



GENESIS MINERALS LIMITED

ABN 72 124 772 041

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2011

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2011 and any public announcements made by Genesis Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

GENESIS MINERALS LIMITED

31 DECEMBER 2011

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The information in this report was compiled by Michael Fowler, Genesis Minerals Limited's Managing Director, who is a Member of The Australasian Institute of Mining and Metallurgy. Michael Fowler has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code. Michael Fowler consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

GENESIS MINERALS LIMITED

31 DECEMBER 2011

DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity consisting of Genesis Minerals Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

Michael Haynes

Michael Fowler

Graeme Smith

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the half-year is set out below:

	2011		2010	
	Revenues	Results	Revenues	Results
	\$	\$	\$	\$
Consolidated entity revenues and loss	11,850	(2,063,893)	11,452	(1,115,421)

Cerro Verde

A recent mapping and sampling program, undertaken over a 4km by 2km area at Cerro Verde, has outlined over 11.2km of prospective veins and structures. Limited drilling has previously been undertaken to test these highly prospective structures. Exploration in the coming months will comprise detailed rock chip sampling, geophysical surveying and geological structural mapping. A number of areas within the Project area, that may host extensions to the recently delineated mineralisation, remain unexplored and warrant first pass sampling and mapping.

Dinamarquesa

Highly encouraging results continue to be returned from the porphyry hosted copper-gold-molybdenum mineralised system at the Company's Dinamarquesa Project in northern Chile. Further drilling is planned to commence in June 2012

Poncha and Los Opeñas Projects, Argentina

Preparation for drilling programs to test the high to bonanza grade epithermal systems identified at Poncha and Los Opeñas continued.

Drilling planned to commence in March 2012.

Corporate

A \$3.5 million two stage capital raising was announced on the 23rd November 2011.

The capital raising will initially comprise a Placement to Investmet Limited and nominees, which will be followed by a fully underwritten Rights Issue.

- Stage 1 of the capital raising will comprise a Placement to raise up to \$2.2m, through the issue of 22,000,000 fully paid ordinary shares at \$0.10 per Share together with 18,000,000 free unlisted options.
- Stage 2 of the capital raising will comprise a fully underwritten one for eight non-renounceable pro-rata entitlements issue, following completion of the Placement to raise approximately \$1.3 million.

GENESIS MINERALS LIMITED

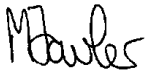
31 DECEMBER 2011

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'M Fowler'.

Michael Fowler

Managing Director

Perth, 15 March 2012

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To the Board of Directors

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

This declaration is made in connection with our review of the financial report of Genesis Minerals Limited and Controlled Entities for the half-year ended 31 December 2011 and in accordance with the provisions of the *Corporations Act 2001*.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- no contraventions of the *Code of Professional Conduct* of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



RICHARD JOUGHIN CA
Director

DATED at PERTH this 15th day of March 2012

GENESIS MINERALS LIMITED

31 DECEMBER 2011

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Half-year	
	2011	2010
	\$	\$
REVENUE	11,850	11,452
EXPENDITURE		
Depreciation expense	(2,047)	(892)
Salaries and employee benefits expense	(212,350)	(148,314)
Exploration expenses	(1,468,533)	(589,728)
Impairment expense	(150,144)	(52,333)
Corporate expenses	(82,916)	(86,317)
Administration expenses	(133,214)	(94,977)
Share based payments expense	(24,448)	(154,312)
Interest expense	(2,091)	-
LOSS BEFORE INCOME TAX	(2,063,893)	(1,115,421)
Income tax benefit / (expense)	-	-
LOSS FOR THE HALF-YEAR	(2,063,893)	(1,115,421)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	39,180	(34,804)
Other comprehensive income for the period, net of tax	39,180	(34,804)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF GENESIS MINERALS LIMITED	(2,024,713)	(1,150,225)
Basic and diluted loss per share (cents)	(2.7)	(2.3)

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

GENESIS MINERALS LIMITED

31 DECEMBER 2011

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	Notes	31 December 2011 \$	30 June 2011 \$
CURRENT ASSETS			
Cash and cash equivalents		258,379	1,556,883
Trade and other receivables		6,958	7,437
TOTAL CURRENT ASSETS		265,337	1,564,320
NON-CURRENT ASSETS			
Plant and equipment		14,440	13,196
TOTAL NON-CURRENT ASSETS		14,440	13,196
TOTAL ASSETS		279,777	1,577,516
CURRENT LIABILITIES			
Trade and other payables		455,121	110,783
Borrowings	3	281,476	-
TOTAL CURRENT LIABILITIES		736,597	110,783
TOTAL LIABILITIES		736,597	110,783
NET (DEFICIENCY)/ASSETS		(456,820)	1,466,733
EQUITY			
Issued capital	4	7,925,860	7,849,148
Reserves		417,538	353,910
Accumulated losses		(8,800,218)	(6,736,325)
TOTAL EQUITY		(456,820)	1,466,733

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

GENESIS MINERALS LIMITED

31 DECEMBER 2011

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Issued Capital	Options Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2010	4,268,799	96,475	30,781	(4,238,708)	157,347
Loss for the half-year	-	-	-	(1,115,421)	(1,115,421)
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations	-	-	(34,804)	-	(34,804)
TOTAL COMPREHENSIVE INCOME	-	-	(34,804)	(1,115,421)	(1,150,225)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	1,431,798	-	-	-	1,431,798
Share issue transaction costs	(93,976)	-	-	-	(93,976)
Employee share options	-	154,312	-	-	154,312
BALANCE AT 31 DECEMBER 2010	5,606,621	250,787	(4,023)	(5,354,129)	499,256
BALANCE AT 1 JULY 2011	7,849,148	274,837	79,073	(6,736,325)	1,466,733
Loss for the half-year	-	-	-	(2,063,893)	(2,063,893)
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations	-	-	39,180	-	39,180
TOTAL COMPREHENSIVE INCOME	-	-	39,180	(2,063,893)	(2,024,713)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	56,100	-	-	-	56,100
Value of conversion rights on convertible note	20,612	-	-	-	20,612
Employee share options	-	24,448	-	-	24,448
BALANCE AT 31 DECEMBER 2011	7,925,860	299,285	118,253	(8,800,218)	(456,820)

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

GENESIS MINERALS LIMITED

31 DECEMBER 2011

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Half-year	
	2011	2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(1,337,431)	(581,293)
Payments to suppliers and employees	(315,442)	(336,602)
Interest received	18,480	11,452
Net cash outflow from operating activities	(1,634,393)	(906,443)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(3,898)	(2,794)
Net cash outflow from investing activities	(3,898)	(2,794)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	300,000	-
Share issue transaction costs	-	(93,976)
Proceeds from issue of shares	-	1,410,798
Net cash inflow from financing activities	300,000	1,316,822
Net (decrease)/increase in cash and cash equivalents	(1,338,291)	407,585
Cash and cash equivalents at the beginning of the half-year	1,556,883	219,252
Effects of exchange rate changes on cash and cash equivalents	39,787	(210)
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	258,379	626,627

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

GENESIS MINERALS LIMITED

31 DECEMBER 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Genesis Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group incurred a loss from ordinary activities of \$2,063,893 for the half-year ended 31 December 2011 (2010: \$1,115,421). Included within this loss was the write off of exploration expenditure of \$1,468,533 (2010: \$589,728).

The net working capital position of the Group at 31 December 2011 was (\$471,260) (30 June 2011: \$1,453,537) and the net decrease in cash held during the half-year was \$1,338,291 (2010: \$407,585 increase).

The ability of the Company and the Group to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional share capital and ultimately developing one of its mineral properties.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Group's current exploration projects, the Directors believe that the additional capital required can be raised in the market; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

GENESIS MINERALS LIMITED

31 DECEMBER 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2011 (continued)**

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

Should the Company not be successful in its planned capital raisings, it may be necessary to sell some of its assets, farm out exploration projects or reduce exploration expenditure by various methods including surrendering less prospective tenements. Although the Directors believe that they will be successful in these measures, if they are not, the Company and the Group may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

NOTE 2: SEGMENT INFORMATION

	Half-year	
	2011	2010
	\$	\$
South American Exploration Segment		
Segment revenue	-	-
Reconciliation of segment revenue to total revenue before tax:		
Corporate interest revenue	11,850	11,452
Total revenue	<u>11,850</u>	<u>11,452</u>
Segment results	(1,706,544)	(677,501)
Reconciliation of segment result to net loss before tax:		
Depreciation expense	(2,047)	(892)
Salaries and employee benefits expense	(212,350)	(148,314)
Share based payments expense	(24,448)	(154,312)
Other corporate and administration	(116,413)	(134,402)
Corporate interest expense	(2,091)	-
Net loss before tax	<u>(2,063,893)</u>	<u>(1,115,421)</u>
	31 December	30 June 2011
	2011	2011
	\$	\$
Segment operating assets	30,498	91,766
Reconciliation of segment operating assets to Group assets:		
Other corporate and administration assets	249,279	1,485,750
Total assets	<u>279,777</u>	<u>1,577,516</u>
Segment operating liabilities	4,186,694	2,815,907
Reconciliation of segment operating liabilities to Group liabilities:		
Inter-segment eliminations	(3,930,406)	(2,783,406)
Other corporate and administration liabilities	480,309	78,282
Total liabilities	<u>736,597</u>	<u>110,783</u>

GENESIS MINERALS LIMITED

31 DECEMBER 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (continued)

NOTE 3: CURRENT BORROWINGS

The Group has entered into a loan agreement with Investmet Limited for the purpose of funding exploration operations in South America. The loan is an interest free facility of up to \$500,000, comprised of up to five convertible notes, each with a face value of \$100,000. The loan is repayable on a maturity date of 30 April 2012 unless an event of default occurs, or unless conversion to equity has already occurred. Conversion is aligned with a capital raising comprising of a placement to raise \$1.8 million, through the issue of 18,000,000 fully paid ordinary shares at \$0.10 per share together with 18,000,000 free unlisted options. The Placement will be to Investmet and its nominees and is subject to shareholder approval which is expected to be sought under section 611 item 7 of the *Corporations Act 2001* during March 2012.

Conversion may occur on the date the Placement securities are issued and allotted at a conversion price of \$0.10 each plus a free attaching option on the same terms as the Placement Options subject to prior Genesis shareholder approval, or conversion may occur at Investmet's election, at a conversion price of \$0.06 each if Genesis shareholder approval is not received for the issue of the shares in the Placement.

As at the reporting date three convertible notes had been issued and are presented in the Statement of Financial Position as follows:

	31 December 2011 \$	30 June 2011 \$
Face value of notes issued	300,000	-
Other equity securities – value of conversion rights	(20,612)	-
	279,388	-
Interest expense*	2,088	-
Interest paid/payable	-	-
Current liability	281,476	-

*Interest expense is calculated by applying the effective interest rate of 20% to the liability component.

GENESIS MINERALS LIMITED

31 DECEMBER 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2011 (continued)**

NOTE 4: CHANGES IN EQUITY SECURITIES ON ISSUE

	2011 Shares	2011 \$	2010 Shares	2010 \$
Issues of ordinary shares during the half-year				
Entitlement issue	-	-	23,278,340	1,163,917
Placement as consideration for tenement acquisition	510,000	56,100	300,000	21,000
Placement for cash	-	-	4,937,627	246,881
Capital raising costs	-	-	-	(93,976)
	510,000	56,100	23,578,340	1,337,822

	Number of options 2011	2010
Movements of options during the half-year		
Options issued, exercisable at 10 cents, on or before 30 September 2012	-	600,000
Options issued, exercisable at 31 cents, on or before 30 November 2013	-	2,400,000
	-	3,000,000

NOTE 5: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 6: SUBSEQUENT EVENTS

During February 2012 the Company completed a placement of 3,333,333 ordinary shares to sophisticated investors raising \$500,000 before costs.

No other matter or circumstance has arisen since 31 December 2011, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

GENESIS MINERALS LIMITED

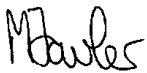
31 DECEMBER 2011

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 6 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Genesis Minerals Limited will be able to pay its debts as and when they become due and payable.

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



Michael Fowler
Managing Director
Perth, 15 March 2012

Independent Auditor's Review Report

To the Members of Genesis Minerals Limited

We have reviewed the accompanying half-year financial report of Genesis Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Genesis Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Basis for Qualified Conclusion – Going Concern

As disclosed in Note 1 to the financial statements, the accounts have been prepared on the going concern basis, which contemplates continuity of normal activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Consolidated Entity incurred a loss from ordinary activities of \$2,063,893 for the half-year ended 31 December 2011 (2010: \$1,115,421). Included within this loss was the write off of exploration expenditure of \$1,468,533 (2010: \$589,728).

The net working capital position of the Consolidated Entity at 31 December 2011 was a deficiency of \$471,260 (30 June 2011: \$1,453,537) and the net decrease in cash held during the half-year was \$1,338,291 (2010: \$407,585 increase).

The ability of the Company and the Consolidated Entity to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional share capital and ultimately developing one of its mineral properties.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Consolidated Entity's current exploration projects, the Directors believe that the additional capital required can be raised in the market; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

Should the Company not be successful in its planned capital raisings, it may be necessary to sell some of its assets, farm out exploration projects or reduce exploration expenditure by various methods including surrendering less prospective tenements. Although the Directors believe that they will be successful in these measures, if they are not, the Company and the Consolidated Entity may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

As a result of these matters, a material uncertainty exists which may cast significant doubt on the Consolidated Entity's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business, as described above. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

Independent Auditor's Review Report

To the Members of Genesis Minerals Limited (Continued)



Qualified Conclusion

Based on our review, which is not an audit, with the exception of the matter described in the preceding paragraphs, we have not become aware of any matter that makes us believe that the half-year financial report of Genesis Minerals Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

BENTLEYS
Chartered Accountants

RICHARD JOUGHIN CA
Director

DATED at PERTH this 15th day of March 2012