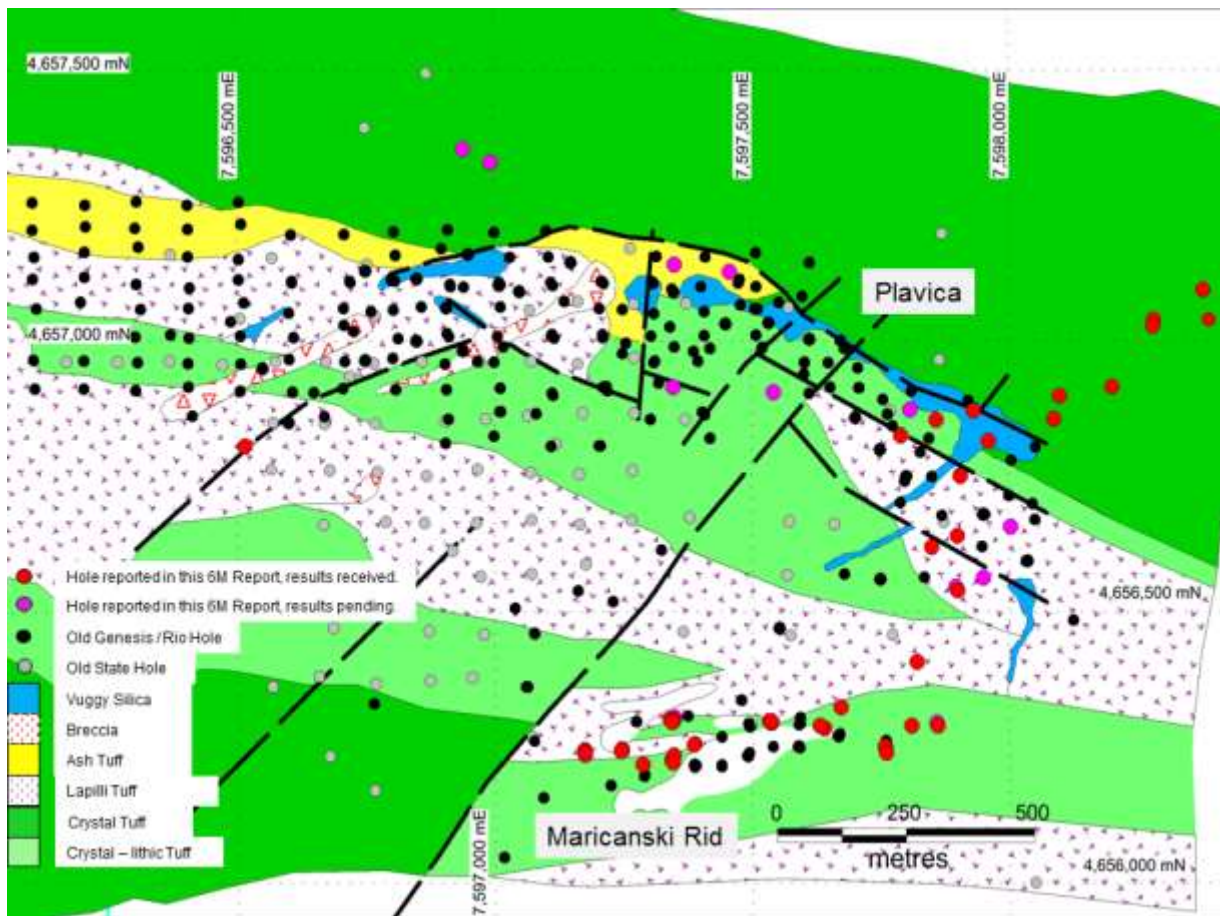


Figure 2 Location of Holes drilled or assays reported, Half-Year to Dec 31 2016, Plavica Gold-Copper-Silver Project. Gauss Kruger Co-ordinate System.

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Prospect	Hole ID	Type	Depth	Dip	Azi Mag	East_GK	North_GK	RL m	Comments
Plavica	PNDD085	DD	158.3	-45	322.5	7597961.106	4656815.32	1280.506	Results Received
Plavica	PNDD086	DD	451.3	-60	4	7597849.964	4656619.36	1221.372	Results Received
Plavica	PNDD087	DD	294.45	-54	4	7597790.369	4656825.65	1243.042	Results Received
Plavica	PNDD088	DD	523.4	-60	359	7596515.094	4656806.48	1067.952	Results Received
Plavica	PNDD089	DD	227.8	-65	4	7597896.06	4656546.17	1223.35	Results Pending
Plavica	PNDD090	DD	191.5	-50	4	7598003.03	4656657.34	1255.29	Results Pending
Plavica	PNDD091	DD	264.7	-45	4	7597542.96	4656905.40	1187.16	Results Pending
Plavica	PNDD092	DD	314.1	-45	4	7597348.17	4656914.70	1145.00	Results Pending
Plavica	PNDD093	DD	233.3	-60	4	7597950.13	4656563.29	1234.51	Results Pending
Plavica	PNRC110	RC	204	-61	4	7597900	4656640	1234	Results Received
Plavica	PNRC109	RC	204	-50	4	7597900	4656540	1222	Results Received
Plavica	PNRC111	RC	150.0	-50	4	7597905.74	4656751.35	1255.89	Results Received
Plavica	PNRC112	RC	140.0	-70	4	7597905.55	4656750.19	1255.96	Results Received
Plavica	PNRC113	RC	130.0	-50	4	7598379.22	4657094.52	1281.07	Results Received
Plavica	PNRC114	RC	120.0	-50	4	7598282.59	4657038.55	1279.12	Results Received
Plavica	PNRC115	RC	120.0	-50	184	7598281.16	4657027.49	1279.46	Results Received
Plavica	PNRC116	RC	150.0	-50	4	7598200.98	4656915.78	1289.41	Results Received
Plavica	PNRC117	RC	60.0	-50	4	7598088.35	4656855.81	1294.52	Results Received
Plavica	PNRC118	RC	150.0	-50	4	7598099.11	4656898.27	1294.02	Results Received
Plavica	PNRC119	RC	130.0	-50	4	7597932.14	4656871.13	1291.71	Results Received
Plavica	PNRC120	RC	150.0	-50	4	7597858.89	4656854.44	1264.08	Results Received
Plavica	PNRC121	RC	100.0	-50	4	7597808.01	4656873.07	1252.91	Results Pending
Plavica	PNRC122	RC	80.0	-60	360	7597458.49	4657128.40	1199.01	Results Pending
Plavica	PNRC123	RC	132.0	-50	4	7597351.09	4657140.97	1188.01	Results Pending
Plavica	PNRC124	RC	120.0	-55	40	7596993.96	4657330.49	1154.73	Results Pending
Plavica	PNRC125	RC	120.0	-55	40	7596940.95	4657354.65	1145.33	Results Pending
Plavica	PNRC126	RC	102.0	-50	4	7595241.16	4656932.88	1022.69	Results Pending

Table 1 Details of Holes drilled, Half-Year to Dec 31 2016, Plavica Prospect. Plavica Gold-Copper-Silver Project. Gauss Kruger Co-ordinate System. NB Some Collars have not yet been surveyed.

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Prospect	Hole ID	Type	Depth	Dip	Azi Mag	East_GK	North_GK	RL m	Comments
Maricanski Rid	MRDD034	DD	155.2	-65	184	7597860	4656290	1200	Results Received
Maricanski Rid	MRDD035	DD	141.4	-45	184	7597810	4656290	1199.6	Results Received
Maricanski Rid	MRDD036	DD	143	-60	190	7597820	4656408	1207	Results Received
Maricanski Rid	MRDD037	DD	128.8	-45	184	7597640	4656285	1206	Results Received
Maricanski Rid	MRDD038	DD	194.9	-65	184	7597640	4656285	1206	Results Received
Maricanski Rid	MRDD039	DD	130.9	-45	4	7597640	4656285	1206	Results Received
Maricanski Rid	MRDD040	DD	170.0	-45	4	7597286.96	4656218.66	1170.09	Results Received
Maricanski Rid	MRDD041	DD	62.3	-45	4	7597340.12	4656302.21	1170.19	Results Received
Maricanski Rid	MRDD041A	DD	94.0	-45	4	7597345.32	4656302.44	1170.45	Results Received
Maricanski Rid	MRDD042	DD	101.0	-45	5	7597344.02	4656229.36	1186.48	Results Received
Maricanski Rid	MRDD043	DD	150.9	-45	184	7597343.35	4656227.36	1186.50	Results Received
Maricanski Rid	MRDD044	DD	157.3	-50	184	7597387.51	4656256.09	1193.00	Results Received
Maricanski Rid	MRDD045	DD	134.0	-45	4	7597534.96	4656297.72	1205.10	Results Received
Maricanski Rid	MRDD046	DD	133.9	-45	184	7597535.56	4656295.60	1204.99	Results Received
Maricanski Rid	MRDD047	DD	124.0	-45	184	7597758.07	4656250.27	1190.56	Results Received
Maricanski Rid	MRDD048	DD	161.2	-55	4	7597757.43	4656251.23	1190.56	Results Received
Maricanski Rid	MRDD049	DD	169.1	-45	4	7597173.54	4656245.62	1130.42	Results Received
Maricanski Rid	MRDD050	DD	135.7	-65	4	7597173.69	4656244.22	1130.35	Results Received
Maricanski Rid	MRDD051	DD	92.4	-60	4	7597246.34	4656245.73	1155.62	Results Received
Maricanski Rid	MRDD051A	DD	154.1	-60	4	7597246.72	4656246.67	1155.58	Results Received
Maricanski Rid	MRDD052	DD	106.4	-65	184	7597537.26	4656295.94	1205.13	Results Pending
Maricanski Rid	MRRC014	RC	140	-65	4	7597810	4656290	1199.6	Results Received
Maricanski Rid	MRRC015	RC	108	-65	184	7597810	4656290	1199.6	Results Received
Maricanski Rid	MRRC016	RC	144	-90	360	7597810	4656290	1199.6	Results Received
Maricanski Rid	MRRC017	RC	102	-90	360	7597760	4656240	1188.1	Results Received
Maricanski Rid	MRRC018	RC	102.0	-60	204	7597244.32	4656242.98	1155.50	Results Received
Maricanski Rid	MRRC019	RC	126.0	-90	330	7597345.01	4656297.97	1170.31	Results Received
Maricanski Rid	MRRC020	RC	127.0	-60	184	7597343.68	4656296.91	1170.20	Results Received
Maricanski Rid	MRRC021	RC	120.0	-90	346	7597347.49	4656235.95	1186.21	Results Received
Maricanski Rid	MRRC022	RC	98.0	-65	184	7597344.89	4656222.30	1186.37	Results Received
Maricanski Rid	MRRC023	RC	120.0	-70	4	7597386.82	4656255.83	1192.99	Results Received
Maricanski Rid	MRRC024	RC	6.0	-65	4	7597533.10	4656298.93	1204.86	Results Received
Maricanski Rid	MRRC024A	RC	100.0	-65	4	7597536.15	4656298.94	1204.89	Results Received
Maricanski Rid	MRRC025	RC	132.0	-90	343	7597631.92	4656289.65	1203.74	Results Received
Maricanski Rid	MRRC026	RC	120.0	-90	356	7597672.00	4656324.00	1206.00	Results Received
Maricanski Rid	MRRC027	RC	90.0	-90	24	7597174.89	4656239.95	1130.31	Results Received
Maricanski Rid	MRRC028	RC	72.0	-50	184	7597174.80	4656237.14	1130.26	Results Pending
Maricanski Rid	MRRC029	RC	120.0	-90	75	7597858.16	4656295.45	1201.55	Results Pending
Maricanski Rid	MRRC030	RC	132.0	-65	4	7597349.22	4656305.30	1170.70	Results Pending

Table 2 Details of Holes drilled, Half-Year to Dec 31 2016, Maricanski Rid Prospect. Plavica Gold-Copper-Silver Project. Gauss Kruger Co-ordinate System. NB Some Collars have not yet been surveyed.

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Hole_ID	From	To	Interval	Au g/t	Ag g/t	Cu %	Hole_ID	From	To	Interval	Au g/t	Ag g/t	Cu %
PNDD080	68	71	3	1.84	9.60	0.22	PNRC100	97	113	16	0.73	1.62	0.03
PNDD080	80	89	9	0.94	3.49	0.04	PNRC100	120	146	26	0.78	9.83	0.02
PNDD080	95	98	3	0.95	2.15	0.01	PNRC101	22	31	9	0.56	1.33	0.02
PNDD080	103	106	3	0.68	1.32	0.03	PNRC101	69	80	11	1.12	4.07	0.02
PNDD080	111	131	20	1.55	2.66	0.14	PNRC101	88	91	3	0.48	0.44	0.01
PNDD080	152	205.3	53.3	1.67	2.74	0.09	PNRC101	97	100	3	0.46	1.69	0.06
PNDD081	81	95	14	0.67	4.11	0.21	PNRC101	118	123	5	0.57	3.52	0.03
PNDD081	220	225	5	0.51	9.56	0.67	PNRC102	7	46	39	0.67	2.23	0.02
PNDD082	16	22	6	0.79	3.19	0.02	PNRC103	41	78	37	1.16	3.22	0.04
PNDD082	32	38	6	0.61	16.24	0.02	PNRC103	84	87	3	1.66	3.30	0.07
PNDD082	68	106	38	0.96	4.19	0.30	PNRC104	0	6	6	0.92	1.44	0.01
PNDD082	118	122	4	0.42	9.48	0.15	PNRC105	7	12	5	0.64	6.68	0.02
PNDD082	214	217	3	0.92	1.36	0.03	PNRC105	39	47	8	0.86	2.15	0.01
PNDD083	4	10	6	0.70	15.67	0.02	PNRC105	78	129	51	1.98	3.55	0.03
PNDD083	15	37	22	0.76	15.75	0.04	PNRC106	14	21	7	0.82	5.02	0.02
PNDD083	43	62	19	0.55	8.98	0.15	PNRC106	86	89	3	0.53	141.33	0.02
PNDD083	68	71	3	0.46	1.20	0.01	PNRC106	93	96	3	0.63	75.33	0.04
PNDD083	81	87	6	0.55	11.31	0.47	PNRC107	72	109	37	1.13	0.88	0.02
PNDD083	134	147	13	1.33	66.11	0.03	PNRC107	135	144	9	2.72	14.45	0.01
PNDD083	191	197	6	1.49	3.07	0.01	PNRC108	17	22	5	0.41	2.31	0.01
PNDD083	236	248	12	3.79	4.43	0.01	PNRC109	112	148	36	1.49	8.19	0.02
PNDD083	264	272	8	1.26	3.94	0.01	PNRC109	152	156	4	1.16	4.64	0.06
PNDD083	292	296	4	0.56	2.34	0.02	PNRC109	164	168	4	0.53	2.23	0.01
PNDD084	7	64	57	0.46	6.49	0.07	PNRC109	174	204	30	0.97	1.50	0.01
PNDD084	68	77	9	0.56	4.55	0.31	PNRC110	122	144	22	0.52	2.23	0.02
PNDD084	283	288	5	0.45	0.27	0.04	PNRC110	164	172	8	0.41	86.00	0.17
PNDD085	0	22	22	0.67	23.47	0.02	PNRC110	173	178	5	0.68	5.41	0.20
PNDD085	27	46	19	0.77	33.26	0.01	PNRC110	185	189	4	1.17	129.50	0.25
PNDD085	115	125	10	0.59	54.28	0.03	PNRC111	138	142	4	0.64	130.00	0.52
PNDD085	143	146	3	0.56	8.77	0.02	PNRC112	NSI					
PNDD086	90	93	3	0.61	5.67	0.05	PNRC113	47	51	4	1.21	1.75	0.01
PNDD086	99	164	65	0.71	9.74	0.03	PNRC113	64	67	3	0.70	3.00	0.00
PNDD086	178	185	7	0.49	28.66	0.78	PNRC113	81	89	8	0.59	1.75	0.02
PNDD086	331	335	4	0.58	0.69	0.03	PNRC113	125	130	5	0.51	4.60	0.07
PNDD086	348	352	4	0.98	10.43	0.15	PNRC114	75	80	5	0.72	3.80	0.08
PNDD086	365	371	6	0.44	2.42	0.15	PNRC115	NSI					
PNDD086	386	392	6	0.64	1.26	0.02	PNRC116	103	106	3	1.16	1.00	0.02
PNDD087	8	18	10	0.61	1.51	0.02	PNRC116	128	138	10	0.79	5.10	0.25
PNDD087	70	85	15	0.51	21.17	0.03	PNRC116	144	147	3	0.49	5.33	0.24
PNDD087	95	107	12	0.58	32.97	0.08	PNRC117	NSI					
PNDD087	142	150	8	0.55	17.55	0.82	PNRC118	136	139	3	0.60	39.34	0.54
PNDD088	240	243	3	0.68	4.31	0.25	PNRC119	0	6	6	0.70	11.00	0.02
PNDD088	281	286	5	1.13	4.09	0.17	PNRC119	19	29	10	0.65	8.50	0.04
PNRC098	1	39	38	1.12	5.45	0.03	PNRC119	57	72	15	0.96	9.73	0.02
PNRC098	44	57	13	0.96	6.31	0.03	PNRC119	83	87	4	1.44	9.00	0.02
PNRC098	66	90	24	0.69	3.42	0.02	PNRC119	92	103	11	0.53	1.55	0.03
PNRC099	0	37	37	0.83	5.65	0.02	PNRC119	109	113	4	0.41	2.00	0.02
PNRC099	48	75	27	0.66	1.00	0.06	PNRC119	125	129	4	1.16	2.50	0.02
PNRC099	81	86	5	0.63	1.00	0.04	PNRC120	18	37	19	0.83	45.11	0.03
PNRC099	110	152	42	1.60	3.67	0.11	PNRC120	59	68	9	0.45	5.11	0.02
PNRC100	37	52	15	0.70	3.60	0.03	PNRC120	72	82	10	1.19	29.10	0.04
PNRC100	60	67	7	1.12	3.43	0.01	PNRC120	87	90	3	0.63	16.67	0.02
PNRC100	68	76	8	2.72	2.50	0.03	PNRC120	94	117	23	1.22	18.91	0.13

Table 3 (above): Significant Drilling Results received, from the Plavica Prospect, Half Year to Dec 31 2016. Compositing done with a 0.4 g/t Au cut-off, minimum 3m interval, maximum 3m internal waste. Intercept widths are not necessarily true widths.

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Hole_ID	From	To	Interval	Au g/t	Ag g/t	Cu %	Hole_ID	From	To	Interval	Au g/t	Ag g/t	Cu %
MRDD025	0	8	8	0.55	4.75	0.01	MRDD041A	11	15	4	0.55	9.25	0.02
MRDD025	16	24	8	0.51	2.34	0.01	MRDD041A	19	23	4	0.55	5.00	0.01
MRDD025	29	49	20	0.72	2.41	0.01	MRDD041A	31	43.6	12.6	0.60	1.13	0.01
MRDD025	59.7	68.2	8.5	0.52	2.85	0.01	MRDD041A	46.8	54.3	7.5	0.59	1.00	0.00
MRDD026	16	41	25	1.00	3.85	0.02	MRDD041A	59.9	69.65	9.75	0.74	1.00	0.02
MRDD026	47	81	34	1.00	7.05	0.05	MRDD041A	73.7	76.7	3	0.43	4.00	0.01
MRDD027	52	60	8	0.71	2.35	0.02	MRDD041A	84.1	87.6	3.5	0.44	3.60	0.01
MRDD027	81	86	5	1.20	4.62	0.04	MRDD042	10	17	7	0.61	1.40	0.00
MRDD027	90	96	6	0.52	5.09	0.01	MRDD042	24	30	6	0.54	3.39	0.01
MRDD027	111	121	10	0.60	7.97	0.03	MRDD042	46	49	3	0.58	1.43	0.00
MRDD027	125	129	4	0.41	8.09	0.05	MRDD043	53	58	5	1.05	0.92	0.01
MRDD028	3	49	46	0.90	3.07	0.03	MRDD043	83	87	4	0.65	6.20	0.02
MRDD028	76	87	11	0.68	0.73	0.01	MRDD043	98	101	3	0.60	2.26	0.06
MRDD028	98	107	9	0.58	0.67	0.02	MRDD043	112	138	26	0.95	4.98	0.14
MRDD029	13	16	3	0.69	1.99	0.01	MRDD043	144	150.9	6.9	0.83	1.98	0.08
MRDD029	40	53	13	1.22	4.55	0.12	MRDD044	48	56	8	0.42	1.63	0.00
MRDD030	6	16	10	0.51	1.84	0.02	MRDD044	58	64	6	0.59	1.67	0.00
MRDD030	23	34	11	0.50	2.77	0.01	MRDD044	68	79	11	0.75	1.45	0.00
MRDD030	48	115	67	0.70	1.70	0.02	MRDD044	83	87	4	0.59	1.50	0.00
MRDD030	119	123	4	0.42	1.39	0.01	MRDD044	93	102	9	0.61	2.56	0.01
MRDD030	139	142	3	1.28	3.45	0.01	MRDD044	128	133	5	1.03	3.20	0.08
MRDD030	158	178.25	20.25	0.61	8.00	0.02	MRDD044	141	147	6	0.53	2.50	0.08
MRDD031	4	14	10	0.99	2.25	0.01	MRDD045	1	5	4	0.82	2.50	0.01
MRDD032	12	141.8	129.8	1.20	3.34	0.02	MRDD045	48.2	70	21.8	0.76	1.41	0.01
MRDD032	142.6	152	9.4	0.69	4.19	0.03	MRDD045	74	83	9	0.48	1.00	0.01
MRDD032	167	175	8	0.44	3.09	0.01	MRDD046	16	24	8	1.84	3.88	0.01
MRDD033	3	48	45	0.63	2.57	0.01	MRDD046	32	35	3	1.03	4.00	0.03
MRDD033	59	66	7	0.52	0.62	0.03	MRDD046	61	67	6	0.63	8.17	0.02
MRDD033	70	92	22	0.46	1.21	0.01	MRDD046	71	79	8	0.53	6.88	0.01
MRDD033	103	110	7	0.50	1.91	0.01	MRDD046	104	108	4	0.51	4.75	0.01
MRDD033	119	126	7	0.51	3.12	0.02	MRDD047	38	42	4	0.58	6.00	0.01
MRDD033	150	163.6	13.6	0.50	11.85	0.02	MRDD047	48	73	25	1.02	4.72	0.01
MRDD034	10	58	48	0.66	4.00	0.02	MRDD047	79	83	4	0.71	1.75	0.02
MRDD034	69	105	36	1.02	5.33	0.01	MRDD048	46	74	28	0.81	2.21	0.01
MRDD034	122	125	3	0.55	1.00	0.06	MRDD048	78	81	3	0.45	1.67	0.01
MRDD035	34	39	5	0.57	1.00	0.00	MRDD048	87	93	6	0.82	4.00	0.03
MRDD035	43	123	80	1.00	3.48	0.04	MRDD048	98	102	4	0.86	1.25	0.02
MRDD036	83	88	5	0.74	2.20	0.04	MRDD048	137	142	5	1.39	15.80	0.01
MRDD037	111	120	9	0.77	6.22	0.02	MRDD049	1	30	29	1.24	4.77	0.02
MRDD038	1	6	5	0.55	1.20	0.02	MRDD049	36	42.1	6.1	1.17	1.16	0.06
MRDD038	72	77	5	1.00	4.80	0.29	MRDD049	52	62.2	10.2	0.93	2.06	0.06
MRDD038	130	154	24	1.03	1.92	0.01	MRDD049	64.2	74	9.8	0.98	2.14	0.08
MRDD038	187	191	4	0.60	1.00	2.08	MRDD049	96	99	3	0.90	1.00	0.02
MRDD039	6	24	18	0.94	4.74	0.02	MRDD049	113	117	4	0.47	1.50	0.01
MRDD039	55	61	6	0.60	2.22	0.00	MRDD049	137	153	16	0.48	1.63	0.01
MRDD039	71	78	7	1.02	1.20	0.01	MRDD049	159	164	5	0.44	4.00	0.01
MRDD039	104	107	3	0.41	1.48	0.00	MRDD050	0	34	34	1.13	4.24	0.03
MRDD040	26	57	31	0.48	1.74	0.00	MRDD050	86	91	5	0.52	9.20	0.04
MRDD040	78	83	5	0.74	1.77	0.02	MRDD051	7	34	27	0.78	1.59	0.02
MRDD040	118	121	3	0.48	2.64	0.00	MRDD051	44	47	3	0.78	1.67	0.02
MRDD040	135	140	5	0.79	1.75	0.01	MRDD051	54	61	7	0.60	2.71	0.01
MRDD040	161	165	4	0.80	0.84	0.00	MRDD051	65	72	7	0.89	3.57	0.01
MRDD041	6	25	19	0.48	6.46	0.02	MRDD051	80	92.4	12.4	0.95	2.69	0.01
MRDD041	29	33	4	0.47	4.42	0.05	MRDD051A	5	36	31	0.86	2.45	0.02
MRDD041	40	46	6	0.83	1.86	0.01	MRDD051A	68	71	3	0.55	1.00	0.00
MRDD041	47.4	52.5	5.1	1.04	1.39	0.00	MRDD051A	81.7	101	19.3	0.56	1.64	0.00
MRDD041	55	62.3	7.3	0.78	1.27	0.00							

Table 4 (above): Significant Core Drilling Results received, from the Maricanski Rid Prospect, Half Year to Dec 31 2016. Compositing done with a 0.4 g/t Au cut-off, minimum 3m interval, maximum 3m internal waste. Intercept widths are not necessarily true widths.

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Hole_ID	From	To	Interval	Au g/t	Ag g/t	Cu %	Hole_ID	From	To	Interval	Au g/t	Ag g/t	Cu %
MRRC001	0	76	76	2.01	7.37	0.01	MRRC014	71	83	12	0.52	1.75	0.02
MRRC002	0	16	16	1.07	4.78	0.02	MRRC014	87	90	3	0.61	17.33	0.01
MRRC002	20	25	5	0.46	4.59	0.03	MRRC014	101	117	16	0.78	62.00	0.02
MRRC002	38	47	9	0.61	3.55	0.02	MRRC014	123	140	17	2.17	40.18	0.03
MRRC003	0	7	7	1.68	9.76	0.01	MRRC015	0	3	3	0.54	7.18	0.01
MRRC003	33	38	5	0.50	3.02	0.01	MRRC015	43	108	65	1.31	7.45	0.02
MRRC004	0	9	9	0.66	4.72	0.01	MRRC016	61	67	6	0.72	2.67	0.01
MRRC004	14	43	29	0.84	4.50	0.00	MRRC016	86	91	5	0.48	22.60	0.01
MRRC004	54	57	3	0.56	2.13	0.00	MRRC016	131	135	4	0.73	2.00	0.02
MRRC004	59	65	6	0.59	1.84	0.01	MRRC017	30	51	21	0.74	1.29	0.01
MRRC005	38	42	4	0.78	0.60	0.00	MRRC017	74	98	24	1.29	1.25	0.02
MRRC005	93	106	13	0.97	4.77	0.03	MRRC018	4	20	16	1.04	1.06	0.01
MRRC005	130	135	5	0.61	6.28	0.01	MRRC018	27	79	52	1.11	1.35	0.02
MRRC005	148	156	8	0.95	7.44	0.16	MRRC019	NSI					
MRRC006	41	48	7	1.25	3.84	0.01	MRRC020	12	19	7	0.45	2.14	0.01
MRRC006	65	109	44	0.85	2.16	0.05	MRRC020	76	84	8	0.65	1.00	0.01
MRRC006	127	132	5	0.93	2.39	0.25	MRRC021	4	27	23	0.68	1.17	0.00
MRRC006	140	143	3	0.48	1.23	0.06	MRRC021	33	50	17	0.60	1.00	0.00
MRRC006	145	148	3	0.74	1.27	0.04	MRRC021	56	69	13	0.57	1.00	0.00
MRRC007	3	10	7	0.46	2.40	0.01	MRRC021	94	98	4	0.50	1.00	0.00
MRRC007	71	74	3	0.52	0.68	0.04	MRRC021	110	113	3	0.50	1.00	0.00
MRRC008	2	10	8	0.85	3.79	0.01	MRRC021	115	120	5	0.49	1.00	0.01
MRRC008	56	70	14	0.50	2.52	0.02	MRRC022	26	30	4	0.84	5.75	0.01
MRRC009	0	32	32	0.80	3.29	0.00	MRRC022	63	67	4	0.76	1.00	0.00
MRRC009	46	52	6	0.46	1.79	0.01	MRRC023	3	6	3	0.45	3.67	0.01
MRRC009	74	80	6	0.46	2.05	0.01	MRRC023	10	32	22	0.53	10.86	0.03
MRRC010	9	24	15	0.61	1.99	0.02	MRRC023	37	40	3	0.43	1.00	0.03
MRRC010	28	64	36	0.92	1.92	0.01	MRRC023	100	105	5	0.61	2.00	0.02
MRRC010	73	82	9	0.53	0.94	0.00	MRRC023	110	120	10	0.66	2.40	0.01
MRRC010	86	89	3	1.31	1.12	0.00	MRRC024	0	6	6	0.49	2.33	0.01
MRRC011	30	52	22	0.91	2.65	0.00	MRRC024A	0	6	6	0.41	2.67	0.01
MRRC011A	9	12	3	0.50	2.42	0.00	MRRC024A	69	73	4	0.73	3.50	0.01
MRRC011A	24	36	12	0.59	3.17	0.00	MRRC024A	91	99	8	0.62	1.00	0.00
MRRC011A	42	61	19	0.66	1.64	0.00	MRRC025	30	34	4	0.75	2.25	0.01
MRRC012	10	15	5	0.80	2.68	0.01	MRRC026	5	10	5	1.00	1.00	0.01
MRRC012	26	39	13	0.64	4.79	0.01	MRRC026	53	59	6	0.46	2.00	0.00
MRRC012	50	53	3	0.53	3.54	0.02	MRRC026	93	98	5	0.57	1.00	0.01
MRRC013	64	72	8	0.76	3.54	0.02	MRRC027	2	24	22	1.04	3.68	0.04
							MRRC027	31	38	7	0.59	1.00	0.03

Table 5 (above): Significant RC Drilling Results received, from the Maricanski Rid Prospect, Half Year to Dec 31 2016. Compositing done with a 0.4 g/t Au cut-off, minimum 3m interval, maximum 3m internal waste. Intercept widths are not necessarily true widths.

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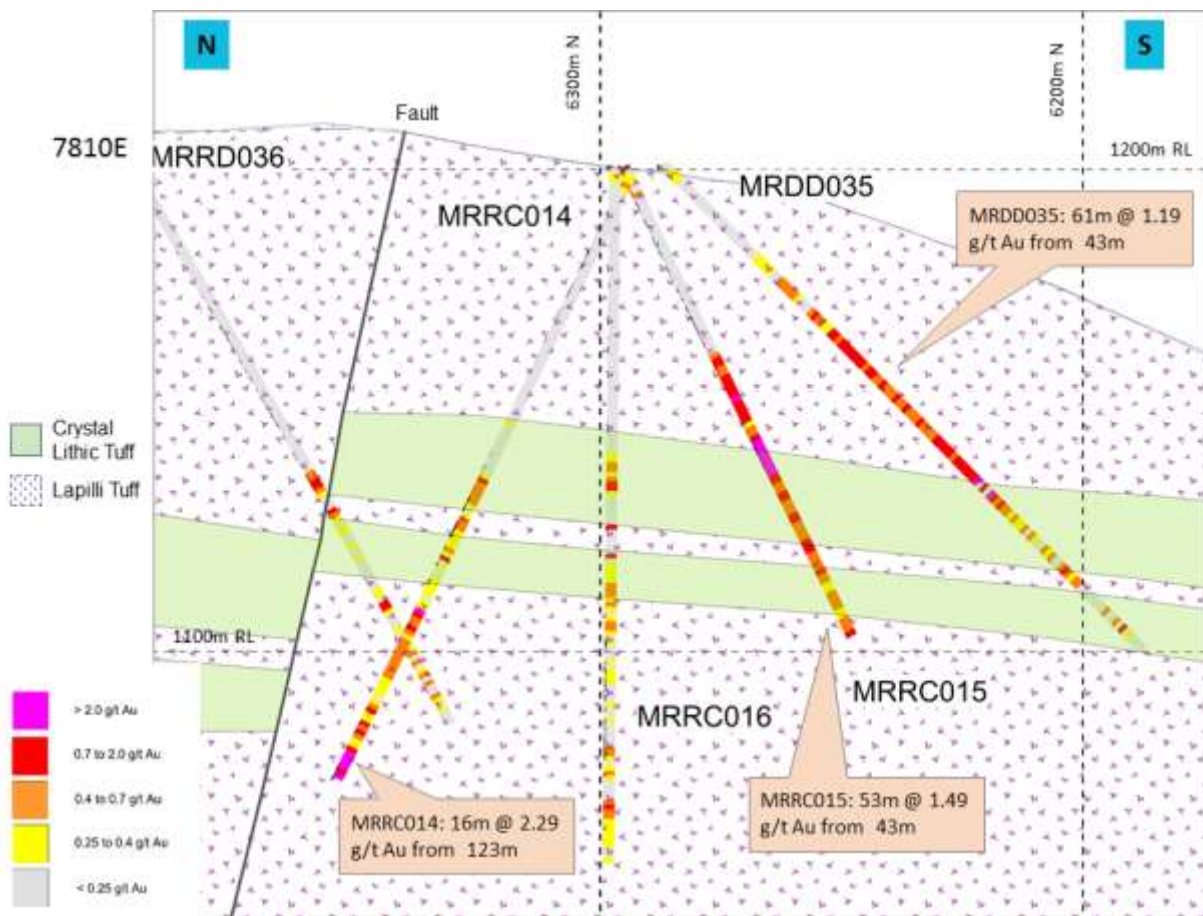


Figure 3 Maricanski Rid Section 75978100E Gauss Kruger, looking East.

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Figure 4 Location of Australian Projects.

AUSTRALIA

ARLTUNGA PROJECT: Copper, Gold, (GES 100%)

The Arltunga Gold Project consists of Exploration Licence EL25238 covering 95.2 sq km, is located approximately 110 km northeast of Alice Springs (*Figure 4*) in the vicinity of the Arltunga Goldfield. Thirty three historical gold mines and prospects are known in the licence area.

A Licence Renewal Application was lodged on 26 October 2016 requesting another two year period to the 7 November 2018. This renewal application is still pending.

The 10th Annual Technical Report was lodged on 10 November 2016 and accepted as satisfactory by the DME on the 11 November 2016.

An updated Mining Management Plan (MMP) was lodged on the 8 March 2016. This update was approved on the 20 July 2016. The next update is due on the 29 March 2017.

The Central Land Council Sacred Site Clearance Certificate was extended on the 12 July 2016. The new expiry date is the 19 September 2017.

A full review of all available data is currently underway, with the aim of defining targets for Reverse Circulation drilling in Q3 2017.

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No field work was carried out during the current Quarter.

ALICE SPRINGS PROJECT: Copper, Gold, Iron (GES 100%)

The Alice Springs Project consists of Exploration Licence EL24817 covering 372.59 sq km, is located approximately 110-155 km northeast from Alice Springs in the Northern Territory (*Figure 4*).

An application for the extension of The Central Land Council Sacred Site Clearance Certificate was lodged on the 28 November 2016. The current certificate expires on the 6 February 2017.

A Licence Renewal Application was lodged on 5 April 2016. It was approved on 13 May 2016 for a further term of 2 years and will expire on 17 April 2018. All 118 sub-blocks were retained.

The 10th Annual Technical Report was lodged on 18 April 2016 and accepted as satisfactory by the DME on the 9 May 2016.

An updated Mining Management Plan (MMP) was lodged on the 23 February 2016 and accepted as satisfactory on the 20 June 2016.

No field work was carried out. In addition a full review of all available data is underway to define targets for RC drill testing during Q3 2017.

GLADSTONE-MOUNT MILLER PROJECT: Manganese (GES 100%)

The Gladstone-Mount Miller Project consists of Exploration Licence (EPM15771) covering 42.62sq km and Mining Lease Application (MLA80166) covering 32.24 Ha and is located approximately 15 km by road from the port of Gladstone on the east coast of central Queensland (*Figure 4*).

The largest mine on the tenements controlled by Genesis was at Mount Miller. The mine opened in 1895 and operated intermittently until 1916 and then from 1958 to 1960. A total of 21,785 tonnes of ore was mined with a grade which ranged from 71% to 75% MnO₂.

Gladstone (EPM15771) Licence Renewal was approved on 7 May 2013 for a term of 5 years and will expire on 18 June 2017. Mining Lease Application ML80166 Mt Miller is still pending approval from the Queensland Government.

As per the conditions of the exploration permit Genesis were required to relinquish 14 sub blocks from EPM 15771. A Partial Relinquishment Report was lodged on the 16 June 2016. 14 of the 21 sub blocks were relinquished, 7 sub-blocks were retained. EPM15771 now covers 42.62sq km. The partial relinquishment was accepted by the Department of Natural Resources on the 13 July 2016.

The 9th Annual Technical Report was lodged on 20 June 2016.

A Partial Surrender of an Environmental Authority was lodged on the 27 June 2016 and approved on the 5 July 2016.

No field work was carried out. A review of all available data is underway to confirm if more drilling is necessary at the Mt Miller mine and if other prospect areas on the tenement require drill testing during Q3 2017.

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PIONEER PROJECT: Gold (GES 100%)

The Pioneer Project consists of one granted Exploration Permit Mineral (EPM15619) covering 6.23 sq km approximately 70 km by road from Bundaberg via the Bruce Highway in Queensland (*Figure 4*).

The project lies within the Gaeta Goldfield and has undergone previous exploration for gold, uranium and base metals, with numerous historical gold workings located throughout the area. Historical mining was primarily focused on the Pioneer Reef which was the largest producer, but mining activities also included several other reefs including Gympie, Lord Nelson, West Yorkshire and Happy Jack.

A Licence Renewal Application was lodged on 28 April 2016 requesting another two year period. The renewal application was approved on the 30 June 2016. The new expiry date is the 2 August 2018. The 2 sub blocks were retained.

The 9th Annual Technical Report was lodged on 8 August 2016.

No field work was carried out. A review of all available data is underway to compile all geological mapping and define targets for drill testing during Q3 2017.

McARTHUR RIVER PROJECT: Manganese (GES 100%)

The McArthur River project consists of Exploration Licence EL24814 covering 380.88 sq km and is located approximately 850 km south east of Darwin in the Northern Territory and 450 km north-west of Mount Isa in Queensland (*Figure 4*).

The project area contains the Masterton No2 manganese occurrence.

The Mining Management Plan Update was lodged on the 16 November 2016.

A Licence Renewal Application was lodged on 5 April 2016. It was approved on 13 May 2016 for a further term of 2 years and will expire on 17 April 2018. All 116 sub-blocks were retained.

The 10th Annual Technical Report was lodged on 18 April 2016 and accepted as satisfactory by the DME on the 9 May 2016.

No field work was carried out. A full review of all data available is underway to guide further exploration on the tenement.

LAURA RIVER Au-Pt PROJECT: (EMP15242) (GES 100%)

The Laura River project consists of Exploration Licence EPM15242 covering 82.67 sq km centered on the Cape York Peninsular township of Laura, 210km north-west of Cairns and 88km west of Cooktown in North Queensland (*Figure 4*). The area is prospective for gold. Several historical alluvial workings are found in the vicinity of the Laura River and tributaries.

The 9th Annual Technical Report was lodged on the 2 September 2016.

A Licence Renewal Application was lodged on the 19 May 2016 requesting another 2 year term. The renewal application was approved on the 26 August 2016. The new expiry date is the 23 August 2018.

As per the conditions of the exploration permit Genesis were required to relinquish 25 sub blocks from EPM 15242. A Partial Relinquishment Report was lodged on the 20 June 2016. 25 of the 50 sub blocks were relinquished, 25 sub-blocks were retained. EPM15242 now covers 82.67sq km.

Genesis Resources Limited
Financial Report for the half-year ended 31 December 2016

A Partial Surrender of an Environmental Authority was lodged on the 22 June 2016 and approved on the 30 June 2016.

No field work was carried out.

FENN GAP Mn-Fe PROJECT: (EMP24839) (GES 100%)

The Fenn Gap project consists of one Exploration Licence EL24839 which covers a total area of 26.93 sq km, is located approximately 25 km south west of Alice Springs in the Northern Territory (*Figure 4*). The project is 25 km from major infrastructure such as the Stuart Highway and Alice to Adelaide Railway.

Genesis was issued with a Partial Cancellation Notice (Loss of Block Penalty) for Fenn Gap on 23 June 2014, requesting the relinquishment of 13 sub blocks. EL24839 now comprises of 14 sub blocks covering 26.93 sq km.

A Mining Management Plan Update was lodged on 2 December 2016.

A Licence Renewal Application requesting another two-year period was lodged on the 26 April 2016. The renewal application was approved on the 25 July 2016. The new expiry date is the 5 May 2018.

The 8th Annual Technical Report was lodged on 9 May 2016 and accepted as satisfactory by the DME on the 1 June 2016.

No field work was carried out. A full review of existing data has been completed. A further, more detailed review of drilling data is underway to determine if drilling has adequately tested the known manganese mineralisation.

COMPETENT PERSON

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by James Patterson, a Competent Person who is a Member of the Australian Institute of Geoscientists.

James Patterson is a full-time employee of the Genesis Group. James Patterson 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'. James Patterson consents to the inclusion in the report of the matters based on his information in the form and context of which it appears.

Genesis Resources Limited
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TENEMENTS AS AT 31 DECEMBER 2016

PROJECT	TENEMENT NUMBER	COMMODITY	COMPANY'S BENEFICIAL INTEREST	CURRENT AREA (KM ²)	CURRENT HOLDER	COUNTRY/ STATE
Alice Springs	EL24817	Copper-Iron-Gold	100%	372.59	Genesis	NT
Arltunga	EL25238	Gold-PGE	100%	95.2	Genesis	NT
Fenn Gap	EL24839	Iron-Manganese	100%	26.93	Genesis	NT
Laura River	EMP15242	Gold-PGE	100%	82.67	Genesis	QLD
Pioneer	EPM15619	Gold	100%	6.23	Genesis	QLD
McArthur River	EL24814	Manganese-Base Metals	100%	380.88	Genesis	NT
Gladstone	EPM15771	Manganese	100%	42.62	Genesis	QLD
Mt Miller	MLA80166	Manganese	100%	32.24 Ha	Genesis	QLD
Plavica & CrnVrv	19-6648/1	Gold-Silver-Copper	62%	16.85	Silgen Resources	Macedonia

All tenements noted above are Exploration Licences except Plavica in Macedonia which is an Exploitation Licence.

Results

The loss of the Group for the period ended 31 December 2016 was \$986,918 (31 December 2015: loss of \$1,216,808).

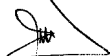
Significant changes in state of affairs

There were no significant changes in the Company's state of affairs during the period.

Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 17 and forms part of the directors' report for the period ended 31 December 2016.

Signed in accordance with a resolution of directors:



Eddie Pang
Managing Director
 14 March 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Genesis Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to be 'RSM'.**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to be 'J S Croall'.

J S CROALL
Partner

Melbourne, Victoria
Dated: 14 March 2017

Genesis Resources Limited
Financial Report for the half-year ended 31 December 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	31 Dec 2016	31 Dec 2015
	\$	\$
Other income	298	3,385
Employee costs	(564,998)	(608,074)
Administrative and other expenses	(331,202)	(451,152)
Finance income	11,103	693
Finance expenses	(132,784)	(124,019)
Profit /(Loss) on foreign exchange	30,665	(37,441)
Loss before income tax	(986,918)	(1,216,608)
Income tax expense	-	-
Loss for the half-year	(986,918)	(1,216,808)
Attributable to non-controlling interests	(318)	-
Attributable to owners of the Genesis Group	(986,600)	-
Other comprehensive income		
Exchange differences arising on translating foreign operations	(85,704)	(44,530)
Other comprehensive loss for the half-year, net of tax	(85,704)	(44,530)
Total comprehensive loss for the half-year	(1,072,662)	(1,261,138)
Attributable to non- controlling interests	(360)	-
Attributable to owners of the Genesis Group	(1,072,262)	(1,261,138)
Earnings per share		
Basic loss per share (cents per share)	(0.002)	(0.004)
Diluted loss per share (cents per share)	(0.002)	(0.004)

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

Genesis Resources Limited
Financial Report for the half-year ended 31 December 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	31 Dec 2016 \$	30 Jun 2016 \$
Assets			
Current Assets			
Cash and cash equivalents		171,457	504,034
Trade and other receivables		101,543	35,832
Other financial assets		104	370
Total Current Assets		273,104	540,236
Other financial assets		98,687	98,695
Property, plant and equipment		33,038	47,808
Exploration and evaluation assets		18,636,603	16,730,158
Total Non-Current Assets		18,768,328	16,876,661
Total Assets		19,041,432	17,416,897
Current Liabilities			
Trade and other payables		1,152,832	1,241,264
Borrowings	6	2,747,633	2,269,003
Total Current Liabilities		3,900,465	3,510,267
Total Liabilities		3,900,465	3,510,267
Net Assets		15,140,967	13,906,630
Equity			
Share capital	5	28,056,384	25,749,425
Reserves		(295,570)	(209,908)
Accumulated losses		(12,622,000)	(11,635,400)
Total equity attributable to members of Genesis Group		15,138,814	13,904,117
Non-controlling interests	7	2,153	2,513
Total Equity		15,140,967	13,906,630

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Genesis Resources Limited

Financial Report for the half-year ended 31 December 2016

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED
31 DECEMBER 2016**

	Issued Capital	Accumulated (Losses)	Reserve	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2016	25,749,425	(11,635,400)	(209,908)	2,513	13,906,630
Loss for the period	-	(986,600)	-	(318)	(986,918)
Foreign currency translation	-	-	(85,662)	(42)	(85,704)
Total comprehensive income for the period	-	(986,600)	(85,662)	(360)	(1,072,622)
Transactions with owner in their capacity as owners					
Issued during the year net of transaction costs	2,306,959	-	-	-	2,306,959
Balance at 31 December 2016	28,056,384	(12,622,000)	(295,570)	(2,153)	15,140,967

For the half-year ended 31 Dec 2015

	Issued Capital	Accumulate d (Losses)	Reserve	Non- controlling interests	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2015	21,528,698	(9,292,710)	(133,022)		12,102,966
Loss for the period	-	(1,216,608)	-		(1,216,608)
Foreign currency translation	-	-	(44,530)		(44,530)
Total comprehensive income for the period	-	(1,216,808)	(44,530)		(1,261,138)
Transactions with owner in their capacity as owners					
Issued during the year, net of transaction costs	-	-	-		-
Balance at 31 December 2015	21,528,698	(10,509,318)	(177,552)		10,841,828

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Genesis Resources Limited

Financial Report for the half-year ended 31 December 2016

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2016**

	31 Dec 2016	31 Dec 2015
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers and suppliers	300	165
Payments to suppliers and employees (inclusive of goods and services tax)	(1,064,479)	(915,170)
Interest (paid) /received	11,087	(124,598)
Net cash used in operating activities	(1,053,092)	(1,039,603)
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(3,004)	(11,364)
Net proceeds from sale of investments	266	-
Payments for purchases of financial assets	-	(5,172)
Payments of exploration and evaluation expenditure	(2,024,500)	(1,498,122)
Net cash used in investing activities	(2,027,238)	(1,514,658)
Cash Flows From Financing Activities		
Proceeds from issue of ordinary shares	2,395,238	-
Payment for share issue costs	(72,000)	-
Proceeds from long term borrowings	500,000	625,562
Net cash from financing activities	2,823,238	625,562
Net decrease in cash and cash equivalents	(257,092)	(1,928,699)
Cash and cash equivalents at 1 July	504,034	2,034,950
Effects of exchange rate changes on cash and cash equivalents	(75,485)	(44,530)
Cash and cash equivalents at 31 December	171,457	61,721

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Genesis Resources Limited

Financial Report for the half-year ended 31 December 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1. Basis of preparation of half-year report

The condensed consolidated interim financial report for the half-year ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report of Genesis Resources Limited ("GES") and its controlled entity (the "consolidated entity" or the "Group"). Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by GES during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by GES at the end of the reporting period. A controlled entity is any entity over which GES has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

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

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

3. Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$986,918 (2015: \$1,216,608), and had net cash outflows from operating activities of \$1,053,092 (2015: \$1,039,603) and investing activities of \$2,027,238 (2015: \$1,514,658) for the half-year ended 31 December 2016. As at that date the consolidated entity had net current liabilities of \$3,627,361 (2015: \$4,600,345).

Genesis Resources Limited

Financial Report for the half-year ended 31 December 2016

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- On 1 February 2017, the Company announced a pro-rata non-renounceable rights issue (**2017 Rights Issue**), which was fully underwritten by the Underwriter and 174,272,487 shares were issued on 3 March 2017 and 14 March 2017, raising a total of \$2,962,632.
- The continued support of the consolidated entity's major financier, Axle Capital Sdn. Bhd. ("Axle"). The consolidated entity's has a loan facility of \$7 million with Axle to draw down.
- The consolidated entity's ability to delay or fast track spending on exploration and evaluation activities dependent upon cash flow holdings and financial options at any given time.
- The consolidated entity's proven record of being able to raise funds to support its business plan.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

4. Segment information

The Group has reportable segments, as described below, which are the Group's business units. The two business units are managed separately because they are regulated under different authorities. For each of the business units, the Group's Board of Directors, which acts as the Chief Operating Decision Maker, reviews internal reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Australia: includes copper, iron, gold, manganese and other base metal exploration projects in the Northern Territory and Queensland.
- Macedonia: includes a gold and base metal exploration project.

Information regarding the results of each reportable segment is included below. As both segments are in the early stages of exploration, there is no associated segment profit or loss, as expenditure is capitalised in accordance with the company's accounting policy. Comparative segment information has been represented in conformity with the requirement of Accounting Standard AASB 8 *Operating Segments*.

Genesis Resources Limited

Financial Report for the half-year ended 31 December 2016

	Australia		Macedonia		Head Office		Total	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Other income	-	-	11,238	3,745	163	333	11,401	4,078
Operating expenses	-	-	(442,178)	(547,989)	(556,141)	(672,697)	(998,319)	(1,220,686)
Reportable segment net loss before income tax	-	-	(430,940)	(544,244)	(555,978)	(672,364)	(986,918)	(1,216,608)
	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2016
Exploration and evaluation assets	2,240,672	2,238,995	16,395,931	14,491,163	-	-	18,636,603	16,730,158
Total segment assets	2,240,672	2,238,995	16,610,808	14,533,201	189,952	644,701	19,041,432	17,416,897
Total segment liabilities	-	727,632	725,599	154,937	3,174,866	2,627,698	3,900,465	3,510,267

5. Share Capital

	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	No. of Shares	No. of Shares	\$	\$
Balance at beginning of period	384,885,386	300,743,205	25,749,425	21,528,698
Transactions during the period				
Issue of shares	2,400,000	84,142,181	72,000	4,220,727
Rights issue	77,441,246	-	2,323,238	-
Transaction costs	-	-	(88,279)	-
Balance at end of period	464,726,632	384,885,386	28,056,384	25,749,425

Genesis Resources Limited
Financial Report for the half-year ended 31 December 2016

Unissued ordinary shares of the Company under options at the end of the reporting period are:

Expiry date	Exercise price (\$)	Options on issue as 31 Dec 2016	Options on issue at 30 Jun 2016
-	-	-	-

Shares issued during the period is as follows:

- On 12 August 2016 the Company announced a pro-rata non-renounceable rights issue (**Rights Issue**). The Rights Issue closed on 16 September 2016 and the 10,774,579 shares subscribed for by eligible shareholders under the Rights Issue were issued on 23 September 2016, raising a total of \$323,237.37.
- On 3 October 2016, 66,666,667 fully paid ordinary shares were issued to the underwriter of the Rights Issue, being S Active Holding Sdn. Bhd., an entity associated with Genesis Director Mr Kim Heng Lim, raising \$2,000,000.
- On 26 October 2016, 2,400,000 fully paid ordinary shares were issued as part of the placement of the shortfall under the Rights Issue, at \$0.03 per share.

6. Borrowings

	31 Dec 2016	30 Jun 2016
	\$	\$
Loan facility	2,747,633	2,269,003

- (i) The borrowings consist of four loan facilities from unrelated third party lenders that are unsecured. Any amount drawn down will bear interest at a rate of 10% per annum.
- (ii) Depending on the loan facility, they are repayable in cash two months/one year from the draw down date, or such later date as agreed between the parties; or payable 5 business days after the date that Genesis Resources Ltd has received cleared funds from a capital raising exercise; or will be repaid with first priority when the company receives the proceeds from its anticipated private placement of shares.

7. Equity – Non Controlling interest

	2016	2015
	\$	\$
Issued Capital	2,836	-
Foreign currency translation	(42)	-
Accumulated Loss	(641)	-
TOTAL	2,153	-

Genesis Resources Limited
Financial Report for the half-year ended 31 December 2016

8. Contingent Assets and Liabilities

There have been no changes of a material nature in contingent liabilities or assets since the last annual reporting date.

9. Related parties transactions

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

Key management person	Note	Transaction	Transaction value period ended 31 Dec 2016	
			2016	2015
			\$	\$
			Nil	Nil

10. Commitments

In order to maintain current rights of tenure to exploration permits, the Company is required to perform minimum exploration work to meet minimum expenditure requirements. These obligations may vary over time, depending on the Company's exploration program and priorities.

These obligations, which include a portion relating to rent, are not provided for in the financial report and are payable as follows:

	Note	31 Dec 2016	30 Jun 2016
		\$	\$
Within one year		510,708	692,664
One to five years		105,000	105,000
Later than five years		-	-
		615,708	797,664

The Arltunga renewal application was lodged on the 26th October 2016. This application is still pending.

11. Events after balance date

On 1 February 2017, the Company announced a pro-rata non-renounceable rights issue (**2017 Rights Issue**), which was fully underwritten by S Active Holding Sdn Bhd (the **Underwriter**), an entity associated with Genesis Director Mr Kim Heng Lim. The 2017 Rights Issue closed on 24 February 2017 and the 2,896,927 shares subscribed for by eligible shareholders under the 2017 Rights Issue were issued on 3 March 2017, raising a total of \$49,248. On 14 March 2017, 171,375,560 fully paid ordinary shares were issued to the Underwriter, raising a further \$2,913,384 and bringing the total amount raised under the 2017 Rights Issue to \$2,962,632.

Genesis Resources Limited
Financial Report for the half-year ended 31 December 2016

DIRECTORS' DECLARATION

In the opinion of the directors of Genesis Resources Limited, ("the Company"):

1. the financial statements and notes set out on pages 18 to 26 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standards, the *Corporations Regulations 2011* and other mandatory professional reporting requirements, and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date, and
2. 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.



Eddie Pang
Managing Director
14 March 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
GENESIS RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Genesis Resources Limited which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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 Genesis Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Genesis Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 3 in the financial report, which indicates that the consolidated entity incurred a loss of \$986,918, and had net cash outflows from operating activities of \$1,053,092 and investing activities of \$2,027,238 and had net current liabilities of \$3,627,361 as at 31 December 2016. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



RSM AUSTRALIA PARTNERS



J S CROALL
Partner

Melbourne, Victoria
Dated: 14 March 2017



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Appendix 1

Reporting of Exploration Results – Plavica Project

JORC Code, 2012 Edition – Table 1 Report

The following section is provided to ensure compliance with the JORC (2012) requirements for the reporting of Exploration Results for the Plavica project.

Section 1 - Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> N/A N/A Holes were generally drilled towards grid north with dips of approximately 60 degrees to optimally intersect the steeply dipping east-west striking mineralised zones of high sulphidation style epithermal mineralization. The drill hole locations are to be picked up by local survey contractors using a DGPS (Differential Global Positioning System). Down hole surveys have been undertaken using a Reflex EZ-Trac tool. Down hole surveys were conducted at intervals of to 25m. All DD holes completed by the Genesis were sampled by cutting the core longitudinally in half using diamond saws. Sampling of diamond

Genesis Resources Limited

Financial Report for the half-year ended 31 December 2016

Criteria	JORC Code explanation	Commentary
		<p>core was also undertaken on 1m intervals.</p> <ul style="list-style-type: none"> • Diamond core was drilled to obtain high quality samples that were logged for lithological, structural, geotechnical, density and other attributes. Sampling of diamond core was also on one meter intervals with the core being cut in half using a diamond core saw • Sub-samples of ~3 kg were sent to the laboratory for assaying. Analysis has been performed by commercial laboratories with samples sent to SGS Ankara. The samples sent to SGS follow standard SGS crushing and pulverization procedures and a conventional fire assay procedure with either atomic absorption or gravimetric finish on a 30 gram sub-sample. Fire Assay is considered a total recovery method for gold. • QC samples have been inserted into the routine sample stream to monitor sample quality as per industry best practice. These include standards, blanks and duplicates at regular (25m intervals)
Drilling techniques	<ul style="list-style-type: none"> • <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> • The core drill rigs used 3m drill rods. Diamond drilling has employed a 63.5mm diameter HQ 'standard tube' core drilling methods. • Orientation are completed every run (maximum 3m) using a spear technique. Diamond drill core is typically orientated where possible though often the core is highly fractured and cannot be reliably orientated using standard techniques.
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • Diamond drill core is assessed by measuring the recovered drill length against the actual drilled. Diamond drill recovery is generally above 95%. Recoveries drop to less than this in minor (1-2m) zones of vuggy silica and clay. • No detailed analysis of grade versus recovery has been undertaken at this stage however comparison of RC against DD gold results indicates a slight positive bias for RC drilling. This may indicate some loss of fines when using DD methods. • No coarse gold has been observed through Photo-micrographic studies.

Genesis Resources Limited

Financial Report for the half-year ended 31 December 2016

Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> All drill holes have been logged in full and record standard criteria such as lithology, alteration, mineralisation, structural, weathering and oxidation. Geotechnical data such as drill recovery, RQD, hardness, fracture type and frequency are also recorded for input into future scoping level mining studies. All logging is entered into excel spreadsheet templates or onto hard copy forms which are transferred to excel spreadsheets. These spreadsheets are then imported into Micromine routinely. All diamond core is photographed in a wet and dry state.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximiserepresentivity of samples.</i> <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Refer to the above sampling techniques Quarter core duplicates are submitted every 50m.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> Refer to the above analysis methods Industry standard QC sample insertion procedures have been adopted. QC insertion rates are: <ul style="list-style-type: none"> every 50m is a field duplicate, every 25m is a Standard, every 50m is a coarse blank The QAQC results indicate acceptable levels of precision and accuracy
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data</i> 	<ul style="list-style-type: none"> Samples are currently submitted to an umpire laboratory however the results are yet to be reviewed Data is imported into Micromine. There is no adjustment of assay data.

Genesis Resources Limited

Financial Report for the half-year ended 31 December 2016

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> A local control station near the project is utilised by the local surveying contractor. Holes are routinely surveyed using Surveyors with DGPS equipment. All surveys are taken using the Gauss–Krüger (GK) coordinate system which has been the system used for survey by Genesis at Plavica since 2012.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> The nominal drill hole spacing is 100m (easting) x 50m (northing) Samples are collected at one meter lengths and are not composited in the field / core-shed.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Holes were generally drilled towards grid north with dips of approximately 45 to 60 degrees to optimally intersect the steeply dipping east-west striking mineralised zones No orientation based sampling bias has been identified in the data at this stage
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Chain of Custody is managed by Genesis Staff. All drilling assay samples were collected from the field by Genesis personnel. Core samples were stored at the secure sample processing and storage facility where they were subsequently processed and prepared for pickup. This facility has CCTV. Assay samples were collected by appropriately qualified staff at the laboratories.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> An audit of drilling and sampling procedures was undertaken by Golder Associates in 2012 at the commencement of that years drilling program. A number of priority based recommendations were provided to Genesis. All priority 1 recommendations were implemented and many of the lower priority actions have also been completed. The implementation of these recommendations has provided increased confidence in the quality of the data used in the resource estimate

Section 2 – Reporting of Exploration Results.

Genesis Resources Limited
Financial Report for the half-year ended 31 December 2016

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> A 30 year Exploitation Licence and Concession Agreement were granted to Silgen Resources International Ltd, an incorporated joint venture entity owned by Genesis and its Macedonian-based joint venture partner RIK Sileks AD Kratovo. Silgen is 62% owned by Genesis. The JV Company has been formally granted the Licence for a term of 30 years. The area covered by the Licence totals 16.85 km². Genesis has pledged its 62% share of Silgen to completing a Feasibility Study to mine Plavica and has agreed to spend USD \$7.5M for this work. All Australian Tenements are Exploration Licences except Mt Millar which is a Mining Lease Application and are 100% owned by Genesis.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgement and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Previous small scale mining was undertaken by Romans and Ottoman Turks. 2 adits were completed by British Mines Selection in the 1930's targeting enargite veins. Previous exploration has been conducted by the Yugoslav Government, Cyprus Amax, Rio Tinto and European Minerals.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation 	<ul style="list-style-type: none"> Both Plavica and Maricanski Rid host oxide gold mineralization in vuggy silica and clay zones within silica caps of a high sulphidation epithermal style setting. Alunite alteration is widespread. Beneath this oxide zone is a series of steeply dipping E-W striking structures comprising enargite-pyrite veins and vuggy silica zones. These zones are rich in Au, Cu, Ag and occasionally Pb and Zn. The prospects lie within the Western Tethyan Arc and are Tertiary in age.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes: <ul style="list-style-type: none"> o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length. 	<ul style="list-style-type: none"> All drill hole collars with location, elevation, depth, dip and azimuth are tabulated in the body of the report.

Genesis Resources Limited

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	<ul style="list-style-type: none"> If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> A 0.4 g/t Au cut-off is used for reporting of Au grades and a 0.3 % for Cu grades. No top cuts are used. A minimum of 3m length is used for compositing and a maximum of 3m of internal waste is used. These parameters are considered adequate for this deposit style. No metal equivalents used
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Core orientation and sectional interpretation suggest the mineralised zones are sub-vertical. Holes are drilled on 45 to 60 degree angles to intersect the zones at the highest angle possible but also taking into account the steep topography of the area and the difficulty of locating drill pads. As a result the mineralized zones are intersected at an oblique angle and therefore down-hole lengths are not true widths.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> A plan and sections are included.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Negative results mentioned as well as positive results.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> N/A.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Plavica is now undergoing a Pre-Feasibility Study Extensions of the gold at Maricanski Rid to the East and West will be tested in 2017.