




Genesis Minerals Limited
ANNUAL REPORT 2008

Corporate Directory

DIRECTORS

Michael Haynes - Chairman
Michael Fowler - Managing Director and CEO
Graeme Smith - Non- Executive Director

SECRETARY

Graeme Smith

REGISTERED OFFICE

23 Altona Street
WEST PERTH WA 6005

PRINCIPAL PLACE OF BUSINESS

Level 3, 10 Outram Street
WEST PERTH WA 6005
Telephone: +61 8 9322 6178
Facsimile: +61 8 9481 2335

SOLICITORS

Wright Legal
Level 1, 103 Colin Street
WEST PERTH WA 6005

AUDITORS

Bentleys
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
PERTH WA 6000

Internet Address

www.genesisminerals.com.au

Email Address

info@genesisminerals.com.au

Securities Exchange Listing

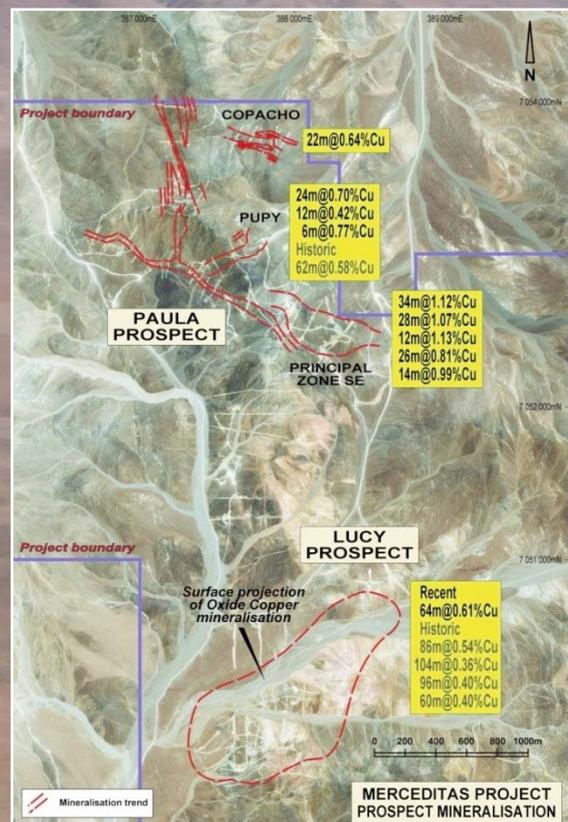
Genesis Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: GMD)

Highlights 2008

Since listing in August 2007 Genesis Minerals Limited secured an option to acquire a 100% interest in the Merceditas copper-gold project in northern Chile. The Option was acquired in January 2008 and the first ever program of RC drilling targeting shallow oxide copper-gold mineralisation was completed in May 2008. The results from the program confirmed the potential for a significant copper resource to be defined at Merceditas.

The results from the initial drilling program included:

MERC002	12m @ 1.13 % copper from 4m
	22m @ 0.68 % copper from 46m
MERC006	34m @ 1.12 % copper from 42m
MERC012	14m @ 0.99% copper from 46m
MERC017	26m @ 0.81 % copper from 0m
MERC018	28m @ 1.07 % copper from 0m
MERC019	6m @ 1.70 % copper from 12m
MERC027	24m @ 0.70 % copper from 8m
MERC033	22m @ 0.64 % copper from 0m
MERC035	64m @ 0.61% copper from 36m



Dear Fellow Shareholder,

I am pleased to present the annual report of the Company for the year ending 30 June 2008.

Since listing on the ASX in August 2007 we have made very good progress towards achieving our stated objective of discovering and/or acquiring commercially significant mineral deposits that can be readily brought into production.

In the 10 months since listing Genesis acquired an Option to purchase 100% of the Merceditas Oxide Copper Project in northern Chile, set up an office and operating Company in Chile and importantly completed an initial drilling program at the Merceditas Project.

Significant copper intersections were returned from surface in the first ever program of drilling targeting shallow oxide copper mineralisation at the Merceditas Project. The results confirm the potential to delineate a substantial copper resource at Merceditas. Having recently completed our second phase drilling program we anticipate releasing a JORC code compliant resource in the last quarter of 2008.

You will be aware that we have been operating in an exceptionally difficult global financial environment for the past six to twelve months. These circumstances have precluded us receiving full recognition of the value of our Merceditas project. We will however continue to prudently employ our funds while operating as cost effectively as possible. Numerous opportunities to acquire additional quality assets are now arising as a result of the financial turmoil and Genesis will continue to evaluate and where appropriate, aggressively pursue these opportunities.

On behalf of the Board I would like to thank you for your continued support and I look forward to keeping you informed of our progress during the year.

Michael Haynes
Chairman



2008 Operations Summary

Merceditas Project - Chile

In January 2008 Genesis Minerals Limited reached agreement with Andes Pacific Development S.A., a private Chilean company, to acquire a 100% interest in the 18km² Merceditas copper-gold project in northern Chile. The Merceditas Project is located 80km north of the city of Copiapó, approximately 1,000km north of Santiago, the capital of Chile. The project is 60km from the Pacific Ocean, and 100km and 70km from the ports of Caldera and Chañaral respectively.

The Project is located in northern Chile's Iron-Oxide-Copper-Gold ("IOCG") belt which is one of the most prospective IOCG provinces in the world and hosts numerous deposits including Candelaria (470Mt @ 0.95% copper) and Manto Verde (350Mt @ 0.75% copper). The Project is located at low altitude in the Atacama Desert and is easily accessible by road. It is located in an area that is serviced by very good infrastructure.

The Merceditas Project comprises two main prospects, Paula and Lucy. Significant copper oxide mineralisation has been defined at surface over a 5km by 3km area and is exposed in a number of trenches.

Previously Minera Mantos Blancos carried out exploration (geological mapping, trenching, drilling) at the Lucy Prospect between 1992 and 1993. The entire Project area was explored from 1998 to 1999 by Minera Outokumpu Chile as part of its regional exploration program in Chile. Minera Outokumpu Chile carried out geological mapping, trenching, geochemical sampling, geophysical magnetic surveys and wide spaced drilling at both the Paula and Lucy Prospects. Outokumpu terminated its exploration in Chile in late 1999. Andes Pacific acquired the Project shortly thereafter.



Genesis Exploration

Genesis completed a 36 hole RC drilling program in May 2008 for 2,950 metres to follow-up the significant trench results returned from Outokumpu sampling in 1998. The majority of this program comprised wide spaced drilling at the Principal Zone in the south eastern corner of the Paula Prospect at the Merceditas Project. Limited drilling also targeted the Capacho and Pupy Zones at the Paula Prospect. One hole was drilled into the north eastern side of the Lucy Prospect.

Paula Prospect

Drilling at the Principal Zone SE intersected copper mineralisation over 600 metres and remains completely open along strike and at depth. Results include 34m @ 1.12% copper from 42 metres in MERC006 and 28m @ 1.07% copper from 0 metres in MERC018.

Drilling at the Pupy Zone intersected significant copper mineralisation over 400 metres of strike. The potential of the Pupy Zone has been confirmed by the intersection of 24m @ 0.7% copper from 8 metres in MERC027, drilled 150 metres southwest of a historic drill hole which returned 62m @ 0.58% copper from 8 metres.

At the Copacho Zone MERC033, drilled into the western limit of the zone, returned 22m @ 0.64% copper from 0 metres. Mineralisation remains open at depth and along strike to the east.

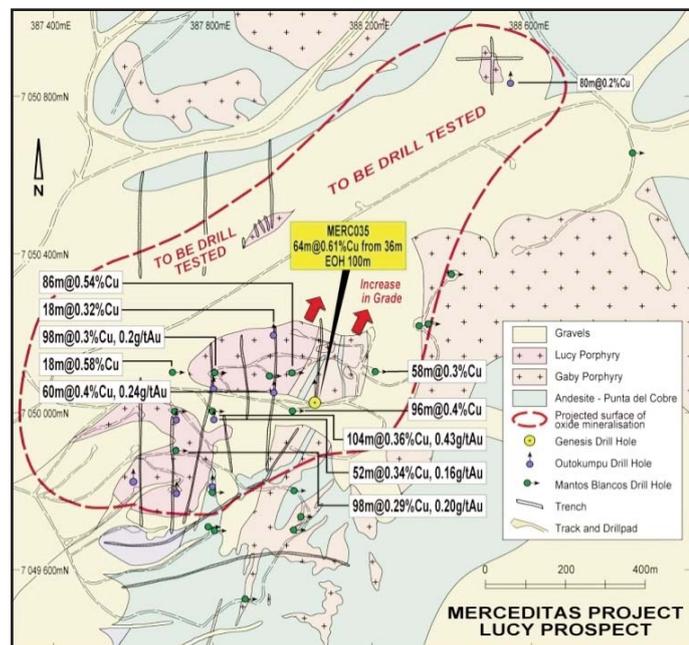
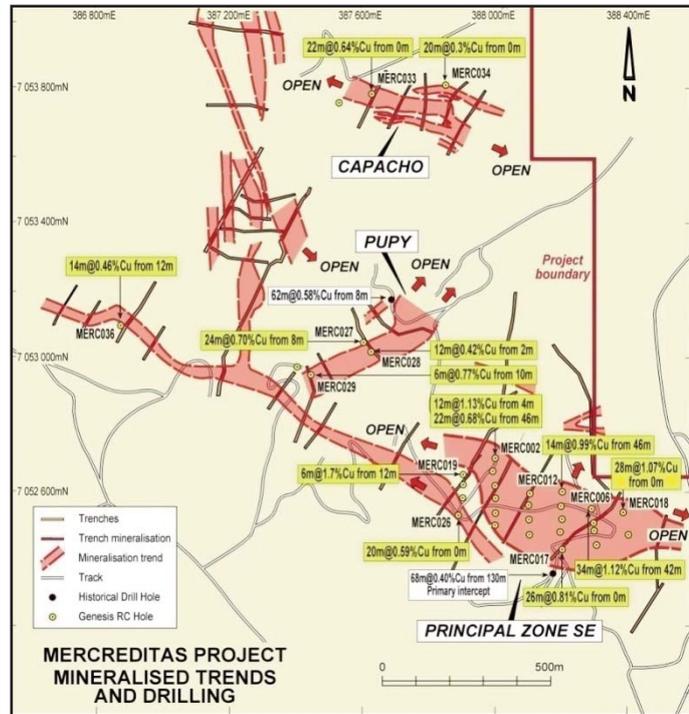
Outcropping copper mineralisation has been identified over 3,500 metres of strike at the Paula Prospect, the majority of which remains untested by drilling.

Copper mineralisation at the Paula Prospect is hosted within a sequence of variably altered and oxidised andesitic rocks and is structurally controlled with mineralised zones typically having a high-grade core of chrysocolla (the dominant copper oxide mineral) and semi-massive iron-oxide, surrounded by a lower grade stockwork of chrysocolla veinlets.

Lucy Prospect

The Lucy prospect is a large low grade copper - gold porphyry type system. Mineralisation is oriented ENE and forms an oval shaped hydrothermal alteration zone with a leached cap that covers a surface area of 2 x 1 km. The hydrothermal system is associated with two porphyritic stocks surrounded by andesitic volcanic rocks.

Minera Mantos Blancos (1992-1993) carried out geological surveys, trenching and drilled twenty four holes for approximately 3,850 metres. Minera Outokumpu Chile carried out detailed geological mapping and excavated twenty trenches for a total of 4,420 metres with approximately 1,500 samples collected.



Nine RC holes were drilled for a total of 2,612 metres. Better results from previous drilling at the Lucy Prospect included:

SRP-16	104m @ 0.36% Cu and 0.43g/t Au from 6 metres
RC-16	44m @ 0.38% Cu and 0.25g/t Au from 52 metres
RC-7	92m @ 0.37% Cu and 0.22 g/t Au from 26 metres
SRP-12 A	86m @ 0.54% Cu from 92 metres
SRP-17	96m @ 0.4% Cu from 20 metres
SHP-4	62m @ 0.37% Cu and 0.32g/t Au from 0 metres

As part of the initial drilling program in May 2008 at Merceditas one hole MERC035, drilled on the eastern limit of the main drilled zone at the Lucy Prospect, returned 64m @ 0.61% copper and 0.1g/t gold from 36 metres to the of end of hole. Mineralisation is open to the northeast from MERC035 along the interpreted trend of oxide copper mineralisation. Significantly copper grades appear to be increasing towards the northeast. Mineralisation is hosted within a porphyry body and is associated with a stockwork of chrysocolla veinlets.

Future Work

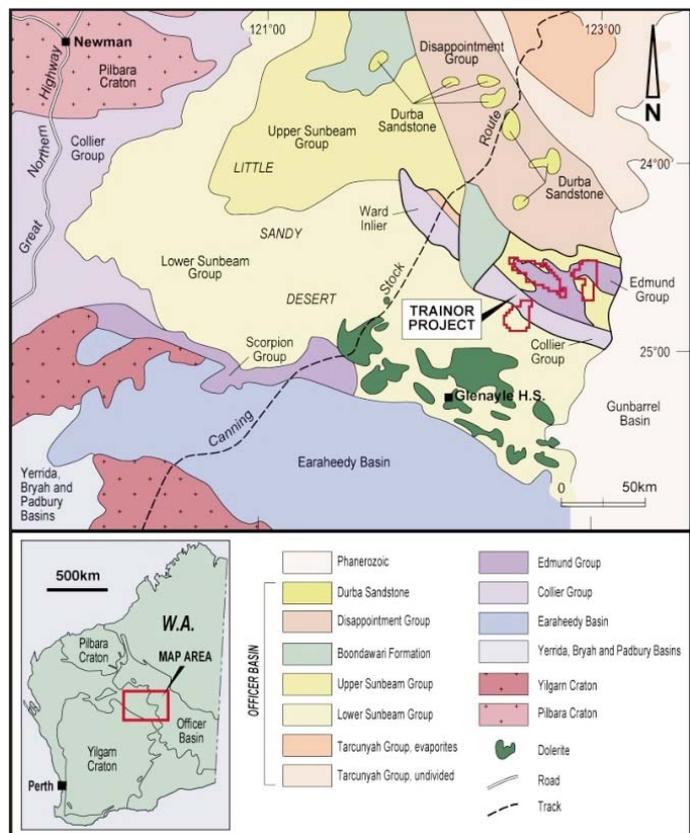
Further drilling was completed at Merceditas in September and October 2008 along with a program of detailed mapping and interpretation of the host structures.

It is anticipated that a JORC code compliant resource will be calculated following completion of this drilling program and receipt of results.

Trainor Joint Venture (Genesis RTE 75%) – Western Australia

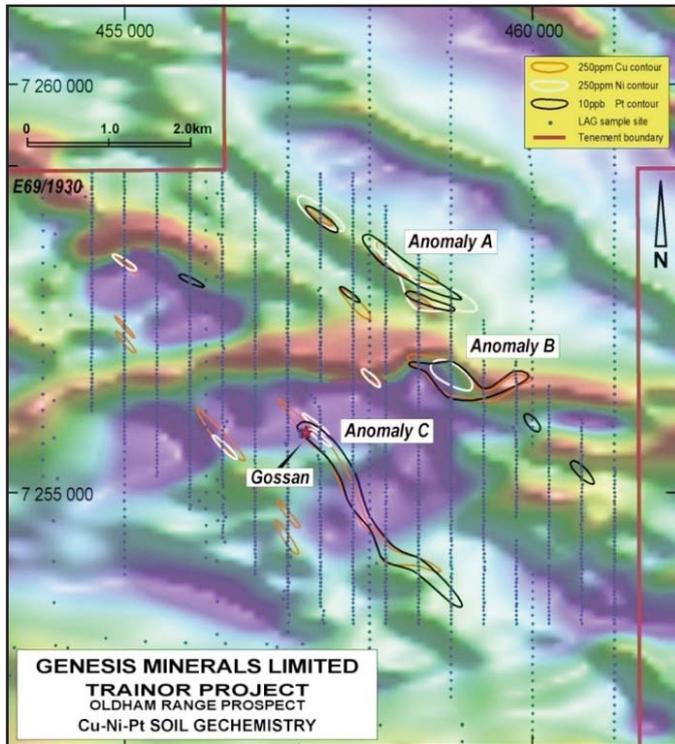
The Trainor Project comprises four granted tenements covering 759km² and is located about 400km north east of Wiluna. Genesis Minerals has the right to earn a 70% interest in the tenements through expenditure of \$2.5 million within 4 years of commencement of the farm-in agreement.

The Project covers part of the under explored Proterozoic Oldham Inlier a basement high within the north western Officer Basin. The combination of strong, widespread alteration (barite-hematite-silica), carbonaceous siltstones and shales in the Quadrio Formation, regional scale structures and anomalous gold, zinc, lead, barium, silver geochemistry returned from previous sampling indicates the potential for the formation of deposits containing gold, copper, uranium, lead, or zinc. The Project has potential to host both stratiform sediment hosted zinc-lead-copper deposits and intrusion related gold mineralisation related to the anomalous gravity lows covered by the Project. The southern half of the Project is prospective for magmatic nickel-copper mineralisation.



Two phases of geochemical sampling at the Oldham Range and Phenoclast Hill Prospects were completed at Trainor during the year with a total of 3415 samples collected.

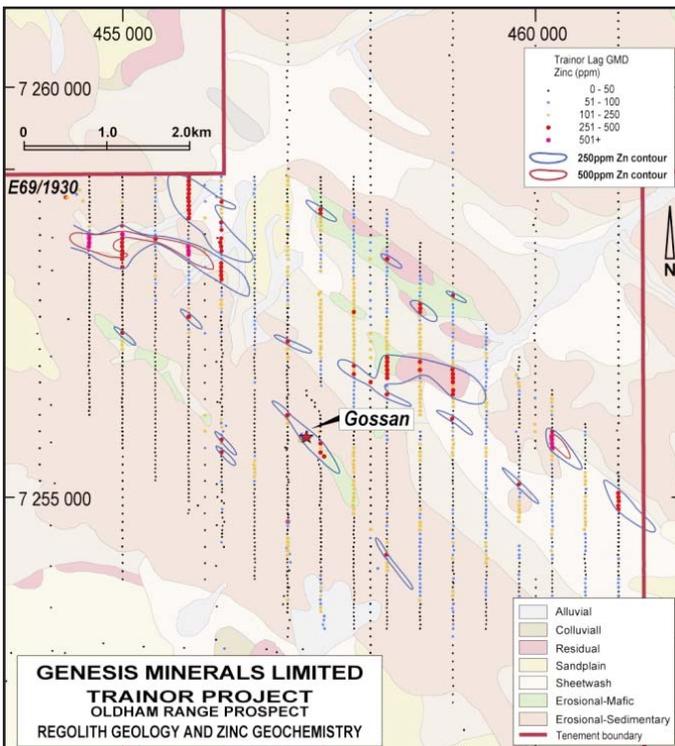
The sampling has confirmed the potential of the project to host both magmatic nickel – copper sulphide mineralisation and stratiform sediment-hosted base-metal mineralisation in this highly prospective but grossly unexplored area.



Oldham Range Prospect

Sampling at the Oldham Range Prospect defined three coincident copper-nickel-PGE-cobalt anomalies which strike northwest. These anomalies are associated with mafic intrusions which strike west to northwest through the prospect area. The strongest of these anomalies (Anomaly B) is up to 1,600 metres long and is associated with an embayment in a mafic intrusion and has peak values of 740ppm copper and 452ppm nickel. The southern anomaly (Anomaly C) strikes northwest for over 3,000 metres and has maximum values of 634ppm copper and 266ppm nickel. Significantly this anomaly is associated with a small gossan which has previously returned values of 899ppm copper and 947ppm nickel.

The sampling also defined strong zinc anomalism trending northwest over 7,000 metres through the prospect area. On the western side of the Oldham Range Prospect a strong zone of anomalism at greater than 500ppm zinc is defined over 1,600 metres. The zinc anomalism is closely associated with an extensive vanadium anomaly (maximum 0.28%) and is within depositional regolith units.



Phenoclast Hill Prospect

Infill sampling completed at the Phenoclast Hill Prospect defined a widespread zone of zinc and lead geochemical anomalism. The lag defined anomaly has a maximum lead value of 237ppm and maximum zinc value of 498ppm and appears to be coincident with the interpreted Skates Hill Formation and Quadrio Formation unconformity where it outcrops and trends under sand and alluvial cover. Rock chip sampling had previously returned zinc values of 1098ppm and 1413ppm in the area.

Planned Exploration

Exploration activities to be completed in the second half of 2008 will include geological mapping, prospecting and potentially a geophysical survey.

The information in this report that relates to Exploration Results is based on information compiled by Michael Fowler, Genesis Minerals Limited Managing Director, who is a Member of The Australasian Institute of Mining and Metallurgy. Michael Fowler is a permanent employee of Genesis Minerals Limited and 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.



ABN 72 124 772 041



Annual Financial Report

for the year ended 30 June 2008

Corporate Information

ABN 72 124 772 041

Directors

Michael Haynes (Non Executive Chairman)

Michael Fowler (Managing Director)

Graeme Smith (Non Executive Director)

Company Secretary

Graeme Smith

Registered Office

23 Altona Street

WEST PERTH WA 6005

Principal Place of Business

Level 3, 10 Outram Street

WEST PERTH WA 6005

Telephone: +61 8 9322 6178

Facsimile: +61 8 9481 2335

Postal Address

PO Box 437

WEST PERTH WA 6872

Solicitors

Wright Legal

Level 1, 103 Colin Street

WEST PERTH WA 6005

Share Register

Computershare Investor Services Pty Ltd

Level 2, Reserve Bank Building

45 St George's Terrace

PERTH WA 6000

Auditors

Bentleys

Level 1, 12 Kings Park Road

WEST PERTH WA 6005

Internet Address

www.genesisminerals.com.au

Email Address

info@genesisminerals.com.au

Securities Exchange Listing

Genesis Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: GMD).

Contents

Directors' Report	3
Auditor's Independence Declaration	8
Corporate Governance Statement	9
Income Statement	13
Balance Sheet	14
Statement of Changes in Equity	15
Cash Flow Statement	16
Notes to the Financial Statements	17
Directors' Declaration	36
Independent Audit Report	37
ASX Additional Information	39

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Genesis Minerals Limited and the entities it controlled at the end of, or during, the year ended 30 June 2008.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Michael Haynes, (Non Executive Chairman, appointed 4 July 2007)

Michael Haynes has more than 15 years experience in the international mineral exploration industry. Mr. Haynes graduated from the University of Western Australia with an honours degree in geology and geophysics and has explored for a wide variety of ore deposit styles throughout Australia and extensively in North America, South East and Central Asia, Africa, South America and Europe.

Mr. Haynes has held technical positions with both BHP Minerals and Billiton plc. He ran his own successful consulting business for a number of years providing professional geophysical and exploration services to both junior and major resource companies. He has worked extensively on project generation and acquisition throughout his career.

Mr Haynes is the Managing Director of Black Range Minerals Limited, Chairman of Overland Resources Limited and a Director of Bellamel Mining Limited. He was previously one of the founders and Executive Director of Iberian Resources Limited (resigned July 2007).

Michael Fowler, (Managing Director)

Michael Fowler is a geologist with 18 years industry experience. Mr Fowler graduated from Curtin University in 1988 with a Bachelor of Applied Science degree majoring in geology and in 1999 received a Master of Science majoring in Ore Deposit Geology from the University of Western Australia. On graduating he explored for gold and base metals for Dominion Mining in the Murchison, Gascoyne and Eastern Goldfields Regions of Western Australia.

In 1996, Mr Fowler joined Croesus Mining NL and was made Exploration Manager in 1997. He oversaw all exploration for Croesus until June 2004 and was then appointed Business Development Manager and then Managing Director in October 2005. Mr Fowler has been responsible for the discovery and development of several significant gold deposits. He has been heavily involved in a number of significant acquisitions and project reviews. Mr Fowler is currently working as Exploration Manager for Castle Minerals, and within the last 3 years he was a Non Executive Director of Azure Minerals Limited (resigned September 2007).

Graeme Smith, (Non Executive Director)

Graeme Smith is a finance professional with over 20 years experience in accounting and company administration. He graduated from Macquarie University with a Bachelor of Economics degree and has since received a Master of Business Administration and a Master of Commercial Law. He is a Fellow of both the Australian Society of Certified Practising Accountants and the Chartered Institute of Secretaries and Administrators.

Mr Smith has held CFO and Company Secretary positions with other Australian mining and mining service companies. Mr Smith is a director of Buxton Resources Limited. Mr Smith has not held any former directorships in the last 3 years.

COMPANY SECRETARY

Graeme Smith

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Genesis Minerals Limited were:

	Ordinary Shares	Options over Ordinary Shares
Michael Haynes	660,000	1,000,000
Michael Fowler	2,000,000	5,000,000
Graeme Smith	60,000	500,000

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the acquisition of mining tenements, and the exploration of these tenements with the objective of identifying economic mineral deposits.

DIVIDENDS

No dividends were paid or declared during the year. No recommendation for payment of dividends has been made.

OPERATING AND FINANCIAL REVIEW

Finance Review

The Group has recorded an operating loss after income tax for the year ended 30 June 2008 of \$2,002,970 (2007: \$25,803).

At 30 June 2008 cash assets available totalled \$1,147,395.

Operating Results for the Year

Summarised operating results are as follows:

	2008	
	Revenues \$	Results \$
<i>Geographic segments</i>		
Australia	130,862	(2,053,644)
Chile	-	(1,031,641)
Consolidation eliminations	-	1,082,315
Consolidated entity revenues and loss from ordinary activities before income tax expense	130,862	(2,002,970)

Shareholder Returns

	2008	2007
Basic loss per share (cents)	(9.2)	(0.5)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company raised \$3 million through the issue of 15 million ordinary shares at initial public offer and was admitted to the official list of Australian Securities Exchange Limited on 30 July 2007. Funds raised are being used to actively pursue the Company's exploration projects.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 24, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Genesis Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board of Genesis Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$300,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Performance based remuneration

The company currently has no performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors and executives performance. The Company plans to facilitate this process by directors and executives participating in future option issues to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at year end, refer to note 17 of the financial statements.

B Details of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) and specified executives of Genesis Minerals Limited and the Genesis Minerals Group are set out in the following table.

The key management personnel of Genesis Minerals Limited include the directors and company secretary as per page 3 above.

Given the size and nature of operations of Genesis Minerals Limited, there are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

Key management personnel and other executives of Genesis Minerals Limited

	Short-Term		Post Employment		Share-based	Total
	Salary & Fees	Non Monetary	Superannuation	Retirement benefits	Payments	
	\$	\$	\$	\$	\$	\$
Directors						
Michael Haynes						
2008	49,958	1,798	-	-	-	51,756
Michael Fowler						
2008	146,667	1,798	14,667	-	-	163,132
2007	-	-	-	-	-	-
Graeme Smith						
2008	27,500	1,798	2,475	-	-	31,773
2007	-	-	-	-	-	-
Total key management personnel compensation						
2008	224,125	5,394	17,142	-	-	246,661
2007	-	-	-	-	-	-

C Service agreements

On 25 June 2007 the Company entered into an Executive Service Agreement with Mr Michael Fowler.

Under the Agreement, Mr Michael Fowler is engaged by the Company to provide services to the Company in the capacity of Managing Director and CEO.

Mr Fowler is to be paid a salary of \$176,000, (inclusive of superannuation entitlement).

The Agreement is effective from the date the Company was admitted to the Official List (30 July 2007) and continues until terminated by either Mr Fowler or the Company. Mr Fowler is entitled to a minimum notice period of three months from the Company and the Company is entitled to a minimum notice period of three months from Mr Fowler.

D Share-based compensation

There was no share-based compensation issued to key management personnel during the year.

E Additional information**Performance income as a proportion of total compensation**

No performance based bonuses have been paid to key management personnel during the financial year.

DIRECTORS' MEETINGS

During the year the Company held nine meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings	
	A	B
Michael Haynes	8	9
Michael Fowler	9	9
Graeme Smith	9	9

Notes

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the year.

SHARES UNDER OPTION

At the date of this report there are 9,750,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	9,250,000
Share options issued during the year	
Exercisable at 20 cents, on or before 28 February 2013	500,000
Total number of options outstanding as at 30 June 2008 and the date of this report	9,750,000

The balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
28 February 2013	20	500,000
15 May 2012	20	9,250,000
Total number of options outstanding at the date of this report		9,750,000

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums insuring all the directors of Genesis Minerals Limited against costs incurred in defending proceedings for conduct involving:

- (a) a wilful breach of duty; or
- (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid is \$5,393.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Bentleys or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Bentleys received or are due to receive the following amounts for the provision of non-audit services:

	2008	2007
	\$	\$
Investigating accountants report	-	7,000

PROCEEDINGS ON BEHALF OF THE COMPANY

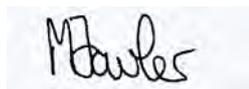
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

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 8.

Signed in accordance with a resolution of the directors.



Michael Fowler
Managing Director

Perth, 30 September 2008

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 audit of the financial report of Genesis Minerals Limited and Controlled Entities for the year ended 30 June 2008 and in accordance with the provisions of the Corporations Act 2001.

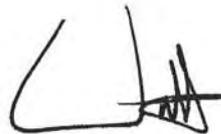
We declare that, to the best of our knowledge and belief, there have been:

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

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants



CHRIS WATTS
Director

DATED at PERTH this 30th day of September 2008

Corporate Governance Statement

The Board of Directors

The company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any share holding qualification.

As and if the company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the company's constitution will be determined within the limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board considers that the company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees (other than an Audit Committee) at this time. The board as a whole is able to address the governance aspects of the full scope of the company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mining exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines with a view to making amendments where applicable after considering the company's size and the resources it has available.

As the company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the company's present position with regard to adoption of these Principles.

	ASX Principle	Status	Reference/comment
Principle 1:	Lay solid foundations for management and oversight		
1.1	Formalise and disclose the functions reserved to the board and those delegated to management	A	
Principle 2:	Structure the board to add value		
2.1	A majority of board members should be independent directors	A	Given the Company's background, the nature and size of its business and the current stage of its development, the board comprises three directors, two of whom are non-executive. The board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.2	The chairperson should be an independent director	A	
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual	A	
2.4	The board should establish a nomination committee	A	
2.5	Provide the information indicated in Guide to reporting on Principle 2	A (in part)	The skills and experience of directors are set out in the company's Annual Report and on its website.
Principle 3:	Promote ethical and responsible decision-making		
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the company's integrity 3.1.2 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices	A	The company has formulated a Code of Conduct which can be viewed on the company's website.
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees	A	The company has formulated a securities trading policy which can be viewed on its website.
3.3	Provide the information indicated in Guide to Reporting on Principle 3	A	
Principle 4:	Safeguard integrity in financial reporting		
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards	A	
4.2	The board should establish an audit committee	A	

A = Adopted

N/A = Not adopted

	ASX Principle	Status	Reference/comment
	Principle 4: Safeguard integrity in financial reporting		
	<i>(continued)</i>		
4.3	Structure the audit committee so that it consists of:	A (in part)	
	• Only non-executive directors	A	
	• A majority of independent directors	A	
	• An independent chairperson who is not the chairperson of the board	A	
	• At least three members	N/A	The company only has two non-executive directors.
4.4	The audit committee should have a formal charter	A	
4.5	Provide the information indicated in Guide to reporting on Principle 4	A	
	Principle 5: Make timely and balanced disclosure		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance	A	
5.2	Provide the information indicated in Guide to Reporting on Principle 5	A	
	Principle 6: Respect the rights of shareholders		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	A	In line with adherence to continuous disclosure requirements of ASX all shareholders are kept informed of major developments affecting the Company. This disclosure will be through regular shareholder communications including the Annual Report, Quarterly Reports, the Company website and the distribution of specific releases covering major transactions or events.
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the audit and the preparation and content of the auditor's report	A	Shareholders are encouraged to exercise their right to vote, either by attending meetings, or by lodging a proxy. The Company's auditors attend all shareholders' meetings.
	Principle 7: Recognise and manage risk		
7.1	The board or appropriate board committee should establish policies on risk oversight and management	N/A	<p>While the Company does not have formalised policies on risk management the board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at board meetings and risk management culture is encouraged amongst employees and contractors.</p> <p>Determined areas of risk which are regularly considered include:</p> <ul style="list-style-type: none"> • performance and funding of exploration activities • budget control and asset protection • status of mineral tenements • land access and native title considerations • compliance with government laws and regulations • safety and the environment • continuous disclosure obligations • sovereign risk

A = Adopted

N/A = Not adopted

	ASX Principle	Status	Reference/comment
Principle 7: <i>(continued)</i>	Recognise and manage risk		
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that: 7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board 7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects	A	
7.3	Provide information indicated in Guide to Reporting on Principle 7	A	
Principle 8:	Encourage enhanced Performance		
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives	A	The remuneration of executive and non-executive directors is reviewed by the board with the exclusion of the director concerned. The remuneration of management and employees is reviewed by the board and approved by the chairman.
Principle 9:	Remunerate fairly and responsibly		
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance	A	The company discloses remuneration-related information in its Annual Report to shareholders in accordance with the <i>Corporations Act 2001</i> . Remuneration levels are determined by the board on an individual basis, the size of the Company making individual assessment more appropriate than formal remuneration policies.
9.2	The board should establish a remuneration committee	A	
9.3	Clearly distinguish the structure of non-executive directors remuneration from that of executives	A	
9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders	A	
9.5	Provide information indicated in ASX Guide to Reporting on Principle 9	A (in part)	
Principle 10:	Recognise legitimate interests of Stakeholders		
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders	A	The company's Code of Conduct is set out in the company's website. The board continues to review existing procedures over time to ensure adequate processes are in place. All directors, employees and contractors are expected to act with the utmost integrity and objectivity in their dealings with other parties, striving at all times to enhance the reputation and performance of the company.

A = Adopted

N/A = Not adopted

Income Statement

YEAR ENDED 30 JUNE 2008	Notes	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
REVENUE FROM CONTINUING OPERATIONS	4	130,862	955	130,862	955
EXPENDITURE					
Depreciation expense		(1,687)	(37)	(1,687)	(37)
Salaries and employee benefits expense		(140,802)	-	(140,802)	-
Exploration expenses		(1,555,288)	(2,070)	(589,842)	(2,070)
Impairment expense	5	(51,372)	-	(1,082,315)	-
Corporate expenses		(130,966)	(23,558)	(126,749)	(23,558)
Administration costs		(190,167)	(1,093)	(179,561)	(1,093)
Share based payments expense	27	(63,550)	-	(63,550)	-
LOSS BEFORE INCOME TAX		(2,002,970)	(25,803)	(2,053,644)	(25,803)
INCOME TAX BENEFIT / (EXPENSE)	6	-	-	-	-
LOSS FOR THE YEAR		(2,002,970)	(25,803)	(2,053,644)	(25,803)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the company (cents per share)	26	(9.2)	(0.5)		

The above Income Statement should be read in conjunction with the Notes to the Financial Statements.

Balance Sheet

AT 30 JUNE 2008

	Notes	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	7	1,147,395	220,994	1,057,595	220,994
Trade and other receivables	8	10,515	2,168	8,733	2,168
Other	9	-	57,583	-	57,583
TOTAL CURRENT ASSETS		1,157,910	280,745	1,066,328	280,745
NON-CURRENT ASSETS					
Receivables	10	-	-	-	-
Other financial assets	11	-	-	-	-
Plant and equipment	12	7,665	1,063	7,665	1,063
TOTAL NON-CURRENT ASSETS		7,665	1,063	7,665	1,063
TOTAL ASSETS		1,165,575	281,808	1,073,993	281,808
CURRENT LIABILITIES					
Trade and other payables	13	175,320	66,109	135,041	66,109
TOTAL CURRENT LIABILITIES		175,320	66,109	135,041	66,109
TOTAL LIABILITIES		175,320	66,109	135,041	66,109
NET ASSETS		990,255	215,699	938,952	215,699
EQUITY					
Issued capital	14	2,954,849	241,502	2,954,849	241,502
Reserves	15(a)	64,179	-	63,550	-
Accumulated losses	15(b)	(2,028,773)	(25,803)	(2,079,447)	(25,803)
TOTAL EQUITY		990,255	215,699	938,952	215,699

The above Balance Sheet should be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in Equity

YEAR ENDED 30 JUNE 2008	Notes	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE YEAR		215,699	-	215,699	-
Exchange differences on translation of foreign operations	15	629	-	-	-
NET INCOME RECOGNISED DIRECTLY IN EQUITY LOSS FOR THE YEAR	15	(2,002,970)	(25,803)	(2,053,644)	(25,803)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF GENESIS MINERALS LIMITED		(2,002,341)	(25,803)	(2,053,644)	(25,803)
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year	14	3,000,000	241,502	3,000,000	241,502
Share issue transaction costs	14	(286,653)	-	(286,653)	-
Employee and contractor share options	15	63,550	-	63,550	-
		2,776,897	241,502	2,776,897	241,502
TOTAL EQUITY AT THE END OF THE YEAR		990,255	215,699	938,952	215,699

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Cash Flow Statement

YEAR ENDED 30 JUNE 2008

	Notes	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(433,488)	(4,944)	(417,392)	(4,944)
Expenditure on mining interests		(1,491,007)	-	(518,524)	-
Interest received		130,419	955	130,419	955
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	25	(1,794,076)	(3,989)	(805,497)	(3,989)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		(8,289)	(1,100)	(8,289)	(1,100)
Loans to related party		-	-	(478,379)	-
Payment for subsidiary	22	-	-	(600,000)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(8,289)	(1,100)	(1,086,668)	(1,100)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of ordinary shares		3,000,000	241,502	3,000,000	241,502
Payments of share issue costs		(271,234)	(15,419)	(271,234)	(15,419)
NET CASH INFLOW FROM FINANCING ACTIVITIES		2,728,766	226,083	2,728,766	226,083
NET INCREASE IN CASH AND CASH EQUIVALENTS					
		926,401	220,994	836,601	220,994
Cash and cash equivalents at the beginning of the financial year		220,994	-	220,994	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	1,147,395	220,994	1,057,595	220,994

The above Cash Flow Statement should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Genesis Minerals Limited as an individual entity and the consolidated entity consisting of Genesis Minerals Limited and its subsidiaries. The financial report is presented in the Australian currency. Genesis Minerals Limited is a no liability company, domiciled and incorporated in Australia. The financial report was authorised for issue by the directors on 30 September 2008. The directors have the power to amend and reissue the financial report.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Genesis Minerals Limited complies with International Financial Reporting Standards (IFRS).

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, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

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 \$2,002,970 for the year ended 30 June 2008 (2007: \$25,803). Included within this loss was the write off of exploration expenditure of \$1,555,288 (2007: \$2,070).

The net working capital position of the Group at 30 June 2008 was \$982,590 (2007: \$157,053) and the net increase in cash held during the year was \$926,401 (2007: increase of \$220,994).

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.

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, 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.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Genesis Minerals Limited ("Company" or "parent entity") as at 30 June 2008 and the results of all subsidiaries for the year then ended. Genesis Minerals Limited and its subsidiaries together are referred to in this financial report as the Group or consolidated entity.

Subsidiaries are all of those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

30 JUNE 2008**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Genesis Minerals Limited.

(c) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Genesis Minerals Limited's functional and presentation currency.

(ii) 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 the income statement, 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.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial 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. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For cash flow statement presentation purposes, 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 insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

30 JUNE 2008**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(k) Investments and other financial assets****Classification**

The Group classifies its investments 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 each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) 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 management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated 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

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group 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 equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

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 equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in note 2.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists 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 the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost, net of their residual values, over their estimated useful lives. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(m) Exploration and evaluation costs

Exploration and evaluation costs are expensed as incurred.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(o) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the balance sheet date are recognised in other payables in respect of employees' services up to the balance sheet date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 27.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(p) Issued capital

Ordinary shares are classified as equity.

30 JUNE 2008**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(q) Earnings per share*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders 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, adjusted for bonus elements in ordinary shares issued during the 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 financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) Comparative figures

Genesis Minerals Limited was incorporated as a private company on 16 April 2007 and converted to a public company on 29 June 2007. The comparative information included in these statements is for the period from incorporation to 30 June 2007.

(t) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Adoption of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(u) Critical accounting judgements, estimates and assumptions

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

30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

The Group and the parent entity operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Chilean Peso.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements.

The Group's and the parent entity's exposure to foreign currency risk at the reporting date was as follows:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	CLP	CLP	CLP	CLP
Cash and cash equivalents	44,236,455	-	-	-
Trade and other receivables	26,184,251	-	-	-
Trade and other payables	(19,842,189)	-	-	-

Sensitivity analysis

Due to the nature of the financial instruments held at 30 June 2008, had the Australian dollar weakened/strengthened by 10% against the Chilean Peso with all other variables held constant, there would have been nil impact on the Group's and the parent entity's post-tax losses for the year (2007 – Nil) and immaterial movements to the Group's and parent entity's equity for both years presented.

(ii) Price risk

Given the current level of operations, neither the Group nor the parent entity are exposed to price risk.

(iii) Interest rate risk

The Group and the parent entity are exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group \$1,147,395 (2007: \$220,994) and the parent entity \$1,057,595 (2007: \$220,994) are subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Group was 5.9% (2007: 0.9%) and by the parent entity 6.0% (2007: 0.9%).

Sensitivity analysis

At 30 June 2008, if interest rates had changed by +/- 80 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for both the Group and the parent entity would have been \$17,500 lower/higher (2007 - \$900 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

Neither the Group nor the parent entity have any significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the balance sheet and notes to the financial statements.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

30 JUNE 2008

2. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group and the parent entity are confined to trade and other payables as disclosed in the Balance Sheet. All trade and other payables are non-interest bearing and due within 12 months of the balance sheet date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group and the parent entity at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

30 JUNE 2008

3. SEGMENT INFORMATION

Description of segments

The Group's operations are in the mining industry. Geographically, the Group operates in two predominant segments, being Australia and Chile. The head office and investment activities of the Group take place in Australia.

Primary reporting format – geographical segments

	Australia		Chile		Consolidated	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
Segment revenue						
Other revenue	130,862	955	-	-	130,862	955
Total segment revenue	130,862	955	-	-	130,862	955
Intersegment elimination					-	-
Consolidated revenue					130,862	955
Segment result						
Segment result	(2,053,644)	(25,803)	(1,031,641)	-	(3,085,285)	(25,803)
Intersegment elimination					1,082,315	-
Loss before income tax					(2,002,970)	(25,803)
Income tax (expense)/benefit					-	-
Loss for the year					(2,002,970)	(25,803)
Segment assets and liabilities						
Segment assets	1,073,993	281,808	239,279	-	1,313,272	281,808
Intersegment elimination					(147,697)	-
Total assets					1,165,575	281,808
Segment liabilities	(135,041)	66,109	(522,594)	-	(657,635)	66,109
Intersegment elimination					482,315	-
Total liabilities					(175,320)	66,109
Other segment information						
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	8,289	1,100	-	-	8,289	1,100
Depreciation expense	1,687	37	-	-	1,687	37
Impairment expense	1,082,315	-	51,372	-	1,133,687	-
Intersegment elimination					(1,082,315)	-
Total impairment expense					51,372	-

Consolidated		Parent Entity	
2008	2007	2008	2007
\$	\$	\$	\$

4. REVENUE

From continuing operations

Other revenue

Interest	130,862	955	130,862	955
----------	---------	-----	---------	-----

30 JUNE 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
5. EXPENSES				
Profit / (loss) before income tax includes the following specific expenses:				
Impairment expense - loans to related party	-	-	482,315	-
Impairment expense - investment in controlled entities	-	-	600,000	-
Impairment expense - trade and other receivables	51,372	-	-	-
6. INCOME TAX				
(a) Income tax expense				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
	-	-	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Loss from continuing operations before income tax expense	(2,002,970)	(25,803)	(2,053,644)	(25,803)
Prima facie tax benefit at the Australian tax rate of 30%	(600,891)	(7,741)	(616,093)	(7,741)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Share-based payments	19,065	-	19,065	-
Sundry items	14	-	14	-
	(581,812)	(7,741)	(597,014)	(7,741)
Movements in unrecognised temporary differences	(1,788)	-	307,495	-
Tax effect of current year tax losses for which no deferred tax asset has been recognised	583,600	7,741	289,519	7,741
Income tax expense	-	-	-	-
(c) Unrecognised temporary differences				
Deferred Tax Assets (at 30%)				
<i>On Income Tax Account</i>				
Capital raising costs	68,797	-	68,797	-
Provisions for impairment	15,412	-	324,695	-
Carry forward tax losses	591,341	7,741	297,260	7,741
	675,550	7,741	690,752	7,741
Deferred Tax Liabilities (at 30%)				
	-	-	-	-
7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	647,395	220,994	557,595	220,994
Short-term deposits	500,000	-	500,000	-
Cash and cash equivalents as shown in the balance sheet and the statement of cash flows	1,147,395	220,994	1,057,595	220,994

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

30 JUNE 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES				
Government taxes receivable	54,340	-	2,968	-
Provision for impairment (note (a))	(51,372)	-	-	-
Sundry receivables	7,547	2,168	5,765	2,168
	10,515	2,168	8,733	2,168

(a) Impaired receivables

As at 30 June 2008 the GTS receivable from the Group's operations in Chile (tax similar to Australia's GST), with a nominal value of \$51,372 (2007: Nil), has been provided for in full. The GTS may only be recoverable once the Group's operations are producing revenue in Chile. There were no impaired receivables for the parent in 2008 or 2007.

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2008	2007
	\$	\$
Balance at the beginning of the year	-	-
Provision for impairment recognised during the year	51,372	-
	51,372	-

9. CURRENT ASSETS - OTHER

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Deferred capital raising costs	-	57,583	-	57,583

10. NON-CURRENT ASSETS - RECEIVABLES

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Loans to subsidiary	-	-	482,315	-
Provision for impairment (note (a))	-	-	(482,315)	-
	-	-	-	-

(a) Impaired receivables

As at 30 June 2008 the parent entity's loans to subsidiary with a nominal value of \$482,315 (2007: Nil), had been provided for in full. Refer to note 21 for further information on the loans to subsidiary.

Movements in the provision for impairment of receivables for the parent entity are as follows:

	Parent Entity	
	2008	2007
	\$	\$
Balance at the beginning of the year	-	-
Provision for impairment recognised during the year	482,315	-
	482,315	-

30 JUNE 2008

	Notes	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
11. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS					
Shares in subsidiary – at cost	22	-	-	600,000	-
Provision for impairment (note (a))		-	-	(600,000)	-
		-	-	-	-

(a) Impaired investment

As at 30 June 2008 the investment in subsidiary carried at cost by the parent entity, with a nominal value of \$600,000 (2007: Nil), has been provided for in full. An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment.

Movements in the provision for impairment of investment are as follows:

	Parent Entity	
	2008	2007
	\$	\$
Balance at the beginning of the year	-	-
Provision for impairment recognised during the year	600,000	-
	600,000	-

12. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Plant and equipment				
Cost	9,389	1,100	9,389	1,100
Accumulated depreciation	(1,724)	(37)	(1,724)	(37)
Net book amount	7,665	1,063	7,665	1,063
Plant and equipment				
Opening net book amount	1,063	-	1,063	-
Additions	8,289	1,100	8,289	1,100
Depreciation charge	(1,687)	(37)	(1,687)	(37)
Closing net book amount	7,665	1,063	7,665	1,063

13. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	152,566	56,005	112,796	56,005
Other payables and accruals	22,754	10,104	22,245	10,104
	175,320	66,109	135,041	66,109

14. ISSUED CAPITAL**(a) Share capital**

	Notes	2008		2007	
		Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	14(b), 14(d)	23,000,010	2,954,849	8,000,010	241,502
Total issued capital		23,000,010	2,954,849	8,000,010	241,502

30 JUNE 2008

14. ISSUED CAPITAL (cont'd)

(b) Movements in ordinary share capital

	2008		2007	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	8,000,010	241,502	-	-
Issued during the year:				
- Issued for cash at IPO at 20 cents per share	15,000,000	3,000,000	-	-
- Issued for cash at incorporation at 20 cents per share	-	-	10	2
- Issued for cash at 0.1 cent per share	-	-	3,750,000	3,750
- Issued for cash at 1 cent per share	-	-	1,525,000	15,250
- Issued for cash at 5 cents per share	-	-	1,000,000	50,000
- Issued for cash at 10 cents per share	-	-	1,725,000	172,500
Less: Transaction costs	-	(286,653)	-	-
End of the financial year	23,000,010	2,954,849	8,000,010	241,502

(c) Movements in options on issue

	Number of options	
	2008	2007
Beginning of the financial year	9,250,000	-
Issued during the year:		
- Exercisable at 20 cents, on or before 28 Feb 2013	500,000	-
- Exercisable at 20 cents, on or before 15 May 2012	-	9,250,000
End of the financial year	9,750,000	9,250,000

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(e) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group and the parent entity at 30 June 2008 and 30 June 2007 is as follows:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash and cash equivalents	1,147,395	220,994	1,057,595	220,994
Trade and other receivables	10,515	2,168	8,733	2,168
Trade and other payables	(175,320)	(66,109)	(135,041)	(66,109)
Working capital position	982,590	157,053	931,287	157,053

30 JUNE 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
15. RESERVES AND ACCUMULATED LOSSES				
(a) Reserves				
Foreign currency translation reserve	629	-	-	-
Share-based payments reserve	63,550	-	63,550	-
	<u>64,179</u>	-	<u>63,550</u>	-
Movements:				
<i>Foreign currency translation reserve</i>				
Balance at beginning of year	-	-	-	-
Currency translation differences arising during the year	629	-	-	-
Balance at end of year	<u>629</u>	-	-	-
<i>Share-based payments reserve</i>				
Balance at beginning of year	-	-	-	-
Options issued to employees and contractors	63,550	-	63,550	-
Balance at end of year	<u>63,550</u>	-	<u>63,550</u>	-
(b) Accumulated losses				
Balance at beginning of year	(25,803)	-	(25,803)	-
Net loss for the year	(2,002,970)	(25,803)	(2,053,644)	(25,803)
Balance at end of year	<u>(2,028,773)</u>	<u>(25,803)</u>	<u>(2,079,447)</u>	<u>(25,803)</u>

(c) Nature and purpose of reserves*(i) Foreign currency translation reserve*

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

30 JUNE 2008**16. DIVIDENDS**

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

17. KEY MANAGEMENT PERSONNEL DISCLOSURES**(a) Key management personnel compensation**

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short-term benefits	229,519	-	229,519	-
Post employment benefits	17,142	-	17,142	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>246,661</u>	-	<u>246,661</u>	-

The Company has taken advantage of the relief provided by AASB 2008-4 *Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities* and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-C of the remuneration report on pages 5 and 6.

30 JUNE 2008

17. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report on page 6.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Genesis Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2008	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
<i>Directors of Genesis Minerals Limited</i>							
Michael Haynes	-	-	-	1,000,000	1,000,000	1,000,000	-
Michael Fowler	5,000,000	-	-	-	5,000,000	5,000,000	-
Graeme Smith	500,000	-	-	-	500,000	500,000	-
2007	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
<i>Directors of Genesis Minerals Limited</i>							
Michael Fowler	-	-	-	5,000,000	5,000,000	5,000,000	-
Graeme Smith	-	-	-	500,000	500,000	500,000	-

All vested options are exercisable at the end of the year.

(iii) Share holdings

The numbers of shares in the company held during the financial year by each director of Genesis Minerals Limited 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.

2008	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
<i>Directors of Genesis Minerals Limited</i>				
Ordinary shares				
Michael Haynes	-	-	660,000	660,000
Michael Fowler	2,000,000	-	-	2,000,000
Graeme Smith	50,000	-	10,000	60,000
2007	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
<i>Directors of Genesis Minerals Limited</i>				
Ordinary shares				
Michael Fowler	-	-	2,000,000	2,000,000
Graeme Smith	-	-	50,000	50,000

(c) Loans to key management personnel

There were no loans to key management personnel during the year.

30 JUNE 2008

Consolidated		Parent Entity	
2008	2007	2008	2007
\$	\$	\$	\$

18. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) Audit services

Bentleys - audit of financial reports	21,000	7,500	21,000	7,500
Non-Bentleys audit firm for the audit or review of financial reports of any entity in the Group	4,217	-	-	-
Total remuneration for audit services	25,217	7,500	21,000	7,500

(b) Non-audit services

Bentleys – independent accountants report	-	7,000	-	7,000
Total remuneration for other services	-	7,000	-	7,000

19. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Company at balance date.

20. COMMITMENTS**(a) Exploration commitments**

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

within one year	376,000	125,000	376,000	125,000
later than one year but not later than five years	489,000	-	489,000	-
	865,000	125,000	865,000	125,000

(b) Remuneration commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in section C of the remuneration report on page 6 that are not recognised as liabilities and are not included in the key management personnel compensation.

within one year	44,000	-	44,000	-
later than one year but not later than five years	-	-	-	-
	44,000	-	44,000	-

21. RELATED PARTY TRANSACTIONS**(a) Parent entity**

The ultimate parent entity within the Group is Genesis Minerals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 22.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 17.

30 JUNE 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
21. RELATED PARTY TRANSACTIONS (cont'd)				
(d) Loans to related parties				
<i>Loans to subsidiary</i>				
Beginning of the year	-	-	-	-
Loans advanced	-	-	482,315	-
Loan repayments received	-	-	-	-
Provision for impairment	-	-	(482,315)	-
End of year	-	-	-	-

Genesis Minerals Limited has provided an unsecured, interest free loan to its wholly owned subsidiary, Genesis Minerals (Chile) S.A.. An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss.

22. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Class of Shares	Equity Holding ⁽¹⁾	
			2008	2007
			%	%
Genesis Minerals (Chile) S.A. ⁽²⁾	Chile	Ordinary	100	-

(1) The proportion of ownership interest is equal to the proportion of voting power held.

(2) Genesis Minerals (Chile) S.A. was incorporated in Chile on 21 April 2008 with Genesis Minerals Limited the sole beneficial shareholder. A total of \$600,000 in equity has been contributed by the parent entity.

23. INTERESTS IN JOINT VENTURES

Trainor Project

The Company and Quadri Resources Pty Ltd, a subsidiary of Dominion Mining Limited, are parties to a farmin and joint venture letter agreement dated 11 May 2007 whereby the Company may earn up to 70% interest in exploration licences 69/1699, 69/1930, 69/2058 and 69/2060 ("Trainor Tenements"). To earn 51% the Company must spend a total of \$1,500,000 on the Trainor Tenements by 1 June 2009 whereupon a joint venture will be formed and Quadri may elect to contribute in accordance with its 49% interest. If Quadri does not elect to contribute, the Company may spend a further \$1,000,000 by 1 June 2011 to earn a further 19%.

24. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 17 September 2008, the Company raised \$690,000 from the issue of 3,450,000 ordinary shares from sophisticated investors and clients of Argonaut Securities Limited.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

30 JUNE 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
25. CASH FLOW STATEMENT				
Reconciliation of net loss after income tax to net cash outflow from operating activities				
Net loss for the year	(2,002,970)	(25,803)	(2,053,644)	(25,803)
Non-Cash Items				
Depreciation of non-current assets	1,687	37	1,687	37
Share based payments expense	63,550	-	63,550	-
Net exchange differences	629	-	-	-
Impairment expense	-	-	1,082,315	-
Change in operating assets and liabilities, net of effects from purchase of controlled entities				
(Increase) in trade and other receivables	(8,347)	(2,168)	(6,565)	(2,168)
Increase in trade and other payables	151,375	23,945	107,160	23,945
Net cash outflow from operating activities	<u>(1,794,076)</u>	<u>(3,989)</u>	<u>(805,497)</u>	<u>(3,989)</u>

26. LOSS PER SHARE

	Consolidated	
	2008	2007
	\$	\$
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	<u>(2,002,970)</u>	<u>(25,803)</u>
	Number of shares	Number of shares
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>21,770,502</u>	<u>4,906,677</u>

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2008, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

30 JUNE 2008

27. SHARE-BASED PAYMENTS

Employees and contractors options

The Group provides benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby options to acquire ordinary shares are issued as an incentive to improve employee and shareholder goal congruence. The exercise price of the options granted is 20 cents with an expiry date of 28 February 2013.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the options granted:

	Consolidated and Parent Entity			
	2008		2007	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	-	-	-	-
Granted	500,000	20.0	-	-
Forfeited/cancelled	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year-end	500,000	20.0	-	-
Exercisable at year-end	500,000	20.0	-	-

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 3.58 years (2007: N/A), with an exercise price of 20 cents.

Expenses arising from share-based payment transactions

The weighted average fair value of the options granted during the year was 12.7 cents (2007: N/A). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2008	2007
Weighted average exercise price (cents)	20.0	-
Weighted average life of the option (years)	4.05	-
Weighted average underlying share price (cents)	24.0	-
Expected share price volatility	50%	-
Risk free interest rate	7%	-

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Options issued to employees and contractors	63,550	-	63,550	-

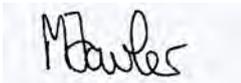
Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 13 to 35 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 company's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and
- (b) subject to the matter at note 1(a), there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) the remuneration disclosures set out on pages 5 and 6 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The directors have been given the declarations by the chief executive officer 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.



Michael Fowler
Managing Director

Perth, 30 September 2008

Independent Audit Report

To the Members of Genesis Minerals Limited

We have audited the accompanying financial report of Genesis Minerals Limited (the company) and Genesis Minerals Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' in pages 5 to 6 of the directors' report and not in the financial report.

Directors Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

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 judgment, 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 and the remuneration disclosures in the directors' report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Auditor's Opinion

In our opinion:

- a. The financial report of Genesis Minerals Limited and Genesis Minerals Limited and its Controlled Entities is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 1
- c. the remuneration disclosures that are contained in pages 5 to 6 of the directors' report comply with Accounting Standard AASB 124.

Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of matters described in Note 1(a) Going Concern to the financial report, uncertainty exists whether Genesis Minerals Limited (the company) and Genesis Minerals Limited and Controlled Entities (the consolidated entity) will be able to continue as going concerns and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

BENTLEYS
Chartered Accountants

CHRIS WATTS
Director

DATED at PERTH this 30th day of September 2008

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 25 September 2008.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		Ordinary shares	
		Number of holders	Number of shares
1	- 1,000	1	10
1,001	- 5,000	19	69,886
5,001	- 10,000	81	804,892
10,001	- 100,000	232	8,642,594
100,001	and over	35	16,932,628
		368	26,450,010
The number of shareholders holding less than a marketable parcel of shares are:		2	1,210

(b) Escrowed Securities (2 August 2009)

Ordinary fully paid shares - 4,725,000 Options – 9,250,000 (\$0.20, expiry date 15May 2012)

(c) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Mr Michael John Fowler & Mrs Fiona Lee Dixon Fowler	2,000,000	7.57%
2	Merrill Lynch (Australia) Nominees Pty Ltd	1,570,000	5.94%
3	Dgali Investments Pty Ltd	1,183,850	4.48%
4	Argonaut Investment	1,000,000	3.78%
5	Mr Henry Wiececki	1,000,000	3.78%
6	Geotech International Pty Ltd	750,000	2.84%
7	Mr Bradley George Bolin	580,780	2.20%
8	Mr Michael Ashforth	790,000	2.99%
9	Bullseye Geoservices Pty Ltd (M Haynes)	620,000	2.34%
10	Ms Natalie Garbutt-Wilkins	500,000	1.89%
11	Wersman Nominees Pty Ltd	400,000	1.51%
12	Matrix Nominees Pty Ltd	400,000	1.51%
13	Mr David Harper	385,000	1.46%
14	Mr Darren Gordon	350,000	1.32%
15	M Ivey Pty Ltd	330,000	1.25%
16	Mr Mark Paterniti	325,000	1.23%
17	Mr Anthony Paterniti & Mrs Barbara Ann Paterniti	288,000	1.09%
18	Halsen Corporation Pty Ltd	263,661	1.00%
19	Stateline Investments Pty Ltd	250,000	0.95%
20	Blackview Pty Ltd	205,000	0.78%
		13,191,291	49.91%

(d) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
Mr Michael John Fowler & Mrs Fiona Lee Dixon Fowler	2,000,000
Argonaut Limited	1,175,000

(e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(f) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
Trainor, Western Australia	E69/2060	100%
Trainor, Western Australia	E69/2058	100%
Trainor, Western Australia	E69/1930	100%
Trainor, Western Australia	E69/1699	100%
Mundong Well, Western Australia	E08/1690	100%
Merceditas Project, Chile	La Manga One	100%
Merceditas Project, Chile	La Manga Two	100%
Merceditas Project, Chile	La Manga Three	100%
Merceditas Project, Chile	La Manga Four	100%
Merceditas Project, Chile	La Manga Five	100%
Merceditas Project, Chile	La Manga Six	100%
Merceditas Project, Chile	Chivato Eleven	100%
Merceditas Project, Chile	San Manuel	100%
Merceditas Project, Chile	Renacer	100%
Merceditas Project, Chile	Escondida	100%



LEVEL 3, 10 OUTRAM STREET, WEST PERTH WA 6005

TELE: +61 8 9322 6178 FAX: +61 8 9481 2335

WWW.GENESISMINERALS.COM.AU

ACN 124 772 041

