GENESIS RESOURCES LIMITED
ACN 114 787 469

ANNUAL REPORT
30 JUNE 2012

CONTENTS

CORPORATE DIRECTORY

GENESIS RESOURCES LIMITED
ACN 114 787 469

DIRECTORS	Mr Eddie Lung Yiu Pang	Chairman
	Mr Peter Pok Seng Kong	Managing Director
	Mr Patrick John Volpe	Non-Executive Director
	Mr Deric Kok Bin Wee	Non-Executive Director
	Mr John Yong Teak Zee	Non-Executive Director
COMPANY SECRETARY	Ms Sophie Karzis	
CHIEF FINANCIAL OFFICER	Ms Patricia Wong	
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Genesis Resources Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australia Securities Exchange. (ASX: GES).

Letter from the Chairman

Dear Shareholders

The Year in Review

It has been a year of remarkable **progress** and **achievement** for the Company, culminating in the accomplishment of a number of key milestones of the strategic plan for the Company, as outlined by the Board to the market earlier this year.

Importantly, the Company has a strengthened, committed professional board of directors, and an experienced skilled management team following the appointments of a new Managing Director (Mr Peter Kong), a new Exploration Manager for the Plavica Project (Mr John Howard) and two new non-executive Directors (Mr Patrick Volpe and Mr John Zee). These appointments have reinforced the Company's ability to drive its resource assets to the next level and increased the Board's focus on key exploration projects.

In addition, the Company has successfully raised capital, through one completed and one currently on foot rights issue, as well a placement to a strategic investor. The proceeds of the first rights issue and the placement have been applied to provide general working capital for the Company as well as to enable the Company to focus on its Australian and Macedonian projects, and to enable the Company to identify and pursue further exploration opportunities both locally and internationally.

I am particularly pleased to report that the Company is now well progressed with its key project, the **Plavica Project** (Macedonia) and the following objectives have been achieved:

Appointment of Scoping Study Consultant

The Company has appointed Golder Associates Pty Ltd as a consultant to undertake a scoping study for the Plavica Project. The scoping study has commenced and is focussed primarily on moving Genesis towards a prefeasibility study stage, and subsequently to a final feasibility study. The scoping study comprises of mine planning, mineralogy and metallurgy, financial analysis, geology, tailings, and the environmental and social impact on the region.

Appointment of Drilling Contractor

Genesis has appointed Spektra Jeotek Sanayi ve Ticaret A.S, a drilling company based in Turkey, to complete a drilling program at the Plavica Project. The drilling program includes a minimum of 7,000 meters of reverse circulation drilling and 2,500 meters of diamond core drilling, and is scheduled to commence very shortly. Facilitated by the drilling program, it is the Board's objective for the Company to advance its resource from an inferred to an indicated JORC status.

During the financial year ended 30 June 2012, the Company was also the subject of an unsolicited takeover offer from Clancy Exploration Limited (**Clancy Offer**). Under the unsolicited Clancy Offer, Clancy offered to Genesis shareholders 3 Clancy shares for every 1 Genesis share. The Genesis Board reviewed the Clancy Offer, and commissioned an independent expert which concluded that the Clancy Offer was neither fair nor reasonable to Genesis shareholders. Accordingly, the Board unanimously recommended that all Genesis shareholders reject the Clancy Offer.

On 20 July 2012, Clancy extended the Clancy Offer period for a second time until 20 August 2012, and declared the offer final and unconditional. The Clancy Offer closed on 20 August 2012 with the result that Clancy acquired only approximately 8.92% of Genesis' share capital.

Director resignations

On 19 March 2012, Dr Ahmet Kerim Sener resigned as Non-Executive Director of the Company to focus on other interests.

On 27 July 2012, Dr Allan John Parker resigned as Non-Executive Director of the Company to focus on ongoing and increasing commitments.

The Company takes this opportunity to wish both Dr Sener and Dr Parker well in their future endeavours and thanks them for their contribution to the Company during their tenure as directors.

Outlook

As we look forward to the Company's activities in the current financial year, the Board is confident that the Company's Plavica Project is potentially a world class deposit and that the strategic action plan that has now been developed will advance the Project in a timely manner with the objective of the Company and shareholders' value to be re-rated accordingly.

The Company's Directors are looking forward to the results from the implementation of the strategic plan, and look forward to reporting further to shareholders on developments in relation to the Company's exploration portfolio as further works are undertaken to progress these projects.

The Board remains committed to monetising the value of the Plavica Project and the other key Company assets for the benefit of shareholders as soon as reasonably possible.

The Board now strengthened with the addition of a Managing Director and two new Non-executive Directors, intends to focus on initiatives to ultimately enhance shareholder value which in the Board's view is not presently reflected in the Company's current market capitalisation.

Mr Eddie Lung Yiu Pang
Chairman
24 September 2012

DIRECTORS' REPORT

The Directors of Genesis Resources Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors and Senior Management

DIRECTORS

The Directors in office at any time during or since the end of the year to the date of this report are:

EDDIE LUNG YIU PANG	PETER POK SENG KONG	DERIC KOK BIN WEE	PATRICK JOHN VOLPE	JOHN YONG TEAK ZEE	ALLAN JOHN PARKER	AHMET KERIM SENER
Chairman and Non-Executive Director since 6 March 2009	Managing Director since 11 May 2012	Non-Executive Director since 11 December 2009	Non-Executive Director since 11 May 2012	Non-Executive Director since 11 May 2012	Non-Executive Director from 7 August 2010 to 27 July 2012	Non-Executive Director from 27 March 2006 to 19 March 2012

EDDIE LUNG YIU PANG

Chairman of the Board of Directors since 6 March 2009

Mr. Pang was appointed to the Board in March 2009. He operates a trading business based in Shanghai which has a focus on supplying the Chinese market with products such as Australian wool and wine, Chilean iron ore, cathode copper and timber; marketing of Chinese building materials to Vietnam and the United Arab Emirates; and supplying Chinese chemicals to pharmaceutical facilities in Canada and the United Arab Emirates.

In addition, Mr. Pang is involved in a joint venture in relation to a food flavouring manufacturing facility in Wisconsin, USA. The joint venture has an established distribution network of food flavours and additives in China, and supplies products to major dairy processors and beverage producers.

Mr. Pang has a number of private business interests in Australia, including vineyards and timber plantation investments. Mr. Pang has an extensive network of business associates in several large corporations in China and the Middle East.

Mr. Pang does not presently hold, and has not in the last 3 years held directorships in other listed companies.

Mr. Pang currently has a relevant interest in 3,210,000 fully paid ordinary shares, and 1,070,000 options to acquire fully paid ordinary shares in Genesis Resources Limited.

PETER POK SENG KONG

Managing Director since 11 May 2012

Mr. Peter Kong is a chartered accountant by profession and has been active in audit, finance, management, fund raising and corporate finance for over 30 years. He has advised on many new initial public offerings in Australia and been instrumental in procuring capital raisings to support them, particularly with funds from internationally based investors.

Peter brings a wealth of experience and skill to the board both in corporate finance and general management and investor relations. He has gained a reputation for excellence in the Malaysian corporate market and has successfully completed more than 10 IPOs on the Malaysian Stock Exchange with total capital raised of over MYR 100 million. Peter is very active in the Australia corporate sector since moving here in 2005, and is currently the Chairman of Voltage IP Limited (ASX:VIP). Peter is a current shareholder in Genesis and represents other founding shareholders mainly from Asia.

Mr. Kong currently has a relevant interest in 1,458,750 fully paid ordinary shares, and 486,250 options to acquire fully paid ordinary shares in Genesis Resources Limited.

DERIC KOK BIN WEE

Non-Executive Director since 11 December 2009

Prior to joining the Board in December 2009, Mr. Wee had been involved in the financial services industry since 1989 as a stockbroker and investment banker. Mr. Wee worked within well-established financial services companies which are part of financial and banking conglomerates in Malaysia.

Mr. Wee acquired extensive experience and competence in key areas including sales, marketing, share and stock trading, and co-ordinated a number of corporate strategies such as initial public offerings, mergers and acquisitions, restructurings, placements and advisory services relating to securities listed on Bursa Malaysia and the ASX.

Mr. Wee currently has a relevant interest in 1,860,000 fully paid ordinary shares, and 620,000 options to acquire fully paid ordinary shares in Genesis Resources Limited.

PATRICK JOHN VOLPE

Non-Executive Director since 11 May 2012

Mr. Volpe is currently Chairman of Botswana Metals Limited and Cardia Bioplastics Limited, both public companies listed on the ASX. Mr. Volpe brings to the role of director of Genesis his skills and experience gained from 12 years in the stockbroking industry after holding management positions with the National Australia Bank Ltd, Ansett Transport Industries Ltd and Pacific Dunlop Limited. Mr. Volpe also has a strong financial background and is a member of CPA Australia. Mr Volpe is experienced in capital raisings and has raised funds globally from institutions, private wealthy investors and the retail market. He has raised monies from the USA, Canada and UK and Europe. He has a good investor and broker network globally as a result of his previous experience as a stock broker in the equity and capital markets from 1988 to 1998. He is known in the mining and investment community with several successes including founding of A-Cap Resources Limited that now has a Uranium resource classified in the world's top 10 discoveries where he remains a founding and major shareholder, and recently through Botswana Metals Limited has made at least three new discoveries for Copper-Silver and Nickel –Cu. He also has been involved in direct negotiations with vendors for mining tenure in countries that includes China, Argentina, Brazil, PNG, Australia and Botswana.

JOHN YONG TEAK ZEE

Non-Executive Director since 11 May 2012

Mr. Zee has worked in the financial services industry in stockbroking, corporate advisory and capital raisings in Australia for over 30 years. His expertise in deal structuring and capital raisings for start-ups or enterprises in their various lifecycles is well-known. His current roles include serving as the Responsible Manager for Foxfire Capital AFSL 390210 in the provision of financial services in securities dealing and corporate advisory. These roles have included an extensive amount of customer contact. He has a well-established extensive network of investors across Asia for the purpose of introducing investment opportunities and corporate transactions. The Company looks forward to his contribution, particularly as the Company seeks to enter a phase of accelerating its exploration activities in both Macedonia and Australia.

ALLAN JOHN PARKER

Non-Executive Director from 7 August 2010 to 27 July 2012

Dr. Parker was a Non-Executive Director from August 2010 until his resignation in July 2012. Dr. Parker did not have a relevant interest in any shares in Genesis Resources Limited as at the date of his resignation.

AHMET KERIM SENER

Non-Executive Director from 27 March 2006 to 19 March 2012

Dr. Sener was a Non-Executive Director from March 2006 until his resignation in March 2012. Dr. Sener had a relevant interest in 4,250,000 fully paid ordinary shares in Genesis Resources Limited as at the date of his resignation.

SENIOR MANAGEMENT

SOPHIE KARZIS

Company Secretary

Ms. Karzis was appointed as Company Secretary on 1 December 2010. She is a practising lawyer who holds roles at a number of public and private companies.

PATRICIA WONG

Chief Financial Officer

Ms. Wong is a Certified Practising Accountant of CPA Australia Limited and a Fellow of the Institute of Public Accountants, Australia. Ms. Patricia is also an associate member of the Chartered Institute of Management Accountants (UK) and Institute of Chartered Secretaries and Administrators (UK).

JOHN HOWARD

Exploration Manager, Australia

Mr. Howard is a geologist with extensive experience throughout Australia including, in particular, Northern Territory and Queensland. He has worked for the NT Geological Survey, CRA Exploration, Dominion Mining, Flinders Diamonds and several other exploration companies including Mega Hindmarsh with whom he is currently the Adelaide Exploration Manager/Director responsible for uranium exploration projects.

Mr. Howard has been managing the Company's Australian exploration projects since December 2010 and has a team of geologists who undertake field exploration programs for the Company. In addition to his role as Exploration Manager of the Company's Australian projects, Mr Howard has recently been appointed Exploration Manager in charge of the Company's Plavica Project in Macedonia.

Directors' Meetings

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director while they were a Director or committee member.

Directors' Meetings		
Directors	No of meetings eligible to attend	Attended
E. Pang	15	15
A. Parker	15	15
D. Wee	15	15
A. Sener	10	8
P. Kong	1	1
P. Volpe	1	1
J. Zee	1	1

The Board has not established formal audit, nomination or remuneration committees, having regard to the size of the Company and the Board. The Board acknowledges that when the size and nature of the Company warrants the necessity of such formal committees, they will operate under various committee charters which have been approved by the Board.

Presently, the Board as a whole, excluding any relevant affected director, serves as an audit, nomination and remuneration committee to the Company and accordingly operates under the relevant committee charters.

Directors' Shareholdings

The following table sets out each Director's relevant interest in shares and options in shares of the Company as at the date of this report.

Directors	Fully Paid Ordinary Shares	Options
E. Pang	3,210,000	1,070,000
P. Kong	1,458,750	486,250
D. Wee	1,860,000	620,000
P. Volpe	0	0
J. Zee	0	0

Remuneration of Directors and Key Management Personnel

Information about the remuneration of directors and key management personnel is set out in the Remuneration Report of this Directors' Report on pages 23 to 25.

Share Options Granted to Directors and Senior Management

No shares have been issued during or since the end of the financial year as a result of exercise of an option. No options or shares have been granted to directors and/or senior management as share based remuneration during or since the end of financial year ended 30 June 2012.

Nature of Operations and Principal Activities

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

Review & Results of Operations

Exploration Activities

During the course of 1 July 2011 – 30 June 2012, Genesis Resources Limited undertook various successful exploration programs in relation to its Australian and Macedonian Projects. In particular, the Board is pleased to announce the following exploration highlights in relation to the 2012 financial year:

- At the *Plavica Project,* located in the former Yugoslav Republic of Macedonia (FYROM), the Company completed a HQ/NQ diamond core drilling programme for a total of 2,842m on one of Plavica's seven concession licence areas. This drilling programme of 13 holes was completed in late July 2011 and was designed to test a part of the inferred resource and to undertake new exploration drilling along zones of vughy silica alteration in the vicinity of Plavica Ridge. The drilling confirmed the presence of continuous gold mineralisation within vughy silica and related alteration along Plavica Ridge over a strike length of approximately 800m and to a depth of approximately 100m below surface. In March 2012, the Company announced the results of its updated JORC compliant mineral resource estimate, which improved both the size and grade of the gold resource (inferred gold resource estimate of 1.86 million ounces at an average grade of 1.0g/t Au). During the end of the period, the Board developed a strategic plan to advance the Plavica Project in a timely manner, and in particular to progress the Plavica Project towards a Bankable Feasibility Study. Several of the Board's strategic objectives have been achieved subsequent to 30 June 2012.

- At *Mount Miller* within the *Gladstone Project*, an Environmental Authority (Mining Lease) Non Code Compliant Level 2 Mining Project (EA MIN201115110) was granted on 21 April 2011. However, the Environmental Authority is subject to compensation agreements being signed with Queensland Main Roads and Queensland National Railways.The agreement with Queensland Main Roads was finalised in December 2011. Agreement has also been reached with Queensland National Railways regarding access and compensation. An urban restricted zone around the Gladstone Township impinges on the Gladstone EPM and MLA over Mount Miller. Genesis submitted a justification to be exempt from this zone and is awaiting a reply. A diamond drilling program was planned at Mount Miller to establish the depth and strike extent of mineralisation believed to remain after previous mining, but has been postponed pending the outcome of the application for an urban restricted zone exemption.

- At the *McArthur River Project*, results of a detailed gravity survey undertaken over a small surrounding area indicated the possibility of buried massive manganese. Petrophysical data highlighted a gravity contrast between outcropping manganese mineralisation and surrounding limestone and will be used to model the gravity targets for further investigation. Unexplained gravity anomalies offer potential for the discovery of new manganese deposit.

- At the *Alice Springs Project,* Genesis reported in September 2011 positive results for samples collected during a field assessment of geological and geophysical targets. Significant grades of copper, gold, silver and bismuth (with visible malachite, chalcopyrite, chalcocite and chrysocola) were identified in the Cadney Fault shear zone. Two prospects on this shear zone revealed strong anomalism in Cu, Bi, Ag and Au in sampling. Assay results of extensive soil sampling are awaited.

- At the *Arltunga Project,* Genesis reported in September 2011 positive results for samples collected during a field assessment of geological and geophysical targets. High values of gold from widespread historical working were confirmed, which indicated that gold-pregnant solutions were generated locally. The possibility of larger scale, shear-hosted gold deposits will be investigated. A definite locality was established, via very old government reports, for the sulphide which assayed 131 g/t gold. A drilling program was recommended.
- At the *old Pioneer Gold Mine*, samples of vein quartz, volcanic and altered host rocks were analysed to test the association of gold with magnetite, pyrite, pyrrhotite and arsenopyrite. Results indicate that gold is associated with pyrrhotite, pyrite and arsenopyrite. A petrological study on two samples from the Main Shaft on Pioneer Reef showed that sulphide-rich granitoid, with sericite-clay alteration, contains pyrite and arsenopyrite, and therefore the size potential of the Pioneer reef gold mineralised systems may be enhanced beyond the narrow veins.

Australian and Macedonian Projects

Genesis' overall exploration strategy was to add significant value to its portfolio of tenements held in Australia and its European Projects by cost effective exploration techniques.

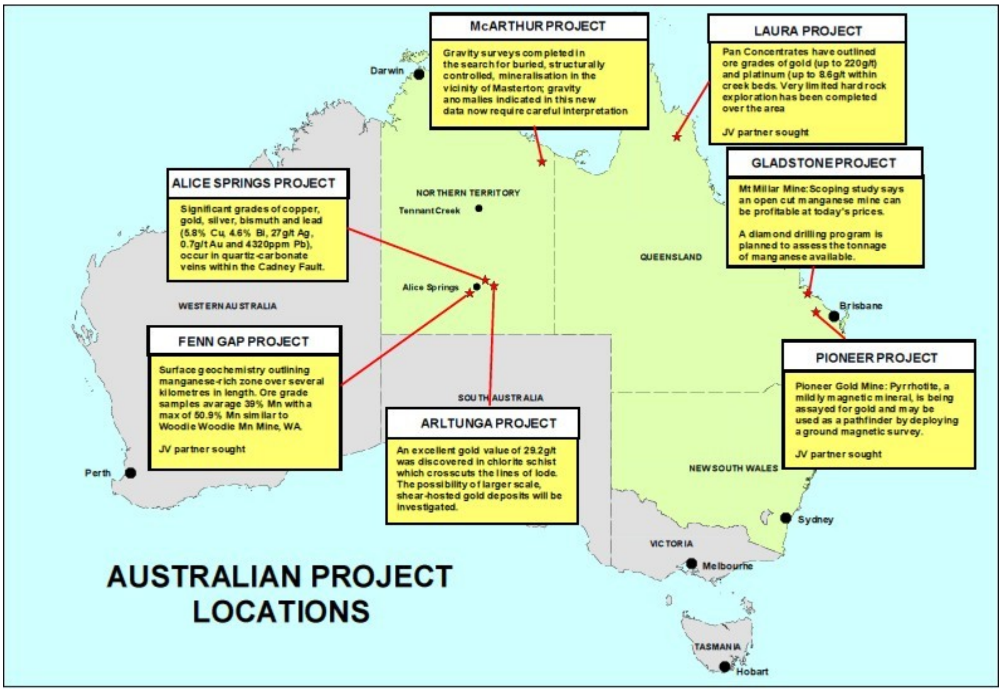

Figure 1: Location Map showing the various Australian Project Locations

PLAVICA PROJECT(62%)

Gold, Silver, Copper

The Company's main exploration focus during the year was at Plavica within the FYROM. The Plavica Project is administered through an unincorporated joint venture with RIK Sileks AD Kratovo (**Sileks**), and the Company has the right, upon paying for all work expenditures up to the completion of the final feasibility study, to acquire a 62% interest in the joint venture. The Ministry of Economics within FYROM has granted 7 concession licences over Plavica Project to the joint venture partner of Genesis, Sileks, for a term of 4 years. The Project is made up of 7 exploration licences covering over 184.94 sq km in the Carpathian Volcanic Arc, a major epithermal province running through Eastern Europe, and is highly prospective for gold, copper and silver, lead and zinc mineralisation.

The project was the site of mining in Roman and Ottoman times and then again during the 1930s, reputedly of high grade gold. Over eighty, mostly vertical diamond drill-holes by the Yugoslav Government searching for porphyry copper mineralisation, and 10 angled diamond drill-holes by Rio Tinto and European Minerals searching for gold mineralisation, was augmented by Genesis during 2011 with 13 diamond drill-holes. A significant gold-copper-silver resource was defined.

In March 2012, Genesis announced the results of its updated JORC-compliant mineral resource estimate for the Plavica Project, of which the highlights were as follows:

- Inferred Gold Resource estimate of 1.86 million ounces at an average grade of 1.0 g/t Au
- Grades of copper and silver increase substantially as a result of undertaking resource estimation in copper and silver specific domains
- Inferred Copper Resource estimate of 33.9 million kilograms at an average grade of 0.43% Cu
- Inferred Silver Resource of 28.2 million ounces at an average grade of 25 g/t Ag
- Oxide resource potential is highlighted at the Plavica Ridge
- Potential remains to define further oxide sources along the Northern Ridge and Maricanski Ridge.

The updated resource estimate was generated by Mr Alfred Gillman of Odessa Resources Pty Ltd (**Odessa**) in compliance with the JORC Code. The resource was classified as an Inferred Resource due primarily to the 100 x 100m spacing of the majority of drill-holes, doubts about the consistency of the assays and the lack of a coherent geological model to control the grade interpolations and the lack of specific gravity (SG) determinations.

A report was received from Odessa recommending a program of angled drill-holes on a wide-spaced grid which will test the validity of the assay database. The geological model is being developed using a combination of historical geological logs of the Yugoslav drill core and re-examination of selected, mineralised sections of that core. Equipment was purchased to carry out the large numbers of SG measurements required for robust resource estimation. As these and other issues are addressed, the resource will be elevated to the JORC indicated category.

Preliminary mining, metallurgical, environmental and economic analysis encouraged Genesis to seek the advice of a company specialising in feasibility studies. Subsequent to the period, Genesis appointed Golder Associates Pty Ltd as a consultant to undertake a scoping study for the Plavica Project. The scoping study will focus primarily on moving Genesis towards a prefeasibility study stage, and subsequently to a final feasibility study. The scoping study will comprise of mine planning, mineralogy and metallurgy, financial analysis, geology, tailings, and the environmental and social impact on the region.

MCARTHUR RIVER PROJECT

Manganese, Lead, Zinc (GES 100%)

The McArthur River project is located approximately 850 kilometres southeast of Darwin in the Northern Territory and 450 kilometres north-west of Mount Isa in Queensland. The project area contains the Masterton No2 manganese occurrence. Previous reviews of the available geophysical and geological data and subsequent reconnaissance rock chip sampling confirmed the location and tenor of the manganese mineralisation. However, historic drilling information acquired in mid-2011 revealed that the main, massive occurrences of manganese did not extend below about 5m in depth.

Results of a detailed gravity survey undertaken over a small surrounding area indicate the possibility of buried massive manganese. Petrophysical data has highlighted a gravity contrast between outcropping manganese mineralisation and surrounding limestone and will be used to model the gravity targets for further investigation. Unexplained gravity anomalies offer potential for the discovery of new manganese deposits.

FENN GAP PROJECT

Iron Ore, Manganese, (GES 100%)

The Fenn Gap project is located approximately 25 km south west of Alice Springs in the Northern Territory. The project is close to major infrastructure such as the Stuart Highway and the Alice Springs to Adelaide Railway. The project comprises one granted exploration licence (EL 24839) that was reduced to a total area of 98 km^2.

Whilst the Company's drilling programme undertaken previous year investigated the iron ore potential, potential remains for manganese ore. Apart from rehabilitation work on the Genesis RC drill holes, no work has been carried out on this licence during the period.

ARLTUNGA PROJECT

Gold (GES 100%)

The Arltunga gold project is located about 110 kilometres northeast of Alice Springs and encompasses most of the former Arltunga Goldfield. The Arltunga Goldfield has been subject to small scale historical mining activities from the late 1800s to mid 1900s, and again in the 1980s, producing approximately 15,400 oz of gold, primarily from high grade quartz reefs. The Exploration License hosts 33 historical gold mines and prospects with significant gold assays up to 53g/t from rock chip sampling around old mine workings and pyritic-quartz veins.

Genesis Resources publically reported in September 2011 positive results for samples collected during a field assessment of geological and geophysical targets.

High values of gold from widespread historical working were confirmed, which indicated that gold-pregnant solutions were generated locally, probably in igneous intrusions evident on magnetic images. Although generally associated with thin quartz veins which are of low interest in themselves, an excellent gold value of 29.2g/t Au (SN G00133) was discovered in chlorite schist which cross-cuts the lines of lode. The possibility of larger scale, shear-hosted gold deposits will be investigated.

Some electrical, gradient-array-induced-polarisation anomalies investigated were found to be associated with pyritic quartz veins. Since a previous investigation found that massive pyrite at Wheal Fortune Mine (Figure 2) contained 134 g/t Au, some electrical anomalies will be further investigated.

A drilling program is recommended and an ATR was completed and sent to the Government for approval. Field work planned for the last quarter of 2011 was cancelled because of intense bush fires.

ALICE SPRINGS PROJECT

Iron Ore, Copper, Gold (GES 100%)

The Alice Springs Project consists of one granted Exploration Licence (EL24817) and is located approximately 155 kilometres by road from Alice Springs via the Stuart Highway.

Genesis reported in September 2011 positive results for samples collected during a field assessment of geological and geophysical targets.

Significant grades of copper, gold, silver and bismuth (with visible malachite, chalcopyrite, chalcocite and chrysocola) were identified in the Cadney Fault shear zone. This zone, which consists of quartz-carbonate veins in sheared gneiss, has a strike-length of over 10km in an east-southeast direction across most of the licence area.

Two prospects on this shear zone revealed strong anomalism in Cu, Bi, Ag and Au in recent sampling: Sample number (SN) G00181 (Corner Post Hill) 5.8% Cu, 4.6% Bi, 27 g/t Ag and 0.7g/t Au, which confirmed historical sampling where high Pb (4320ppm) and iron (28%) were also found. SN G00170, taken over a target electrical anomaly, assayed 3390ppm Cu and supported the historical results of 13% Cu and 0.5g/t Au.

Prospects on cross-cutting northeast-striking faults were also found to be carrying significant mineralisation, including iron stringers, with SN G00176 containing 1340ppm Cu and SN G00184 returning 7360ppm Cu and 1.8g/t Au, the latter confirming historical anomalism of 15% Cu and 2.6g/t Au in the area.

The best iron grades received were from samples G00172 from Triple Iron Hill and G00176 from “Diana’s Block 8”, which returned 59.3% and 57% Fe respectively. However, sample G00159 taken from Magnetite Hill returned only a moderate assay of 23.9% Fe.

Follow-up work focused on soil sampling along the shear zones, especially points of intersection, A total of 351 soil samples of regolith were collected along Cadney Fault in November 2011. Although bush fires delayed progress, most of the planned samples were collected. Results are awaited.

An MMP was submitted to the Northern Territory Department of Resources for a proposed drilling.

GLADSTONE PROJECT

Manganese (GES 100%)

The Gladstone-Mount Miller Project consists of Exploration Licence (EPM15771) and Mining Lease Application (MLA80166) and is located approximately 15 kilometres by road from the port of Gladstone on the east coast of central Queensland.

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_2.

On 21 April 2011, the Queensland Government Department of Environment and Resource Management granted an Environmental Authority (Mining Lease) Non Code Compliant Level 2 Mining Project (EA MIN201115110) for the Mount Miller Mine. The required compensation agreement, firstly, with Queensland National Railways is now ready to be signed and, secondly, with Queensland Main Roads is already signed. However, as the former Agreement is only valid for six months, activation of the Agreements must wait until the Queensland Government provides clarification of the Urban Restricted zone around the Gladstone Township. The EA will then be activated on the Mineral Lease which covers the Mt Miller Mine.

The diamond drilling program which was planned at Mount Miller to establish the depth and strike extent of mineralisation was again postponed pending the outcome of the application for an Urban Restricted zone exemption.

PIONEER PROJECT

Gold (GES 100%)

The Pioneer Project consists of one granted Exploration Permit Mineral (EPM15619) covering 12.47 square kilometres approximately 70 kilometres by road from Bundaberg via the Bruce Highway in Queensland.
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.

Field work by Genesis geologists during the period identified slightly magnetic pyrrhotite and some magnetite in samples from the Main Shaft on the Pioneer Reef within the Gaeta Goldfield. Samples of vein quartz, volcanic and altered host rocks have been analysed to test for the association of gold with magnetite, pyrite, pyrrhotite and arsenopyrite. Results indicate that gold is associated with pyrrhotite, pyrite and arsenopyrite. A petrological study on two samples from the Main Shaft on Pioneer Reef showed that sulphide-rich granitoid with sericite-clay alteration contains pyrite and arsenopyrite, and therefore the size potential of the Pioneer reef gold mineralised systems may be enhanced beyond the narrow veins.

LAURA RIVER PROJECT

Gold, Platinum, Palladium (GES 100%)

Planned exploration and evaluation activities at the Laura River project were discontinued. No field work was undertaken.

Schedule of Tenements as of 30 June 2012

PROJECT	TENEMENT NUMBER	COMMODITY	COMPANY'S INTEREST	CURRENT AREA (KM2)	CURRENT HOLDER	COUNTRY STATE
Alice Springs	EL24817	Copper-Iron-Gold	100%	495.7	Genesis Resources Ltd	NT
Arltunga	EL25238	Gold-PGE	100%	95.34	Genesis Resources Ltd	NT
Fenn Gap	EL24839	Iron-Manganese	100%	52.43	Genesis Resources Ltd	NT
Laura River	EMP15242	Gold-PGE	100%	330.7	Genesis Resources Ltd	QLD,
Pioneer	EPM15619	Gold	100%	12.47	Genesis Resources Ltd	QLD
McArthur River	EL24814	Manganese-Base Metals	100%	505.6	Genesis Resources Ltd	NT
Gladstone	EPM15771	Manganese	100%	63.93	Genesis Resources Ltd	QLD
Mt Millar	MLA80166	Manganese	100%	32.24 Ha	Genesis Resources Ltd	QLD
Plavica & Crn Vrv	19-6077/1	Gold-Silver-Copper	62%*	26.35	Sileks AD Kratovo	FYROM
Plavica & Crn Vrv	19-6648/1	Gold-Silver-Copper	62%*	17.41	Sileks AD Kratovo	FYROM
Plavica & Crn Vrv	19-6082/1	Gold-Silver-Copper	62%*	26.4	Sileks AD Kratovo	FYROM
Plavica & Crn Vrv	19-6070/1	Gold-Silver-Copper	62%*	27.61	Sileks AD Kratovo	FYROM
Plavica & Crn Vrv	19-6083/1	Gold-Silver-Copper	62%*	28.07	Sileks AD Kratovo	FYROM
Plavica & Crn Vrv	19-6078/1	Gold-Silver-Copper	62%*	29.11	Sileks AD Kratovo	FYROM
Plavica & Crn Vrv	19-6081/1	Gold-Silver-Copper	62%*	29.99	Sileks AD Kratovo	FYROM

Please note all Projects are granted for the purpose of exploration. There are 4 tenements for which the applications are under renewal.

**The Company's level of interest is subject to meeting the conditions of the joint venture agreement with the joint venture partner, Sileks; namely If Genesis pays for all work expenditures up to the completion of the final feasibility study then the Company's participating interest shall be 62% and the participating Interest of SILEKS shall be 38%.*

Capital Raising

In May 2012, Genesis successfully completed a 1-for-2 pro-rata non-renounceable rights issue at an issue price of 4.5 cents per share with 1 free attaching unlisted option (exercisable at 10 cents and expiring 2 years from the date of issue) for every share subscribed. The Company raised $1,194,316.92 (before expenses of the offer) under the rights issue, and issued a total of 26,540,376 shares, and 26,540,376 options.

The proceeds of the rights issue were applied to provide general working capital, to enable the Company to focus on its Australian and Macedonian projects, and to enable the Company to identify and pursue further exploration opportunities both locally and internationally.

Takeover Bid

In April 2012, Clancy Exploration Limited (**Clancy**) announced a conditional takeover offer to acquire all the shares in the Company (**Clancy Offer**). Under the unsolicited Clancy Offer, Clancy offered to Genesis shareholders 3 Clancy shares for every 1 Genesis share. The Genesis Board reviewed the Clancy Offer, and commissioned an independent expert which concluded that the Clancy Offer was neither fair nor reasonable to Genesis shareholders. Accordingly, the Board unanimously recommended that all Genesis shareholders reject the Clancy Offer.

On 20 July 2012, Clancy extended the Clancy Offer period for a second time until 20 August 2012, and declared the offer final and unconditional. The Clancy Offer closed on 20 August 2012 with the result that Clancy acquired approximately 8.92% of Genesis' share capital.

Director appointments and resignations

On 19 March 2012, Dr Ahmet Kerim Sener resigned as Non-Executive Director of the Company to focus on other interests.

On 11 May 2012, as part of its objectives to strengthen the Company's Board and management team, Genesis appointed Mr Peter Kong as Managing Director, and Mr Patrick Volpe and Mr John Zee as Non-Executive Directors. These appointments reinforced the Company's ability to drive its resource assets to the next level, and in particular to focus on progressing the Plavica Project to achieve a Bankable Feasibility Study within the shortest possible timeframe.

On 27 July 2012, Dr Allan John Parker resigned as Non-Executive Director of the Company to focus on ongoing and increasing commitments.

Financial Results

The loss after tax of the Company for the financial year attributable to the members of Genesis Resources Limited was $935,312. The loss was mainly due to professional, consultancy and administrative fees incurred during the year and includes capital exploration and evaluation assets written off amounted to $379,688.

State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the accompanying financial report.

Events Subsequent to Balance Date

Capital Raising

On 9 August 2012, the Company completed the issue and allotment of 11,863,548 shares to a strategic sophisticated investor based in Malaysia, S Active Holding Sdn Bhd (**Placement**) at an issue price of $0.12 per share.

The Company raised $1,423,625 under the Placement, which will be used to progress the Company's ongoing exploration activities associated with its Plavica Project in Macedonia.

Likely Developments

Likely developments in the operations of the company that were not finalised at the date of this report include the Mt Miller Mine - the planned drilling program should indicate whether this manganese deposit has the potential to develop into a mine.

If the results of the first Phase are encouraging, a second Phase will be necessary to continue to prove a resource comparable to that which, in a very preliminary study by the mining consultants, was thought likely to be economic at current prices. Fund-raising will be necessary to achieve this goal and to allow for further drilling to 'measure' a reserve at the JORC standard. These developments could be achieved over the next 12 months, if the financial resources are available.

In addition, the Company will continue its exploration and developmental activities, whilst assessing new joint venture and commercial opportunities that the Directors are of the opinion will enhance shareholder value, including the acquisition of interests in additional projects that may arise. Due to the unpredictable and tentative nature of such opportunities, developments may occur at short notice.

Environmental Regulation and Performance

The Company's operations are subject to significant environmental regulations under the Commonwealth or State legislation. However, the Directors believe that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

Dividends

No dividends have been declared by the Directors for this financial year.

Indemnification and Insurance of Officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred as an officer.

The insurance premiums relate to:

- Cost and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and

- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

Auditor Independence and Non-Audit Services

The auditor's independence declaration is included on page 26 of this Annual Report.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 8 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 8 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and

- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110. Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Proceedings on Behalf of the Company

No person has applied for leave of a Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Remuneration Committee

The Board has not established a formal remuneration committee, having regard to the size of the Company and the Board. The Board acknowledges that when the size and nature of the Company warrants the necessity of a formal remuneration committee, such a committee will operate under the remuneration committee charter which has been approved by the Board. The remuneration committee charter may be viewed on the Company's website.

Presently, the Board as a whole, excluding any relevant affected director, serves as a nomination committee to the Company and accordingly operates under the remuneration committee charter.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Genesis Resources Limited's directors and its key management personnel for the financial year ended 30 June 2012. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and key management personnel details
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of directors and senior management
- key terms of employment contracts.

Director Details

The following persons acted as directors of the company during or since the end of the financial year:

Chairman of the Board of Directors	Mr. Eddie Lung Yiu Pang was appointed Chairman of the Board of Directors on 6 March 2009 and has held that role since that date.
Non-Executive Directors	Dr. Allan John Parker was appointed Non-Executive Director on 7 August 2010 and has held that role until his resignation on 27 July 2012
	Mr. Deric Wee was appointed Non-Executive Director on 11 December 2009 and has held that role since that date.
	Mr. Patrick Volpe was appointed Non-Executive Director on 11 May 2012 and has held that role since that date.
	Mr. John Zee was appointed Non-Executive Director on 11 May 2012 and has held that role since that date.
	Dr. Ahmet Kerim Sener was appointed Non-Executive Director on 27 March 2006 and held that role until his resignation on 19 March 2012
Managing Director and Executive Director	Mr. Peter Kong was appointed Managing Director and Executive Director on 11 May 2012 and has held that role since that date.

Remuneration Policy

The Company's remuneration policy is based on the following principles:

- Provide competitive rewards to attract high quality executives;
- Providing where applicable an equity incentive for senior executives that will provide an incentive to executives to align their interests with those of the Company and its shareholders; and
- Ensure that rewards are referenced to relevant employment market conditions.

Remuneration packages contain the following key elements:

- Primary benefits – salary/fees;
- Benefits, including the provision of motor vehicles and superannuation; and
- Incentive schemes.

In accordance with best practice corporate governance, the structure of Non-Executive Directors and key management personnel remuneration is separate and distinct.

The Board seeks to set remuneration at a level which provides the Company with the ability to attract and retain directors of relevant experience and skill, whilst incurring costs which are acceptable to shareholders.

Remuneration of Non-Executive Directors

The Company's Constitution provides that Non-Executive Directors may collectively be paid from an aggregate maximum sum out of the funds of Genesis Resources Limited as remuneration for their services as Directors to be fixed by way of an ordinary resolution of shareholders. In addition, the Company's Constitution and the Australian Securities Exchange Listing Rules specify that the aggregate remuneration amount can only be increased by the passing of an ordinary resolution of shareholders. With regard to the fees paid to non-executive directors of comparable companies, the Board intends to propose a resolution at the Company's 2012 AGM to set such aggregate remuneration amount at $300,000.

Each Non-Executive Director receives a fee for being a Director of the Company and does not participate in performance based remuneration. Non-Executive Directors are encouraged to hold shares in the Company (purchased by the Director on-market). It is considered good governance for Directors to have a stake in the Company.

Retirement Benefits

Consistent with the ASX Corporate Governance Rules which states that non-executive directors should not be provided with retirement benefits other than statutory superannuation, the Company does not provide retirement benefits to its Non-Executive Directors.

Relationship between the Remuneration Policy and Company Performances

The tables below set out summary information about the entity's earnings and movements in shareholder wealth for the six years to June 2012:

Financial Year Ending 30 June	2012	2011	2010	2009	2008
Other income ($)	447,313	219,436	771,521	754,718	3,849
NPAT ($)	(935,312)	(562,052)	(112,530)	(129,924)	(141,275)
Share price at end of year	0.06	0.11	0.18	N/A	N/A
Basic EPS (cents per share)	(1.64)	(1.06)	0.24	0.53	N/A

Remuneration of Directors and Key Management Personnel

The following table discloses the remuneration of the current and former Directors and key management personnel of the Company:

	Short Term Benefits	Post Employment		Total
2012 Directors	Salary & Fees ($)	Superannuation ($)	Termination Benefit ($)	($)
Current Executive Directors				
Peter Kong (Managing Director)	25,161	2,264	-	27,425
Current Non Executive Directors				
E. Pang (Chairman)	34,194	3,078	-	37,272
Deric Wee	32,796	-	-	32,796
John Zee	6,989	-	-	6,989
Patrick Volpe	6,989	-	-	6,989
Former Directors and Executives				
J. Parker	32,796	-	-	32,796
K. Sener	22,500	-	-	22,500
Total	161,425	5,342	-	166,767

	Short Term Benefits	Post Employment		Total
2011 Directors	Salary & Fees ($)	Superannuation ($)	Termination Benefit ($)	($)
Current Non- Executive Directors				
E. Pang (Chairman)	30,000	2,700		32,700
J. Parker	30,000	-	-	30,000
K. Sener	30,000	-	-	30,000
D. Wee	20,000	-	-	20,000
Former Directors and Executives				
P. Kastellorizos	-	-	90,000	90,000
M Kastellorizos	14,185	-	-	14,185
Total	124,185	2,700	90,000	216,885

Key Management Personnel Disclosures are provided in Note 20

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act* 2001 (Cth).

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors

Eddie Lung Yiu Pang
Chairman
24 September 2012

CORPORATE GOVERNANCE STATEMENT

This statement sets out the corporate governance practices that were in operation throughout the financial year for Genesis. The Company's Directors and management are committed to conducting the Company's business in an ethical manner and in accordance with the highest standards of corporate governance.

The Company has adopted and substantially complies with the ASX Corporate Governance Council's Principles and Recommendations 2010 Amendments, 2nd Edition, to the extent appropriate to the size and nature of the Company's operations.

A summary of how the Company complies with the revised ASX Corporate Governance Principles and Recommendations is included below. The various charters and policies are all available on the Company's web site: www.genesisresourcesltd.com.au.

ASX Principle	Status	Reference / Comment

Principle 1 – Lay solid foundations for management and oversight

Formalise and disclose the functions reserved to the board and those delegated to management.

1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Complying	The Board has adopted a Board charter which discloses the specific responsibilities of the Board and establishes the Board's relationship with management. The primary role of the Board is the protection and enhancement of long term shareholder value. Its responsibilities include the overall strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals. The functions and responsibilities of the Board and management are consistent with ASX Principle 1. A copy of the Board Charter is posted on the Company's website. Each director is given a letter upon his or her appointment which outlines the director's duties. The Company has in place systems designed to fairly review and actively encourage enhanced Board and management effectiveness. The Board takes responsibility for evaluating the Board's performance and the Company's key executives annually.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Complying	The Board and the Chief Executive Officer monitor the performance of senior management, including measuring actual performance against planned performance. The Board also reviews the Chief Executive Officer's performance annually.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Complying	A copy of the Company's Board Charter is available on the Company's website in a clearly marked Corporate Governance section. A performance evaluation for senior executives has taken place in the reporting period.

Principle 2 – Structure the Board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

2.1	A majority of the board members should be independent.	Complying	The Board comprises five directors and four are Non-Executive and independent. The Directors considered by the Board to constitute independent Directors are the Non-Executive Directors Mr Eddie Pang, Mr Patrick Volpe, Mr. Deric Wee and Mr John Zee. The test to determine independence which is used by the Company is whether a Director is independent of management and any business or other relationship with the Company that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.

ASX Principle		Status	Reference / Comment
2.2	The chair should be an independent director.	Complying	The Chairman, Mr. Eddie Pang has been Chairman of the Company since March 2009 and was independent at the date of his appointment. The Chairman leads the Board and is responsible for the efficient organisation and conduct of the Board's functions.
2.3	The roles of the chair and the chief executive officer should not be exercised by the same individual.	Complying	The positions of Chairman and Chief Executive Officer are held by separate persons.
2.4	The board should establish a nomination committee.	Non-Complying	The Board has not established a formal nomination committee, having regard to the size of the Company. The Board acknowledges that when the size and nature of the Company warrants the necessity of a formal nomination committee, such a committee will operate under a nomination committee charter which will be approved by the Board. Presently, the Board, as a whole, serves as a nomination committee to the Company. Where necessary, the Board seeks advice of external advisers in connection with the suitability of applicants for Board membership.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Complying	The Board conducts an informal annual performance review of itself that compares the performance of the Board with the requirements of the Board Charter, critically reviews the mix of the Board and suggests and amendments to the Board Charter as are deemed necessary or appropriate.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Complying	The following information is set out in the Company's annual report: ▪ the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report; ▪ the directors considered by the Board to constitute independent directors and the Company's materiality threshold; ▪ the existence of any of the relationships which may affect independence and an explanation of why the board considers a director to be independent notwithstanding the existence of these relationships; ▪ a statement regarding directors' ability to take independent professional advice at the expense of the Company; ▪ a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the Board; ▪ The term of office held by each director in office at the date of the report. ▪ The names of members of the Company's committees and their attendance at committee meetings. ▪ whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; ▪ an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6. The following material is publicly available on the Company's website in a clearly marked Corporate Governance section: ▪ a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors; ▪ the Board's policy for the nomination and appointment of directors.

ASX Principle		Status	Reference / Comment
Principle 3 – Promote ethical and responsible decision-making			
Companies should actively promote ethical and responsible decision-making			
3.1	Companies should establish a code of conduct and disclose the code as to: • The practices necessary to maintain confidence in the company's integrity. • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Complying	The Company has formulated a corporate code of conduct which provides a framework for decisions and actions in relation to ethical conduct in employment. The corporate code of conduct may be viewed on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Non-Complying	The Board has contemplated the necessity of implementing a diversity policy. Noting the relatively small size of the Company and the relatively few employees that the Company has, the Board has resolved to depart from the new recommendations by not implementing a gender diversity policy.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Non-Complying	The Board has not implemented a diversity policy and is of the view that due to the relatively few employees that the Company has, the recommendation is inappropriate to the Company's particular circumstances.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Complying	The Company does not have any women employees; the Company has two women contractors in senior positions bring the Company Secretary and the Chief Financial Officer .There are no women on the Board.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Complying	The Company's Code of Conduct and Share Trading Policy is available on its website in a clearly marked Corporate Governance section. The Company does not have a gender diversity policy.

ASX Principle		Status	Reference / Comment
Principle 4 – Safeguard integrity in financial reporting ***Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.***			
4.1	The board should establish an audit committee.	Non-Complying	The Board has not established a formal audit committee, having regard to the size of the Company. The Board acknowledges that when the size and nature of the Company warrants the necessity of an audit committee, such a committee will operate under the audit and risk committee charter which has been approved by the Board. The audit and risk committee charter may be viewed on the Company's website. Presently, the Board, as a whole, serves as an audit committee to the Company and accordingly operates under the audit and risk committee charter, and will continue to do so until a formal audit committee has been established.
4.2	The audit committee should be structured so that it: • Consists only of non-executive directors. • Consists of a majority of independent directors. • Is chaired by an independent chair, who is not chair of the board. • Has at least three members.	Complying	The Board has established an audit and risk committee charter which complies with recommendation 4.2.
4.3	The audit committee should have a formal charter.	Complying	An audit and risk committee charter has been established and approved by the Board. When the size and nature of the Company warrants the necessity of an audit committee, such a committee will operate under the audit and risk committee charter.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Complying	The Company will continue to explain any departures from Principle 4 in its future annual reports.
Principle 5 – Make timely and balanced disclosure ***Companies should promote timely and balanced disclosure of all material matters concerning the company.***			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Complying	The Company has a documented continuous disclosure policy which has established procedures designed to ensure compliance with Australian Securities Exchange Listing Rule disclosure requirements and to ensure accountability at Board level for that compliance. The Company Secretary is responsible for all communications with the Australian Securities Exchange. The continuous disclosure policy may be viewed on the Company's website.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Complying	The Company's Market Disclosure & Shareholder Communication Policy is posted on the Company's website in a clearly marked Corporate Governance section.

ASX Principle		Status	Reference / Comment

Principle 6 – Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Complying	The Board has established a shareholder communications strategy policy, which aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. The shareholder communications policy may be viewed on the Company's website. In particular, the Board informs shareholders of all major developments affecting the Company's state of affairs as follows: 1. The annual report is distributed to all shareholders, including relevant information about the operations of the Company during the year and changes in the state of affairs. 2. The half-yearly report to the Australian Securities Exchange contains summarised financial information and a review of the operations of the Company during the period. 3. All major announcements are lodged with the Australian Securities Exchange, and posted on the Company's website. 4. Proposed major changes in Company which may impact on share ownership rights are submitted to a vote of shareholders. 5. The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. 6. The Company's auditor attends the Annual General Meeting.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Complying	The Company explains any departures from Principle 6 in its annual reports. The Company's Market Disclosure & Shareholder Communication Policy is posted on the Company's website in a clearly marked Corporate Governance section.

7. Principle 7 – Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Complying	The Board has established a risk management policy, under which the Board has the responsibility of determining the Company's "risk profile" and is charged with overseeing and approving risk management strategy and policies, internal compliance and internal control. The risk management policy may be viewed on the Company's website.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Complying	The Board has completed a risk assessment review of the Company's major business units, organisational structure and accounting controls and processes. The Board has considered the results of the risk assessment and is confident that the Company's instituted risk management and internal control systems are sufficiently adequate to effectively mitigate and control the material business risks faced by the Company.

ASX Principle		Status	Reference / Comment
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Complying	The Chief Financial Officer is required to state to the Board in writing that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Complying	The following material is included in the corporate governance statement in the Company's Annual Reports: • explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4. • whether the Board has received the report from management under Recommendation 7.2 • whether the Board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3. A summary of the Company's policies on risk oversight and management of material business risks is either currently, or will shortly be, publicly available on the Company's website in a clearly marked corporate governance section:

8. Principle 8 – Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

8.1	The board should establish a remuneration committee.	Non-Complying	The Board has not established a formal remuneration committee, having regard to the size of the Company and the Board. The Board acknowledges that when the size and nature of the Company warrants the necessity of a formal remuneration committee, such a committee will operate under the remuneration committee charter which has been approved by the Board. The remuneration committee charter may be viewed on the Company's website. Presently, the Board as a whole, excluding any relevant affected director, serves as a remuneration committee to the Company and accordingly operates under the remuneration committee charter.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members.	Complying	The Board has established a remuneration committee charter which complies with recommendation 8.2.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.		The structure of Non-Executive Directors' remuneration is distinct from that of executives

ASX Principle		Status	Reference / Comment
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Complying	Details of the Directors and key management personnel remuneration are set out in the Remuneration Report of the Annual Report. The Company does not have a Remuneration Committee although the Board as a whole carries out this function in accordance with a Charter. There are no schemes for retirement benefits, other than superannuation, for non-executive directors. A copy of the Company's Remuneration Committee charter is posted on the Company's website in a clearly marked corporate governance section, together with a summary of the Company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

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Auditor's Independence Declaration

As lead auditor for the audit of Genesis Resources Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Genesis Resources Limited.

John O'Donoghue
Partner
PricewaterhouseCoopers

Melbourne
24 September 2012

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	2012 $	2011 $
Other Income	4	447,313	141,390
Professional fees	5	(441,220)	(391,217)
Administrative and other expenses	6	(663,188)	(174,309)
Employee benefit expenses	7	(166,767)	(187,090)
Results from operating activities		(823,862)	(611,226)
Interest income		22,744	78,046
Net foreign exchange loss		-	(9,810)
Net finance income		22,744	68,236
Loss before tax		(801,118)	(542,990)
Income tax expense	9	(134,194)	(19,062)
Loss for the year		(935,312)	(562,052)
Other comprehensive income			
Net change in fair value of available for sale financial assets	18	31,511	67,727
Available-for-sale financial assets, transfer to profit and loss	18	(447,313)	(131,267)
Income tax on other comprehensive income	18	124,741	19,062
Other comprehensive income for the year, net of tax		(291,061)	(44,478)
Total comprehensive income for the year		(1,226,373)	(606,530)
Earnings per share			
Basic Loss per share (cents per share)	24	(1.64)	(1.06)
Diluted Loss per share (cents per share)	24	(1.64)	(1.06)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	2012 $	2011 $
Assets			
Current assets			
Cash and cash equivalents	10	751,207	958,043
Prepayments and other receivables	11	97,574	42,754
Other financial assets	12	9,627	473,210
Total current assets		858,408	1,474,007
Non-current assets			
Other financial assets	12	78,514	67,190
Property, plant and equipment	13	3,762	-
Exploration and evaluation assets	14	3,326,543	2,729,564
Total non-current assets		3,408,819	2,796,754
Total assets		4,267,227	4,270,761
Current liabilities			
Trade and other payables	16	197,831	97,909
Borrowings		-	-
Total current liabilities		197,831	97,909
Total liabilities		197,831	97,909
Net assets		4,069,396	4,172,852
Equity			
Share capital	17	5,949,802	4,826,885
Reserves	18	-	291,061
Accumulated losses	19	(1,880,406)	(945,094)
Total equity		4,069,396	4,172,852

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Note	Share capital $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2010		4,826,885	(383,042)	335,539	4,779,382
Loss for the year	19	-	(562,052)	-	(562,052)
Other comprehensive income/(loss) for the year					
Net change in fair value of available-for-sale financial assets, net of tax	18	-	-	47,409	47,409
Available-for-sale financial assets, transfer to profit and loss, net of tax	18	-	-	(91,887)	(91,887)
Total comprehensive income/(loss) for the year		-	(562,052)	(44,478)	(606,530)
Transactions with owners in their capacity as owners					
Contributions by and distributions to owners		-	-	-	-
Issue of ordinary shares		-	-	-	-
Share-based payment transactions		-	-	-	-
Transaction costs of share issues		-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 30 June 2011		4,826,885	(945,094)	291,061	4,172,852
Loss for the year	19		(935,312)	-	(935,312)
Other comprehensive income/(loss) for the year		-	-	-	-
Net change in fair value of available-for-sale financial assets, net of tax	18	-	-	22,058	22,058
Available-for-sale financial assets, transfer to profit and loss, net of tax	18	-	-	(313,119)	(313,119)
Total comprehensive income/(loss) for the year		-	(935,312)	(291,061)	(1,226,373)
Transaction with owners in their capacity as owners					
Issue of ordinary shares		1,122,917	-	-	1,122,917
Total transactions with owners		1,122,917	-	-	1,122,917
Balance at 30 June 2012		5,949,802	(1,880,406)	-	4,069,396

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Payments to suppliers and employees		(846,138)	(973,822)
Interest received		22,744	78,046
Interest paid		-	(761)
Net cash used in operating activities	10	(823,394)	(896,537)
Cash flows from investing activities			
Proceeds from sale of investments		486,024	353,650
Payments for exploration and evaluation expenditures		(977,050)	(838,634)
Net cash used in investing activities		(491,026)	(484,984)
Cash flows from financing activities			
Proceeds from issue of shares		1,194,317	-
Payment for non-current assets		(4,009)	-
Payment for share issue costs		(71,400)	-
Repayment of loan from related parties		-	(5,581)
Payments for bank guarantee		(11,324)	-
Net cash provided by/(used in) financing activities		1,107,584	(5,581)
Net decrease in cash and cash equivalents		(206,836)	(1,387,102)
Cash and cash equivalents at 1 July		958,043	2,345,145
Cash and cash equivalents at 30 June	10	751,207	958,043

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the entity Genesis Resources Limited ("Genesis" or "the Company") domiciled in Australia. The address of the Company's registered office is Level 3, 1 Collins Street, Melbourne, VIC 3000. The Company is primarily involved in gold, manganese and base metal exploration and development activities. The Company is a for-profit entity for the purpose of preparing the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Statement of compliance

The financial statements of Genesis Resources Limited also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Adoption of new and amended accounting standards

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning on 1 July 2011.

- AASB 2009 14 *Amendments to Australian Interpretation -Prepayments of a Minimum Funding Requirement*
- AASB 2009 12 *Amendments to Australian Accounting Standards Amendments to Operating segments*
- AASB 2010 5 *Amendments to Australian Accounting Standards - Amendments to a range of Australian Accounting standards and Interpretations.*
- AASB 2010 6 Amendments to Australian Accounting Standards Disclosures on Transfers of Financial Assets

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods based on current operations.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Critical accounting estimates

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

The areas involving a higher level of judgement or complexity, or areas where assumptions and estimates are made which are significant to the financial statements are set out in Note 3.

(b) Going concern

For the year ended 30 June 2012, the Company reported a net loss of $935,312, had net cash outflow from operating activities of $823,394 and had net current assets of $660,577 at the statement of financial position date. Mining and exploration licences held by the Company have annual expenditure obligations of $342,685 (Note 26) to maintain their "good standing" status. Failure to meet individual tenement obligations requires explanation to the relevant government authority and may result in a loss of tenements.

The ability of the Company to continue as a going concern is dependent on the successful completion of a plan to raise additional capital via a rights issue and/or other capital raising combined with strict cost management over administrative spending. These steps are required to finance planned ongoing exploration activities and meet the Company's tenement and administrative expenditure obligations and the expenditure commitments to earn a 62% interest in the Plavica project. On 9 August 2012, the Company raised $1,423,625 by a private issue of shares. On the 27 August 2012 the Company announced a fully underwritten, non-renounceable rights issue to raise approximately $2,740,000 as part of its plans to address the need for additional finance.

As a result of these matters, there is material uncertainty as to whether the Company will continue as a going concern and therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. However, the Company is confident that its plans detailed above will be successful.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chairman of the Board.

(d) Functional and Presentation Currency

Foreign currency translation

Items included in the financial statements of each of the Company are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Genesis' functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of financial position date, within finance costs. All other foreign exchange gains and losses are presented in the statement of financial position date on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income

(e) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributed to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

The income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period.

Deferred tax assets and liabilities are recognised using the liability method for temporary differences arising between the tax bases of the assets and liabilities and their carrying amount in the financial statements at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

(g) Impairment of tangible and intangible assets

At the end of each reporting period the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation on plant & equipment assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Class of Fixed Assets	Depreciation Rate
Office equipment	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss.

(i) Exploration and evaluation assets

Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development or sale of the area of interest; or

(ii) activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or other of economically recoverable reserves and active and significant operations in, or relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the resulting impairment loss is measured and disclosed in accordance with the impairment loss policy noted in accounting policy 1 (g).

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation assets to mining property and development assets within property, plant and equipment.

(j) Employee Benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method

(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Site restoration

Provisions are made for estimated costs relating to the remediation of soil, groundwater and untreated waste as soon as the need is identified.

(m) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office (“ATO”). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables and payables in the statement of financial position.

Cash flows are presented in the statement of cash flow on a gross basis except for the GST component of investing and financing activities which are disclosed as operating cash flows.

(o) Investments and other financial assets

Classification

The Company classifies its financials assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Earnings per share ("EPS")

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Company's assessment of the impact of these new standards is that there will be no material affect on the accounts.

NOTE 2: FINANCIAL RISK MANAGEMENT

(a) Overview

The Company has exposure to the following risks from their use of financial instruments:

- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Company does not use any form of derivatives as it is not at a level of exposure that required the use of derivatives to hedge its exposure. Exposure limits are reviewed on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instrumentals, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board monitors and manages the financial risks relating to the operations of the Company through regular review of the risks.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows. The entity does not have any external borrowings.

The Company has total trade and other payables of $197,831 (2011: $97,907) all due in less than 6 months.

(c) Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The company is exposed to currency risk on exploration expenditures in relation to overseas projects that are denominated in a currency other than the respective functional currencies of the Company, the Australian dollar ("AUD"). The currency in which these transactions primarily are denominated is Euros ("EUR"). The Company does not hedge foreign currency exposures.

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2012	2012	2011	2011
Expressed in AUD	EUR	MKD	EUR	MKD
Trade payables	-	-	23,322	-
Other receivables- Bank Guarantee	-	67,190	-	67,190

Based on the financial instruments held at 30 June 2012, had the Australian dollar weakened/strengthened by a reasonable amount there would be no material impact on the financial statements.

(ii) Interest rate risk

The Company is exposed to interest rate risk on its cash and cash equivalents, which is the risk that a financial instrument's value will fluctuate with the market interest rates on interest-bearing financial instruments. The Company does not use derivatives to mitigate these exposures

The Company adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short term deposits at interest rates maturing over 30 – 180 day rolling periods.

As at the end of the reporting period, if interest rate had increased/(decreased) by a reasonable amount, there would not be a material impact on the financial statements.

(iii) Price risk

Equity prices risk arises from available-for-sale equity securities held in Thor Mining PLC ("Thor"). Management monitors its investment portfolio based on market indices. Material investments are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

The equity investments held by the Company are publically traded on the Australian Stock Exchange ("ASX").

As at the end of the reporting period, if the market value of the investment had increased/(decreased) by a reasonable amount there would be no material impact on the financial statements.

(d) Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurement by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2),

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets (such as publically traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

As at 30 June 2012 no material assets or liabilities measured at fair value were held by the Company.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of deferred exploration and evaluation expenditure

The Company assesses the recoverability of the carrying value of deferred exploration and evaluation expenditure at each reporting date, or at closer intervals should the need arise. The assessment includes a review of the Company's exploration and development plans for each area of interest, the success or otherwise of activities undertaken in those areas in recent times, the likely success of future planned exploration activities and/or any potential plans for divestment of those areas. The carrying value of the deferred exploration and evaluation expenditure is then adjusted, if necessary.

NOTE 4: OTHER INCOME

	2012 $	2011 $
Gain on sale of available-for-sale investments	447,313	131,267
Other income	-	10,123
	447,313	141,390

NOTE 5: PROFESSIONAL FEES

	2012 $	2011 $
Legal, accounting and other professional fees	(392,045)	(287,330)
Corporate secretarial fees	(49,175)	(103,887)
	(441,220)	(391,217)

NOTE 6: ADMINISTRATIVE AND OTHER EXPENSES

	2012 $	2011 $
Travel expenses	(71,788)	(44,504)
Insurance expense	(42,436)	(32,832)
Other expenses	(31,251)	(30,123)
Rent expense	(6,160)	(17,625)
ASX listing fees	(94,189)	(17,440)
Office administrative expense	(29,676)	(14,864)
Management fee	-	(10,421)
Advertising expense	(8,000)	(6,500)
Capitalised expenditure written off	(379,688)	-
	(663,188)	(174,309)

NOTE 7: EMPLOYEE BENEFIT EXPENSES

	2012 $	2011 $
Wages and salaries	(161,425)	(94,390)
Employment termination payment	-	(90,000)
Superannuation contributions	(5,342)	(2,700)
	(166,767)	(187,090)

NOTE 8: AUDITORS REMUNERATION

	2012 $	2011 $
Audit fees		
PricewaterhouseCoopers	(50,000)	(40,000)
	(50,000)	(40,000)

Non-audit fees		
PricewaterhouseCoopers	(36,702)	(20,000)
	(36,702)	(20,000)

The auditor of Genesis Resources Limited for the year ended 30 June 2012 is PricewaterhouseCoopers (2011: PricewaterhouseCoopers).

NOTE 9: INCOME TAX EXPENSE

Income tax expense

	2012 $	2011 $
Current tax	134,194	19,062
Deferred tax	-	-
Adjustments for current tax of prior periods	-	-
	134,194	19,062

Numerical reconciliation between tax expense and pre-tax accounting profit

	2012 $	2011 $
Loss before tax	(935,312)	(542,990)
Income tax using the Company's domestic tax rate of 30% (2011: 30%)	(280,594)	(162,897)
Difference in gain on sale of share investment	88,807	7,247
Change in unrecognised deductible temporary differences	-	-
Non-deductible expenses	-	-
Reversal of deductible temporary differences recognised in equity	(48,085)	(48,085)
Current year losses for which no deferred tax asset was recognised	374,066	222,797
Total income tax expense	134,194	19,062

Amounts recognised in equity

Amounts transferred to profit and loss	(143,647)	(39,380)
Available-for-sale financial assets	9,453	20,318
Other expenditures recognised in equity	-	-
Total income tax recognised directly in equity	(134,194)	(19,062)

NOTE 10: CASH & CASH EQUIVALENTS

	2012 $	2011 $
Cash at bank	751,207	958,043
Cash and cash equivalents in the statement of cash flows	751,207	958,043

Reconciliation of cash flows from operating activities:

	2012 $	2011 $
Cash flows from operating activities		
Loss for the year	(935,312)	(562,052)
Adjustments for:		
(Profit)/ loss on sale of shares, net of tax	(313,119)	(112,205)
Depreciation and amortisation	247	-
Exploration and evaluation assets written off	379,688	-
	(868,496)	(674,257)
Change in prepayments and other receivables	(54,820)	68,984
Change in trade and other payables	99,922	(291,264)
Net cash (used in) operating activities	(823,394)	(896,537)

NOTE 11: PREPAYMENTS AND OTHER RECEIVABLES

	2012 $	2011 $
Current		
Prepayments	68,430	29,026
Other receivables	29,144	13,728
	97,574	42,754

NOTE 12: OTHER FINANCIAL ASSETS

	2012 $	2011 $
Current		
Shares in WDR Ltd. (1,545,269 shares)	-	463,583
Shares in Thor Mining Plc (370,266 shares)	9,627	9,627
	9,627	473,210
Non-current		

Bank Guarantee (i)	78,514	67,190
	78,514	67,190

(i) On 29 April 2010, the Company deposited 3,202,000 MKD into Central Cooperative Bank AD Skopje, on request from the Macedonia Government as a guarantee over the Company's planned expenditure on the Plavica tenements.

NOTE 13: NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Office equipment $	Total $
At 30 June 2011		
Cost	-	-
Accumulated depreciation/amortisation	-	-
Net book amount	-	-
Year ended 30 June 2012		
Opening net book value	-	-
Additions	4,009	4,009
Disposals	-	-
Depreciation/amortisation expense	(247)	(247)
Closing net book amount	3,762	3,762
At 30 June 2012		
Cost	4,009	4,009
Accumulated depreciation/amortisation	(247)	(247)
Net book amount	3,762	3,762

NOTE 14: EXPLORATION AND EVALUATION ASSETS

	2012 $	2011 $
Opening balance	2,729,564	1,843,209
Capitalised expenditures during the year	976,667	886,355
Less : Amount written off during the year	(379,688)	-
Closing balance	3,326,543	2,729,564

The capital exploration and evaluation asset written off during the year amounted to $379,688 (30 June 2011 : Nil) of which $78,556 relates to the Laura River project, as the company has decided to temporarily discontinue exploration and evaluation activities in this area. The remaining exploration expenditures amounting to $301,112 were written off during the period as the carrying value is not expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.

Alice Springs, McArthur River, Gladstone and Laura River renewal applications have been submitted and are awaiting confirmation from the mining registrar from NT and Queensland. Specific conditions attached to the licences, e.g. expenditure commitments and programs of work, are subject to variation upon renewal. The total value of these four tenements comprises $1.6million of the total asset balance shown above. The McArthur River and Laura River areas of interest did not meet their required minimum expenditure within the period, however, management is confident that the renewal applications will be approved.

The recoverability of carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploration or sale of the respective area of interest. This is assessed annually at the statement of financial position date.

NOTE 15: DEFERRED TAX ASSETS AND LIABILTIIES

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2012 $	2011 $
Tax losses	847,407	357,538
	847,407	357,538

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

Recognised deferred tax assets and liabilities

	DTA		DTL		Total	
	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $
Exploration and evaluation assets	-	-	(991,719)	(818,869)	(991,719)	(818,869)
Share issuing costs	96,168	144,253	-	-	96,168	144,253
Provisions	45,958	6,000	-	-	45,958	6,000
Other items	21,693	45,646	(20,590)	(8,708)	1,103	36,938
Available-for-sale financial assets	-	-	-	(95,132)	-	(95,132)
Tax loss carry-forward	848,490	726,810	-	-	848,490	726,810
Tax (assets)/liabilities	1,012,309	922,709	(1,012,309)	(922,709)	-	-
Net tax (assets)/ liabilities	1,012,309	922,709	(1,012,309)	(922,709)	-	-

NOTE 16: TRADE AND OTHER PAYABLES

	2012 $	2011 $
Trade and other payables	197,831	97,909
	197,831	97,909

NOTE 17: SHARE CAPITAL

	2012		2011	
	Number	$	Number	$
Fully paid ordinary shares				
Balance at beginning of the financial year	53,080,752	4,826,885	53,080,752	4,826,885
Rights issue	26,540,376	1,194,317	-	-
Share transaction costs	-	(71,400)	-	-
Balance at end of the financial year	79,621,128	5,949,802	53,080,752	4,826,885

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Shares issued during the year included the following:

(i) In May 2012, Genesis successfully completed a 1-for-2 pro-rata non-renounceable rights issue at an issue price of 4.5 cents per share with 1 free attaching unlisted option (exercisable at 10 cents and expiring 2 years from the date of issue) for every share subscribed. The Company raised $1,194,316.92 (before expenses of the offer) under the rights issue, and issued a total of 26,540,376 shares, and 26,540,376 options. As at 30 June 2012, there are 19,429,424 unlisted options over ordinary shares, expiring on 4 May 2014 and exercisable at $0.10 each. There are 7,110,952 unlisted options over ordinary shares, expiring on 11 May 2014 and exercisable at $0.10 each.

As at 30 June 2012, there are also 500,000 unlisted options on issue over ordinary shares, expiring on 27 October 2012 and exercisable at $0.20 each. The options do not carry a right to vote.

NOTE 18: RESERVES

	2012	2011
	$	$
Balance 1 July	291,061	335,539
Revaluation (gross)	31,511	67,727
Deferred tax	(9,453)	(20,318)
Transfer to profit or loss (net of tax) (i)	(313,119)	(91,887)
Balance 30 June	-	291,061

(i) The above represents a gross transfer of $447,313 less tax of $134,194.

(ii) The reserve represents the cumulative gain and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit and loss when assets have been disposed of or are determined to be impaired.

(iii) Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are recognised in other comprehensive income, as described in Note 1 (o) and accumulated in a separate reserve within equity. Amounts are reclassified to profit and loss when the associated assets are sold or impaired.

NOTE 19: ACCUMULATED LOSSES

	2012 $	2011 $
Balance 1 July	(945,094)	(383,042)
Net loss for the year	(935,312)	(562,052)
Balance 30 June	(1,880,406)	(945,094)

NOTE 20: KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel consists of the directors of the Company, as disclosure in the Director's Report on pages 11 to 22.

a) Key management personnel compensation

	2012 $	2011 $
Short term employment benefits	161,425	124,185
Termination payment	-	90,000
Post employment benefits	5,342	2,700
	166,767	216,885

Detailed remuneration disclosures are provided in the Remuneration Report on pages 23 to 25.

b) Equity instrument disclosures relating to key management personnel

Share holdings

The number of shares in the company held during the financial year by each director of Genesis and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Fully paid ordinary shares 2012	Balance at 1 July 2011	Shares Acquired	Shares Disposed/ Other	Options Exercised	Net Change	Balance at 30 June 2012
Directors of Genesis Resources Limited						
E. Pang	2,140,000	1,070,000	-	-	1,070,000	3,210,000
D. Wee	1,240,000	620,000	-	-	620,000	1,860,000
P. Kong^	972,500	486,250	-	-	486,250	1,458,750
P. Volpe^	-	-	-	-	-	-
J. Zee^	-	-	-	-	-	-
K. Sener*	4,250,000	-	-	-	-	4,250,000
A. Parker	-	-	-	-	-	-
Total	8,602,500	2,176,250			2,176,250	10,778,750

(i) *Director resigned during the period. As at 19 March 2012, being the date of Mr Sener's resignation, Mr Sener had a relevant interest in 4,250,000 shares in Genesis

(ii) ^Directors appointed during the period

Fully paid ordinary shares 2011	Balance at 1 July 2010	Shares Acquired	Shares Disposed/ Other	Options Exercised	Net Change	Balance at 30 June 2011
Directors of Genesis Resources Limited						
E. Pang	2,140,000	-	-	-	-	2,140,000
A. Parker	-	-	-	-	-	-
K. Sener	4,250,000	-	-	-	-	4,250,000
D. Wee	240,000	1,000,000	-	-	1,000,000	1,240,000
P. Kastellorizos(iii)	9,250,000	-	(9,250,000)	-	(9,250,000)	-
Total	15,880,000	1,000,000	(9,250,000)	-	(8,250,000)	7,630,000

(iii) During the period P. Kastellorizos sold 300,000 shares. The remaining movement is due to his resignation from the Company.

Options

The number of options over ordinary shares in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related parties, is set out below. There were no options granted during the reporting period as compensation.

Directors	Options held at 1 July 2011	Options Acquired	Options Disposed/Other	Options Exercised	Options held at 30 June 2012
E. Pang	-	1,070,000	-	-	1,070,000
P. Kong	-	486,250	-	-	486,250
D. Wee	-	620,000	-	-	620,000
P. Volpe	-	-	-	-	-
J. Zee	-	-	-	-	-

c) Loans to and from key management personnel

Details of loans made to the directors of Genesis and other key management personnel of the Company, including their personally related parties, are set out below.

	Balance at 1 July $	Balance at 30 June $	Interest Charged $	Highest balance during the period $
2012				
Loan from P. Kastellorizos	-	-	-	-
2011				
Loan from P. Kastellorizos	5,581	-	-	5,581

During the previous year, the Company repaid the unsecured loan to P. Kastellorizos. There was no interest payable as at 30 June 2011.

d) Other transactions with key management personnel

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entity on an arm's-length basis.

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:

	Note	Transaction	Transactions value year ended 30 June 2012 $	2011 $
Key management person				
Mr. Allan John Parker	(i)	Geological Service	-	11,000
Mr. Ahmet Kerim Sener	(i)	Geological Service	107,645	64,673
Mr. Patrick Volpe	(ii)	Consultancy fees	15,000	-

(i) Provision of geological consulting and tenement management services as well as general company management services at normal commercial rates

(ii) The Company engaged Trayburn Pty Ltd, an entity controlled by Mr. Patrick Volpe, to provide consultancy services in relation to various projects. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

NOTE 21: DIVIDENDS

No dividends were declared during the relevant period.

NOTE 22: RELATED PARTY TRANSACTIONS

Related parties of the Company consist of the Key Management Personnel disclosed in Note 20. There are no other related party transactions.

NOTE 23: SEGMENT REPORTING

The Company has reportable segments, as described below, which are the Company's business units. The two business units that is Australia and Macedonia are managed separately because they are regulated under different authorities. For each of the business units, the Company's Managing Director reviews internal reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

- Australia – Includes copper, iron, gold, manganese and other base metal exploration projects in the Northern Territory and Queensland.
- Macedonia – Includes a base metal and gold exploration project.
- Head office – Includes the central administration of Australia and Macedonia.

The accounting policies of the reportable segments are the same as described in note 1.

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, as expenditure is capitalised.

Comparative segment information has been represented in conformity with the requirements of AASB 8 Operating Segments.

Information about reportable segments:

	Australia		Macedonia		Head Office		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$	$	$
Other income	-	-	-	-	447,313	141,390	447,313	141,390
Operating expenses	(379,688)		-	-	(891,487)	(752,616)	(1,271,175)	(752,616)
Of which relates to write-off exploration and evaluation assets	(379,688)	-	-	-	-		(379,688)	-
Reportable segment profit before income tax	(379,688)	-	-	-	(421,430)	(542,990)	(801,118)	(562,052)
Other material non-cash items :								
Exploration and evaluation assets	2,040,421	2,237,045	1,286,122	492,519	-	-	3,326,543	2,729,564
Total segment assets	2,040,421	2,237,045	1,286,122	492,519	940,684	-	4,267,227	1,474,007
Total segment liabilities	36,960	-	-	-	160,871	97,909	197,831	97,909

NOTE 24: EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 30 June 2012 was based on the loss attributable to ordinary shareholders of $935,312 (2011: $562,052) and a weighted average number of ordinary shares outstanding of 57,089,038 (2011: 53,080,752), calculated as follows:

Profit attributable to ordinary shareholders

	2012	2011
	$	$
Loss for the year	(935,312)	(562,052)
Loss attributable to ordinary shareholders	(935,312)	(562,052)

Weighted average number of ordinary shares		
Issued ordinary shares at 1 July (excluding Class A Performance Shares)	53,080,752	53,080,752
Shares issued on 4 May 2012	19,429,424	-
Shares issued on 11 May 2012	7,110,952	-
Weighted average number of ordinary shares at 30 June	57,089,039	53,080,752

NOTE 25: SUBSEQUENT EVENTS

On 9 August 2012, the Company completed the issue and allotment of 11,863,548 shares to a strategic sophisticated investor based in Malaysia, S Active Holding Sdn Bhd (**Placement**) at an issue price of $0.12 per share.

On the 27 August 2012 the Company announced a fully underwritten, non-renounceable rights issue to raise approximately $2.74million.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or even of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

NOTE 26: 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 and priorities.

These obligations are not provided for in the financial report and are payable as follows:

	2012 $	2011 $
Contracted but not provided for and payable:		
Within one year	342,685	403,849
One year or later and no later than five years	389,729	210,770
Later than five years	-	-
	732,414	614,619

In addition to the obligations above, the Company plans to meet the conditions of the joint venture agreement with its joint venture partner, Sileks; namely by paying for all work expenditures up to the completion of the final feasibility study to earn a 62% interest in the Plavica project in Macedonia.

NOTE 27: CONTINGENCIES

The directors are not aware of any contingent liabilities to which the Company may be exposed to as at 30 June 2012 (2011: Nil) and into the foreseeable future, which have not been noted with these financial statements.

NOTE 28: COMPANY DETAILS

The registered office of the Company is:

Genesis Resources Limited
Level 3, 1 Collins Street
Melbourne, Victoria 3000

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 27 to 49 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  (ii) giving a true and fair view of the entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the managing director and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Mr. Eddie Lung Yiu Pang
Chairman
24 September 2012

Independent auditor's report to the members of Genesis Resources Limited

Report on the financial report

We have audited the accompanying financial report of Genesis Resources Limited (the company), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Genesis Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material uncertainty regarding continuance as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which comments on the company's continuation as a going concern depending on its success in obtaining additional funding to finance ongoing exploration activities. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Genesis Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

John O'Donoghue
Partner

Melbourne
24 September 2012

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Number of Holdings of Equity Securities as at 21 August 2012

The fully paid issued capital of the Company consisted of 91,484,676 ordinary fully paid shares held by 369 shareholders. Each share entitles the holder to one vote.

There are 500,000 unlisted options over ordinary shares, expiring on 27 October 2012 and exercisable at $0.20 each. The options do not carry a right to vote.

There are 19,429,424 unlisted options over ordinary shares, expiring on 4 May 2014 and exercisable at $0.10 each. The options do not carry a right to vote.

There are 7,110,952 unlisted options over ordinary shares, expiring on 11 May 2014 and exercisable at $0.10 each. The options do not carry a right to vote.

Distribution of Holders of Equity Securities as at 21 August 2012

Range	Total holders	Units	% Issued capital
1 – 1,000	5	27	0.00
1,001 – 5,000	9	34,947	0.04
5,001 – 10,000	72	701,060	0.77
10,001 – 100,000	197	6,640,042	7.26
100,001 – 9,999,999,999	86	84,108,600	91.94
Rounding			0.00
Total	369	91,484,676	100.00

Unmarketable Parcels as at 21 August 2012

Unmarketable Parcels	Minimum parcel size	Holders	Units
Minimum $ 500.00 parcel at $ 0.095 per unit	5,264	14	34,974

Substantial Shareholders as at 21 August 2012

Rank	Shareholder	No.	%
1.	INDIGO PEARL CAPITAL LTD	12,820,972	14.01
2.	S ACTIVE HOLDING SDN BHD	11,863,548	12.97
3.	CLANCY EXPLORATION LIMITED	8,157,000	8.92

Twenty Largest Holders of Quoted Equity Securities as at 21 August 2012

Rank	Shareholder	Units	% of issued capital
1.	S ACTIVE HOLDING SDN BHD	11,863,548	12.97
2.	BERNE NO 132 NOMINEES PTY LTD <600835 A/C>	7,652,582	8.36
3.	CLANCY EXPLORATION LIMITED	4,819,500	5.27
4.	MS SIEW BEE TAN	4,000,000	4.37
5.	TIGERMOTH INVESTMENTS LTD	3,750,000	4.10
6.	HOCK GUAN NG	3,414,383	3.73
7.	INNER IVORY INVESTMENTS INC	3,375,000	3.69
8.	BERNE NO 132 NOMINEES PTY LTD <601299 A/C>	2,584,195	2.82
9.	BERNE NO 132 NOMINEES PTY LTD <602987 A/C>	2,584,195	2.82
10.	CITICORP NOMINEES PTY LIMITED	2,125,000	2.32
11.	CHIN HUAN NG	2,000,000	2.19
12.	LAI YOONG LIM	1,989,382	2.17
13.	MR KOK BIN WEE	1,860,000	2.03
14.	SAKURA CAPITAL LIMITED	1,841,928	2.01
15.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,777,181	1.94
16.	SAKURA CAPITAL LTD	1,698,750	1.86
17.	MS ALICE WONG	1,687,500	1.84
18.	MR EDWIN HANCOCK + MRS SYLVIA HANCOCK	1,500,000	1.64
19.	BLUEKEBBLE PTY LTD	1,425,000	1.56
20.	MS SIEW HOON KOAY	1,297,500	1.42
Top 20 Holders Of Ordinary Fully Paid Shares as at 21 August 2012		63,245,644	69.13
Remaining Holders Balance		28,239,032	30.87

The name of the Company Secretary is Ms Sophie Karzis. The address of the principal registered office in Australia, and the principal administrative office is Level 3, 1 Collins Street, Melbourne, Victoria 3000, Australia, telephone is +61 (0) 3 9665 0403.

The Company is listed on the Australian Securities Exchange. The home exchange is Perth. Registers of securities are held by Computershare Investor Services Pty Ltd, Yarra Falls, 452 Johnston Street, Abbotsford, 3067, Victoria, 3067, local call is 1300 850 505, international call is + 61 3 9415 4000.