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GEPACIFIC RESOURCES LIMITED

ACN 003 208 393

Interim Financial Report

**For The Half-Year Ended
30 June 2017**

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONTENTS

	Page
.....	
Directors' Report	3-12
.....	
Auditor's Independence Declaration	13
.....	
Consolidated Statement of Profit or Loss and other Comprehensive Income	14
.....	
Consolidated Statement of Financial Position	15
.....	
Consolidated Statement of Changes in Equity	16
.....	
Consolidated Statement of Cash Flows	17
.....	
Notes to the Interim Financial Statements	18-23
.....	
Directors' Declaration	24
.....	
Independent Review Report	25
.....	

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GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors present their interim financial report of Geopacific Resources Limited (Geopacific) and its controlled entities ("Group") for the half-year ended 30 June 2017.

Directors

The following persons were directors of Geopacific Resources Limited and its controlled entities ("Group") at any time during the half-year and up to the date of this report:

Milan Jerkovic	Non-Executive Chairman
Ron Stephen Heeks	Executive Director
Philippa Leggat	Executive Director Corporate
Mark Trevor Bojanjac	Non-Executive Director
Ian B Clyne	Non-Executive Director
Matthew Smith	Chief Financial Officer & Company Secretary

Review of Operations

For the half-year ended 30 June 2017, the Group made a net loss after income tax of \$1,174,478 (30 June 2016: \$729,140).

At 30 June 2017, the Group had net assets of \$56,592,456 (31 December 2016: \$57,912,542) including \$34,917,004 of capitalised exploration expenditure and \$12,986,072 of prepayments (31 December 2016: \$33,200,336 and \$13,679,845 respectively).

At balance date, the Group had \$3,822,372 in cash and cash equivalents (31 December 2016: \$11,469,015) with the reduction for the period being driven with the Group's continued investment across its portfolio of development and exploration projects.

Woodlark Gold Project – Papua New Guinea

Geopacific commenced the financial year strongly and well-funded for the experienced team to advance the Woodlark Gold Project (Woodlark) towards a decision to mine.

During the half-year, Geopacific remained focussed on its strategy to advance Woodlark towards production in an effective manner.

Successful results obtained from an active, 3-rig drilling program, engineering optimisation studies, geotechnical hole resampling and metallurgical drilling continued to validate the strategy to deliver a robust project.

Work to advance the project is ongoing and is the primary focus of the company.

Development drilling

Steady progress was made during the period as drilling activities focussed on infilling and extending the known mineralisation surrounding existing resources and reserves for the Kulumadau and Busai deposits. The aim being to upgrade inferred resources into indicated and measured categories.

Kulumadau Deposit - Kulumadau East

Strong gold values from broad intersections were returned from follow-up drilling to the north of the Kulumadau East deposit. Mineralisation encountered in RC drilling fell outside the existing resource inventory and was approximately 100m north of the current Kulumadau East pit design.

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AND CONTROLLED ENTITIES

Both RC and diamond drilling was used to assess the nature of gold mineralisation to try to assess true widths. Results included:

- KU17DD003: 51m @ 2.82g/t Au from 35m
- KU17RC038: 18m @ 8.89g/t Au from 102m

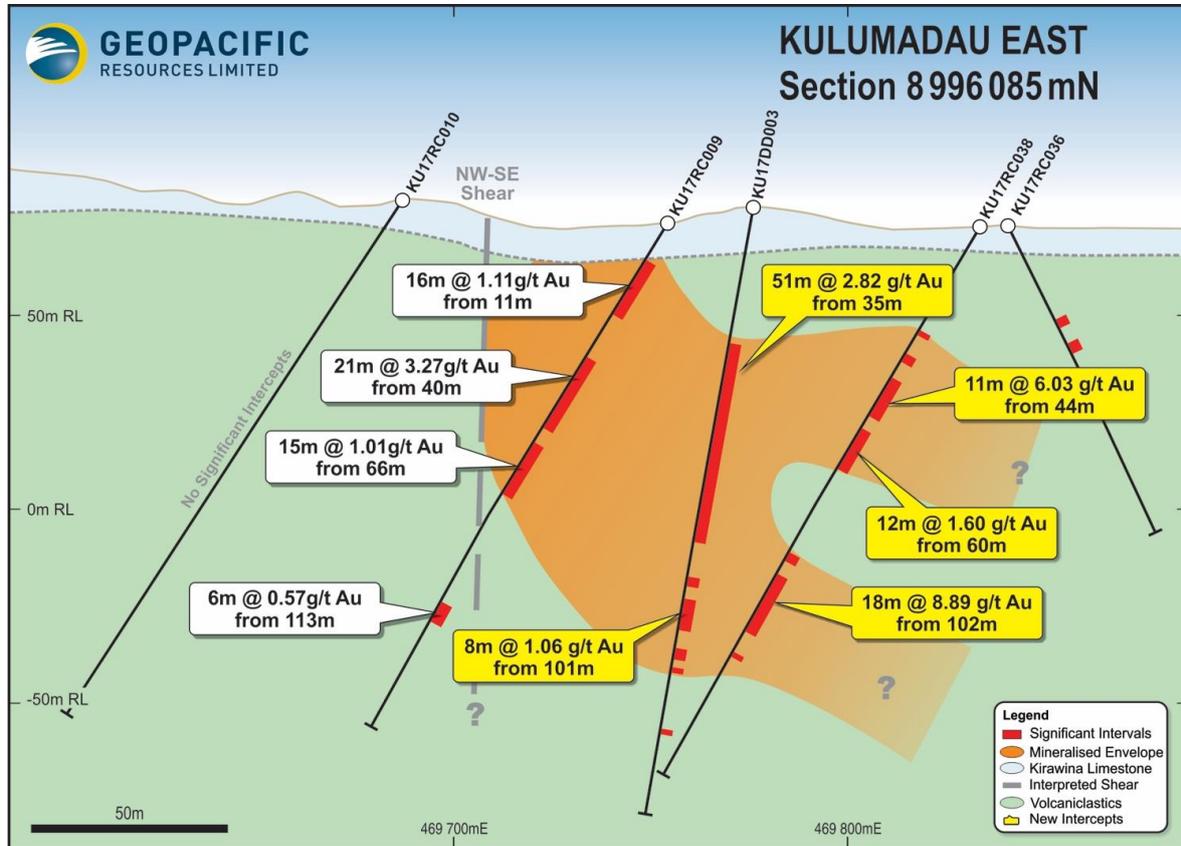


Figure 1: Cross section showing selected results to the north of the Kulumadau East deposit

Kulumadau Deposit - Kulumadau West

Drilling at Kulumadau West aimed to increase inferred resources to measured and indicated, increasing levels of confidence to potentially enable their inclusion into future reserve calculations.

During the half-year, drilling focused on peripheral areas of mineralisation surrounding existing resources and reserves. Possible extensions to zones of mineralisation that remained open were targeted. Drilling encountered difficult ground conditions in the north of the resource area but continued to intersect gold mineralisation consistent with modelled grades and widths typical of the deposit.

Busai Deposit

Resource development drilling at the Busai deposit during the period involved both RC and diamond rigs, targeting inferred resource mineralisation with the aim of improving its JORC categorisation confidence levels.

RC drilling at the northern end of the Busai deposit focussed on shallow zones of colluvial gold deposition at the unconformity between underlying volcaniclastics of the Okiduse Formation and overlying marine sediments and limestone (coronite) of the Kiriwina Formation. Earlier drilling had delineated thick zones of well mineralised material at the unconformity, and the extent of the distribution of gold deposition remained open. RC drilling by Geopacific encountered good gold grades in this area. Some of the gold appears to have been chemically remobilised and re-deposited at the unconformity as fine wire gold.

Diamond drilling targeted depth-extensions to gold mineralisation at the Busai Main lode (towards the southern end of the deposit), confirming the continuity of gold mineralisation below existing resources and reserves.

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The identification and reclassification of breccias (highly fractured rocks) developed in association with gold mineralisation has greatly improved the interpretation of mineralisation and is aiding more efficient drill targeting.

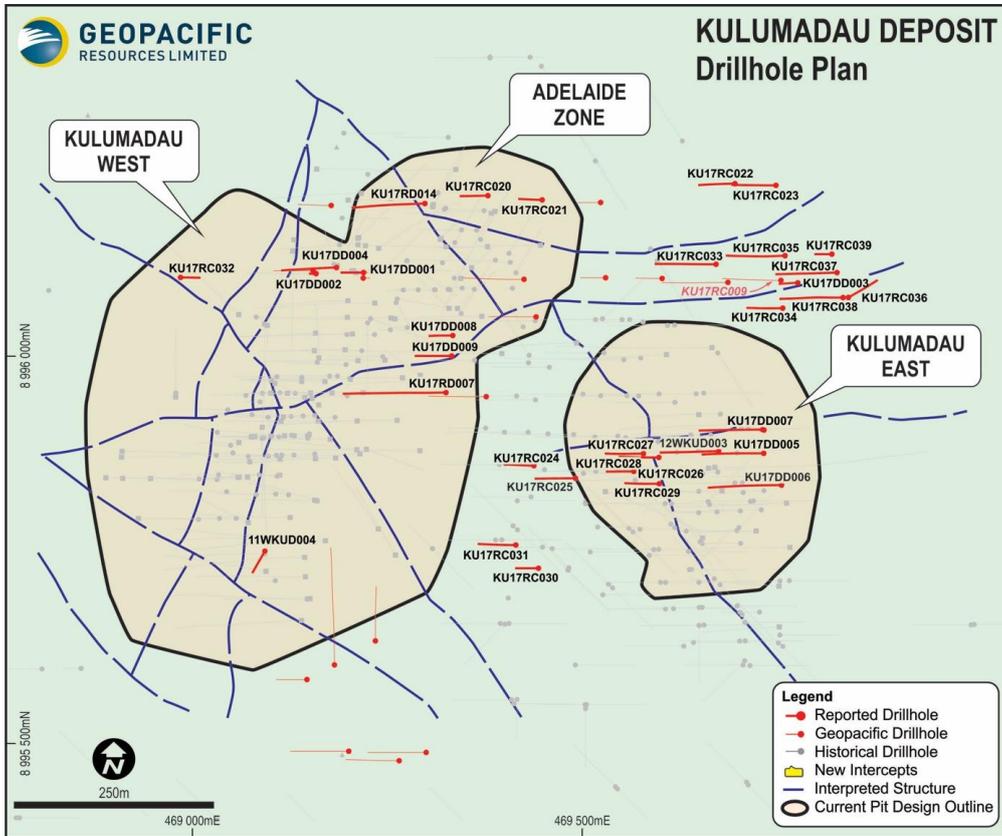


Figure 2: Drillhole location map of Kulumadai

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AND CONTROLLED ENTITIES

Geopacific has identified the opportunity to steepen the pit wall angles of future design once appropriate geotechnical measurements are taken from non-mineralised wall-rock. This may significantly reduce the overall ore to waste strip ratio of the pits over the life of the mine.

Metallurgical drilling

After the reporting date, Geopacific finished a round of metallurgical drilling for metallurgical variability studies at Woodlark. The results for the initial holes have been received and continue to highlight the wide zones of gold mineralisation that have previously been identified at the Busai and Kulumadau deposits:

- 7.0m @ 4.48g/t Au from 21m, and 42m @2.58 g/t Au from 31m and 12m @2.34 g/t Au from 78m
- 7.9m @ 9.21g/t Au from 39.6m and 17.0m @ 2.27g/t Au from 114m

Aspects of the testwork will be used to calculate independent reserve estimates, with all results to be used in the updated Definitive Feasibility Study (DFS).

Exploration potential

Woodlark has had more than 275,000m of exploration drilling completed, much of which is in areas outside the current resources. This drilling has highlighted the large extent of the mineralisation and the potential for it to produce a multi-million ounce goldfield.

Scout drilling, geophysics and airborne magnetics have all successfully identified numerous targets that require follow-up exploration. Geopacific is assessing which of those areas present attractive exploration targets and plans to initiate exploration drilling to test the expansion potential on completion of resource drilling.

Project development extension granted

Papua New Guinea Authorities granted a 2.5-year extension to the development timeline within the existing 20-year mining lease (2014). The variation was approved by the Minister for Mining on 29 June 2017.

Kou Sa Copper Gold Project – Cambodia

The Kou Sa Project (Kou Sa) is located in northern Cambodia's Chep District, Phreah Vihear province and covers a license area of 158km². A Maiden Resource (2012 JORC Code compliant) of 51,000 tonnes of copper equivalent was released in 2016. The resource was calculated to assess the project's initial inventory at Prospects 150 and 160. Geopacific believes Kou Sa holds significant potential for discoveries of deposits with economic grade and tonnage. A number of IP anomalies across the license still remain untested.

The increased copper price has prompted Geopacific to undertake a review, assessing the potential of the project and how best to deliver value to shareholders in the most effective manner. Low level exploration aimed at expanding the geological footprint continues with the aim to obtain a greater understanding of the scale and mineral complexity of the project.

Exploration work undertaken in the half-year includes trenching and soil sampling coverage over untested IP anomalies.

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AND CONTROLLED ENTITIES

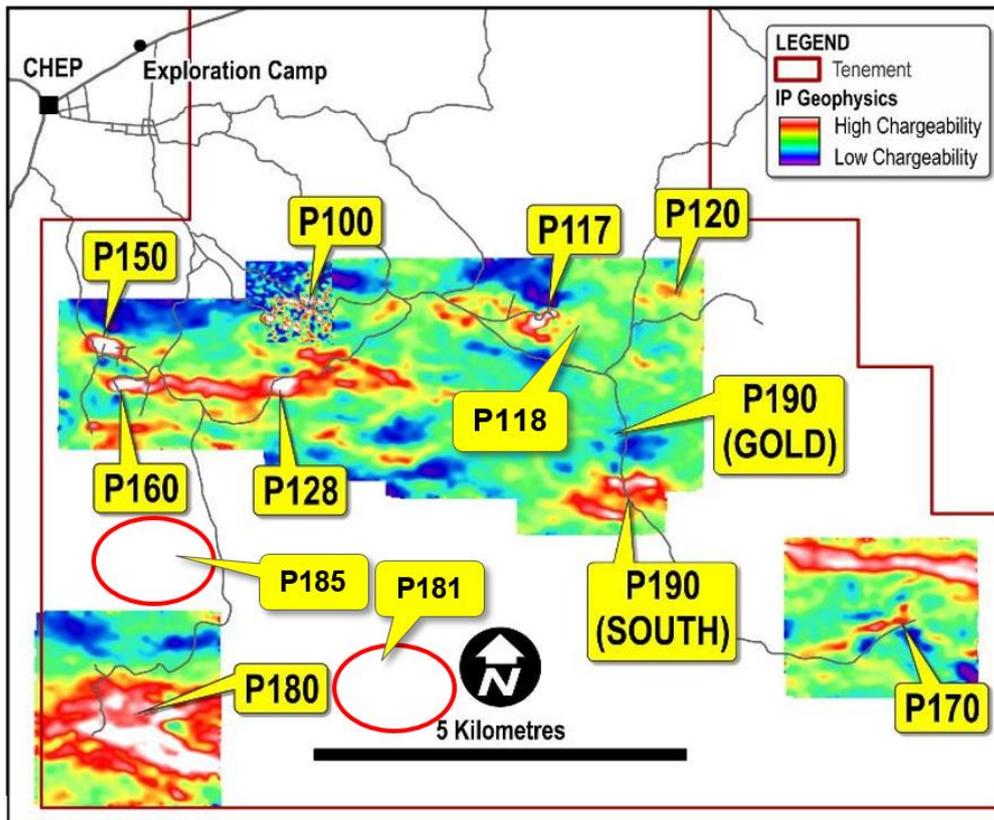


Figure 4: Prospect location Map at the Kou Sa Project

Fijian Gold Project – Fiji

Geopacific has five Projects located on the two main islands of Fiji – Viti Levu and Vanua Levu. The Nabila, Rakiraki, Sabeto and Vuda Projects are in the highly-prospective north-east trending zone that also hosts the world-class Vatukoula and Mt Kasi gold mines.

These projects are at various stages of exploration from early to advanced, with the presence of deeper mineralised systems being identified in areas.

Exploration to date has provided evidence for porphyry and/or epithermal systems at all projects. There remains potential to expand the already identified gold mineralisation at Faddy's, which is the most advanced prospect across all of the Fijian projects.

An IP survey over selected portions of the Vuda and Sabeto licences in Fiji was completed during the period. The survey was designed to assess for potential shallow buried porphyry-type bodies that could be responsible for extensive alteration and associated scattered gold and copper mineralisation evident at surface and in historical drilling.

Results of the survey have confirmed the presence of conductors (both shallow and deeper) at both Sabeto and Vuda licences, consistent with a shallow intrusive feature. The intrusive was postulated from earlier wider spaced geophysical surveys and it's now confirmed as a discrete target. The resultant targets will require drill testing to assess.

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Figure 5: Fiji - Gold projects location map

Cororate

Off-market takeover offer for Kula Gold Limited

During the period, Geopacific launched an off-market takeover offer for all of the ordinary shares in Kula Gold Limited (Kula) (ASX:KGD).

On 12 September 2017, Geopacific's voting power in Kula had reached over 77%, through the off-market takeover. Geopacific's controlling interest means that subsequent to balance date Kula became a subsidiary of Geopacific. Reflective of this position, Geopacific has placed three representatives on the Kula board; executive director corporate, Philippa Leggat, non-executive director, Mark Bojanjac and Matthew Smith Geopacific's Chief Financial Officer and Company Secretary.

The Joint venture underpinning the takeover positioned Geopacific to be able to continue all work programs and operations unaffected by the corporate activity.

Director Appointment

On 16 January 2017, Philippa Leggat was appointed to Geopacific's board in the position of Executive Director Corporate. Ms Leggat has extensive experience in corporate mining roles and also brings a new perspective to the Board having worked in several other industries where she has achieved successful corporate outcomes.

She has a strong background in corporate governance and finance and a practical understanding of the issues faced by developed-world businesses operating in emerging economies. Ms Leggat's experience covers; negotiations, mergers and acquisitions, fund raising, defining and executing business improvement strategies.

Oversubscribed \$10.5M placement

After the reporting period, on 1 September 2017, Geopacific announced a completion of an oversubscribed placement to raise \$10.5m. The placement which was offered with no discount to the trading price, was well supported by existing and new specialist resource and generalist Australian institutional investors. Geopacific has announced its intention to offer eligible shareholders the opportunity to participate in a share placement plan on the same terms of placement.

The placement ensures that Geopacific is funded to unlock the potential of Woodlark.

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

Competent Person's Statement

The information in this announcement that relates to exploration results is based on information compiled by or under the supervision of Jim Kerr, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and General Manager, Geology for Geopacific. Mr Kerr has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kerr consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Geopacific Resources Limited are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the company, its directors and management of Geopacific Resources Ltd that could cause Geopacific Resources Limited's actual results to differ materially from the results expressed or anticipated in these statements.

Geopacific Resources Ltd cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Geopacific Resources Ltd does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements. Woodlark is permitted by the PNG Government, subject to meeting the conditions of the licences.

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AND CONTROLLED ENTITIES

Significant Changes in the State of Affairs

Other than the above, no other significant changes occurred during the reporting period.

Events occurring after the balance sheet date

All events occurring after the half year period are noted below and have been included in the Operations section of this Director's Report.

Off-market Takeover Offer to Acquire Kula Gold Limited ('Kula')

On 26 July 2017, Kula released a letter received from their largest shareholder, Pacific Road¹ stating that they would accept an unconditional, increased offer.

On 27 July 2017, the Company issued a Second Supplementary Bidder's Statement which detailed the revised terms of the offer to Kula shareholders incorporating:

- Revised Offer consideration, incorporating an increase in the Offer consideration to 1 Geopacific share for every 1.1 Kula shares;
- The removal of Offer conditions; and
- An extension of the Offer period to 1 September 2017.

On 1 August 2017, the Company announced Pacific Road had accepted the Company's Offer taking Geopacific's voting power in Kula to 56.22%.

On 3 August 2017, the Company announced RMB², Kula's third largest shareholder, had accepted the Company's Offer taking Geopacific's voting power in Kula to 69.3%.

On 9 August 2017, the Company allotted the first tranche of shares to Kula shareholders pursuant to the Offer. The Company issued 236,782,061 fully paid ordinary shares as consideration for 260,460,330 Kula shares.

On 17 August 2017, the Company allotted shares to Kula shareholders pursuant to the Offer. The Company issued 13,685,836 fully paid ordinary shares as consideration for 15,054,420 Kula shares.

On 23 August 2017, the Company issued a Third Supplementary Bidder's Statement to update to Kula Shareholders in relation to:

- Geopacific's appointment of Mr Mark Bojanjac to the Board of Kula as a Non-executive Director; and
- An extension of the Offer period to 29 September 2017.

Capital Raising - \$10.5M Placement and \$1M Share Purchase Plan ('SPP')

On 1 September 2017, the Company announced an oversubscribed placement to raise \$10.5 million (before costs) via a share placement of 350,000,000 fully paid ordinary shares to specialist resource sector investors and institutional investors. The placement was made pursuant to the Company's placement capacity under Listing Rule 7.1 (210,931,722 shares) and Listing Rule 7.1A (139,068,278 shares).

¹ Pacific Road - collectively including the holdings of Pacific Road Capital Management GP Limited, Pacific Road Holdings SARL, Pacific Road Capital A Limited, Pacific Road Capital B Limited

² RMB - collectively RMB Australia Holdings Limited and RMB Resources Limited

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

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 13.

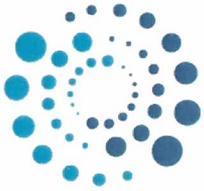
This report is made in accordance with a resolution of the Directors.



Ron Heeks
Managing Director

Perth, Australia
13 September 2017

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Auditor's Independence Declaration

To those charged with the governance of Geopacific Resources Limited

As auditor for the review of Geopacific Resources Limited for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

13 September 2017

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Consolidated	
	30 June 2017	30 June 2016
	\$	\$
Interest income	84,456	8,039
Total revenue	84,456	8,039
Administration expense	(380,404)	(129,887)
Consultancy expense	(306,385)	(140,325)
Depreciation expense	(16,672)	(46,295)
Employee benefits expense	(470,601)	(339,425)
Occupancy expense	(84,872)	(81,247)
Loss before income tax	(1,174,478)	(729,140)
Income tax expense	-	-
Loss for the half-year attributable to members of the Parent Company	(1,174,478)	(729,140)
Other comprehensive Income/(loss) – items that may be reclassified to the profit and loss:		
Exchange differences on translating foreign controlled entities	(145,608)	22,193
Total comprehensive loss for the half-year attributable to members of the Parent Company	(1,320,086)	(706,947)
Loss per share		
Basic loss per share (cents)	(0.10)	(0.09)
Diluted loss per share (cents)	(0.10)	(0.09)

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

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Consolidated	
		30 June 2017	31 December 2016
		\$	\$
Current assets			
Cash and cash equivalents		3,822,372	11,469,015
Trade and other receivables		830,501	2,265,486
Total current assets		4,652,873	13,734,501
Non-current assets			
Exploration expenditure	3	34,917,004	33,200,336
Property, plant and equipment		92,907	100,063
Prepayments	3	12,986,072	13,679,845
Loans to Woodlark Mining		6,810,345	-
Investments		17,163	-
Total non-current assets		54,823,491	46,980,244
TOTAL ASSETS		59,476,364	60,714,745
Current liabilities			
Trade and other payables		620,068	573,122
Provisions		44,943	10,184
Total current liabilities		665,011	583,306
Non-current liabilities			
Deferred tax liabilities		2,218,897	2,218,897
Total non-current liabilities		2,218,897	2,218,897
TOTAL LIABILITIES		2,883,908	2,802,203
NET ASSETS		56,592,456	57,912,542
Equity			
Issued capital	4	74,671,129	74,671,129
Reserves		1,281,462	1,427,070
Accumulated losses		(19,360,135)	(18,185,657)
TOTAL EQUITY		56,592,456	57,912,542

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

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2017

Note	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance 1 January 2017	74,671,129	789,838	637,232	(18,185,657)	57,912,542
Comprehensive loss for the half-year	-	-	(145,608)	(1,174,478)	(1,320,086)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued during the half-year (net of cost)	-	-	-	-	-
Performance rights vested	-	-	-	-	-
Options expired	-	-	-	-	-
Balance 30 June 2017	74,671,129	789,838	491,624	(19,360,135)	56,592,456
Balance 1 January 2016	60,099,072	643,466	441,822	(14,040,680)	47,143,680
Comprehensive loss for the half-year	-	-	(23,050)	(729,140)	(752,190)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued during the half-year (net of cost)	-	-	-	-	-
Performance rights vested	-	-	-	-	-
Options expired	-	-	-	-	-
Balance 30 June 2016	60,099,072	643,466	418,772	(14,769,820)	46,391,490

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

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Consolidated	
	30 June 2017	30 June 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Interest received	84,455	8,039
Payments to suppliers and employees	(1,190,346)	(1,145,795)
Net cash used in operating activities	(1,105,891)	(1,137,756)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of plant and equipment	-	4,492
Exploration expenditure	(1,048,680)	(9,241,542)
Payments for plant and equipment	(9,516)	-
Loans to other entities – Joint Venture Funding	(5,482,557)	-
Net cash used in investing activities	(6,540,753)	(9,237,050)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued	-	-
Shares issue costs	-	-
Net cash provided by financing activities	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,646,644)	(10,374,806)
Effect of exchange rates on cash held in foreign currencies	-	(23,050)
Cash and cash equivalents at the beginning of the half-year	11,469,016	12,589,002
Cash and cash equivalents at the end of the half-year	3,822,372	2,191,146

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

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2017

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose financial report for the interim half-year reporting period ended 30 June 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This interim financial report does not include all the disclosure and notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2016 and any public announcements made by Geopacific Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

The interim financial report has been prepared on an accruals basis and is based on historic costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going concern basis for preparation of financial statements

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

During the half-year period the Group incurred a net loss of \$1,174,478 and net operating cash outflows of \$1,105,891. At 30 June 2017, the Group had cash and cash equivalents of \$3,822,372, net asset of \$56,592,456 and a working capital surplus of \$3,987,862.

The Directors have considered the funding and operational status of the business in arriving at their assessment of going concern and believe that the going concern basis of preparation is appropriate based on:

- The capital raising announced on 1 September 2017 for the placement of \$10.5 million;
- The Group's ongoing ability to raise funds from external sources to meet ongoing development, exploration and working capital requirements; and
- The Group's ability to manage the timing of cash flows to meet the obligations of the business as and when they fall due.

However, should the Company be unable to obtain sufficient funding as advised above, there is a material uncertainty which may cast doubt as to whether or not the Company will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts not to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Adoption of new and revised accounting standards

In the half-year ended 30 June 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2017.

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

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

New accounting standards adopted since the end of the last reporting period

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2017.

As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business. Therefore, no change is necessary to Group accounting policies.

Critical Accounting Estimates and Significant Judgements used in Applying Accounting Policies

The critical estimates and judgements are consistent with those applied and disclosed in the 31 December 2016 Annual Report.

The consolidated interim financial statements were approved by the Geopacific Board of Directors on 13 September 2017.

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GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2017

NOTE 2 SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed by the Board in assessing performance and determining the appropriate allocation of the Groups's resources. The Group has also had regard to the qualitative thresholds for the determination of operating segments.

For management purposes the Group is organised into three operating segments based on geographical locations, which involves mineral exploration and development in Cambodia and Fiji. Activities relating to the Kula Gold Joint Venture over the Woodlark Gold Project in PNG and all other corporate expenses are disclosed as "Others" within this segment report. The Group's principal activities are interrelated and the Group has no revenue from operations.

All significant operating decisions are based on analysis of the Group as three segments. The financial results of these segments are equivalent to the financial statements of the Company as a whole. The accounting policies applied for internal reporting purposes are consistent with those applied in preparation of the financial statements.

	Cambodia	Fiji	Other	Total
	\$	\$	\$	\$
30 June 2017				
Revenue	150	2,634	81,672	84,456
Net Profit/(Loss) for the half-year	(27,568)	(41,483)	(1,105,427)	(1,174,477)
Segment Assets	29,977,474	5,967,904	23,530,986	59,476,364
30 June 2016				
Other Revenue	34	-	8,005	8,039
Net Profit/(Loss) for the half-year	39,318	40,298	649,524	729,140
Segment Assets as at 31 December 2016	31,471,352	6,098,360	23,145,033	60,714,745

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GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2017

NOTE 3 EXPLORATION EXPENDITURE

	Consolidated	
	30 June 2017	31 December 2016
	\$	\$
(a) Non-current		
Capitalised exploration expenditure	34,917,004	33,200,336
Reconciliation of movements during the period:		
Carrying value – beginning of period	33,200,336	30,491,917
Additions	1,716,668	2,708,419
Carrying value – end of period	34,917,004	33,200,336

During the half-year the Company did not expense any previously capitalised exploration expenditure (2016: nil).

	Consolidated	
	30 June 2017	31 December 2016
	\$	\$
(b) Non-current		
Prepayment	12,986,072	13,679,845
Reconciliation of movements during the period:		
Carrying value – beginning of period	13,679,845	13,448,936
Additions	-	-
Foreign exchange	(693,773)	230,909
Carrying value – end of period	12,986,072	13,679,845

In January 2015, the Company's subsidiary, Royal Australia Resources Ltd, entered into an agreement to acquire 100% of the Issued Capital of Golden Resource Development Co Ltd for \$US14 million plus interest payments of US\$1,275,750.

Under the terms of the agreement, payments of principle and interest were made over time until 31 July 2016. The following payments of principal and interest were made:

- US\$1.40 million on 31 January 2015;
- US\$3.15 million on 31 July 2015; and
- US\$3.15 million on 31 January 2016.

The Company renegotiated the payment schedule with the vendors in January 2016. Under the revised terms, one final payment of US\$1.575 million is due at financial completion of a bankable feasibility study for the Kou Sa Project, along with a 2% Royalty on production capped at \$8.425 million.

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2017

NOTE 4 ISSUED CAPITAL – ORDINARY FULLY PAID SHARES

	Consolidated	
	30 June 2017	31 December 2016
	\$	\$
Issued capital	74,671,129	74,671,129

Reconciliation of movements in Issued Capital during the period:

	30 June 2017		31 December 2016	
	Shares	\$	Shares	\$
Balance at the start of the period	1,155,743,584	74,671,129	799,593,584	60,099,072
Shares issued during the period	-	-	356,150,000	15,050,000
Share issue costs	-	-	-	(477,943)
Balance at the end of the period	1,155,743,584	74,671,129	1,155,743,584	74,671,129

As outlined in Note 6, after balance date, the Company issued:

9 August 2017 - 236,782,061 fully paid ordinary shares to Kula shareholders pursuant to the off-market takeover offer as consideration for 260,460,330 Kula shares;

17 August 2017 – 13,685,836 fully paid ordinary shares to Kula shareholders pursuant to the off-market takeover offer as consideration for 15,054,420 Kula shares;

1 September 2017 - the Company announced an oversubscribed placement to raise \$10.5 million (before costs) via a share placement of 350,000,000 fully paid ordinary shares to specialist resource sector investors and institutional investors. The placement was made pursuant to the Company's placement capacity under Listing Rule 7.1 (210,931,722 shares) and Listing Rule 7.1A (139,068,278 shares).

NOTE 5 CONTINGENT LIABILITIES

Kou Sa – revised repayment schedule

As outlined in Note 3, the Group renegotiated the payment schedule with the Vendors in January 2016. Under the revised terms, one final payment of US\$1.575 million is due at financial completion of a bankable feasibility study for the Kou Sa Project, along with a 2% royalty on production capped at US\$8.425 million.

The Group did not have any contingent liabilities at the end of the reporting period (2016: nil).

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2017

NOTE 6 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

All events occurring after the half-year period are noted below and have been included in the Operations section of this Director's Report.

Off-market Takeover Offer to Acquire Kula Gold Limited ('Kula')

On 26 July 2017, Kula released a letter received from their largest shareholder, Pacific Road³ stating that they would accept an unconditional, increased offer.

On 27 July 2017, the Company issued a Second Supplementary Bidder's Statement which detailed the revised terms of the offer to Kula shareholders incorporating:

- Revised Offer consideration, incorporating an increase in the Offer consideration to 1 Geopacific share for every 1.1 Kula shares;
- The removal of Offer conditions; and
- An extension of the Offer period to 1 September 2017.

On 1 August 2017, the Company announced Pacific Road had accepted the Company's Offer taking Geopacific's voting power in Kula to 56.22%.

On 3 August 2017, the Company announced RMB⁴, Kula's third largest shareholder, had accepted the Company's Offer taking Geopacific's voting power in Kula to 69.3%.

On 9 August 2017, the Company allotted the first tranche of shares to Kula shareholders pursuant to the Offer. The Company issued 236,782,061 fully paid ordinary shares as consideration for 260,460,330 Kula shares.

On 17 August 2017, the Company allotted shares to Kula shareholders pursuant to the Offer. The Company issued 13,685,836 fully paid ordinary shares as consideration for 15,054,420 Kula shares.

On 23 August 2017, the Company issued a Third Supplementary Bidder's Statement to update to Kula Shareholders in relation to:

- Geopacific's appointment of Mr Mark Bojanjac to the Board of Kula as a Non-executive Director; and
- An extension of the Offer period to 29 September 2017.

Capital Raising - \$10.5M Placement and \$1M Share Purchase Plan ('SPP')

On 1 September 2017, the Company announced an oversubscribed placement to raise \$10.5 million (before costs) via a share placement of 350,000,000 fully paid ordinary shares to specialist resource sector investors and institutional investors. The placement was made pursuant to the Company's placement capacity under Listing Rule 7.1 (210,931,722 shares) and Listing Rule 7.1A (139,068,278 shares).

³ Pacific Road - collectively including the holdings of Pacific Road Capital Management GP Limited, Pacific Road Holdings SARL, Pacific Road Capital A Limited, Pacific Road Capital B Limited

⁴ RMB – collectively RMB Australia Holdings Limited and RMB Resources Limited

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The Directors of Geopacific Resources Limited declare that:

- (a) the interim financial statements and notes of the consolidated entity set out on pages 14 to 23 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB134 – *Interim Financial Reporting*, and the Corporations Regulations; and
 - (ii) give a true and fair view of the financial position as at 30 June 2017 and of its performance for the half-year ended on that date of the consolidated entity.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed at Perth this 13 of September 2017



Ron Heeks
Executive Director

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Independent Auditor's Review Report

To the members of Geopacific Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Geopacific Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Geopacific Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 1, which outlines that the going concern basis is dependent upon successful completion of funding strategies to generate or raise sufficient funds to pay Geopacific Resources Limited's debts as and when they fall due.

As a result, there is material uncertainty related to events or conditions that may cast significant doubt on Geopacific Resources Limited's ability to continue as a going concern, and therefore whether it will realise its asset and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

13 September 2017

Perth

Western Australia