



**GENESIS**  

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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 2014**

**Lodged with ASX under Listing Rule 4.2A**

**This information should be read in conjunction with 30 June 2014 Annual Report**

**Genesis Resources Limited**  
**Financial Report for the half-year ended 31 December 2014**

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**Genesis Resources Limited**  
**Financial Report for the half-year ended 31 December 2014**

**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 2014 (**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:

<b>Name</b>	<b>Position</b>	<b>Period of directorship</b>
Mr Eddie Lung Yiu Pang	Executive Chairman	6 March 2009 – present (appointed Chairman 1 December 2013)
Mr Hooi Kiang (Alex) Lim	Non-Executive Director	26 November 2012 – present
Mr Deric Wee	Non-Executive Director	11 December 2009 – 26 November 2012 16 January 2013 – present
Mr John Zee	Non-Executive Director	11 May 2012 – 26 November 2012 16 January 2013 – 31 October 2014

**EVENTS DURING HALF YEAR**

**2014 Annual General Meeting:** On 17 November 2014, Genesis held its 2014 Annual General Meeting, where all resolutions proposed by the Company to shareholders were unanimously carried on a show of hands.

**Director resignations during the half year:** Mr John Zee resigned as Non-Executive Director of Genesis on 31 October 2014.

**Capital Raisings:** On 19 September 2014, Genesis completed a capital raising through a placement of 24,864,384 ordinary shares at an issue price of \$0.05 per ordinary share, raising \$1,243,219.

**Extensions of takeover bid:** Blumont made an off-market takeover bid for all the shares on issue in Genesis on 21 March 2014. On 11 September 2014, Blumont extended its offer until 13 February 2015. On 29 October 2014, Blumont extended the offer to include the Genesis shares which had been issued subsequent to Blumont's initial offer on 21 March 2014.

**Share placement agreement with Blumont:** On 12 December 2014, Genesis announced that it had entered into a placement agreement with Blumont under which Blumont would subscribe for new shares in Genesis to assist Genesis meet its need for additional capital (**Blumont Placement Agreement**). The agreement was conditional on SGX approval.

**EVENTS SUBSEQUENT TO HALF YEAR**

**Extension of takeover bid:** On 5 February 2015, Blumont further extended its offer until 23 March 2015.

**Issues of Shares:** On 16 February 2015, Genesis issued 25,630,833 shares to a contractor for nil cash consideration in lieu of outstanding fees of \$1,537,850 for drilling services provided, at a deemed issue price of \$0.06 per share. Also on 16 February 2015, Genesis issued a further 38,295,631 shares in retirement of debt (total principal amount of \$2,000,000 plus accrued interest) under a loan, at a deemed issue price of \$0.06 per share.

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**Lapse of Blumont Placement Agreement:** As stated above, the Blumont Placement Agreement was conditional on SGX approval. Such approval was not forthcoming and the agreement lapsed after the period in early 2015.

**Termination of Blumont Bid Implementation Deed:** On 2 March 2015, Genesis advised that it had terminated the Takeover Bid Implementation Deed with Blumont (**Deed**), under which Blumont is making an off-market takeover bid for all the shares in Genesis. Genesis terminated the Deed because of the fall of the 5 day volume weighted average price of Blumont shares to below S\$0.0272; under the Deed this was an event entitling Genesis to exercise its right of termination.

**Withdrawal of Genesis Directors' recommendation to shareholders to accept Blumont's offer:** A consequence of termination of the Deed was that the Directors were freed from their obligation to recommend acceptance of the Blumont offer and the expectation that they will accept the offer in relation to their own shares. On 3 March 2015, Genesis issued a supplementary target's statement notifying shareholders that the Directors unanimously recommend that shareholders do not accept the Blumont offer.

**In-principle approval of exploitation (mining) licence for Plavica tenement:** On 12 March 2015, Genesis announced that it had received advice that the Government of Macedonia has made an in-principle decision to approve the application made by Silgen Resources International Ltd, Kratovo (**Silgen**), the joint venture company owned by the Company and its joint venture partner RIK Sileks AD Kratovo, for a 30 years exploitation (mining) licence for the Plavica tenement. In accordance with Macedonian legislation, the Government of Macedonia has published in an official governmental gazette its decision to grant the exploitation licence to Silgen. Formal grant of the exploitation licence will take effect upon the signing of a concession agreement between Silgen and the Government of Macedonia, which is expected to be on or around late March 2015.

## 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

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- No drilling completed during the half-year ended 31 December 2014. Fieldwork consisted of mapping, rock chip and soil sampling. A number of new drilling targets were identified to the east and north of the main Plavica mineralisation.
- Genesis and its Macedonia-based joint venture partner RIK Sileks AD Kratovo (**Sileks**) have now jointly incorporated a company in Macedonia, Silgen Resources International Ltd, Kratovo (**Silgen** or **JV Company**), which is 62% owned by Genesis and 38% owned by Sileks' nominee. Silgen now has ownership of all assets it held in respect of the Plavica tenement (including the concession licence, all exploration results, associated data and the Macedonian Government-mandated final feasibility study reports (**FFS**)). The FFS was submitted to the Ministry of Economy together with an application for a 30 years exploitation (mining) licence for the Plavica tenement (**Licence**) in late 2014. Subsequent to the Half Year, Genesis has been advised that the Government of Macedonia has made an in-principle decision to approve the application made by Silgen for the Licence. In accordance with Macedonian legislation, the Government of Macedonia has published in an official governmental gazette its decision to grant the Licence to Silgen. Formal grant of the exploitation licence will take effect upon the signing of a concession agreement between Silgen and the Government of Macedonia, which is expected to be on or around late March 2015.

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**Financial Report for the half-year ended 31 December 2014**

**PLAVICA HIGH SULPHIDATION EPITHERMAL GOLD-COPPER-SILVER PROJECT**

(Figure 1)

No drilling was completed during the Half Year. Work has focused on geological mapping at Plavica and identifying new areas of alteration and mineralisation within the Plavica tenement. A number of new areas were discovered and rock-chip sampled. A number of new target areas for scout drilling were discovered (Figure 2). These include rock chip samples up to 9.66 g/t Au 800m to the east of the main mineralization and rocks up to 3.28 g/t Au some 1.2 km north of the main mineralisation at Plavica.

A soil sampling program over the eastern half of the Plavica tenement was also completed. The western half of the tenement was previously covered in soil samples by Rio Tinto in the 1990's. Results are also shown in Figure 2. A large area of gold in soils was returned 1.2 km north of the main Plavica mineralization with Au up to 1,050 ppb (1 g/t Au). This area will be investigated further after winter with a view to planning some drill holes.

As announced to the market on 28 August 2014, Genesis and its Macedonia-based joint venture partner Sileks have now jointly incorporated the JV Company in Macedonia, Silgen, which is 62% owned by Genesis and 38% owned by Sileks' nominee. Following the parties' incorporation of the JV Company, Sileks transferred the ownership of all assets it held in respect of the Plavica tenement (including the concession licence, all exploration results, associated data and the FFS completed by Genesis) to the JV Company. The FFS reports for the Plavica tenement have been submitted to the Macedonian Ministry of Economy by the JV Company. The JV Company has also submitted an application for a 30 years exploitation (mining) licence for the Plavica tenement to the Ministry of Economy; the area covered by the application totals 16.85 km<sup>2</sup> and is shown in Figure 2.

As stated above, Genesis expects to receive formal approval and grant of the Licence in late March 2015. After the Licence is granted, Genesis intends to focus its resources during the 2015 financial year and beyond on undertaking infill and extensional drilling and completing a feasibility study in respect of the Licence area (as required to obtain funding for mine development). Genesis will aim, with infill drilling, to deliver a resource in the 'indicated' category, and with extensional drilling, to increase the total resource of Plavica, which is still open along strike as well as test Maricanski Rid (46m @ 1.59 g/t Au) located 800m south of Plavica, and a number of other targets. These objectives are consistent with Genesis' obligations under its joint venture agreement with Sileks, and once achieved, will enable Genesis and its joint venture partner to assess viability to develop a mine site at Plavica. Genesis expects to complete the proposed infill and extensional drilling and the feasibility study within 2.5 years of the JV Company being granted the Licence, and has agreed to commit up to US\$7.5m for such activities.

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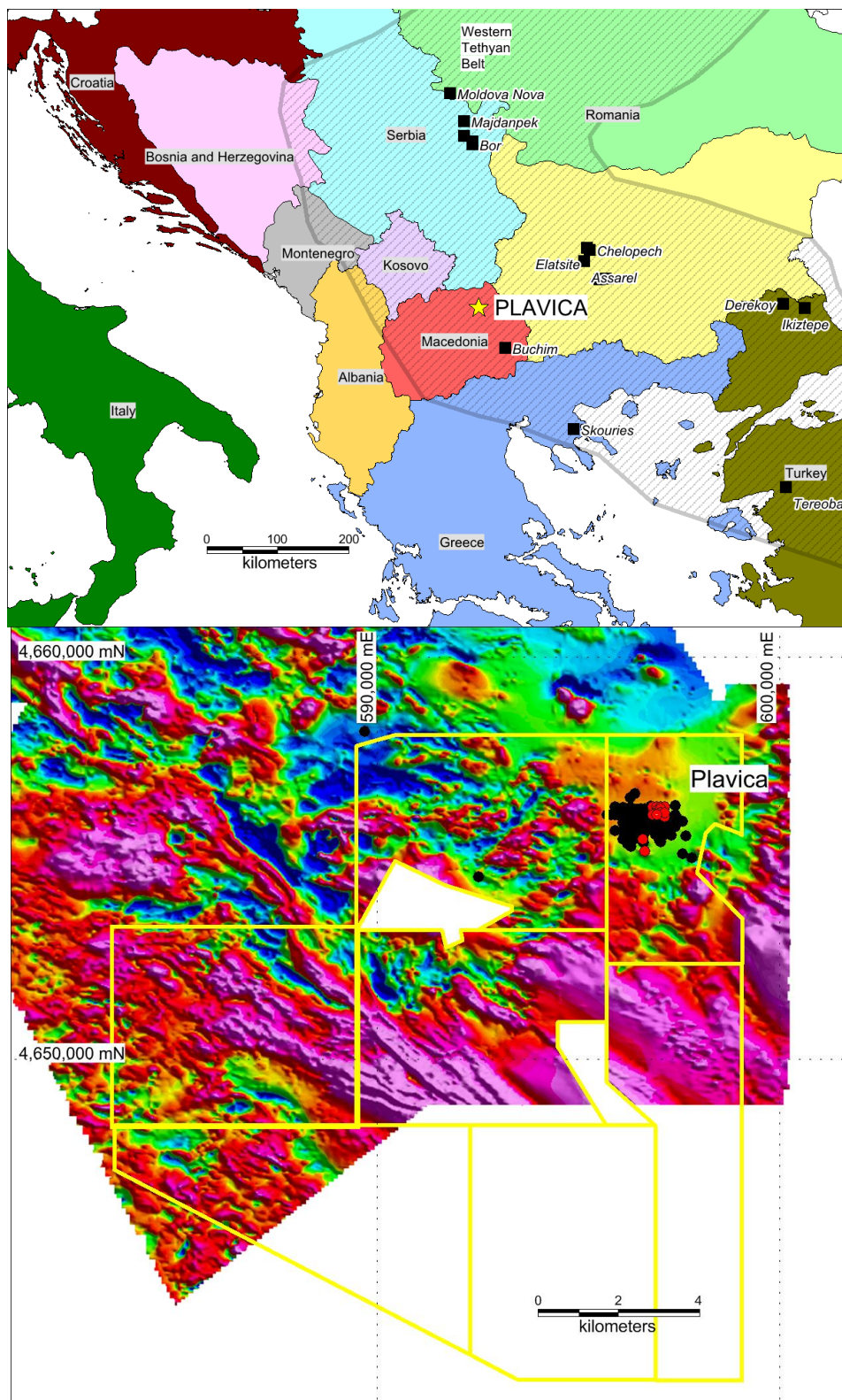
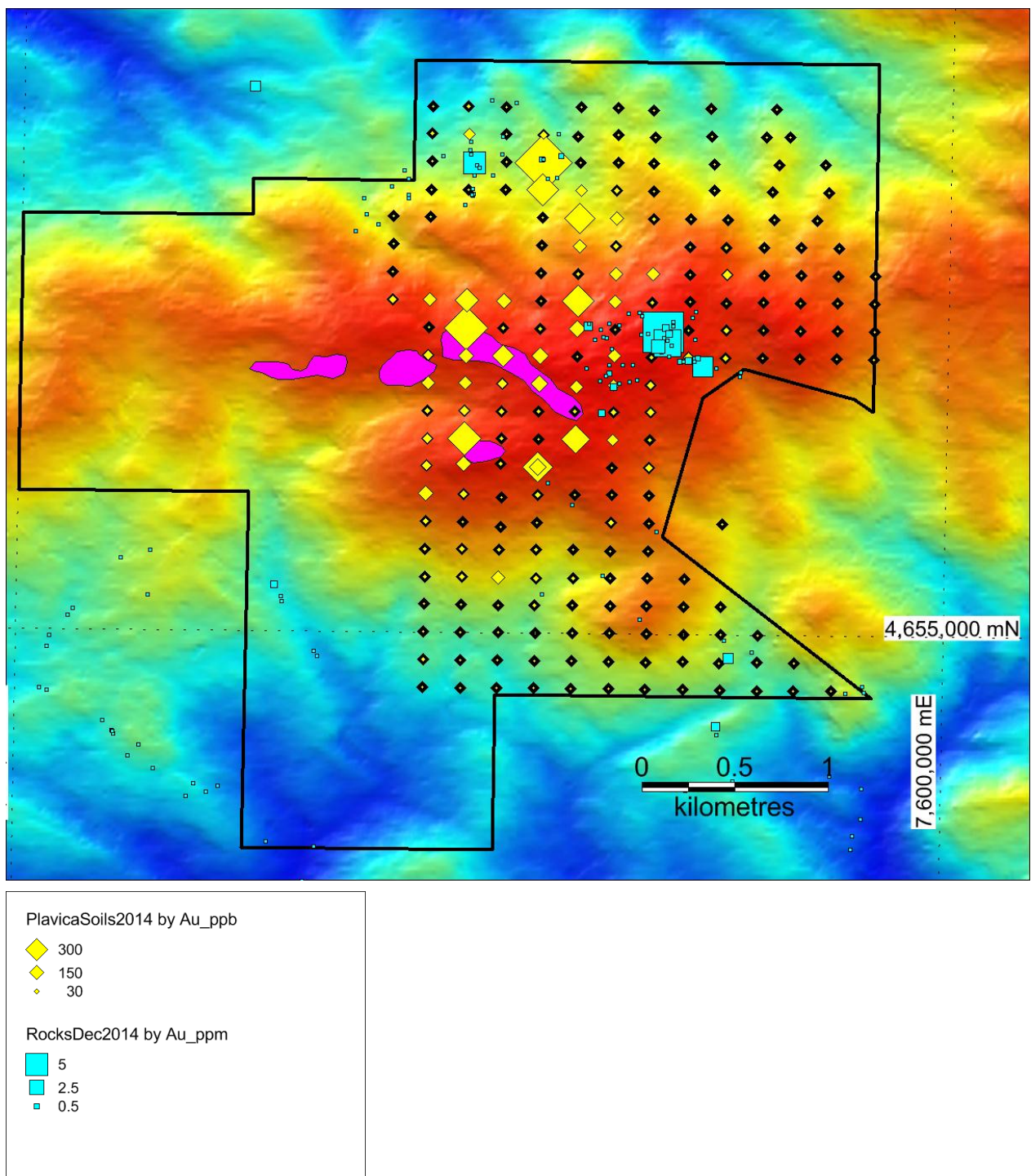


Figure 1 Location of Plavica Gold-Copper-Silver Project, Republic of Macedonia. Bottom Image includes RTP Magnetics.

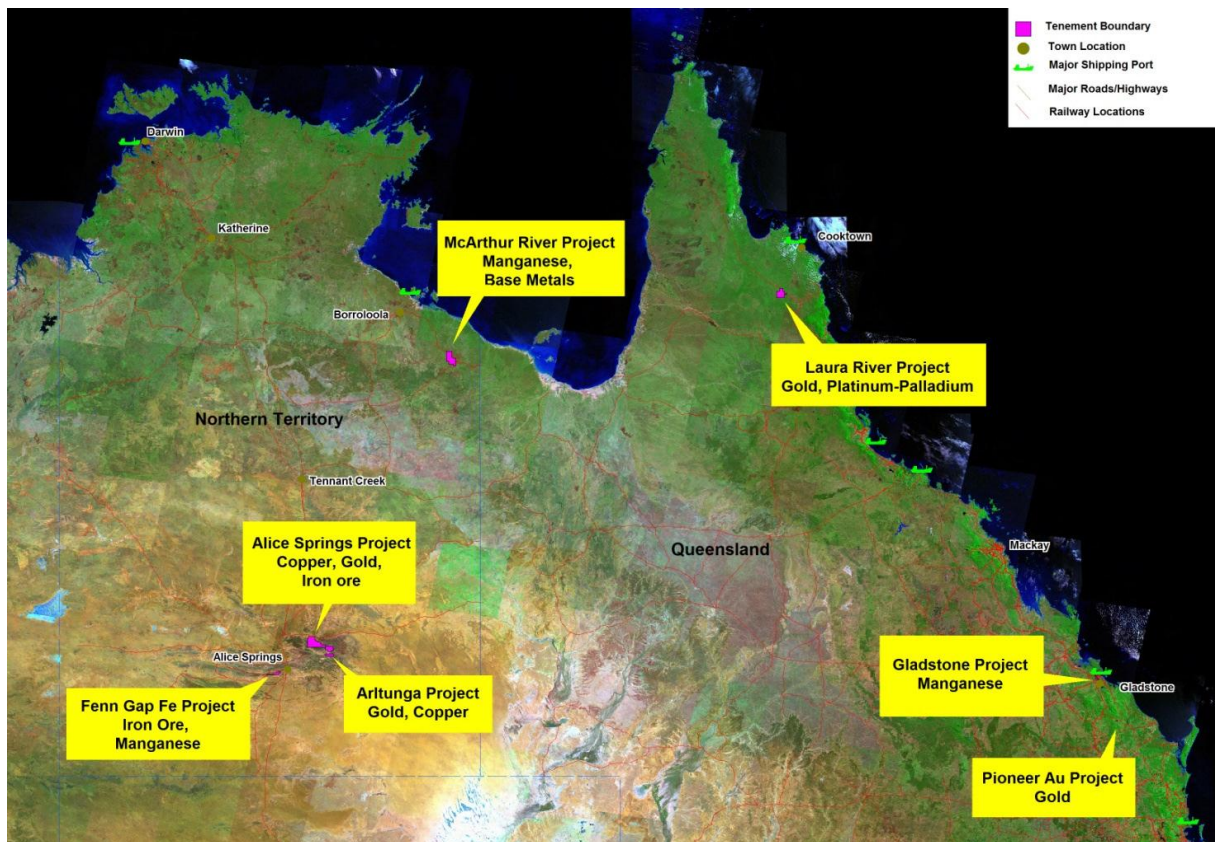


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*Figure 2 Location of Soil and Rock Chip Samples, Half Year to DEC 2014, Plavica Gold-Copper-Silver Project. Gauss Kruger Co-ordinate System. Previously defined significant mineralisation from drilling is shown in pink. Data overlies Aster DEM. Figure also shows Mining Lease application.*

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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 square kilometres, is located approximately 110 kilometres 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 the 25<sup>th</sup> September 2014 requesting another 2 year term. This application is still Pending.

The 7<sup>th</sup> Annual Technical Report was submitted on the 2<sup>nd</sup> December 2014.

A Mine Management Plan (MMP) update was lodged on 14<sup>th</sup> March 2014.

A CLC Sacred Site Clearance Certificate was issued on the 19<sup>th</sup> September 2014 (SSCC No. C2014-38-A) and is valid for 24 months.

Reconnaissance work was completed in August 2014. A number of the historic mining areas and several of the anomalies defined by aeromagnetic, gradient array and CSAMT data were field checked and mapped in more detail. A full review of all available data is expected to be completed during October 2014 with the aim of defining targets for Reverse Circulation drilling in Q1 or Q2 2015.



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

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

The 8th Annual Technical Report was submitted on 17<sup>th</sup> April 2014 and has been accepted as satisfactory. The title area remains unchanged at 118 blocks.

The Licence Renewal was approved on the 13<sup>th</sup> October 2014 for a Term of 2 years and will expire on the 17th April 2016.

A Mine Management Plan (MMP) was submitted on the 4<sup>th</sup> December 2014 to the NT Government in anticipation of a drilling program in early 2015.

A CLC Sacred Site Clearance Certificate Application was lodged on 4<sup>th</sup> February 2014. The CLC undertook a site visit on the 17<sup>th</sup> November 2014. The Certificate is due to be issued in February 2015.

Reconnaissance was completed during August 2014. The historic Camp Hill mining area and several previously defined zones of anomalous Cu-Au mineralization including Corner Post Hill, Diana 2 to 8 and Diamond 2 were mapped in more detail.

In addition a full review of all available data is underway to define targets for RC drill testing during Q1 or Q2 2015.

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

The Gladstone-Mount Miller Project consists of Exploration Licence (EPM15771) covering 63.93 square kilometres and Mining Lease Application (MLA80166) covering 32.24 Ha and is located approximately 15 kilometres 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% MnO<sub>2</sub>.

The Licence Renewal was approved on the 7th May 2013 for a Term of 5 years and will expire on the 18th June 2017. All 21 sub-blocks were retained.

The 7<sup>th</sup> Annual Technical Report was submitted on 27<sup>th</sup> June 2014.

A brief site visit and reconnaissance was made of the Mt Miller Mine to determine access and locate previous drill collars during May 2014. A further field visit was completed during September 2014 in an attempt to locate and map several of the other historic manganese mining areas on the tenement.

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 Q4 2014 or Q1 2015.

**PIONEER PROJECT: Gold (GES 100%)**

The Pioneer Project consists of one granted Exploration Permit Mineral (EPM15619) covering 6.23 square kilometres approximately 70 kilometres 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

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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.

The Licence Renewal was approved on the 6<sup>th</sup> June 2014 for a Term of 2 years and will expire on the 2<sup>nd</sup> August 2016.

As per the conditions of the exploration permit Genesis were required to relinquish 2 sub blocks from EPM 15619. Pursuant to section 793 of the Mineral Resources Act 1989 (MRA), the relinquishment was accepted by the Department of Natural Resources and Mines Queensland on the 22nd August 2013. The tenement area has been reduced from 12.67 sq km to 6.235 sq km.

The 8<sup>th</sup> Annual Technical Report was submitted on 4<sup>th</sup> August 2014.

A brief site visit in May 2014 to meet landowners and locate historic mine workings. A further 2 day field visit was made in September 2014 in an attempt to locate drill collars from the 1970 Queensland Department of Mines diamond drilling program.

A review of all available data is underway to compile all geological mapping and define targets for drill testing during Q1 or Q2 2015.

**McARTHUR RIVER PROJECT: Manganese (GES 100%)**

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

The project area contains the Masterton No.2 manganese occurrence.

The Licence Renewal Application was approved on the 13<sup>th</sup> October 2014 for a Term of 2 years and will expire on the 17<sup>th</sup> April 2016.

The 8<sup>th</sup> Annual Technical Report was submitted on 17<sup>th</sup> April 2014 and has been accepted as satisfactory. The title area remains at 116 blocks.

A Mine Management Plan (MMP) Update was submitted to the NT Government on 8<sup>th</sup> October 2014.

No 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 165.35 square kilometres is centered on the Cape York Peninsular township of Laura, 210km north-west of Cairns and 88km west of Cooktown in North Queensland (4). The area is prospective for gold. Several historical alluvial workings are found in the vicinity of the Laura River and affluents.

A Licence Renewal Application was lodged on 2<sup>nd</sup> May 2014 requesting another two year period. This application is pending.

The 7<sup>th</sup> Annual Technical Report was submitted on 27<sup>th</sup> August 2014.

No 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 52.43 square kilometers, is located approximately 25 kilometres south west of Alice Springs in the Northern Territory (Figure 4). The project is 25 kilometres from major infrastructure such as the Stuart Highway and Alice to Adelaide Railway.

A Licence Renewal Application was lodged on 17<sup>th</sup> April 2014 and was granted on 23<sup>rd</sup> December 2014 for two years, the new expiry date is the 5<sup>th</sup> May 2016.

The 6<sup>th</sup> Annual Technical Report was submitted on 7<sup>th</sup> May 2014 and has been accepted as satisfactory.

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

Two brief site visits were made during May and September 2014. Checks were made on the location of RC holes drilled during 2011 and geological mapping traverses were made across an area of high gravity response north of the known manganese - iron mineralization. Several representative rock samples were collected for specific gravity measurement as reference against results of the previous gravity survey.

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 mineralization.

**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.

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**TENEMENTS AS AT 31 DECEMBER 2014**

PROJECT	TENEMENT NUMBER	COMMODITY	COMPANY'S BENEFICIAL INTEREST	CURRENT AREA (KM <sup>2</sup> )	CURRENT HOLDER	COUNTRY/ STATE
<b>Alice Springs</b>	EL24817	Copper-Iron-Gold	100%	372.59	Genesis	NT
<b>Arltunga</b>	EL25238	Gold-PGE	100%	95.2	Genesis	NT
<b>Fenn Gap</b>	EL24839	Iron-Manganese	100%	26.93	Genesis	NT
<b>Laura River</b>	EMP15242	Gold-PGE	100%	165.35	Genesis	QLD
<b>Pioneer</b>	EPM15619	Gold	100%	6.23	Genesis	QLD
<b>McArthur River</b>	EL24814	Manganese-Base Metals	100%	380.88	Genesis	NT
<b>Gladstone</b>	EPM15771	Manganese	100%	63.93	Genesis	QLD
<b>Mt Miller</b>	MLA80166	Manganese	100%	32.24 Ha	Genesis	QLD
<b>Plavica &amp; Crn Vrv</b>	19-6648/1	Gold-Silver-Copper	62%*	17.41	Sileks AD Kratovo	Macedonia

During the Half Year, six of the seven exploration licences in Macedonia expired and could not be renewed due to Macedonian law. The remaining tenement is currently in the process of being converted into an exploitation licence.

**Results**

The loss of the Group for the period ended 31 December 2014 was \$1,759,404 (31 December 2013: loss of \$1,349,236).

**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 11 and forms part of the directors' report for the period ended 31 December 2014.

Signed in accordance with a resolution of directors:



Eddie Pang

**Executive Chairman**

13 March 2015



**RSM Bird Cameron Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Genesis Resources Limited for the half year ended 31 December 2014, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM BIRD CAMERON PARTNERS**  
**J S CROALL**  
Partner

Melbourne, VIC  
Dated: 13 March 2015

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2014**

	31 Dec 2014	31 Dec 2013
	\$	\$
Other income	233	-
Employee costs	(562,732)	(792,415)
Administrative and other expenses	(544,407)	(482,253)
Finance income	581	10,072
Finance expenses	(205,635)	(56,392)
Loss on foreign exchange	(447,444)	(28,248)
<b>Loss before income tax</b>	<b>(1,759,404)</b>	<b>(1,349,236)</b>
Income tax expense	-	-
<b>Loss for the half-year</b>	<b>(1,759,404)</b>	<b>(1,349,236)</b>
<b>Other comprehensive income</b>		
Exchange differences arising on translating foreign operations	87,606	(27,431)
<b>Other comprehensive income for the half-year, net of tax</b>	<b>87,606</b>	<b>(27,431)</b>
<b>Total comprehensive Loss for the half-year</b>	<b>(1,671,798)</b>	<b>(1,376,667)</b>
<b>Earnings per share</b>		
Basic loss per share (cents per share)	(0.009)	(0.01)
Diluted loss per share (cents per share)	(0.009)	(0.01)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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**Financial Report for the half-year ended 31 December 2014**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

	Notes	31 Dec 2014	30 Jun 2014
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		351,847	543,206
Trade and other receivables		44,369	53,608
Other financial assets		741	1,110
<b>Total Current Assets</b>		<b>396,957</b>	<b>597,924</b>
Other financial assets		78,731	78,977
Property, plant and equipment		142,141	176,310
Exploration and evaluation assets		13,417,109	13,310,315
<b>Total Non-Current Assets</b>		<b>13,637,981</b>	<b>13,565,602</b>
<b>Total Assets</b>		<b>14,034,938</b>	<b>14,163,526</b>
<b>Current Liabilities</b>			
Trade and other payables		2,693,804	2,531,652
Borrowings	6	4,600,000	4,400,000
<b>Total Current Liabilities</b>		<b>7,293,804</b>	<b>6,931,652</b>
<b>Total Liabilities</b>		<b>7,293,804</b>	<b>6,931,562</b>
<b>Net Assets</b>		<b>6,741,134</b>	<b>7,231,874</b>
<b>Equity</b>			
Share capital	5	14,919,526	13,738,468
Reserves		(126,247)	(213,853)
Accumulated losses		(8,052,145)	(6,292,74)
<b>Total Equity</b>		<b>6,741,134</b>	<b>7,231,874</b>

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

Genesis Resources Limited

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2014**

	Issued Capital	Accumulated (Losses)	Reserve	Total equity
	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	<b>13,738,468</b>	<b>(6,292,741)</b>	<b>(213,853)</b>	<b>7,231,874</b>
Loss for the period	-	(1,759,404)	-	(1,759,404)
Foreign currency translation	-	-	87,606	87,606
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions with owner in their capacity as owners</b>				
Issued during the year	1,243,219	-	-	1,243,519
Transaction costs of share issues	(62,161)	-	-	(62,161)
<b>Balance at 31 December 2014</b>	<b>14,919,526</b>	<b>(8,052,145)</b>	<b>(126,247)</b>	<b>6,741,134</b>

**For the half-year ended 31 Dec 2013**

	Issued Capital	Accumulated (Losses)	Reserve	Total equity
	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	<b>11,590,114</b>	<b>(3,675,471)</b>	<b>66,873</b>	<b>7,981,516</b>
Loss for the period	-	(1,349,236)	-	(1,349,236)
Foreign currency translation	-	-	(27,431)	(27,431)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(1,349,236)</b>	<b>(27,431)</b>	<b>(1,376,667)</b>
<b>Transactions with owner in their capacity as owners</b>				
Issued during the year	1,259,846	-	-	1,259,846
Transaction costs of share issues	(62,992)	-	-	(62,992)
<b>Balance at 31 December 2013</b>	<b>12,786,968</b>	<b>(5,024,707)</b>	<b>39,442</b>	<b>7,801,703</b>

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



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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2014**

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>		
Payments to suppliers and employees (inclusive of goods and services tax)	(1,506,527)	(1,969,293)
Interest (paid) /received	-	(47,454)
<b>Net cash used in operating activities</b>	<b>(1,506,527)</b>	<b>(2,016,747)</b>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant and equipment	(1,685)	-
Net proceeds from sale of investments	369	-
Payments for purchases of financial assets	252	(28,791)
Payments of exploration and evaluation expenditure	(105,134)	(2,672,058)
<b>Net cash used in investing activities</b>	<b>(106,198)</b>	<b>(2,700,849)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issue of ordinary shares	1,243,219	1,259,846
Proceeds from long term borrowings	200,000	3,000,000
<b>Net cash from financing activities</b>	<b>1,443,219</b>	<b>4,259,846</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(169,506)</b>	<b>(457,750)</b>
Cash and cash equivalents at 1 July	543,206	1,129,833
Effects of exchange rate changes on cash and cash equivalents	(21,853)	12,545
<b>Cash and cash equivalents at 31 December</b>	<b>351,847</b>	<b>684,628</b>

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 2014

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

##### 1. Basis of preparation of half-year report

The condensed consolidated interim financial report for the half-year ended 31 December 2014 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 2014 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 \$1,759,404 (2013: \$1,349,236), and had net cash outflows from operating activities of \$1,506,527 (2013: \$2,016,747) and investing activities of \$106,198 (2013: \$2,700,849) for the half-year ended 31 December 2014. As at that date the consolidated entity had net current liabilities of \$6,896,847 (2013: \$5,304,868).

These factors indicate significant uncertainty as to whether the consolidated entity will continue as

## Genesis Resources Limited

### Financial Report for the half-year ended 31 December 2014

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 16 February 2015, Genesis issued 25,630,833 shares to a contractor for nil cash consideration in lieu of outstanding fees of \$1,537,850 for drilling services provided, at a deemed issue price of \$0.06 per share.
- On 16 February 2015, Genesis issued a further 38,295,631 shares in retirement of debt (total principal amount of \$2,000,000 plus accrued interest) under a loan, at a deemed issue price of \$0.06 per share
- Under a loan facility agreement entered into with an unrelated Malaysian based financing company, the consolidated entity has \$4.4 million of an unused credit facility available to be drawn down out of a total amount available of \$7 million.
- 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.

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.

The directors believe that the Group will be successful in obtaining the required funding to meet the expenditure obligations and, accordingly, have prepared the financial report on a going concern basis.

#### 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 2014

	Australia		Macedonia		Head Office		Total	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	\$	\$	\$	\$	\$	\$	\$	\$
Other income	-	-	260	2,257	554	7,815	814	10,072
Operating expenses	-	-	(481,084)	(518,546)	(1,279,134)	(840,762)	(1,760,218)	(1,359,308)
Reportable segment net loss before income tax	-	-	(480,825)	(516,289)	(1,278,579)	(832,947)	(1,759,404)	(1,349,236)
	31 Dec 2014	30 June 2014	31 Dec 2014	30 June 2014	31 Dec 2014	30 June 2014	31 Dec 2014	30 June 2014
Exploration and evaluation assets	2,223,506	2,203,373	11,193,603	11,106,943	-	-	13,417,109	13,310,315
Total segment assets	2,223,506	2,203,373	11,356,744	11,342,370	454,688	617,783	14,034,938	14,163,526
Total segment liabilities	-	2,038,427	136,632	147,755	7,157,172	4,745,470	7,293,804	6,931,652

### 5. Share Capital

	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014
	No. of Shares	No. of Shares	\$	\$
Balance at beginning of period	165,762,564	139,979,568	13,738,468	11,590,114
Transactions during the period				
Issued of shares	24,864,384	25,782,996	1,243,219	2,261,346
Rights issued	-	-	-	-
Transaction costs	-	-	(62,161)	(112,992)
Balance at end of period	190,626,948	165,762,564	14,919,526	13,738,468



**Genesis Resources Limited**  
**Financial Report for the half-year ended 31 December 2014**

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

<b>Expiry date</b>	<b>Exercise price (\$)</b>	<b>Options on issue as 31 Dec 2014</b>	<b>Options on issue at 30 Jun 2014</b>
-	-	-	-

Shares issued during the period are as follows:

- (i) On 19 September 2014, Genesis completed a capital raising through a placement of 24,864,384 ordinary shares at an issue price of \$0.05 per ordinary share, raising \$1,243,219.

**6. Borrowings**

	<b>31 Dec 2014</b>	<b>30 Jun 2014</b>
	<b>\$</b>	<b>\$</b>
Loan facility	<b>4,600,000</b>	4,400,000

The Group obtained 9 million dollar loan facilities from unrelated third party lenders. The loan facilities are unsecured and any amount drawn down will bear interest at a rates ranging from 8% -10% per annum.

The loans are repayable in cash one year after the date of each loan provided that the Company has cash in excess of its working capital requirements. In the event that the Company does not have cash in excess of its working capital requirements to repay the loans, then there are only 2 options:

- (i) the date the loans are repayable will be extended; or
- (ii) the loans get repaid by the issue of shares.

Subsequent to balance sheet date, on 16 February 2015, Genesis issued a further 38,295,631 shares in retirement of debt (total principal amount of \$2,000,000 plus accrued interest) under the loan, at a deemed issue price of \$0.06 per share.

**7. Contingent Assets and Liabilities**

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

**8. 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:

<b>Key management person</b>	<b>Note</b>	<b>Transaction</b>	<b>Transaction value period ended 31 Dec</b>	
			<b>2014</b>	<b>2013</b>
			<b>\$</b>	<b>\$</b>
			Nil	Nil

**Genesis Resources Limited**  
**Financial Report for the half-year ended 31 December 2014**

**9. 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 2014	30 June 2014
	\$	\$
Within one year	513,000	185,000
One to five years	63,949	8,923
Later than five years	-	-
	<b>576,949</b>	<b>193,923</b>

The Laura River renewal application has been submitted. We are awaiting confirmation from the mining registrar from Queensland. Consequently, no commitments relating to the tenement are captured above but the Company plans to meet the minimum expenditure requirements once known.

The Arltunga Project Renewal Application was approved on the 6<sup>th</sup> February 2014 for a further two year period. The new expiry date is the 7<sup>th</sup> November 2016. The commitment figure for Arltunga has not been included in the above calculation.

**10. Events after balance date**

**Extension of takeover bid:** On 5 February 2015, Blumont further extended its offer until 23 March 2015.

**Issues of Shares:** On 16 February 2015, Genesis issued 25,630,833 shares to a contractor for nil cash consideration in lieu of outstanding fees of \$1,537,850 for drilling services provided, at a deemed issue price of \$0.06 per share. Also on 16 February 2015, Genesis issued a further 38,295,631 shares in retirement of debt (total principal amount of \$2,000,000 plus accrued interest) under a loan, at a deemed issue price of \$0.06 per share.

**Lapse of Blumont Placement Agreement:** As stated above, the Blumont Placement Agreement was conditional on SGX approval. Such approval was not forthcoming and the agreement lapsed after the period in early 2015.

**Termination of Blumont Bid Implementation Deed:** On 2 March 2015, Genesis advised that it had terminated the Takeover Bid Implementation Deed with Blumont (**Deed**), under which Blumont is making an off-market takeover bid for all the shares in Genesis. Genesis terminated the Deed because of the fall of the 5 day volume weighted average price of Blumont shares to below S\$0.0272; under the Deed this was an event entitling Genesis to exercise its right of termination.

**Withdrawal of Genesis Directors' recommendation to shareholders to accept Blumont's offer:** A consequence of termination of the Deed was that the Directors were freed from their obligation to recommend acceptance of the Blumont offer and the expectation that they will accept the offer in relation to their own shares. On 3 March 2015, Genesis issued a supplementary target's statement notifying shareholders that the Directors unanimously recommend that shareholders do not accept the Blumont offer.

## Genesis Resources Limited

### Financial Report for the half-year ended 31 December 2014

**In-principle approval of exploitation (mining) licence for Plavica tenement:** On 12 March 2015, Genesis announced that it had received advice that the Government of Macedonia has made an in-principle decision to approve the application made by Silgen Resources International Ltd, Kratovo (**Silgen**), the joint venture company owned by the Company and its joint venture partner RIK Sileks AD Kratovo, for a 30 years exploitation (mining) licence for the Plavica tenement. In accordance with Macedonian legislation, the Government of Macedonia has published in an official governmental gazette its decision to grant the exploitation licence to Silgen. Formal grant of the exploitation licence will take effect upon the signing of a concession agreement between Silgen and the Government of Macedonia, which is expected to be on or around late March 2015.

**Genesis Resources Limited**  
**Financial Report for the half-year ended 31 December 2014**

**DIRECTORS' DECLARATION**

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

1. the financial statements and notes set out on pages 12 to 20 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 2014 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**  
Executive Chairman  
13 March 2015



## 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 2014, the consolidated statement of 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 2014 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 2014 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 qualifying our conclusion, we draw attention to Note 3 in the financial report, which indicates that the consolidated entity incurred a loss of \$1,759,404, and had net cash outflows from operating activities of \$1,506,527 and investing activities of \$106,198, for the 6 month period ending 31 December 2014, and had net current liabilities of \$6,896,847 as at 31 December 2014. 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 BIRD CAMERON PARTNERS**



**J S CROALL**  
Partner

Melbourne, VIC  
Dated: 13 March 2015