

# **GEPACIFIC RESOURCES LIMITED**

**ABN 57 003 208 393  
and controlled entities**

**ASX code: GPR**

**Financial Statements**  
**for the year ended 31 December 2019**

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**GEOPACIFIC RESOURCES LIMITED**  
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**REVIEW OF OPERATIONS**

**CORPORATE DIRECTORY**

**Geopacific Resources Limited** Public listed Company (ASX Code: GPR) incorporated in New South Wales in 1986

**Australian Business Number (ABN)** 57 003 208 393

<b>Directors &amp; Secretary in Office</b>	Ian Clyne	Non-Executive Chairman	
	Ron Heeks	Managing Director	
	Colin Gilligan	Non-Executive Director	
	Ian Murray	Non-Executive Director	<i>appointed 9 September 2019</i>
	Matthew Smith	Company Secretary	
	Milan Jerkovic	Non-Executive Chairman	<i>resigned 8 May 2019</i>
	Mark Bojanjac	Non-Executive Director	<i>resigned 29 May 2019</i>

<b>Registered Office</b>	Level 1	<b>Postal Address</b>	PO Box 439
	278 Stirling Highway Claremont WA 6010		Claremont WA 6910

<b>Auditor</b>	Ernst & Young	<b>Banker</b>	ANZ Banking Group Ltd
	The Ernst & Young Building 11 Mounts Bay Road Perth WA 6000		Corner of Hay Street & Outram Street West Perth WA 6005

<b>Share Registry</b>	Boardroom Pty Ltd	<b>Stock Exchange</b>	ASX Limited
	Grosvenor Place Level 12, 225 George Street Sydney NSW 2000		Level 4, Central Park 152-158 St Georges Terrace Perth WA 6000 ASX Code: GPR

**Woodlark Registered Office** Level 5, Defense Haus  
Hunter Street and Champion Parade,  
Port Morseby,  
Papua New Guinea

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and Controlled Entities

## REVIEW OF OPERATIONS

### REVIEW OF OPERATIONS

#### WOODLARK ISLAND, PAPUA NEW GUINEA

##### Background – Woodlark Gold Project

Geopacific Resources Limited (“Geopacific” or “the Company”) and its controlled entities (“the Group” or “Consolidated entity”) is focused on developing and expanding the 1.6Moz Woodlark Gold Project<sup>1</sup>.

The project is situated in the ‘pacific rim of fire’ and surrounded by world-class gold mines.

Two neighbouring mines, also located on islands, are Newcrest Mining Limited’s Lihir at 66 million ounces of gold and St Barbara Limited’s Simberi at 6 million ounces.

The 100% owned Woodlark Gold Project is located on an island in the Milne Bay Province of Papua New Guinea. The

[November 2018 Feasibility Study](#)<sup>2</sup> demonstrated a compelling development opportunity, both from a technical and financial perspective. The Woodlark Gold Project economics are driven by its low stripping ratio leading to low costs, within a positive operating environment and a simple processing route.

During the year, Geopacific achieved several crucial milestones that moved the Woodlark Gold Project significantly closer to production. In March 2019 a [\\$4.3 Million Oversubscribed Capital Raising](#) (the \$4.3 Million Placement) was completed with the funds used to advance project financing due diligence and to advance the execution strategy for project development. In June 2019 Geopacific secured [100% direct ownership of the Woodlark Gold Project](#), simplifying the ownership structure and reducing corporate costs.

In August 2019, an [Independent Technical Expert \(ITE\) Report was completed](#) on behalf of potential lenders and distributed to key stakeholders. In order to advance its project execution strategy, Geopacific sought a lump sum turnkey solution for the construction of the processing plant and after a rigorous evaluation and selection process a [conditional letter of intent was issued to GR Engineering Service Ltd \(GR Engineering\)](#) for the construction of a gold processing plant.

During the December 2019 quarter, Geopacific completed a [\\$40 million share placement](#) (the \$40 Million Placement). The proceeds of the \$40 Million Placement are currently being used to commence development at the Woodlark Gold Project.



<sup>1</sup> For Mineral Resource refer to page 18 and PFS announcement released on 12 March 2018.

<sup>2</sup> All material assumptions underpinning the production target and forecast financial information continue to apply and have not changed materially.

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The first phase of development consists of the following activities, together referred to as the Civil Works Program:

- Repair and construction of roads;
- Construction of a new wharf;
- Relocation of the Kulumadau village;
- Upgrades to the Woodlark mining camp; and
- Front end engineering design.

[The Civil Works Program commenced in December 2019](#) with the mobilisation of supplies, equipment and personnel to site.

#### Definitive Feasibility Study – Woodlark Gold Project

The [November 2018 Definitive Feasibility Study \(DFS\)](#) demonstrates a 13-year gold project with a compelling development option, both from a technical and financial perspective. The Woodlark Gold Project generates A\$626 million of operating cashflow (based on A\$1,650 per ounce gold price assumption) and a rapid 2.2 year project payback period. The Woodlark Gold Project economics are driven by its low stripping ratio leading to low costs, within a positive operating environment and a simple process route. The Woodlark DFS was completed to a 15% level of accuracy. Project highlights include:

- **High margin** – all-in sustaining costs (AISC) averaging A\$866/oz (Yr 1-5) and A\$1,033/oz Life of Mine (LOM) due to shallow pits, low waste to ore ratio, flat terrain and outcropping soft ore.
- **Strong cash flow** – upfront operating cash flow generates rapid 2.2 year payback period.
- **Robust production profile** – simple process route with gold production averaging 100koz per annum (Yr 1-5), 967koz (LOM) (incl. 41.koz Au Inferred).
- **+1Moz** – Reserve 28.9Mt @ 1.12g/t Au for 1,037,600oz of gold.<sup>3</sup>
- **Resource** 47Mt @ 1.04g/t Au for 1.57Moz of gold.<sup>4</sup>
- **Licence to operate** – operating permits granted in proven mining investment jurisdiction with a supportive local community.
- **Exploration upside** – immediate near-pit resource growth potential & highly prospective regional exploration portfolio.

AISC averaging A\$866/oz in the first 5 years, and A\$1,033/oz over the life of mine, are possible due to wide, near surface ore zones. This allows for a very low waste to ore stripping ratio, averaging 2.7:1 in the first two years driving maximum upfront cashflow.

A conventional Carbon in Leach (CIL) processing plant combined with free milling, fast leaching and soft ore provides for strong cash generation. These factors, coupled with a simple mining and processing route, de-risk the Woodlark Gold Project and provide a rapid payback period due to high margins generated.

Woodlark Island presents an attractive operating environment with many logistical advantages and competitive operating costs, made possible by its flat topography and supportive local community. With the majority of the future labour force living locally, the development of the Woodlark Gold Project will provide a positive social benefit for the local community while maintaining competitive operational costs.

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<sup>3</sup> For Mineral Reserve refer to Table 2 on page 18 and 'Woodlark Ore Reserve Update' announced on 7 November 2018.

<sup>4</sup> For Mineral Resource refer to Table 1 on page 18 and PFS announcement released on 12 March 2018.

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The table below presents a key information summary covering the forecast operational physicals, key inputs, cashflow, unit costs and financial, completed to a  $\pm 15\%$  level of accuracy.

OPERATIONAL PHYSICALS	Unit	First 5 Yrs of Production *	Life of Mine
Strip Ratio	(x)	3.2	3.9
Total Material Mined	(kt)	77,601	149,189
Ore Mined	(kt)	18,404	30,304
Grade Mined	(g/t Au)	1.16	1.11
<b>Contained Gold</b>	<b>(oz Au)</b>	<b>688,948</b>	<b>1,083,291</b>
Ore Processed	(kt)	11,804	30,304
Grade	(g/t Au)	1.52	1.11
Recovery	(%)	90.2%	88.8%
<b>Gold Produced</b>	<b>(oz)</b>	<b>522,034</b>	<b>967,117</b>

\* Excludes pre-strip period

KEY INPUTS	Unit	Life of Mine US\$	Life of Mine A\$
Gold Price	/oz Au	1,237	1,650
Foreign Exchange	A\$ : US\$	1.33	0.75
Mining Cost	/t mined	1.88	2.51
Processing Cost	/t processed	10.33	13.77
General & Admin Cost	/t processed	3.35	4.47

CASHFLOW		Life of Mine US\$	Life of Mine A\$
Cashflow from Operations	Million (M)	469	626
Less: Capital Expenditure	Million (M)	(152)	(202)
Free Cashflow (Pre-tax)	Million (M)	318	424
Less: Income Tax	Million (M)	(60)	(80)
<b>Free Cashflow (Post-tax)</b>	<b>Million (M)</b>	<b>257</b>	<b>343</b>

UNIT COSTS - C1 & AISC		Life of Mine US\$	Life of Mine A\$
Mining	/oz Au	281	374
Processing	/oz Au	324	431
G&A	/oz Au	105	140
Refining Costs	/oz Au	5	6
<b>Total C1 Costs</b>	<b>/oz Au</b>	<b>714</b>	<b>952</b>
Royalties	/oz Au	28	37
Sustaining Capital	/oz Au	13	18
Corporate Overheads	/oz Au	20	26
<b>Total AISC</b>	<b>/oz Au</b>	<b>775</b>	<b>1,033</b>

FINANCIAL METRICS - POST-TAX		Life of Mine US\$M	Life of Mine A\$M
NPV @ 8%		148	197
IRR		29%	29%
Project Payback		2.2 Years	2.2 Years

# GEOPACIFIC RESOURCES LIMITED

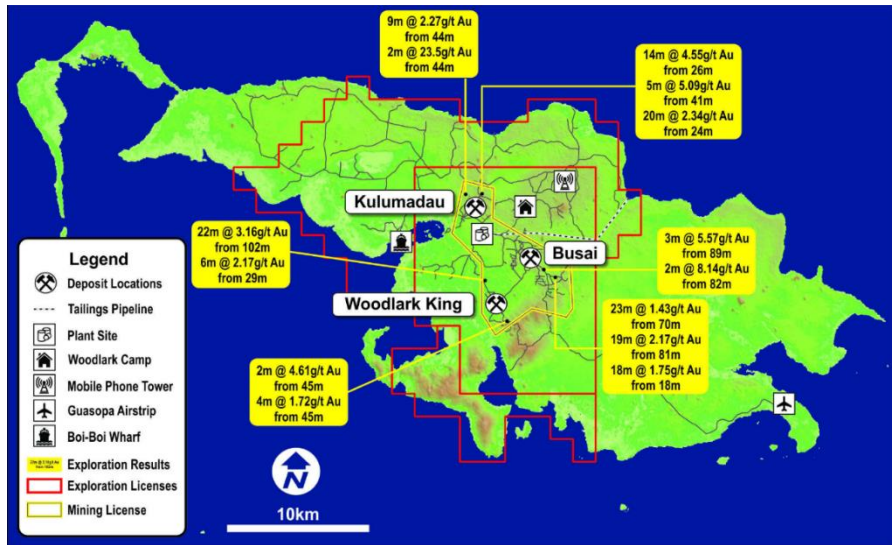
## and Controlled Entities

### REVIEW OF OPERATIONS

#### Geology and Exploration

Geopacific controls 580 square kilometres of exploration licences along with a 60 square kilometre Mining Lease, covering highly prospective volcanic sequences. More than 300 kilometres of development drilling to date has delineated over 1.57 million ounces of gold mineral resources<sup>5</sup> and all defined mineral resources remain open along strike and down dip.

Geopacific inherited over \$150 million of historic spend on Woodlark Gold Project, which included a wealth of drilling data from over 275 kilometres of historic drilling. Geopacific's team has undertaken a rigorous process of review, validation and reinterpretation of geological data to create a robust view on existing resources.



#### Near Pit Resource Extensions

At the Kulumadau deposit, gold mineralisation is open beneath the planned pit in all directions, particularly down dip of the major mineralised trend (Figure 1). Deeper drilling under the existing deposits presents a near-term opportunity to increase mineral resources at depth and along strike of the planned pits.

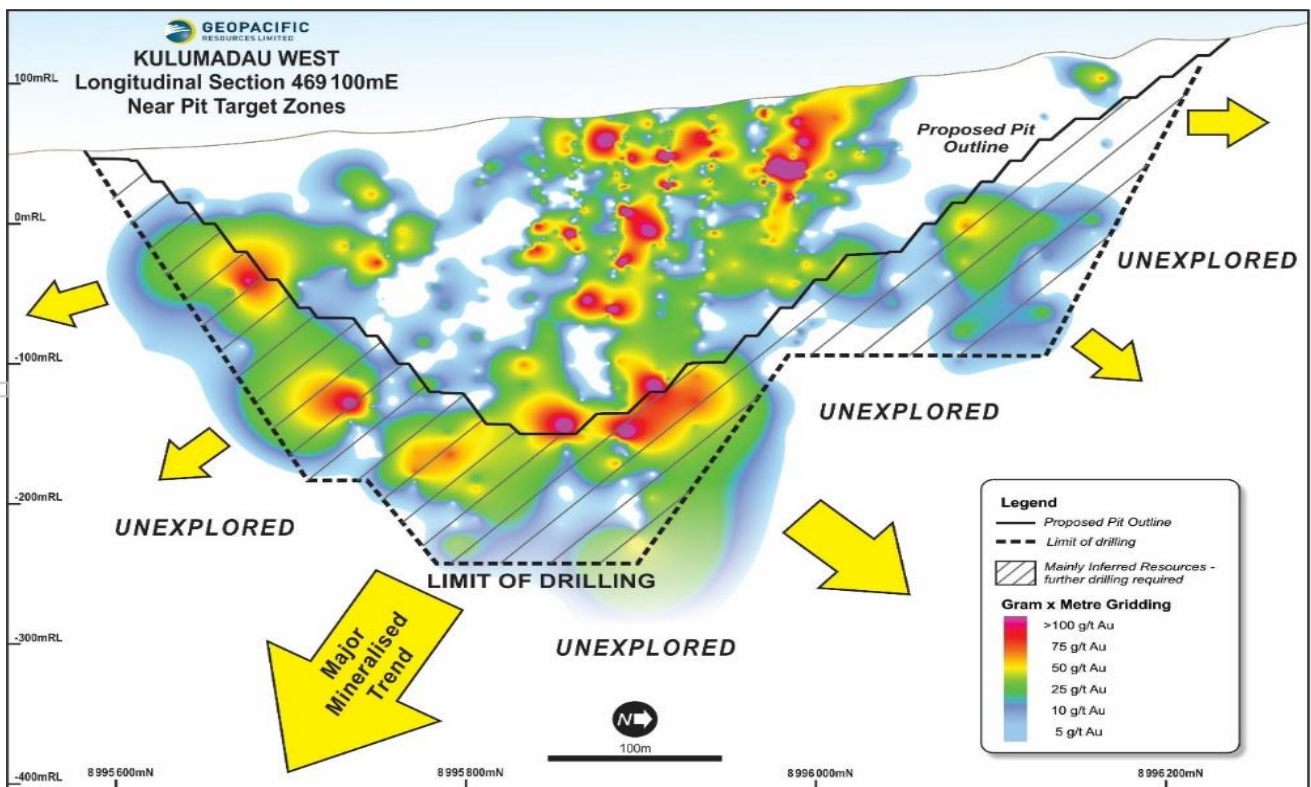


Figure 1: Gold mineralisation open in all directions beneath the planned Kulumadau pit

<sup>5</sup> Refer to March 2018 Pre-feasibility Study – ‘Robust Woodlark Gold project PFS Supports Development.’

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To date, Geopacific has strategically focussed drilling within conceptual pit shells for development purposes and is yet to test the near pit potential. The low proportion of Inferred Resources (14%) and the 82% conversion of Mineral Resources into Ore Reserves reflects the open nature of defined Mineral Resources.

Additionally, a significant area within the proposed pit remains undrilled due to site access restrictions agreed to avoid disturbing the resident villagers (Figure 2). This area is of high priority, is prospective for gold mineralisation and is currently designated as waste material in the current mining schedule. Drilling of this target will commence once the village relocation program has concluded.

#### Near Pit “Blind” Mineral Resources

Conventional surface sampling and mapping has historically been ineffective due to a layer of sediment that covers the majority of the exploration licenses, making discoveries principally reliant on drilling. Although gold mineralisation is not visible at surface, defined ore bodies are strike-continuous and provide high potential for discoveries beneath the cover adjacent to, or along strike of, known ore bodies.

This has been a recurring theme on Woodlark Island as demonstrated by the blind discovery of the Boscalo prospect (north of Kulumadau East), which was made by following mineralised structural trends beneath the sedimentary cover. This exemplifies the highly prospective nature of near-resource target areas. Figure 2 highlights known mineralised trends in the Kulumadau region that continue under cover and form high priority exploration targets.

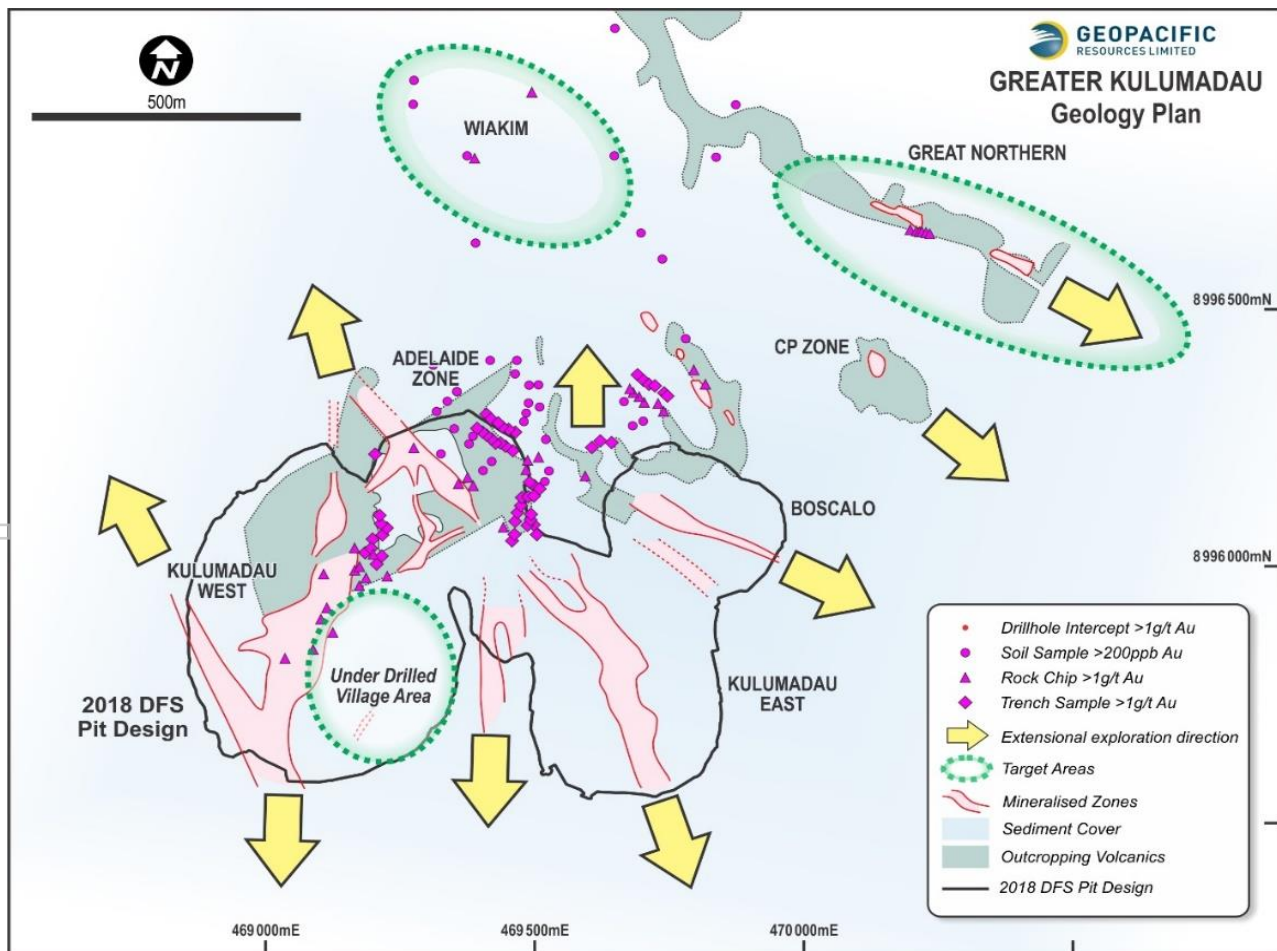


Figure 2: Kulumadau area extensional exploration targets



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### Existing Gold Prospects

Regional soil sampling and mapping has already delineated high-grade soil gold anomalies, one of which is 1.4 kilometres in length, and has returned values up to 6.26g/t Au. Over 30 known prospect areas are scheduled for systematic exploration assessment in the form of surface geochemical sampling, geological mapping, trenching and if warranted, drilling.

A significant number of drainages show visible gold in gold panning (Figure 3) and all require systematic follow up exploration to assess the source of gold in each drainage. Exploration drilling has a high strike rate of intersecting gold mineralisation, with over 71% of all holes intersecting gold values >0.5g/t Au downhole.

### Regional "Blind" Discoveries

Aeromagnetic data shows a number of major structural features spatially associated with gold mineralisation observed in drilling and outcrop. The five kilometre trend between Busai and Kulumadau is a priority target area (Figure 3) and has not been drill tested as it is hidden under sedimentary cover.

Gold mineralisation at Woodlark King occurs along a prominent north-west trending structural feature with drill holes intersecting >0.5g/t Au downhole that stop at the edge of covering sediment. Numerous regional structural targets highlighted in red (below) and will be assessed by surface drilling systematically.

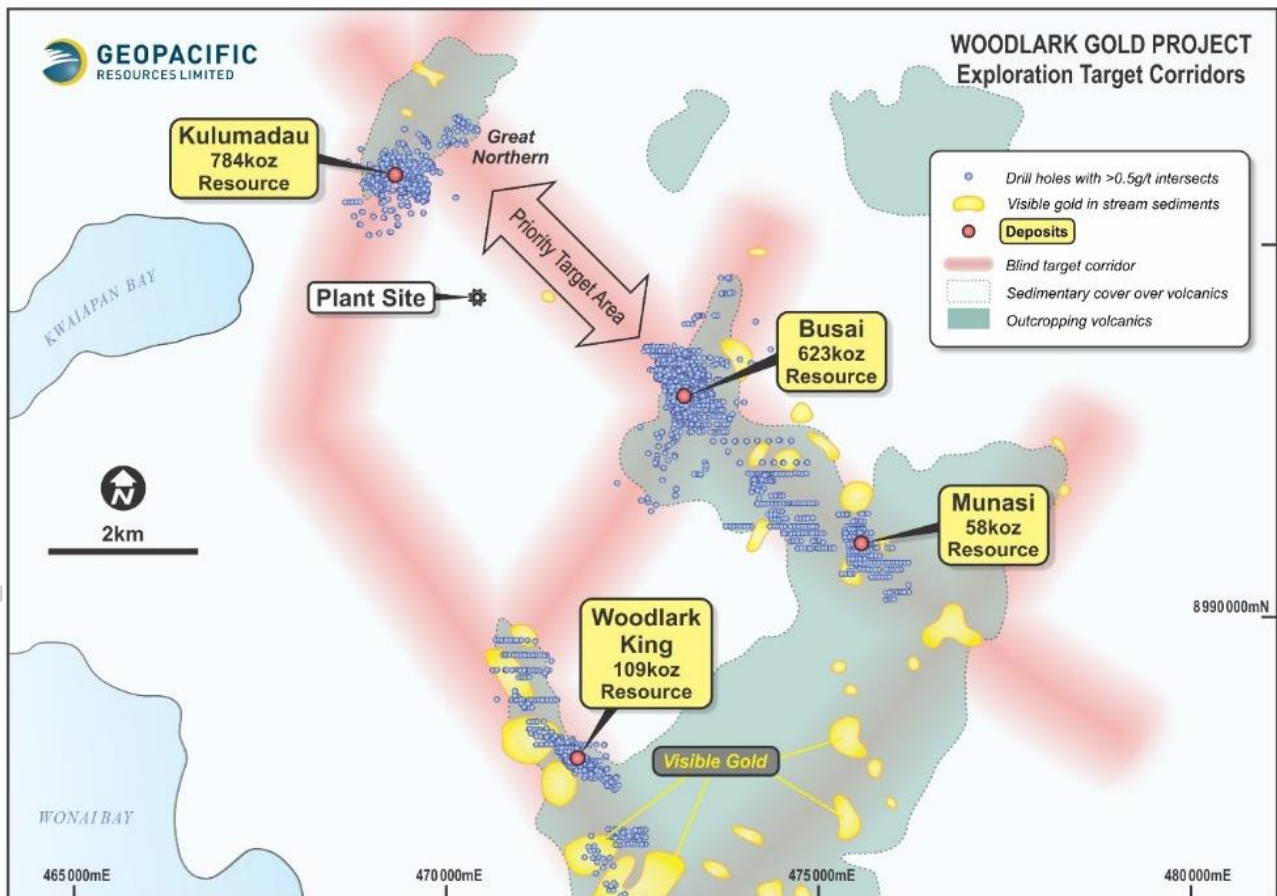


Figure 3: Regional exploration targets

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#### **Project Financing – Woodlark Gold Project**

In August 2019, [an ITE](#) Report was completed on behalf of potential lenders and distributed to key stakeholders.

The ITE review is a standard form of technical due diligence when seeking project funding in the industry. The process involves appointing a team of independent experts to review all technical, financial, environmental and social aspects of the project.

SRK Consulting (SRK) were appointed to undertake the technical aspects of the review. ERM Consulting (ERM) were appointed to undertake the environmental and social aspects of the review. These appointments followed consultation with a consortium of potential lenders. As part of the final stage of the review, a site visit to Woodlark Island was also undertaken.

The scope of the review was comprehensive and covered the following specific areas:

- Geology & Mineral Resources;
- Metallurgy & processing;
- Infrastructure;
- Logistics;
- Environmental; and
- Social.

The ITE Report validated key technical aspects of the Woodlark Gold Project and allowed Geopacific to advance project development by progressing to the next stage of project funding.

#### **Project Execution – Woodlark Gold Project**

Geopacific continued to progress towards a successful execution of the Woodlark Gold Project during the year.

#### **Mining Contractor**

Geopacific continues to assess options relating to the execution of future mining activity for the Woodlark Gold Project with the aim of ensuring that return on investment from the ore body is maximised.

Management are currently reviewing potential benefits from adopting a contract mining operating model as opposed to an owner operator model. The extensive industry experience of the [Board](#) and [Senior Management Team](#) is invaluable when assessing options associated with these important strategic decisions.

#### **Engineering, Procurement, and Construction (EPC) strategy**

For the determination of forecast capital costs, Geopacific adopted an engineering, procurement and construction management (EPCM) strategy in the DFS. During the year, the Company decided to pursue an EPC strategy in order to ensure project delivery guarantees and transfer an element of the price risk to the EPC contractor.

Adopting an EPC model will provide a higher level of certainty on the final capital cost and de-risk a significant portion of the Woodlark Gold Project from a funding perspective.

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Following the decision to adopt an EPC strategy, Geopacific sought to select a lump sum turnkey solution for the construction of the Woodlark Gold Project processing plant. Geopacific conducted a robust evaluation and selection process involving a number of highly reputable engineering companies. Engineering companies for tender were selected on the basis of their credibility and experience in delivering similar gold operations to the Woodlark Gold Project.

All proposals received were carefully evaluated to assess pricing, technical and management competence, proposed design specifics, financial capacity and relevant experience in Papua New Guinea.

Upon completion of this rigorous evaluation and selection process [a conditional letter of intent was issued to GR Engineering](#) for the construction of the Woodlark Gold Project's 2.4Mtpa carbon in leach (CIL) process plant, tailings line and other supporting infrastructure.

The Company also appointed independent engineering consultants, Mintrex Pty Ltd (Mintrex) to conduct a review of GR Engineering's proposed plant design. In the December 2019 quarter, Mintrex validated GR Engineering's proposed process plant design. Mintrex has extensive capabilities in gold processing and significant experience with similar gold operations both internationally and in Australia.

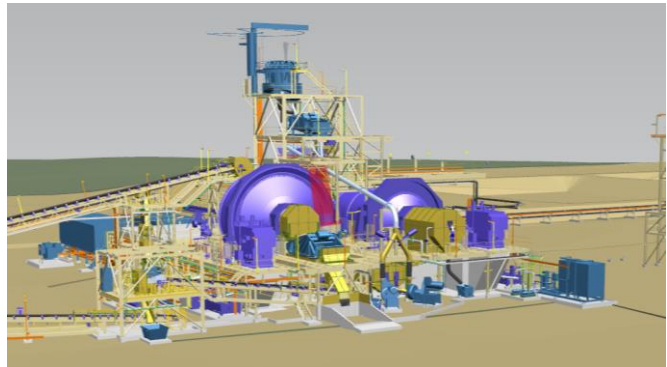


Figure 4: GR Engineering-designed 2.4Mtpa gold process plant

#### Project Development – Woodlark Gold Project

In December 2019, the proceeds from the \$40 Million Placement enabled the company to [commence the Civil Works Program](#) on the Woodlark Gold Project.

#### Key Contracts Signed

Following the decision to commence the Civil Works Program, a contract was signed with HBS Machinery (HBS) to undertake earthmoving civils at the Woodlark Gold Project. HBS were engaged to provide equipment and personnel to construct new roads, repair existing roads, construct the wharf causeway and undertake bulk earthworks operations at the plant site in preparation for the process plant build.

A contract was also signed with Rhodes Projects (Rhodes), a project manager located in Papua New Guinea, to provide materials and skilled supervisors to oversee a local team that will build the necessary housing and infrastructure required to enable the relocation of the existing Kulumadai village.

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#### Mobilisation

On 13 December 2019, key supplies and equipment were mobilised to site, along with over 30 contractors from HBS and Rhodes. Personnel were transported to site on a 36 seat Dash 8 charter flight. Equipment, fuel and food were mobilised to site by barge.

The successful mobilisation marked another key milestone critical to the success of the Woodlark Gold Project and was the culmination of a considerable amount of planning and co-ordination among multiple parties.



Figure 5: Personnel mobilise to site on 36 Seat Dash 8



Figure 6: Barge arrives at Woodlark Island

#### 2.4mtpa CIL Process Plant Site Clearing

Following the mobilisation of heavy equipment in December 2019, bulk earthworks operations at the process plant site commenced in preparation for the process plant build. Preparation of the process plant site clearing progressed steadily assisted by the flat topography of the Island which considerably reduces the amount of material that needs to be removed in order to create a cleared site for the process plant.

Geophysical drilling will form part of the Civil Works Program to facilitate the design of the foundations for a 2.4Mtpa processing plant.



Figure 7: Process plant site cleared as part of the Civil Works Program

#### Wharf Construction

There are currently operational wharf facilities situated on Woodlark Island which are located 15 kilometres from the process plant site.

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To improve the efficiency of the the transport of material and minimise the disturbance to local villages on the island, a new wharf facility will be constructed as part of the Civil Works Program. The new wharf will be located five kilometres from the process plant site.

#### Road Infrastructure

The Civil Works Program currently being undertaken on site will deliver critical infrastructure to facilitate the construction of the 2.4Mtpa processing plant and the operation of subsequent mining activities.

Part of this infrastructure includes the construction of new roads and repair of the existing road network. A road from the new wharf to the processing plant site will also be constructed as part of the Civil Works Program.



Figure 8: Road clearing activity on the Woodlark Island

#### Village Relocation

An important part of the Woodlark Gold Project is the relocation of the relatively small Kulumadau village. The village, currently located on the mining lease, will be relocated to new areas selected by the residents, outside the mining lease.

The relocation will include construction of over 200 new houses, churches, stores, schools and other buildings.

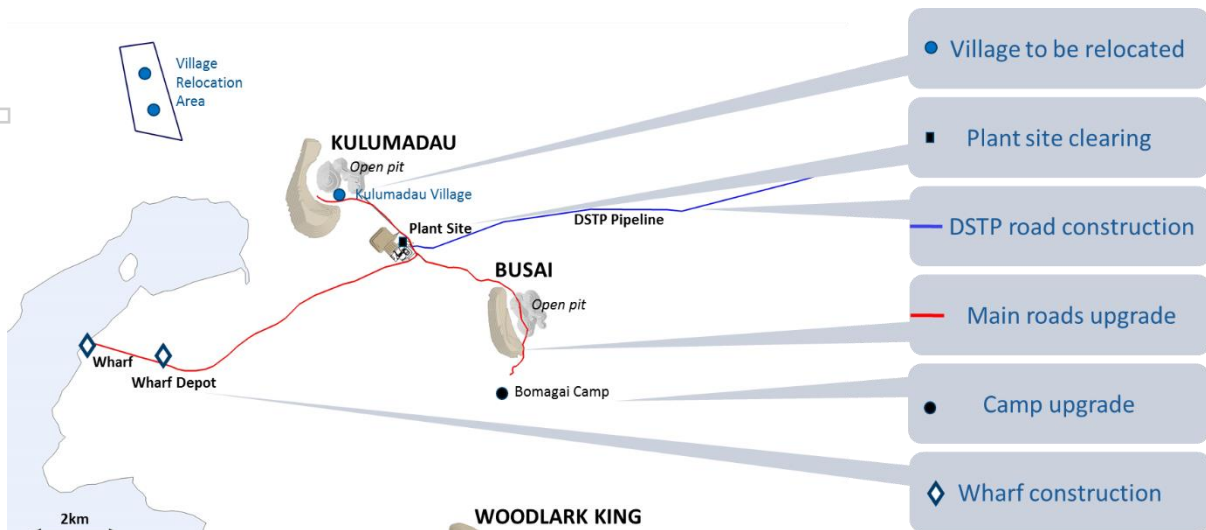


Figure 9: Details of civil works and village relocation activities to be undertaken

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In December 2019, a contract was signed with Rhodes to provide materials and skilled labour for the construction of the new village. Following their mobilisation to site, workshops were constructed and a workforce from the local population was established.

The prioritisation of labour sourced from the local community is vital to ensure that there is “ownership” of the build, and that the requisite skills are passed across to the villagers to maintain and expand houses in the future.



Figure 10: Existing three bedroom house



Figure 11: New house under construction

#### Community Relations – Woodlark Gold Project

Critical to the success of the Woodlark Gold Project is the ongoing support and cooperation of the local community. Geopacific continues to maintain regular and cooperative stakeholder consultations and initiatives with local, provincial and national bodies.

The success of the current on-site activities demonstrates a willingness of the local Island population to partner with Geopacific in working towards successful completion of the project, which will lead to ongoing and sustainable benefits to the community.

Over 100 Woodlark Islanders are either working for the Company or its contractors. Upskilling the workforce to enable the successful implementation of the Woodlark Gold Project build and having an operating team ready for the commencement of mining and processing operations is an integral part of the community program.



Figure 12: Community consultation and engagement has been extensive during 2019



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### Mining License – Woodlark Gold Project

In September 2019, Geopacific received an [extension to the construction timeline in the Mining Licence](#) for the 1.6Moz Woodlark Gold Project<sup>6</sup>. The amendment granted by the Minister for Mining, The Hon Johnson Tuke MP, was required to extend the timeframe for completion of construction and commissioning of the processing facility which was previously required by January 2020.

The completion of the build is now required to be achieved before the 5 July 2022, providing Geopacific with time to finance and construct the project. The extension is the key approval required from Mineral Resources Authority (MRA) to commence construction of the Woodlark Gold Project.

### CORPORATE

#### 100% Direct Ownership of Woodlark

In March 2019, Geopacific secured [100% direct ownership of Woodlark](#), simplifying the ownership structure and reducing corporate costs for the Group. On 6 March 2019, an agreement was signed to acquire from Kula Gold Ltd (Kula) all of their rights and interests in the Woodlark Gold Project. The agreement was subject to requisite shareholder approval from both Kula and Geopacific, which was successfully obtained on 25 June 2019.

Geopacific secured 100% ownership of Woodlark in return for issuing 150 million Geopacific shares (Consideration Shares) to Kula and paying approximately \$0.74 million cash to Kula concurrent to cancelling its existing 85% shareholding in Kula. Kula immediately applied the cash to repay its loan from Geopacific of approximately \$0.72 million.

On 9 July 2019, Kula distributed the Consideration Shares pro-rata to its shareholders. Each Kula shareholder received approximately 2.55 Geopacific shares for every Kula share held. Kula ceased to be a subsidiary of Geopacific and all relationships between the parties were extinguished including the resignation of Geopacific's representatives from their positions as directors on the Kula Board.

#### Capital Raising - \$4.3 Million Placement

In March 2019, a [\\$4.3 Million Placement](#), of 510 million ordinary shares, was completed at \$0.0085, representing a discount of 23% to the last close and a 24% discount to the 5 day Volume Weighted Average Share Price. The \$4.3 Million Placement was oversubscribed with offers from new and existing sophisticated and professional investors.

The \$4.3 Million Placement was made pursuant to the Company's 15% placement capacity under Listing Rule 7.1 (312,286,070 shares) and Listing Rule 7.1A (197,713,930 shares).

In conjunction with the \$4.3 Million Placement, Resource Capital Funds divested its holding in the Company, of approximately 358.6 million shares (17%) (Block Trade). The Block Trade was placed with a European investment group, DELPHI Unternehmensberatung AG (DELPHI) on 25 March 2019. DELPHI also demonstrated support by participating in the \$4.3 Million Placement.

Proceeds from the raising were primarily used to advance the due diligence in relation to project financing and for working capital purposes as the Company progressed the structure of the financing of the Woodlark Gold Project.

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<sup>6</sup> For Mineral Resource refer to page 18 and PFS announcement released on 12 March 2018.

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**Capital Raising – \$40 Million Placement**

During the December 2019 quarter, [Geopacific completed a \\$40 million share placement](#). The \$40 Million Placement was made to Sophisticated and Professional Investors for 1,600 million fully paid ordinary shares at \$0.025 per share.

The \$40 Million Placement was composed of two tranches, the first of which was completed within the Company's placement capacity and raised \$17.2 million excluding transaction costs. The 1<sup>st</sup> Tranche net proceeds were received by the Company in October 2019.

The 2<sup>nd</sup> Tranche, to raise \$22.8 million was approved by shareholders at the general meeting held on 9 December 2019. The 2<sup>nd</sup> Tranche net proceeds were received by the Company in December 2019.

Geopacific is currently using the funds to complete the Civil Works Program at the Woodlark Gold Project. Following the \$40 Million Placement, the Company continued to progress towards a complete project funding solution with the capital raised proving to be a strong catalyst to advance discussions with potential debt providers.

**Share Purchase Plan (SPP)**

The Company offered a SPP at \$0.025 per share, the same price as the \$40 Million Placement, to raise up to a further \$5 million.

The SPP allowed eligible shareholders to acquire up to \$30,000 worth of shares. The SPP offer closed on 29 November 2019 and the Company raised \$101,000 (4,040,000 Shares).

**Share Consolidation**

On 21 October 2019, a share consolidation was proposed to convert every 25 shares on issue to 1 share. Following the successful \$40 Million Placement, the Board considered the Share Consolidation as an important and necessary restructure designed to broaden the Company's market appeal.

The consolidation was approved by shareholders at the general meeting held on 9 December 2019 and was completed in late December 2019.

**Director appointment and resignation**

On 8 May 2019, Milan Jerkovic resigned as Chairman of the board. Following the resignation of Mr Jerkovic, Ian Clyne assumed the role of Non-Executive Chairman of the board. On 29 May 2019, Mark Bojanjac also resigned as Non-Executive Director.

Mr Clyne has worked in asset based finance, project finance, and emerging market bank transformation and modernisation projects. Roles included President Director, Group Chief Executive Officer, Chief Risk Officer and Non-executive Director in several publicly listed financial institutions.

Mr Clyne has 11 years' experience working and living in Papua New Guinea on two occasions, the most recent as Group Chief Executive Officer of Bank South Pacific Limited (BSP) from 2008 to 2013 where he led a highly successful transformation project.

On 9 September 2019, Mr Ian Murray was appointed as an Independent Non-executive Director on the board.



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Mr Murray brings a wealth of financial, corporate, project development and operational experience to the Board and most recently held the role of Managing Director of Gold Road Resources (Gold Road). Mr Murray was instrumental in taking Gold Road's Guyere Project from an exploration play through to a fully funded 8.2mtpa gold operation that is set to produce 300koz per annum in joint venture with Gold Fields Ltd.

### **All resolutions at General Meetings passed**

Geopacific held its annual general meeting on 30 May 2019. All resolutions were passed.

Geopacific held an extraordinary general meeting on 9 December 2019. All resolutions were passed.

### **OTHER PROJECT ACTIVITIES**

#### **Kou Sa 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 158 square kilometres. A Maiden Mineral Resource (2012 JORC Code compliant) of 51,000 tonnes of copper equivalent was released in 2016.

The Mineral Resource was calculated to assess the project's initial inventory at Prospects 150 and 160. Geopacific believes Kou Sa holds significant potential for the discovery of additional deposits with economic grade and tonnage. A number of IP anomalies across the license still remain untested.

No significant exploration activities took place during the period and all opportunities to progress the project are being investigated.

The Company is in negotiation with the vendors of the Kou Sa Project to restructure the deferred consideration payments. At 31 December 2019, payments of US\$1.57 million and US\$0.39 million were outstanding. In the event an agreement cannot be reached with the vendors, the Group will look to relinquish ownership of the Kou Sa Project and would be required to pay US\$0.50 million to the vendors.

#### **Fijian Gold and Copper Projects, Fiji**

All licences have been relinquished or are in the process of being relinquished. The office in Fiji has been closed and Geopacific is investigating options to wind up the Fijian entities.

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*

**REVIEW OF OPERATIONS**

**FINANCIAL REVIEW**

	2015	2016	2017	2018	2019
	\$	\$	\$	\$	\$
<b>Loss After Tax</b>	(2,000,637)	(4,144,977)	(4,042,911)	(53,750,659)	<b>(7,337,714)</b>
<b>Loss Per Share (Cents)<sup>1</sup></b>	(0.25)	(0.45)	(0.27)	(2.49)	<b>(6.48)</b>
<b>Cash and Cash Equivalents</b>	12,589,002	11,469,015	6,765,343	3,059,221	<b>37,505,067</b>
<b>Exploration and Evaluation Asset - Additions (excluding transfers)</b>	15,787,417	12,140,869	15,219,583	8,447,600	<b>442,022</b>
<b>Mine Properties Under Development Expenditure - Additions (excluding transfers)</b>	-	-	-	-	<b>860,265</b>
<b>Total Assets</b>	48,233,948	64,554,032	80,720,300	42,103,633	<b>80,518,692</b>
<b>Net Assets</b>	47,143,679	57,717,361	73,334,855	34,685,715	<b>70,478,375</b>

<sup>1</sup>Earnings per share from 2015 to 2018 have not been adjusted to reflect the 25:1 share consolidation conducted in December 2019.

The Group recorded a net loss after tax for the year ended 31 December 2019 of \$7,337,714 (2018: 53,750,659). This included \$1,501,751 (2018: Nil) of exploration costs that were expensed for the period.

During the 2019 reporting period, the Group made the decision to reclassify \$30,461,193 (2018: Nil) of capitalised exploration and evaluation expenditure associated with the Wooldark Gold Project to mine properties under development. This decision followed the \$40 Million Share Placement in October 2019 with funds being used to commence the development of the Woodlark Gold Project.

At 31 December 2019, the Group's total assets were \$80,518,692 (2018: 42,103,633) and net assets were \$70,478,375 (2018: \$34,685,715). The increase in the Group's total assets and net assets relates to the proceeds from a \$40 Million Placement completed in October 2019.

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### REVIEW OF OPERATIONS

#### MINERAL RESOURCES AND ORE RESERVES

##### Woodlark Mineral Resources and Ore Reserves

The Woodlark Mineral Resource is **47Mt @ 1.04g/t Au for 1.57Moz of gold<sup>7</sup>** including 222,000oz of gold in the Inferred category (Table 1). There was no change to the Mineral Resources reported at 31 December 2018 for comparison.

Table 1: Woodlark Global Mineral Resource Estimate – March 2018

Category (>0.4g/t lower cut)	Tonnes (Million)	Grade g/t Au	Ounces (Thousand)
Measured	21.24	1.10	754
Indicated	18.94	0.98	597
Inferred	6.8	1.00	222
<b>Total</b>	<b>47.04</b>	<b>1.04</b>	<b>1,573</b>

An updated Ore Reserve estimate was released in November 2018 and was completed by independent consultants, Mining Plus Pty Ltd (Mining Plus). The updated Ore Reserve estimate of **28.9Mt @ 1.12g/t Au for 1,037,600oz<sup>8</sup>** of gold is detailed in Table 2.

Table 2: Woodlark Ore Reserve Estimate – November 2018

Total by deposit	Category (>0.4g/t lower cut)	Tonnes (Million)	Grade g/t Au	Ounces (oz)
Busai	Proven	9.3	1.03	307,300
	Probable	4.3	0.87	120,900
Kulumadau	Proven	7.4	1.37	324,700
	Probable	5.2	1.17	196,900
Woodlark King	Proven	1.9	1.06	65,000
	Probable	0.8	0.84	22,800
<b>Total Ore Reserve</b>	<b>Proven</b>	<b>18.6</b>	<b>1.17</b>	<b>697,000</b>
	<b>Probable</b>	<b>10.4</b>	<b>1.02</b>	<b>340,600</b>
	<b>Total</b>	<b>28.9</b>	<b>1.12</b>	<b>1,037,600</b>

##### Kou Sa Mineral Resources

The Mineral Resource for Prospects 150 and 160 at the Kou Sa Project was 3.84 million tonnes at 0.77% Cu, 0.66g/t Au and 5.27g/t Ag for 51.2k tonnes of Cu equivalent. The Mineral Resource estimated at a 0.4% CuEq lower cut-off are detailed in Table 3. There was no change to the Mineral Resources reported at 31 December 2018 for comparison.

Table 3: Kou Sa Global Mineral Resource Estimate – July 2016

Category	Tonnes (Million)	Cu %	Au g/t	Ag g/t	CuEq %	Cu Kt	Au Koz	Ag Koz	CuEq Kt
Indicated	3.49	0.78	0.71	5.37	1.38	27.1	79.2	602	48.1
Inferred	0.35	0.70	0.20	4.30	0.90	2.30	2.70	48	3.1
<b>Total</b>	<b>3.84</b>	<b>0.77</b>	<b>0.66</b>	<b>5.27</b>	<b>1.33</b>	<b>29.40</b>	<b>81.80</b>	<b>651</b>	<b>51.2</b>

<sup>7</sup> Refer to March 2018 Pre-feasibility Study – 'Robust Woodlark Gold project PFS Supports Development.'

<sup>8</sup> Refer to 'Woodlark Ore Reserve Update' announced on 7 November 2018.

# GEOPACIFIC RESOURCES LIMITED

## *and Controlled Entities*

### REVIEW OF OPERATIONS

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#### Competent Persons Statement

The information in this report that relates to Woodlark Mineral Resources is based on information compiled and reviewed by Mr Nicholas Johnson, a Competent Person who is a Member of the Australian Institute of Geoscientists and a full-time employee of MPR Geological Consultants Pty Ltd. Mr Johnson has sufficient experience which is relevant to the style of mineralization and type of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and is a qualified person for the purposes of NI43-101. Mr Johnson has no economic, financial or pecuniary interest in the company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Woodlark Ore Reserves is based on information compiled and reviewed by Mr John Battista, a Competent Person who is a Member and Chartered Professional of the Australian Institute of Mining and Metallurgy (AusIMM) and a full-time employee of Mining Plus. Mr Battista has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and is a qualified person for the purposes of NI43-101. Mr Battista has no economic, financial or pecuniary interest in the company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Kou Sa Mineral Resource estimate is based on information compiled by Jonathon Abbott, a Competent Person who is a Member of the Australian Institute of Geoscientists. Jonathon Abbott is a full-time employee of MPR Geological Consultants Pty Ltd and is an independent consultant to Geopacific Resources Limited. Mr Abbott has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Abbott consents to the inclusion in this report 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 report including, without limitation, statements regarding future plans and objectives of Geopacific Resources Ltd are forward-looking statements. When used in this report, 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 report, 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 that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements.

Geopacific cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this report will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company 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 report, except where required by applicable law and stock exchange listing requirements.

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS' REPORT

#### DIRECTORS' REPORT

The Directors present their report together with the financial report of the Geopacific Group, being Geopacific Resources Limited ("Geopacific" or "the Company") and its controlled entities ("the Group" or "Consolidated entity") for the financial year ended 31 December 2019, and the auditor's report thereon.

#### 1. DIRECTORS AND COMPANY SECRETARY

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

Name, Position Held & Qualification	Experience, Special Responsibilities & Other Directorships
<b>Ian Clyne</b>	
Non-Executive Chairman Assumed Role: 8 May 2019	Mr Clyne has over 35 years' experience in international banking having worked in senior executive positions in ten countries in Asia, Oceania, Australia and Europe. He has specialised in emerging markets and has held roles of President, Director, Managing Director and Chief Executive Officer with universal banking operations that have extensive branch networks and large employee bases. Mr Clyne has successfully re-engineered banks in Indonesia, Italy, Poland and Papua New Guinea.
Non-Executive Director Appointed: 6 October 2016	
B. Bus (Management)	Mr Clyne held the role of Managing Director and Group CEO of Bank South Pacific (BSP), based in Port Moresby (2008 – 2013). He undertook a major transformation program changing BSP from a typical emerging economy banking institution into an innovative, technology driven, modern bank. Under his leadership, the bank grew from having 400,000 accounts to over 1 million in Papua New Guinea and 1.5 million across the Pacific, including Fiji and the Solomon Islands, with a market capitalisation of \$1.7 billion at the end of his term.
	Mr Clyne is also a member of the Audit and Risk Committee.
	Mr Clyne is currently a Non-Executive Director of Union Bank of Nigeria. Mr Clyne has not held any other directorships in the past three years.
	Mr Clyne has the following interest in shares in the Company as at the date of this report – 272,000 ordinary shares.

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS' REPORT

Name, Position Held & Qualification	Experience, Special Responsibilities & Other Directorships
<b>Ron Heeks</b>	
Managing Director Appointed: 28 March 2013 B. App. Sc (Geology) Member of AusIMM	<p>With 30 years' mining industry experience, Mr Heeks was a founder of Exploration and Mining Consultants and has had previous experience with Western Mining Corporation, Newcrest, Newmont (US) and RSG Consulting.</p> <p>Mr Heeks has held senior roles in both mine management and exploration and is a former General Manager – Technical for Straits Asia Indonesian Operations and Chief Technical Officer for Adamus Resources Southern Ashanti Gold Operation. He has lived and worked in various countries around the world gaining extensive experience in South-East Asia and Indonesia in particular.</p> <p>Mr Heeks was appointed Managing Director of the Company on 28 March 2013 after the takeover of Worldwide Mining Projects Ltd.</p> <p>During the past three years, Mr Heeks has also served as a director of Kula Gold Limited (resigned 2 July 2019).</p> <p>Mr Heeks has the following interest in shares in the Company as at the date of this report – 449,832 ordinary shares.</p>
<b>Colin Gilligan</b>	
Non-Executive Director Appointed: 26 June 2018 B. Sc Engineering (Mining) Hons National Diploma - Coal Mining	<p>Mr Gilligan is a mining engineer with over 25 years' experience in the resources sector, in Australia, South Africa, North America and Asia. He has held technical, executive and director roles with a number of companies throughout his career including Mitsui, Thiess, Anglo, Coalspur Mines and Resource Generation.</p> <p>During his career Mr Gilligan has provided leadership to a number of operations, EPC contracts, mining contracts and development projects across a range of commodities. He has also successfully contributed to raising development funding in various forms.</p> <p>Mr Gilligan brings a successful background in organisational leadership, project development and delivery, predominantly achieved through a focus on people, culture and optimal efficiency.</p> <p>Mr Gilligan also contributes significant board level experience at private and public company level, particularly on technical matters, governance, funding, risk management, strategy and leadership.</p> <p>Mr Gilligan is a member of the Audit and Risk Committee.</p> <p>Mr Gilligan is currently an Independent Non-Executive Director at Resource Generation Limited. Mr Gilligan has not held any other directorships for the past three years.</p> <p>Mr Gilligan held no interest in shares in the Company as at the date of this report.</p>

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS' REPORT

Name, Position Held & Qualification	Experience, Special Responsibilities & Other Directorships
<p><b>Ian Murray</b></p> <p>Non-Executive Director Appointed: 9 September 2019</p> <p>B. Com</p> <p>Graduate Diploma in Accounting (GDA)</p> <p>Advanced Taxation Certificate</p> <p>Member of the Australian Institute of Company Directors (MAICD)</p> <p>Oxford Advanced Management &amp; Leadership Programme (OAMLMP)</p> <p>Fellow of the Australia &amp; New Zealand Institute of Chartered Accountants (FCA)</p>	<p>Mr Murray is a Chartered Accountant with over 25 years' of mining experience in senior leadership positions, including the position of Managing Director of Gold Road Resources Limited (Gold Road) and DRDGold Ltd. He has also held executive positions with international Big 4 accounting firms.</p> <p>Mr Murray brings a wealth of financial, corporate, project development and operational experience to the Board. Most recently he held the role of Managing Director of Gold Road and was instrumental in taking the Guyere Project from an exploration play through to a fully funded 8.2mtpa gold operation that is set to produce 300koz per annum in joint venture with Gold Fields Ltd.</p> <p>Mr Murray is the Chairman of the Audit and Risk Committee.</p> <p>Mr Murray is currently an Independent Non-Executive Director at Black Rock Mining Ltd.</p> <p>During the past three years, Mr Murray has also served as a director of the following listed entities:</p> <ul style="list-style-type: none"><li>- Gold Road Resources Limited (retired January 2019); and</li><li>- Gascoyne Resources Limited (resigned October 2018)</li></ul> <p>Mr Murray held no interest in shares in the Company as at the date of this report.</p>

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS' REPORT

Name, Position Held & Qualification	Experience, Special Responsibilities & Other Directorships
<b>Matthew Smith</b>	
Company Secretary Appointed: 1 December 2016 B. Com (Accounting) Member of CAANZ	<p>Mr Smith has over 15 years' experience in the resource industry across a broad range of commodities including precious metals, industrials and bulk commodities. Mr Smith has worked for a range of companies operating in the Asia Pacific region and most recently held the role of Chief Financial Officer at ASX listed Kingsrose Mining Limited, with gold operations in Indonesia.</p> <p>Mr Smith is a Chartered Accountant with relevant industry experience being involved in a number of project funding transactions across debt and equity markets. Mr Smith also brings specialist knowledge in the areas of international taxation, corporate structuring, accounting and corporate governance.</p> <p>Mr Smith has previously held the role of Company Secretary at Straits Resources Limited.</p> <p>During the past three years, Mr Smith has also served as a director of Kula Gold Limited (resigned 2 July 2019).</p> <p>Mr Smith has the following interest in shares in the Company as at the date of this report – 139,778 ordinary shares.</p>
<b>Milan Jerkovic</b>	
Non-Executive Chairman Appointed: 23 April 2013 B. App. Sc (Geology) Fellow of AusIMM Member of AICD Post Graduate Diploma in Mineral Economics Post Graduate Diploma in Mining Resigned: 8 May 2019	<p>Mr Jerkovic is a qualified geologist with postgraduate qualifications in Mining &amp; Mineral Economics with over 30 years' experience in the mining industry involving resource evaluation, operations, financing, acquisition, project development and general management.</p> <p>Mr Jerkovic was the Chief Executive Officer of Straits Resources Limited and has held positions with WMC, BHP, Nord Pacific, Hargraves, Tritton and Straits Asia. Mr Jerkovic was the founding Chairman of Straits Asia Resources and is currently Executive Chairman of Blackham Resources Limited.</p> <p>During the past three years, Mr Jerkovic has also served as a director of Metals X Limited (resigned 2 September 2019).</p> <p>Mr Jerkovic had the following interest in Shares in the Company as at the date of his resignation – 13,196,677 ordinary shares (pre share consolidation).</p>



# GEOPACIFIC RESOURCES LIMITED

## *and Controlled Entities*

### DIRECTORS' REPORT

Name, Position Held & Qualification	Experience, Special Responsibilities & Other Directorships
<p><b>Mark Bojanjac</b></p> <p>Non-Executive Director Appointed: 28 March 2013 B. Com Member of CAANZ Resigned: 29 May 2019</p>	<p>Mr Bojanjac is a Chartered Accountant with over 20 years' experience in developing resource companies. Mr Bojanjac was a founding director of Gilt-Edged Mining Limited which discovered one of Australia's highest grade gold mines and was managing director of a public company which successfully developed and financed a 2.4 million ounce gold resource in Mongolia. He also co-founded a 3 million ounce gold project in China.</p> <p>Mr Bojanjac was most recently Chief Executive Officer of Adamus Resources Limited and oversaw its advancement from an early stage exploration project through its definitive feasibility studies, and managed the debt and equity financing of its successful Ghanaian gold mine.</p> <p>Mr Bojanjac was appointed a Director of the Company on 28 March 2013 after the takeover of Worldwide Mining Projects Ltd.</p> <p>Mr Bojanjac serves as Executive Chairman of Canadian explorer PolarX Limited and Non-Executive Director of Kula Gold Limited. Mr Bojanjac has not held any other directorships for the past three years.</p> <p>Mr Bojanjac had the following interest in shares in the Company as at the date of his resignation – 3,416,666 ordinary shares (pre share consolidation).</p>

# GEOPACIFIC RESOURCES LIMITED

*and Controlled Entities*

## DIRECTORS' REPORT

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### 2. PRINCIPAL ACTIVITY

The principal activity of the Group is mineral development exploration focused on gold and copper deposits in Papua New Guinea and Cambodia.

There were no significant changes in the nature of this activity of the Group during the financial year.

### 3. OPERATING AND FINANCIAL REVIEW

A review of the operations and financial position of the Group during the year ended 31 December 2019, including details of the results of operations, changes to the state of affairs, and likely developments in the operation of the Group in subsequent financial years is set out in the Operations Review.

### 4. DIVIDENDS

No dividends were paid or declared during the financial year (2018: None).

### 5. STATE OF AFFAIRS

There have not been any significant changes in the state of affairs of the Group during the financial year, other than those noted in the financial report.

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# GEOPACIFIC RESOURCES LIMITED

## *and Controlled Entities*

### DIRECTORS' REPORT

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#### 6. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of Geopacific's business.

As a result of COVID-19, in March 2020 the Group implemented the following measures:

- A notice of suspension was issued to HBS, the contractor engaged to undertake a Civil Works Program;
- All HBS staff were repatriated from Woodlark Island to ensure a safe passage to their home countries;
- All HBS equipment remains on site;
- Rhodes remain on site to continue the village relocation program;
- Rhodes and HBS will not be permitted to bring new personnel to Woodlark Island until it is considered safe to do so;
- All Geopacific expatriate staff were repatriated from Woodlark Island to Australia; and
- Staff based in the Perth Office will comply with both domestic and international travel restrictions and where possible, work from home to ensure the Company complies with social distancing guidelines.

The scale and duration of the developments associated with COVID-19 remain uncertain as at the date of this report. However, they could impact on the Group's ability to raise equity and the Group's financial results, cash flow and financial position in future years.

It is not possible to estimate the impact relating to the near-term and longer effects of COVID-19, or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and due consideration has been given to events that have occurred subsequent to 31 December 2019 that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for any impacts of COVID-19.

Other than the matter discussed above, no other matters or circumstances have arisen since the end of the financial period 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.

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS' REPORT

#### 7. DIRECTORS' INTERESTS AND BENEFITS

The relevant interest of each Director in the share capital as notified by the Directors to the Australian Securities Exchange in accordance with section 205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

Name	Direct			Indirect		
	Shares	Options	Rights	Shares	Options	Rights
I Clyne	272,000	-	-	-	-	-
C Gilligan	-	-	-	-	-	-
I Murray	-	-	-	-	-	-
R Heeks	167,556	1,111,690	498,337	282,276	-	-

#### 8. DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees) and the number of meetings attended by each of the Directors of the Company during the financial year are set out below:

Name	Directors Meetings		Audit and Risk Committee Meetings	
	Attended*	Eligible to Attend	Attended*	Eligible to Attend
I Clyne	10	11	2	2
C Gilligan	11	11	2	2
I Murray	4	4	-	-
R Heeks	11	11	-	-
M Jerkovic	5	5	1	1
M Bojanjac	5	5	1	1

\*Either in person, or by electronic means.

The Board of Directors takes ultimate responsibility for corporate governance. This includes the establishment of compensation arrangements for the Company's Executive Directors and senior executives. It also includes the appointment and retirement of Non-Executive Directors, appointment of Auditors, monitoring key areas of business risk, maintenance of ethical standards and Audit and Risk Committees. The Board seeks independent professional advice as necessary in carrying out its duties and responsibilities.

#### 9. LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group will continue to advance its development and exploration portfolio and seek to increase its tenement holdings by acquiring further projects.

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS' REPORT

#### 10. ENVIRONMENTAL REGULATIONS

Entities in the Group are subject to normal environmental regulations in areas of operations in Papua New Guinea, Cambodia and Fiji. There have been no breaches of these regulations during the financial year, or in the period subsequent to the end of the financial year and up to the date of this report.

#### 11. SHARE OPTIONS

There were 4,700,324 Options over unissued shares unexercised at 31 December 2019 (2018 – 62,673,263). During the 2019 reporting period, the Company issued 17,188,888 shares on the exercise of unlisted Options. Since the end of the 2019 reporting period and up to the date of this report, no unlisted Options have been cancelled or exercised.

Details of unlisted Options over unissued shares in the Company as at the date of this report are presented in the following table:

Options on Issue	Exercise Price	Expiry Date
32,000	\$62.50	Not later than 5-years after defining a JORC compliant ore reserve of over 200,000oz Au on the Faddy's Gold Deposit
8,000	\$125.00	Not later than 10-years after defining a JORC compliant ore reserve of over 1,000,000oz Au on the Faddy's Gold Deposit
520,131	\$0.00	19 July 2020
970,638	\$0.00	10 July 2021
808,740	\$1.02	10 July 2022
1,296,965	\$0.00	19 July 2022
1,063,850	\$0.58	19 July 2023

*\*The above Options have been adjusted for the 25:1 share consolidation completed in December 2019.*

Option holders do not have any rights to participate in any issues of shares or other interest in the Company or any other entity.

#### 12. SHARE APPRECIATION RIGHTS

There were 2,023,706 share appreciation rights over unissued shares unexercised at 31 December 2019 (2018 – 22,365,071). During the 2019 reporting period, the Company did not issue any shares on the exercise of unlisted share appreciation rights. Since the end of the 2019 reporting period and up to the date of this report, no unlisted share appreciation rights have been cancelled or exercised.

Details of unlisted share appreciation rights over unissued shares in the Company as at the date of this report are presented in the following table:

Share appreciation rights on Issue	Exercise Price	Expiry Date
894,605	\$0.71	10 July 2022
1,129,101	\$0.40	19 July 2023

*\*The above Share Appreciation Rights have been adjusted for the share consolidation completed in December 2019.*

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS' REPORT

#### 13. INSURANCE OF OFFICERS

The Company has paid a premium to insure the Directors and Company Secretary of the Group in respect of certain legal liabilities, including costs and expenses in successfully defending legal proceedings, whilst they remain as Directors and for seven years thereafter. The insurance contract prohibits the disclosure of the total amount of the premiums and a summary of the nature of the liabilities insured.

#### 14. PROCEEDINGS ON BEHALF OF 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 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*.

#### 15. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 31 December 2019 is set out on page 46.

#### 16. AUDITOR

The Company's auditor is Ernst & Young.

The Company has agreed with Ernst & Young, as part of its terms of engagement, to indemnify Ernst & Young against certain liabilities to third parties arising from the audit engagement. The indemnity does not extend to any liability resulting from a negligent, wrongful or wilful act or omission by Ernst & Young.

During the financial year the Company has not paid any premium in respect to any insurance for Ernst & Young or a body corporate related to Ernst & Young.

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

Audit Services	Consolidated	
	2019	2018
	\$	\$
<b>Greenwich &amp; Co</b>		
Audit and review of the financial report and other audit work under the <i>Corporations Act 2001</i>	-	12,091
Other non-audit services	-	2,200
<b>Ernst &amp; Young</b>		
Audit and review of the financial report for Geopacific and its controlled subsidiaries and other audit work under the <i>Corporations Act 2001</i>	<b>57,500</b>	67,500
<b>Total</b>	<b>57,500</b>	81,791

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS' REPORT

#### 17. NON-AUDIT SERVICES

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 nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

#### 18. REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements of the Group pursuant to the requirements of the *Corporations Act 2001* and its regulations. This information has been audited as required under section 308(3)(c) of the *Corporations Act 2001*.

This report details the remuneration arrangements of the Group's key management personnel (KMP), who are defined as those persons who have the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director of Geopacific.

Details of the KMP of the Group during the reporting period are set out in the table below:

Name		Position
<b>Non-Executive Directors</b>		
Ian Clyne		Non-Executive Chairman
Colin Gilligan		Non-Executive Director
Ian Murray	Appointed – 9 September 2019	Non-Executive Director
Milan Jerkovic	Resigned – 8 May 2019	Non-Executive Chairman
Mark Bojanjac	Resigned – 29 May 2019	Non-Executive Director
<b>Executives</b>		
Ron Heeks		Managing Director
Matthew Smith		Chief Financial Officer & Company Secretary
Glenn Zamudio		General Manager - Projects
Jim Kerr	Resigned – 31 May 2019	General Manager – Geology

There were no changes to KMP other than those noted above after the reporting date and before the date the financial report was authorised for issue.

#### Remuneration Governance

Due to the size and structure of the Board, during the 2019 reporting period the Company did not have a separate Remuneration Committee. Remuneration matters were dealt with by the full Board, with Directors excluded from individual discussions as required.

The Board was responsible for reviewing and recommending the remuneration arrangements of the Group KMP and ensuring that the Group's remuneration structures are aligned with the interests of the Company and its shareholders. This includes an annual remuneration review of base salary (including superannuation), short term incentives (STI) and long term incentives (LTI), including the appropriateness of performance hurdles.

In preparation for the development of the Woodlark Gold Project, the Board has subsequently decided to establish a Remuneration Committee during the 2020 reporting period.

# GEOPACIFIC RESOURCES LIMITED

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## DIRECTORS' REPORT

### 18. REMUNERATION REPORT – AUDITED (CONTINUED)

#### Remuneration Consultants

During the 2017 reporting period, BDO Chartered Accountants developed a comprehensive remuneration framework for the Company to provide recommendations as defined in section 9B of the *Corporations Act 2001*.

The remuneration framework was further refined and approved by shareholders at the Annual General Meeting (AGM) held on 30 May 2018.

The Company engaged BDO Chartered Accountants in December 2019 to complete a benchmarking exercise which included an update to the comparison peer group of companies and a refresh of the underlying peer group remuneration data. The review is expected to be completed in the first quarter of 2020.

No fees were paid in respect of remuneration consulting during 2019.

#### Remuneration Overview and Strategy

The objective of the Group's remuneration framework is to support the delivery of sustained shareholder value and to ensure rewards accurately reflect achievements in line with general market conditions. The strategy is designed to attract, motivate and retain high calibre individuals through the provision of remuneration packages that incorporate a balance of fixed and variable remuneration. In accordance with sound corporate governance practices, the structure of Non-Executive and Executive remuneration is separate and distinct. There is no direct relationship between remuneration and the financial performance of the Group.

The following table shows the Group's performance over the reporting period and the previous four financial years and against overall remuneration for these years:

	2015	2016	2017	2018	2019
Loss Per Share (Cents) <sup>(i)</sup>	0.25	0.45	0.27	2.49	6.48
Year-end share price (Cents) <sup>(i)</sup>	0.041	0.036	0.027	0.016	0.50
Market capitalisation (\$ million)	32.8	41.6	48.7	33.3	87.3
Total KMP remuneration (\$)	1,033,501	1,011,937	1,468,516	2,196,274	2,127,902

<sup>(i)</sup>The loss per share and year-end share price from 2015 to 2018 has not been adjusted to reflect the 25:1 share consolidation conducted in December 2019.



# GEOPACIFIC RESOURCES LIMITED

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## DIRECTORS' REPORT

### 18. REMUNERATION REPORT – AUDITED (CONTINUED)

#### Executive Remuneration Framework

The Board's objective is to reward Executives with a quantum and mix of remuneration commensurate with their position and responsibilities and that is competitive within the marketplace. With this in mind, the Company remunerates its Executives with a mix of both fixed and at risk, or variable, remuneration. Variable remuneration incorporates a balance of short, medium and long term incentives.

Fixed remuneration for Executives consists of base salary, Zero Exercise Price Options (ZEPO's), superannuation and other non-cash benefits. It is designed to provide a base level of remuneration which is appropriate for the Executives' position, reflecting the individual's skills, level of experience and responsibilities.

Variable remuneration, or performance linked remuneration, includes a combination of short, medium and long term incentives designed to provide an "at risk" reward in a manner which aligns with the creation of sustained shareholder value.

All Executives are eligible to receive short, medium and long term incentives which can be issued in accordance with the Company's Securities Incentive Plan (Incentive Plan) that was approved by shareholders at the AGM held on 30 May 2018.

The Incentive Plan incorporates a 5% cap on the total shares that can be issued to Executives pursuant to the plan.

The following table provides a high level summary of the Company's remuneration framework:

<b>Fixed remuneration</b>	Remuneration linked to market rate of the role.	Total fixed remuneration	Remuneration for meeting role requirements.
<b>Variable remuneration</b> <i>Incentive</i>	Remuneration for delivering on key milestones which are designed to create value for shareholders.	Short term incentive	Incentive for the achievement of annual objectives.
		Medium term incentive	Incentive for the achievement of sustained business value.
<b>Variable remuneration</b> <i>Reward</i>	Remuneration for the creation of value for shareholders - directly linked to shareholder returns.	Long term incentive	Reward for performance over the long term.

The Incentive Plan provides for the use of a range of equity based instruments to deliver incentives which focus participants on the delivery of sustained shareholder value and minimise the cash outlay associated with total remuneration. The various components of the Incentive Plan are outlined below.

# GEOPACIFIC RESOURCES LIMITED

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## DIRECTORS' REPORT

### 18. REMUNERATION REPORT – AUDITED (CONTINUED)

#### Fixed Remuneration Correction Plan

The fixed remuneration correction plan was designed to align total fixed remuneration with market rates using a share based payment rather than cash. In order to determine appropriate market rates, a peer group consisting of fourteen development and exploration companies across a range of commodities was selected on the basis of:

- Company size by reference to market capitalisation;
- Scale and stage of development of projects; and
- Geographic operating locations.

Independent analysis completed by BDO Chartered Accountants in the 2017 reporting period determined that a gap existed between the total fixed remuneration of the Company's executives in comparison to the Peer Group for given roles.

In order to ameliorate the gap, BDO Chartered Accountants recommended the issue of Class A Options in the form of Zero Exercise Price Options (ZEPO's) for the difference between:

- the 50<sup>th</sup> percentile of peer group total fixed remuneration for their given role; versus
- the participants' total cash based annual fixed remuneration.

Class A Options are issued annually in advance, for no consideration and have an exercise price of nil. As the Class A Options are issued as part of the fixed remuneration correction plan, no vesting conditions are attached other than the continuation of service, which can be waived at the discretion of the Board.

The value of any Class A Options is included in the Executives' total fixed remuneration for the period. During the year, Class A Options were issued with a one year vesting period in relation to services performed for the 2019 financial year.

#### Incentive Plan

The Incentive Plan is linked to the achievement of milestones that are set each calendar year by the Board. The Board selects milestones that are intended to drive sustained returns for shareholders. Following the completion of each calendar year, the Board determines which performance milestones were satisfied in the prior year in order to calculate the quantum of instruments to be issued.

The total incentive plan opportunity, which represents the maximum incentive that could be issued is determined as follows:

- 190% of total fixed remuneration for the Managing Director; and
- 160% of total fixed remuneration for all other participants.

The total incentive plan opportunity is divided up between a cash based bonus and a range of equity based instruments. Each element is given a weighting designed to provide an appropriate mix of short, medium and long term incentives for participants.

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS' REPORT

#### 18. REMUNERATION REPORT – AUDITED (CONTINUED)

##### Incentive Plan (continued)

During the reporting period, instruments were issued under the Incentive Plan in relation to milestones that were achieved during the 2018 calendar year. The Board determined that two out of the five performance milestones had been satisfied, resulting in the award of up to 45% of the total incentive opportunity.

The milestones that were set for the 2018 reporting period are outlined in the following table:

2018 Milestone	Weighting	Board Assessment
1. Release of a Definitive Feasibility Study for the Woodlark Gold Project.	30%	Achieved.
2. Restructure the Group.	25%	Not achieved.
3. Mineral Resource growth (JORC 2012) of greater than 10% at the Woodlark Gold Project.	15%	Not achieved.
4. Release of a new Ore Reserve Statement for the Woodlark Gold Project containing greater than 1 million ounces of gold.	15%	Achieved.
5. Board acceptance of a funding solution for the development of the Woodlark Gold Project.	15%	Not achieved.

The table below outlines the maximum percentages available along with the percentages awarded based on the milestones met:

Plan Element	Instrument	Managing Director		Other Participants		Vesting Period	Exercise Price	Conditions
		Maximum Available	Incentive Awarded	Maximum Available	Incentive Awarded			
Short term incentive	Cash based bonus	11%	Nil	11%	Nil	N/A	N/A	N/A
Medium term incentive	Class B Options – ZEPO's	45%	20%	45%	20%	3 years	Nil	Continuation of service
Long term incentive	Class C Options – Premium Exercise Price Options (PEPO's)	21%	9%	19%	8%	4 years	143% of the Company's share price at grant date <sup>(i)</sup>	Continuation of service
Long term incentive	Share Appreciation Rights (SAR's)	23%	11%	24%	11%	3 years	Nil <sup>(ii)</sup>	Continuation of service
<b>Total</b>		<b>100%</b>	<b>40%</b>	<b>100%</b>	<b>39%</b>			

(i) The exercise price was adjusted for the 25:1 share consolidation in December 2019.

(ii) Exercise price of SAR's - theoretical exercise price is the Company's share price at grant date.

The Board, in exercising its discretion, determined that cash based bonuses would not be paid during the reporting period.

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS' REPORT

#### 18. REMUNERATION REPORT – AUDITED (CONTINUED)

##### Incentive Plan (continued)

The Board also set annual milestones in respect of the 2019 reporting period. In February 2020, the Board determined that three out of the five performance milestones set in relation to the 2019 reporting period had been satisfied.

The milestones that were set for the 2019 reporting period are outlined in the following table:

2019 Milestone	Weighting	Board Assessment
1. Raise sufficient funding from capital markets to commence development at the Woodlark Gold Project.	20%	Achieved.
2. Restructure the Group via corporate transaction/s to secure 100% direct ownership of Woodlark Mining Limited (the owner of the Woodlark Gold Project).	20%	Achieved.
3. Rebalance the Company's share registry through the attraction of new institutional shareholders representing greater than 20% of the issued capital.	20%	Achieved.
4. Board acceptance and implementation of a restructure or divestment of the Group's non-core assets in Fiji and Cambodia.	20%	Not achieved.
5. Board acceptance of a financing solution for the development of the Woodlark Gold Project (Stretch Target).	20%	Not achieved.

No incentives have been issued in respect the 2019 milestones. The award of incentives relating to the 2019 reporting period will be subject to shareholder approval at the Company's 2020 Annual General Meeting (AGM).

##### Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands, which are made on, and the responsibilities of the Directors. A review of Non-Executive Directors' fees and payments is conducted annually. The Board may from time to time seek the advice of independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate in the market setting.

The Chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in market. The Chairman is not present at any discussions relating to determination of his own remuneration.

##### Directors' fees

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool limit currently stands at \$400,000 per year in aggregate as agreed at the 2012 AGM.

A Director may also be paid fees or other amounts if special duties are performed outside the scope of normal duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

**GEOPACIFIC RESOURCES LIMITED**  
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**DIRECTORS' REPORT**

**18. REMUNERATION REPORT – AUDITED (CONTINUED)**

**Details of Remuneration**

The tables below set of the details of the remuneration of the Group's KMP, as required by Section 308(3C) of the *Corporations Act 2001*.

2019	Short Term Benefits			Post Employment Benefits		Share Based Payments	Long Term Benefits	Total	Performance Related
	Salaries & Fees	Annual Leave	Bonus	Super-annuation	Termination Payments	Options & Rights	Long Service Leave		%
	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-Executive Directors</b>									
M Jerkovic (i)	33,494	-	-	3,182	-	-	-	36,676	-
M Bojanjac (ii)	25,000	-	-	2,375	-	-	-	27,375	-
I Clyne	82,660	-	-	7,853	-	11,553	-	102,066	11
C Gilligan	60,000	-	-	5,700	-	-	-	65,700	-
I Murray (iii)	18,815	-	-	1,787	-	-	-	20,602	-
<b>NED Sub total</b>	<b>219,969</b>	<b>-</b>	<b>-</b>	<b>20,897</b>	<b>-</b>	<b>11,553</b>	<b>-</b>	<b>252,419</b>	
<b>Executive Directors</b>									
R Heeks	330,000	-	-	-	-	143,606	-	473,606	30
<b>Executive Directors Sub total</b>	<b>330,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143,606</b>	<b>-</b>	<b>473,606</b>	
<b>Other KMP</b>									
M Smith	206,731	17,692	-	20,900	-	183,498	2,817	431,638	43
G Zamudio	178,462	26,538	-	19,475	-	183,498	3,045	411,018	45
J Kerr (iv)	75,000	-	-	7,125	20,769	456,327	-	559,221	82
<b>Other KMP Sub total</b>	<b>460,193</b>	<b>44,230</b>	<b>-</b>	<b>47,500</b>	<b>20,769</b>	<b>823,323</b>	<b>5,862</b>	<b>1,401,877</b>	
<b>TOTAL</b>	<b>1,010,162</b>	<b>44,230</b>	<b>-</b>	<b>68,397</b>	<b>20,769</b>	<b>978,482</b>	<b>5,862</b>	<b>2,127,902</b>	

(i) Mr M Jerkovic resigned on 8 May 2019

(ii) Mr M Bojanjac resigned on 29 May 2019

(iii) Mr I Murray commenced on 9 September 2019

(iv) Mr J Kerr resigned on 31 May 2019. On this date, the Board approved that Mr J Kerr would be entitled to his unvested Options and Rights, waiving the service period normally required as at the date he ceased employment. This resulted in an accelerated expensing profile relating to share based payments. Geopacific's share price on that date was \$0.013. The fair value of these grants was not changed at the date of modification and the remaining vesting conditions assigned to his options and rights were not modified on this date.

**GEOPACIFIC RESOURCES LIMITED**  
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**DIRECTORS' REPORT**

**18. REMUNERATION REPORT – AUDITED (CONTINUED)**

**Details of Remuneration (continued)**

2018	Short Term Benefits			Post Employment Benefits		Share Based Payments	Long Term Benefits	Performance Related	
	Salaries & Fees	Annual Leave	Bonus	Super-annuation	Termination Payments	Options & Rights	Long Service Leave		
	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-Executive Directors</b>									
M Jerkovic	95,000	-	-	9,025	-	-	-	104,025	-
M Bojanjac	60,000	-	-	5,700	-	-	-	65,700	-
I Clyne	60,000	-	-	5,700	-	10,948	-	76,648	14
C Gilligan (i)	25,000	-	-	2,375	-	-	-	27,375	-
<b>NED Sub total</b>	<b>240,000</b>	<b>-</b>	<b>-</b>	<b>22,800</b>	<b>-</b>	<b>10,948</b>	<b>-</b>	<b>273,748</b>	
<b>Executive Directors</b>									
R Heeks	330,000	-	-	-	-	50,311	-	380,311	13
P Leggat (ii)	140,000	-	-	24,938	140,000	333,336	-	638,274	52
<b>Executive Directors Sub total</b>	<b>470,000</b>	<b>-</b>	<b>-</b>	<b>24,938</b>	<b>140,000</b>	<b>383,647</b>	<b>-</b>	<b>1,018,585</b>	
<b>Other KMP</b>									
M Smith	210,000	14,538	-	19,950	-	83,849	1,597	329,934	25
G Zamudio	180,000	6,923	-	17,100	-	83,849	1,369	289,241	29
J Kerr	180,000	2,423	-	17,100	-	83,849	1,394	284,766	29
<b>Other KMP Sub total</b>	<b>570,000</b>	<b>23,884</b>	<b>-</b>	<b>54,150</b>	<b>-</b>	<b>251,547</b>	<b>4,360</b>	<b>903,941</b>	
<b>TOTAL</b>	<b>1,280,000</b>	<b>23,884</b>	<b>-</b>	<b>101,888</b>	<b>140,000</b>	<b>646,142</b>	<b>4,360</b>	<b>2,196,274</b>	

(i) Mr C Gilligan commenced on 26 June 2018

(ii) Ms P Leggat resigned on 10 September 2018. On this date, the Board approved that Ms P Leggat would be entitled to her unvested Options and Rights, waiving the service period normally required as at the date she ceased employment. This resulted in an accelerated expensing profile. Geopacific's share price on that date was \$0.022. The fair value of these grants was not changed at the date of modification and the remaining vesting conditions assigned to her options and rights were not modified on this date.

# GEOPACIFIC RESOURCES LIMITED

*and Controlled Entities*

## DIRECTORS' REPORT

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### 18. REMUNERATION REPORT – AUDITED (CONTINUED)

#### Service Agreements

A summary of the key terms of the Director contracts with the Company are set out below:

#### Ian Clyne - Non-Executive Chairman

- Directors Fees of \$95,000 per annum (following assumption of Non-Executive Chairman role on 9 September 2019);
- Statutory superannuation contributions;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- No Notice Period.

#### Colin Gilligan - Non-Executive Director

- Directors Fees of \$60,000 per annum;
- Statutory superannuation contributions;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- No Notice Period.

#### Ian Murray - Non-Executive Director (*appointed 9 September 2019*)

- Directors Fees of \$60,000 per annum;
- Statutory superannuation contributions;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- No Notice Period.

#### Ron Heeks – Managing Director

- Consulting Fees of \$330,000 per annum;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- Six month notice period plus an additional one month for each year of service.

#### Milan Jerkovic - Non-Executive Chairman (*resigned 8 May 2019*)

- Directors Fees of \$95,000 per annum;
- Statutory superannuation contributions;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- No Notice Period.

#### Mark Bojanjac - Non-Executive Director (*resigned 29 May 2019*)

- Directors Fees of \$60,000 per annum;
- Statutory superannuation contributions;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- No Notice Period.

#### Short-term Incentives

No bonus payments were made to Directors of the Company or other KMP of the Group during the period and all potential benefits under the short term incentive plan were forfeited.

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS' REPORT

#### 18. REMUNERATION REPORT – AUDITED (CONTINUED)

##### Long-term Incentives - Share-based Compensation

###### Options

Options over ordinary shares in the Company were provided as remuneration to Directors of the Company and KMP of the Group during the year as per the Securities Incentive Plan, which was approved by shareholders at the Company's AGM held on 30 May 2018. The following table outlines the Options granted or vested during the 2019 reporting period to the Directors of the Company and other KMP of the Group.

2019	Instru- -ment	Year	Options granted during the year	Grant date	Fair value per option at grant date	Value of option at grant date (\$)	Vesting date	Exercise price	Expiry date	Options vested/ lapsed during the year
<b>Executive Directors</b>										
R Heeks	ZEPO	2019	261,538	30-May-19	\$0.014	3,662	19-Jul-20	\$0.00	19-Jul-20	-
R Heeks	ZEPO	2019	9,174,808	30-May-19	\$0.014	128,448	19-Jul-22	\$0.00	19-Jul-22	-
R Heeks	PEPO	2019	7,951,500	30-May-19	\$0.008	63,612	19-Jul-23	\$0.0233	19-Jul-23	-
<b>Other KMP</b>										
M Smith	ZEPO	2019	4,838,462	12-Jul-19	\$0.016	77,416	19-Jul-20	\$0.00	19-Jul-20	-
M Smith	ZEPO	2019	6,336,000	12-Jul-19	\$0.016	101,376	19-Jul-22	\$0.00	19-Jul-22	-
M Smith	PEPO	2019	5,081,143	12-Jul-19	\$0.009	45,730	19-Jul-23	\$0.0233	19-Jul-23	-
G Zamudio	ZEPO	2019	4,838,462	12-Jul-19	\$0.016	77,416	19-Jul-20	\$0.00	19-Jul-20	-
G Zamudio	ZEPO	2019	6,336,000	12-Jul-19	\$0.016	101,376	19-Jul-22	\$0.00	19-Jul-22	-
G Zamudio	PEPO	2019	5,081,143	12-Jul-19	\$0.009	45,730	19-Jul-23	\$0.0233	19-Jul-23	-
J Kerr	ZEPO	2019	2,016,026	12-Jul-19	\$0.016	32,257	19-Jul-20	\$0.00	19-Jul-20	-
J Kerr	ZEPO	2019	5,441,852	12-Jul-19	\$0.016	87,070	19-Jul-22	\$0.00	19-Jul-22	-
J Kerr	PEPO	2019	4,364,083	12-Jul-19	\$0.009	39,277	19-Jul-23	\$0.0233	19-Jul-23	-

All instruments issued during the 2019 reporting period were issued on 2 August 2019 prior to the 25:1 share consolidation that took place in December 2019. All instruments were adjusted at the time of the consolidation to reduce the number of instruments (reduced 25:1) and increase the exercise price (increased 25:1) where relevant. The grant date differs for the directors to comply with the accounting standards.

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**GEOPACIFIC RESOURCES LIMITED**  
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**DIRECTORS' REPORT**

**18. REMUNERATION REPORT – AUDITED (CONTINUED)**

**Long-term Incentives - Share-based Compensation (continued)**

Options (continued)

The following table outlines the Options granted or vested during the 2018 reporting period to the Directors of the Company and other KMP of the Group.

2018	Instru- -ment	Year	Options granted during the year	Grant date	Fair value per option at grant date	Value of option at grant date (\$)	Vesting date	Exercise price	Expiry date	Options vested/ lapsed during the year
<b>Non-Executive Directors</b>										
I Clyne	ZEPO	2018	750,000	30-May-18	\$0.030	22,500	10-Jul-19	\$0.00	10-Jul-19	-
<b>Executive Directors</b>										
R Heeks	ZEPO	2017	94,444	30-May-18	\$0.030	2,834	10-Jul-19	\$0.00	10-Jul-19	-
R Heeks	ZEPO	2018	94,444	30-May-18	\$0.030	2,834	10-Jul-19	\$0.00	10-Jul-19	-
R Heeks	ZEPO	2018	5,521,875	30-May-18	\$0.030	165,656	10-Jul-21	\$0.00	10-Jul-21	-
R Heeks	PEPO	2018	4,882,500	30-May-18	\$0.016	78,120	10-Jul-22	\$0.0408	10-Jul-22	-
P Leggat	ZEPO	2017	1,747,222	30-May-18	\$0.030	52,417	10-Jul-19	\$0.00	10-Jul-19	-
P Leggat	ZEPO	2018	1,747,222	30-May-18	\$0.030	52,417	10-Jul-19	\$0.00	10-Jul-19	-
P Leggat	ZEPO	2018	3,813,333	30-May-18	\$0.030	114,400	10-Jul-21	\$0.00	10-Jul-21	-
P Leggat	PEPO	2018	3,120,000	30-May-18	\$0.016	49,920	10-Jul-22	\$0.0408	10-Jul-22	-
<b>Other KMP</b>										
M Smith	ZEPO	2017	1,747,222	3-Jul-18	\$0.030	52,417	10-Jul-19	\$0.00	10-Jul-19	-
M Smith	ZEPO	2018	1,747,222	3-Jul-18	\$0.030	52,417	10-Jul-19	\$0.00	10-Jul-19	-
M Smith	ZEPO	2018	3,813,333	3-Jul-18	\$0.030	114,400	10-Jul-21	\$0.00	10-Jul-21	-
M Smith	PEPO	2018	3,120,000	3-Jul-18	\$0.016	49,920	10-Jul-22	\$0.0408	10-Jul-22	-
G Zamudio	ZEPO	2017	1,747,222	3-Jul-18	\$0.030	52,417	10-Jul-19	\$0.00	10-Jul-19	-
G Zamudio	ZEPO	2018	1,747,222	3-Jul-18	\$0.030	52,417	10-Jul-19	\$0.00	10-Jul-19	-
G Zamudio	ZEPO	2018	3,813,333	3-Jul-18	\$0.030	114,400	10-Jul-21	\$0.00	10-Jul-21	-
G Zamudio	PEPO	2018	3,120,000	3-Jul-18	\$0.016	49,920	10-Jul-22	\$0.0408	10-Jul-22	-
J Kerr	ZEPO	2017	1,747,222	3-Jul-18	\$0.030	52,417	10-Jul-19	\$0.00	10-Jul-19	-
J Kerr	ZEPO	2018	1,747,222	3-Jul-18	\$0.030	52,417	10-Jul-19	\$0.00	10-Jul-19	-
J Kerr	ZEPO	2018	3,813,333	3-Jul-18	\$0.030	114,400	10-Jul-21	\$0.00	10-Jul-21	-
J Kerr	PEPO	2018	3,120,000	3-Jul-18	\$0.016	49,920	10-Jul-22	\$0.0408	10-Jul-22	-

All unexercised instruments were adjusted for the 25:1 share consolidation that took place in December 2019 to reduce the number of instruments (reduced 25:1) and increase the exercise price (increased 25:1) where relevant.

The fair value of the Options is measured at grant date and allocated equally over the period from grant date to vesting date, unless Directors of the Company and KMP of the Group resign during the vesting period in which case the fair value of the Options is expensed immediately. This allocation is reflected in the Share Based Payments column of the remuneration tables above.

The fair value at grant date was determined by a combination of internal and external sources using a Black-Scholes option pricing model and independent third party valuations.

# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS' REPORT

#### 18. REMUNERATION REPORT – AUDITED (CONTINUED)

##### Long-term Incentives - Share-based Compensation (continued)

##### Share Appreciation Rights

Share Appreciation Rights over ordinary shares in the Company were granted as remuneration to Directors of the Company and KMP of the Group during the year as per the Securities Incentive Plan, which was approved by shareholders at the Company's AGM held on 30 May 2018. The following table outlines the Share Appreciation Rights granted or vested to the Directors of the Company and other KMP of the Group during the 2019 reporting period.

2019	Instru- -ment	Year	Rights granted during the year	Grant date	Fair value per right at grant date	Value of right at grant date (\$)	Vesting date	Exercise price	Expiry date	Rights vested/ lapsed during the year
<b>Executive Directors</b>										
R Heeks	SAR	2019	7,620,188	30-May-19	\$0.009	68,582	19-Jul-22	\$0.014	19-Jul-23	-
<b>Other KMP</b>										
M Smith	SAR	2019	5,616,000	12-Jul-19	\$0.010	56,160	19-Jul-22	\$0.016	19-Jul-23	-
G Zamudio	SAR	2019	5,616,000	12-Jul-19	\$0.010	56,160	19-Jul-22	\$0.016	19-Jul-23	-
J Kerr	SAR	2019	4,823,460	12-Jul-19	\$0.010	48,235	19-Jul-22	\$0.016	19-Jul-23	-

All 2019 Share Appreciation Rights were issued on 2 August 2019 prior to the 25:1 share consolidation that took place in December 2019. All Share Appreciation Rights were adjusted at the time of the consolidation to reduce the number of Share Appreciation Rights (reduced 25:1) and increase the exercise price (increased 25:1) where relevant. The grant date differs for the directors to comply with the accounting standards.

2018	Instru- -ment	Year	Rights granted during the year	Grant date	Fair value per right at grant date	Value of right at grant date (\$)	Vesting date	Exercise price	Expiry date	Rights vested/ lapsed during the year
<b>Executive Directors</b>										
R Heeks	SAR	2018	4,838,214	30-May-18	\$0.018	87,088	10-Jul-21	\$0.0285	10-Jul-22	-
P Leggat	SAR	2018	3,565,714	30-May-18	\$0.018	64,183	10-Jul-21	\$0.0285	10-Jul-22	-
<b>Other KMP</b>										
M Smith	SAR	2018	3,565,714	3-Jul-18	\$0.018	64,183	10-Jul-21	\$0.0285	10-Jul-22	-
G Zamudio	SAR	2018	3,565,714	3-Jul-18	\$0.018	64,183	10-Jul-21	\$0.0285	10-Jul-22	-
J Kerr	SAR	2018	3,565,714	3-Jul-18	\$0.018	64,183	10-Jul-21	\$0.0285	10-Jul-22	-

The fair value of the Share Appreciation Rights is measured at grant date and allocated equally over the period from grant date to vesting date, unless Directors of the Company and KMP of the Group resign during the vesting period in which case the fair value of the Share Appreciation Rights is expensed immediately. This allocation is reflected in the Share Based Payments column of the remuneration tables above.

The fair value at grant date was independently determined by a third party.

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*

**DIRECTORS' REPORT**

**18. REMUNERATION REPORT – AUDITED (CONTINUED)**

**Equity Instrument Disclosures Relating to KMP**

**Options**

Options over Ordinary Shares in the Company held during the financial year by Directors of the Company and other KMP of the Group.

2019	Opening Balance 1 January 2019	Granted During the Year	Exercised During the Year	Net Change Other <sup>(i)</sup>	Held at Resignation <sup>(ii)</sup>	Closing Balance 31 December 2019	Options Exercisable at 31 December 2019 <sup>(iii)</sup>
<b>Directors</b>							
M Jerkovic	-	-	-	-	-	-	-
M Bojanjac	-	-	-	-	-	-	-
I Clyne	750,000	-	(750,000)	-	-	-	-
C Gilligan	-	-	-	-	-	-	-
R Heeks	10,593,263	17,387,846	(188,888)	(26,680,531)	-	1,111,690	1,111,690
I Murray	-	-	-	-	-	-	-
<b>Sub total</b>	<b>11,343,263</b>	<b>17,387,846</b>	<b>(938,888)</b>	<b>(26,680,531)</b>	<b>-</b>	<b>1,111,690</b>	<b>1,111,690</b>
<b>Other KMP</b>							
M Smith	10,427,777	16,255,625	(3,494,444)	(22,261,399)	-	927,559	927,559
G Zamudio	10,427,777	16,255,625	(3,494,444)	(22,261,399)	-	927,559	927,559
J Kerr	10,427,777	11,822,025	(3,494,444)	-	(18,755,358)	-	-
<b>Sub total</b>	<b>31,283,331</b>	<b>44,333,275</b>	<b>(10,483,332)</b>	<b>(44,522,798)</b>	<b>(18,755,358)</b>	<b>1,855,118</b>	<b>1,855,118</b>
<b>TOTAL</b>	<b>42,626,594</b>	<b>61,721,121</b>	<b>(11,422,220)</b>	<b>(71,203,329)</b>	<b>(18,755,358)</b>	<b>2,966,808</b>	<b>2,966,808</b>

(i) Net Change Other includes the adjustments for the share consolidation on a 25:1 basis.

(ii) Held at Resignation does not factor in the 25:1 share consolidation as the consolidation occurred after the resignations.

(iii) Options exercisable at 31 December 2019 have not yet vested.

2018	Opening Balance 1 January 2018	Granted During the Year	Exercised During the Year	Net Change Other	Held at Resignation	Closing Balance 31 December 2018	Options Exercisable at 31 December 2018
<b>Directors</b>							
M Jerkovic	-	-	-	-	-	-	-
M Bojanjac	-	-	-	-	-	-	-
I Clyne	-	750,000	-	-	-	750,000	750,000
C Gilligan	-	-	-	-	-	-	-
R Heeks	-	10,593,263	-	-	-	10,593,263	10,593,263
P Leggat	-	10,427,777	-	-	(10,427,777)	-	-
<b>Sub total</b>	<b>-</b>	<b>21,771,040</b>	<b>-</b>	<b>-</b>	<b>(10,427,777)</b>	<b>11,343,263</b>	<b>11,343,263</b>
<b>Other KMP</b>							
M Smith	-	10,427,777	-	-	-	10,427,777	10,427,777
G Zamudio	-	10,427,777	-	-	-	10,427,777	10,427,777
J Kerr	-	10,427,777	-	-	-	10,427,777	10,427,777
<b>Sub total</b>	<b>-</b>	<b>31,283,331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,283,331</b>	<b>31,283,331</b>
<b>TOTAL</b>	<b>-</b>	<b>53,054,371</b>	<b>-</b>	<b>-</b>	<b>(10,427,777)</b>	<b>42,626,594</b>	<b>42,626,594</b>

**GEOPACIFIC RESOURCES LIMITED**  
and Controlled Entities

**DIRECTORS' REPORT**

**18. REMUNERATION REPORT – AUDITED (CONTINUED)**

**Equity Instrument Disclosures Relating to KMP (continued)**

**Share Appreciation Rights**

Share Appreciation Rights over Ordinary Shares in the Company held during the financial year by Directors of the Company and other KMP of the Group.

	Opening Balance 1 January 2019	Granted During the Year	Exercised During the Year	Net Change Other <sup>(i)</sup>	Held at Resignation <sup>(ii)</sup>	Closing Balance 31 December 2019	Rights Exercisable at 31 December 2019 <sup>(iii)</sup>
<b>2019</b>							
<b>Directors</b>							
M Jerkovic	-	-	-	-	-	-	-
M Bojanjac	-	-	-	-	-	-	-
I Clyne	-	-	-	-	-	-	-
C Gilligan	-	-	-	-	-	-	-
R Heeks	4,838,214	7,620,188	-	(11,960,065)	-	498,337	498,337
I Murray	-	-	-	-	-	-	-
<b>Sub total</b>	<b>4,838,214</b>	<b>7,620,188</b>	<b>-</b>	<b>(11,960,065)</b>	<b>-</b>	<b>498,337</b>	<b>498,337</b>
<b>Other KMP</b>							
M Smith	3,565,714	5,616,000	-	(8,814,445)	-	367,269	367,269
G Zamudio	3,565,714	5,616,000	-	(8,814,445)	-	367,269	367,269
J Kerr	3,565,714	4,823,475	-	-	(8,389,189)	-	-
<b>Sub total</b>	<b>10,697,142</b>	<b>16,055,475</b>	<b>-</b>	<b>(17,628,890)</b>	<b>(8,389,189)</b>	<b>734,538</b>	<b>734,538</b>
<b>TOTAL</b>	<b>15,535,356</b>	<b>23,675,663</b>	<b>-</b>	<b>(29,588,955)</b>	<b>(8,389,189)</b>	<b>1,232,875</b>	<b>1,232,875</b>

(i) Net Change Other includes the adjustments for the share consolidation on a 25:1 basis.

(ii) Held at Resignation does not factor in the 25:1 share consolidation as the consolidation occurred after the resignations.

(iii) Share Appreciation Rights exercisable at 31 December 2019 have not yet vested.

	Opening Balance 1 January 2018	Granted During the Year	Exercise d During the Year	Net Change Other	Held at Resignation	Closing Balance 31 December 2018	Rights Exercisable at 31 December 2018 <sup>(i)</sup>
<b>2018</b>							
<b>Directors</b>							
M Jerkovic	-	-	-	-	-	-	-
M Bojanjac	-	-	-	-	-	-	-
I Clyne	-	-	-	-	-	-	-
C Gilligan	-	-	-	-	-	-	-
R Heeks	-	4,838,214	-	-	-	4,838,214	4,838,214
P Leggat	-	3,565,714	-	-	(3,565,714)	-	-
<b>Sub total</b>	<b>-</b>	<b>8,403,928</b>	<b>-</b>	<b>-</b>	<b>(3,565,714)</b>	<b>4,838,214</b>	<b>4,838,214</b>
<b>Other KMP</b>							
M Smith	-	3,565,714	-	-	-	3,565,714	3,565,714
G Zamudio	-	3,565,714	-	-	-	3,565,714	3,565,714
J Kerr	-	3,565,714	-	-	-	3,565,714	3,565,714
<b>Sub total</b>	<b>-</b>	<b>10,697,142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,697,142</b>	<b>10,697,142</b>
<b>TOTAL</b>	<b>-</b>	<b>19,101,070</b>	<b>-</b>	<b>-</b>	<b>(3,565,714)</b>	<b>15,535,356</b>	<b>15,535,356</b>

(i) Share Appreciation Rights exercisable at 31 December 2018 have not yet vested.

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*

**DIRECTORS' REPORT**

**18. REMUNERATION REPORT – AUDITED (CONTINUED)**

**Equity Instrument Disclosures Relating to KMP (continued)**

**Ordinary Shares**

The number of Ordinary Shares in the Company held during the financial year by each Director of the Company and other KMP of the Group, including their personally related parties, was as follows:

2019	Opening Balance 1 January 2019	Issued on Vesting of Performance Rights	Shares Acquired on Market <sup>(i)</sup>	Held at Resignation <sup>(ii)</sup>	Net Change Other <sup>(iii)</sup>	Closing Balance 31 December 2019
<b>Directors</b>						
M Jerkovic	13,196,677	-	-	(13,196,677)	-	-
M Bojanjac	3,416,666	-	-	(3,416,666)	-	-
I Clyne	2,400,000	750,000	3,650,000	-	(6,528,000)	272,000
C Gilligan	-	-	-	-	-	-
R Heeks	8,768,618	188,888	2,288,278	-	(10,795,952)	449,832
I Murray	-	-	-	-	-	-
<b>Subtotal</b>	<b>27,781,961</b>	<b>938,888</b>	<b>5,938,278</b>	<b>(16,613,343)</b>	<b>(17,323,952)</b>	<b>721,832</b>
<b>Other KMP</b>						
M Smith	-	3,494,444	-	-	(3,354,666)	139,778
G Zamudio	1,000,000	3,494,444	-	-	(4,314,666)	179,778
J Kerr	-	3,494,444	-	(3,494,444)	-	-
<b>Subtotal</b>	<b>1,000,000</b>	<b>10,483,332</b>	<b>-</b>	<b>(3,494,444)</b>	<b>(7,669,332)</b>	<b>319,556</b>
<b>TOTAL</b>	<b>28,781,961</b>	<b>11,422,220</b>	<b>5,938,278</b>	<b>(20,107,787)</b>	<b>(24,993,284)</b>	<b>1,041,388</b>

(i) Shares Acquired on Market includes shares acquired in the Placement.

(ii) Held at Resignation does not factor in the 25:1 share consolidation as the consolidation occurred after the resignations.

(iii) Net Change Other includes the adjustments for the share consolidation on a 25:1 basis.

2018	Opening Balance 1 January 2018	Issued on Vesting of Performance Rights	Shares Acquired on Market	Held at Resignation	Net Change Other	Closing Balance 31 December 2018
<b>Directors</b>						
M Jerkovic	10,418,899	-	2,777,778	-	-	13,196,677
M Bojanjac	3,416,666	-	-	-	-	3,416,666
I Clyne	2,400,000	-	-	-	-	2,400,000
C Gilligan	-	-	-	-	-	-
R Heeks	7,523,757	-	1,244,861	-	-	8,768,618
P Leggat	-	-	-	-	-	-
<b>Subtotal</b>	<b>23,759,322</b>	<b>-</b>	<b>4,022,639</b>	<b>-</b>	<b>-</b>	<b>27,781,961</b>
<b>Other KMP</b>						
M Smith	-	-	-	-	-	-
G Zamudio	1,000,000	-	-	-	-	1,000,000
J Kerr	-	-	-	-	-	-
<b>Subtotal</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>
<b>TOTAL</b>	<b>24,759,322</b>	<b>-</b>	<b>4,022,639</b>	<b>-</b>	<b>-</b>	<b>28,781,961</b>

# GEOPACIFIC RESOURCES LIMITED

*and Controlled Entities*

## DIRECTORS' REPORT

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### 18. REMUNERATION REPORT – AUDITED (CONTINUED)

#### Transactions with directors, director related entities and other related parties

During the year ended 31 December 2019 the Group did not enter into any related party transactions with Directors (2018: nil).

#### END OF REMUNERATION REPORT

The Directors Report, including the Remuneration Report, is signed in accordance with a resolution of the Directors:



Ian Clyne  
Non-Executive Chairman

Perth, Australia  
26 March 2020



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Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## **Auditor's independence declaration to the directors of Geopacific Resources Limited**

As lead auditor for the audit of the financial report of Geopacific Resources Limited for the financial year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Geopacific Resources Limited and the entities it controlled during the financial year.

Ernst & Young

Pierre Dreyer  
Partner  
26 March 2020

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Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## **Independent auditor's report to the members of Geopacific Resources Limited**

### **Report on the audit of the financial report**

#### **Opinion**

We have audited the financial report of Geopacific Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### **Material uncertainty related to going concern**

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

### Carrying value of exploration and evaluation assets

#### Why significant

At 31 December 2019 the Group held capitalised exploration and evaluation assets of \$8.26 million.

The carrying value of capitalised exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that this capitalised expenditure may exceed its recoverable amount.

The determination as to whether there are any indicators to require capitalised exploration and evaluation assets to be assessed for impairment, involves a number of judgments including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The directors did not identify any impairment indicators as at 31 December 2019.

Refer to Note 14 in the financial report for capitalised exploration and evaluation asset balances and related disclosures.

#### How our audit addressed the key audit matter

In performing our procedures, we:

- ▶ Considered whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements and renewal applications
- ▶ Considered the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included reviewing the Group's Board approved cash-flow forecast and enquiring of senior management and the directors as to their intentions and the strategy of the Group
- ▶ Assessed whether exploration and evaluation data existed to indicate that the carrying value of capitalised exploration and evaluation is unlikely to be recovered through development or sale
- ▶ Assessed the adequacy of the disclosures in Note 14 of the financial report.



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## **Information other than the financial report and auditor's report thereon**

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the directors for the financial report**

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 30 to 45 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Geopacific Resources Limited for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Pierre Dreyer  
Partner  
Perth  
26 March 2020

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**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*

**DIRECTORS' DECLARATION**

---

In accordance with a resolution of the Directors of Geopacific Resources Limited, I declare that:

1. In the opinion of the Directors:

- (a) the financial statements and notes, of Geopacific Resources Limited for the financial year ended 31 December 2019 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and *Corporations Regulations 2001*.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
- (c) Subject to the matters disclosed in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2019.

On behalf of the Board



Ian Clyne  
Non-Executive Chairman

Perth, Australia  
26 March 2020

**GEOPACIFIC RESOURCES LIMITED**  
and Controlled Entities

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Consolidated	
		2019 \$	2018 \$
<b>Finance income</b>	5	<b>93,750</b>	64,013
Administration expenses		(364,164)	(275,809)
Consultancy expense		(743,127)	(1,162,501)
Depreciation expense	16	(199,355)	(36,121)
Employee benefits expense		(1,672,205)	(1,572,695)
Share based payments		(1,374,119)	(709,371)
Occupancy expenses		(58,253)	(170,167)
Finance costs	17	(1,443,017)	(1,123,578)
Impairment write downs		(75,473)	(44,230,355)
Exploration expense		(1,501,751)	-
<b>Loss before income tax</b>		<b>(7,337,714)</b>	(49,216,584)
Income tax benefit	8	-	474,749
<b>Loss after tax from continuing operations</b>		<b>(7,337,714)</b>	(48,741,835)
Loss after tax from discontinued operation (attributable to equity holders of the company)	31	-	(5,008,824)
<b>Loss for the year</b>		<b>(7,337,714)</b>	(53,750,659)
<b>Loss for the year attributable to:</b>			
Non-controlling interest		(61,349)	(80,466)
Owners of the parent		(7,276,365)	(53,670,193)
		(7,337,714)	(53,750,659)
<b>Other comprehensive income/(loss)</b>			
<i>Items of other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Exchange differences on translating foreign controlled entities		(195,365)	4,708,862
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(195,365)</b>	4,708,862
<b>Total comprehensive loss for the year attributable to members of the parent entity</b>		<b>(7,533,079)</b>	(49,041,797)

**GEOPACIFIC RESOURCES LIMITED**  
and Controlled Entities

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Consolidated	
		2019	2018
		\$	\$
<b>Total comprehensive income/(loss) attributable to:</b>			
Non-controlling interest		(48,896)	27,245
Owners of the parent		(7,484,183)	(49,069,042)
		<b>(7,533,079)</b>	<b>(49,041,797)</b>
Loss per share (cents) for loss from continuing operations attributable to the ordinary equity holders of the company:			
Basic loss per share	27	(6.48)	(2.49)
Diluted loss per share	27	(6.48)	(2.49)
Loss per share (cents) for loss attributable to the ordinary equity holders of the company:			
Basic loss per share	27	(6.48)	(2.74)
Diluted loss per share	27	(6.48)	(2.74)

**The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.**

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	Consolidated	
		2019 \$	2018 \$
<b>Current Assets</b>			
Cash and cash equivalents	9	37,505,067	3,059,221
Receivables	10	687,717	316,617
Prepayments	11	1,027,731	-
Assets classified as held for sale	12	-	149,388
Inventory	13	339,592	242,771
<b>Total Current Assets</b>		<b>39,560,107</b>	<b>3,767,997</b>
<b>Non-Current Assets</b>			
Exploration and evaluation assets	14	8,262,803	37,494,025
Mine properties under development	15	30,803,497	-
Property, plant and equipment	16	1,892,285	841,611
<b>Total Non-Current Assets</b>		<b>40,958,585</b>	<b>38,335,636</b>
<b>TOTAL ASSETS</b>		<b>80,518,692</b>	<b>42,103,633</b>
<b>Current Liabilities</b>			
Trade and other payables	17	6,991,223	3,236,829
Lease liability		82,111	-
Provisions	18	65,590	135,569
<b>Total Current Liabilities</b>		<b>7,138,924</b>	<b>3,372,398</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	17	2,694,195	3,852,972
Provisions	18	207,198	192,548
<b>Total Non-Current Liabilities</b>		<b>2,901,393</b>	<b>4,045,520</b>
<b>TOTAL LIABILITIES</b>		<b>10,040,317</b>	<b>7,417,918</b>
<b>NET ASSETS</b>		<b>70,478,375</b>	<b>34,685,715</b>
<b>Equity</b>			
Issued capital	19	148,972,741	104,116,108
Reserves	20	4,843,542	5,790,853
Accumulated losses		(83,337,908)	(76,061,543)
<b>Total equity attributable to equity holders</b>		<b>70,478,375</b>	<b>33,845,418</b>
Non-controlling interest		-	840,297
<b>Total Equity</b>		<b>70,478,375</b>	<b>34,685,715</b>

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 YEAR ENDING 31 DECEMBER 2019**

Consolidated	Share	Foreign	Other	Accumulated	Total	Non-	Total	
	Based	Currency	Equity	Losses	Attributable	Controlling	Equity	
	Payments	Translation	Reserve		to Owners of	Interest		
	Reserve	Reserve			Parent			
	\$	\$	\$	\$	\$	\$	\$	
At 1 January 2019	104,116,108	1,499,209	3,535,896	755,748	(76,061,543)	33,845,418	840,297	<b>34,685,715</b>
Loss for the year	-	-	-	-	(7,276,365)	(7,276,365)	(61,349)	<b>(7,337,714)</b>
Exchange difference on translation of foreign operations	-	-	(195,365)	-	-	(195,365)	-	<b>(195,365)</b>
Total comprehensive loss for the year	-	-	(195,365)	-	(7,276,365)	(7,471,730)	(61,349)	<b>(7,533,079)</b>
<b>Transactions with owners in their capacity as owners</b>								
Shares issued during the year	44,436,000	-	-	-	-	44,436,000	-	<b>44,436,000</b>
Share issue costs	(2,429,367)	-	-	-	-	(2,429,367)	-	<b>(2,429,367)</b>
Acquisition of Non-controlled interest	2,850,000	-	-	(2,126,065)	-	723,935	(778,948)	<b>(55,013)</b>
Share based payments	-	1,374,119	-	-	-	1,374,119	-	<b>1,374,119</b>
<b>At 31 December 2019</b>	<b>148,972,741</b>	<b>2,873,328</b>	<b>3,340,531</b>	<b>(1,370,317)</b>	<b>(83,337,908)</b>	<b>70,478,375</b>	-	<b>70,478,375</b>
At 1 January 2018	94,432,822	789,838	(1,172,966)	-	(22,391,350)	71,658,344	1,676,511	<b>73,334,855</b>
Loss for the year	-	-	-	-	(53,670,193)	(53,670,193)	(80,466)	<b>(53,750,659)</b>
Exchange difference on translation of foreign operations	-	-	4,708,862	-	-	4,708,862	-	<b>4,708,862</b>
Total comprehensive income/(loss) for the year	-	-	4,708,862	-	(53,670,193)	(48,961,331)	(80,466)	<b>(49,041,797)</b>
<b>Transactions with owners in their capacity as owners</b>								
Shares issued during the year	10,080,000	-	-	-	-	10,080,000	-	<b>10,080,000</b>
Share issue costs	(396,714)	-	-	-	-	(396,714)	-	<b>(396,714)</b>
Transfer to other reserve	-	-	-	755,748	-	755,748	(755,748)	-
Share based payments	-	709,371	-	-	-	709,371	-	<b>709,371</b>
<b>At 31 December 2018</b>	<b>104,116,108</b>	<b>1,499,209</b>	<b>3,535,896</b>	<b>755,748</b>	<b>(76,061,543)</b>	<b>33,845,418</b>	<b>840,297</b>	<b>34,685,715</b>

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 YEAR ENDING 31 DECEMBER 2019**

	Note	Consolidated	
		2019	2018
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(4,243,018)	(3,580,837)
Interest received		32,519	64,013
Interest paid		(4,513)	-
<b>Net Cash Used In Operating Activities</b>	30(b)	<b>(4,215,012)</b>	<b>(3,516,824)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(1,119,562)	(246,401)
Proceeds from the disposal of plant and equipment		71,429	-
Exploration expenditure		(697,980)	(9,626,184)
Mine development expenditure		(1,077,051)	-
Payment as part of the Kula transaction		(745,382)	-
Proceeds received from the Kula transaction		725,382	-
Cash held by subsidiary on its disposal		(67,745)	-
<b>Net Cash Used In Investing Activities</b>		<b>(2,910,909)</b>	<b>(9,872,585)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issues (net of costs)		42,006,632	9,683,287
Payment of principal portion of lease liability		(104,182)	-
<b>Net Cash From Financing Activities</b>		<b>41,902,450</b>	<b>9,683,287</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the financial year		3,059,221	6,765,343
Effect of exchange rates on cash held in foreign currencies		(330,683)	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>		<b>37,505,067</b>	<b>3,059,221</b>

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

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Geopacific Resources Limited (“the Company” or “Geopacific”) is an Australian Securities Exchange listed public company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 31 December 2019 comprises the Company and its controlled entities (together referred to as the ‘Group’). The registered office is located at 278 Stirling Highway, Claremont, WA, 6010.

The Group is principally engaged in mineral development and exploration focussed on gold and copper deposits in Papua New Guinea and Cambodia.

The financial report was authorised for issue by the directors on 26 March 2020.

**Basis of preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Compliance with Australian Accounting Standards ensures that the financial statements and the notes thereto also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on a historical cost basis.

**Going Concern**

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

During the year ended 31 December 2019, the Group incurred a net loss after tax of \$7,337,714 (2018: \$53,750,659) and had cash outflows from operations of \$4,215,012 (2018: \$3,516,824).

In November 2018, the Group completed a Definitive Feasibility Study (DFS) on the Woodlark Gold Project which indicated a thirteen year operating life and an estimated capital expenditure requirement of \$198 million. The Woodlark Gold Project is at an advanced stage and has the key permits in place to develop the mine and gold processing plant. The Group is currently completing the first phase of development of the mine and is actively seeking to raise funding to complete the mine development and construction.

Whilst the Group had cash on hand of \$37,505,067 (2018: \$3,059,221) at 31 December 2019, its cash flow forecast for the year ending 31 December 2020 reflects that the Group will require additional funding over that period in order to meet the Group’s committed expenditure and complete the development and construction of the mine and processing plant. As disclosed in Note 28, the current volatility in global equity and commodity markets resulting from the uncertainty created by the impact of COVID-19, may impact the Group’s ability to raise equity in future.

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Going Concern (continued)

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:

- Having adequate cash on hand at 31 December 2019 to meet the forecast cash outlay for completion of the Civil Works Program, being the first phase of the Woodlark Gold Project development and other committed costs for the year ending 31 December 2020;
- The Group's ability to raise funds from external sources to meet ongoing development, exploration and working capital requirements, as demonstrated by the capital raisings of \$44.4 million during the year ended 31 December 2019;
- The Group's ability to manage the timing of cash flows to meet the obligations of the business as and when they fall due;
- Having the flexibility to amend business plans, should global and market conditions not be conducive to raise the necessary funding required to fully fund the development of the Woodlark Gold Project, taking into account the cash on hand (Note 9) and the commitments as disclosed in Note 22 at 31 December 2019, and to defer the Woodlark Gold Project development until market conditions improve; and
- The Group's ability to renegotiate the repayment terms of the deferred consideration liability (with a present value of \$7.7 million) owed for the purchase of the Kou Sa Project, as the Group has previously renegotiated the repayment terms in September 2016 and is confident that it can do so again (see Note 17).

Notwithstanding the above, these conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, whether it will be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in this financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New and amended Accounting Standards and Interpretations adopted during the year**

The Group has adopted all Accounting Standards and Interpretations effective from 1 January 2019, including:

**AASB 16 Leases (AASB 16)**

AASB 16 supersedes AASB 117 Leases (AASB 117) and IFRIC 4 *Determining Whether an Arrangement Contains a Lease (IFRIC 4)*. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group has applied, for the first time, AASB 16 from 1 January 2019, and has not restated comparatives for the prior period as permitted under the specific transaction provisions in AASB 16. The nature and effect of these changes are disclosed below.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedients allowing; a) the standard to be applied only to contracts that were previously identified as leases applying AASB 117 and IFRIC 4 at the date of initial application; and b) the measuring the right-of-use asset on transition as being equal to the amount of the lease liability initially recognised on transition. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

*The effect of adoption of AASB 16 is as follows:*

The impact on the consolidated statement of financial position as at 1 January 2019 is an increase in property, plant and equipment of \$186,225 and an increase in the lease liability of \$186,225.

*Nature of the effect of adoption of AASB 16*

The Group has a lease contract for its head office. Before the adoption of AASB 16, the Group classified this lease (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as an expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases of which it was the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use lease assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption of AASB 16, the Group applied AASB 16 at the date of initial application by measuring the right-of-use assets based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New and amended Accounting Standards and Interpretations adopted during the year (continued)**

*Amounts recognised in the consolidated statement of financial position and comprehensive income*

Set out below are the carrying amounts of the Company's assets and lease liabilities and the movements during the period:

	Right-of-use asset \$	Lease liability \$
Initial adoption of AASB 16 at 1 January 2019	186,225	186,225
Depreciation expense	(101,577)	-
Interest expense	-	4,513
Payments	-	(108,627)
As at 31 December 2019	<b>84,648</b>	<b>82,111</b>

Set out below are the amounts recognised in the consolidated statement of profit or loss and other comprehensive income for the year ending 31 December 2019:

	\$
Depreciation expense on right-of-use assets	101,577
Interest expense on lease liabilities	4,513
Rental expense – low value assets	1,976
Total amounts recognised in profit or loss	<b>108,066</b>

Set out below is a reconciliation of the operating lease commitments at 31 December 2018 to the lease liability taken on at 1 January 2019:

	Lease Liability \$
<b>Operating leases</b>	
Operating lease commitments as at 31 December 2018	273,305
Commitments relating to leases of low value assets	(4,941)
Variable outgoings relating to the leased premises included in 31 December 2018 commitment	(62,864)
	<b>205,500</b>
Weighted average incremental borrowing rate as at 1 January 2019	8%
<b>Lease liability as at 1 January 2019</b>	<b>186,225</b>

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New and amended Accounting Standards and Interpretations adopted during the year (continued)**

AASB Interpretation 23 - Uncertainty over Income Tax Treatments

The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

The Directors have determined that there is no impact, material or otherwise, of this new interpretation on its business.

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**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New and Amended Accounting Standards and Interpretations issued but not yet effective**

Australian Accounting Standards that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 31 December 2019 are outlined in the table below. The potential effect of these Standards on the Group is yet to be fully determined.

Reference	Title	Summary	Application date	
			of standard	for Group
AASB 2019-1	Conceptual Framework for Financial Reporting Amendments to Australian Accounting Standards – Reference to the Conceptual Framework	<p>The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:</p> <ul style="list-style-type: none"> <li>▶ Chapter 1 – The objective of financial reporting</li> <li>▶ Chapter 2 – Qualitative characteristics of useful financial information</li> <li>▶ Chapter 3 – Financial statements and the reporting entity</li> <li>▶ Chapter 4 – The elements of financial statements</li> <li>▶ Chapter 5 – Recognition and derecognition</li> <li>▶ Chapter 6 – Measurement</li> <li>▶ Chapter 7 – Presentation and disclosure</li> <li>▶ Chapter 8 – Concepts of capital and capital maintenance</li> </ul> <p>AASB 2019-1 also sets out the amendments to other pronouncements for references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of accounting standards in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying AASB 3 and developing accounting policies for regulatory account balances using AASB 108, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the Framework for the Preparation and Presentation of Financial Statements (July 2004), and not the definitions in the revised Conceptual Framework.</p>	1 January 2020	1 January 2020



**GEOPACIFIC RESOURCES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New and Amended Accounting Standards and Interpretations issued but not yet effective (continued)**

Reference	Title	Summary	Application date	
			of standard	for Group
AASB 2018-6	Amendments to Australian Accounting Standards – Definition of a Business	The Standard amends the definition of a business in AASB 3 <i>Business Combinations</i> . The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.	1 January 2020	1 January 2020
AASB 2018-7	Amendments to Australian Accounting Standards – Definition of Material	This Standard amends AASB 101 <i>Presentation of Financial Statements</i> and AAS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	1 January 2020	1 January 2020
AASB 2019-5	Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	This Standard amends AASB 1054 by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 on the potential effect of an IFRS Standard that has not yet been issued by the AASB so that such entity complying with Australian Accounting Standards can assert compliance with IFRS Standards.	1 January 2020	1 January 2020

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Significant accounting policies**

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Cash and cash equivalents**

Cash and short-term deposits in the consolidated statement of financial position comprise cash at bank and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(b) Share Capital**

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

**(c) Employee benefits**

**Wages, salaries and annual leave**

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be wholly settled within 12-months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. The liabilities are measured at the amounts expected to be paid when they are settled. All other amounts are considered other long term benefits for measurement purposes and are measured at the present value of expected future payments to be made in respect to services provided by employees.

**Long service leave**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made, in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Superannuation**

The Group makes contributions on behalf of its employees to complying superannuation funds in accordance with the rates outlined by the statutory regulations.

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Employee benefits (continued)**

**Share-based payments**

The fair value of options and rights granted to Directors and employees is recognised as a share based payments expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or rights.

The fair value at grant date is determined by a combination of internal and external sources using a Black-Scholes option pricing model and independent third party valuations that take into account the exercise price, the term of the right or option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right or option.

The fair value of the options and rights granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options and rights that are expected to become exercisable. At each year end, the Company revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options or rights, the balance of the share-based payments reserve relating to those options is transferred to a vested share-based payments reserve and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

**(d) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under AASB 15.

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Financial Instruments (continued)**

**Initial recognition and measurement (continued)**

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level and have a business model of holding the financial asset and collecting contractual cash flows.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

**Financial assets at amortised cost (debt instruments)**

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

**Financial assets at fair value through profit or loss**

Financial assets that do not meet the criteria for amortised cost are measured at fair value through profit and loss.

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Financial Instruments (continued)**

**Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. In this regard, the Group recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has assessed the risk from a provision matrix that is based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtor, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other financial assets measured at amortised cost, the Group recognises lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to a 12-month ECL. The determination of the ECL includes both quantitative and qualitative information and analysis, based on the Group's historical experience and forward-looking information.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

**Financial liabilities**

**Initial recognition and measurement**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest method.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to issued capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to accumulated losses within equity.

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Financial Instruments (continued)**

**Initial recognition and measurement (continued)**

No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

**(e) Foreign currency transactions and balances**

**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 Geopacific Resources Limited's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

**Group companies**

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of changes in equity. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Goods and Services Tax (GST) and Value Added Tax (VAT)**

Revenues, expenses and assets are recognised net of the amount of associated GST or VAT, unless the GST or VAT incurred is not recoverable from the taxation authority. In this case, the GST or VAT 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 or VAT receivable or payable. The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST or VAT 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.

**(g) Impairment of non-financial assets**

Non-financial 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 of disposal 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.

**(h) Interests in joint arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required. Separate joint venture entities providing joint venturers with an interest in net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Income tax**

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on the laws that have been enacted or substantively enacted by the reporting date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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 Company 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.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

**(j) Loss per share**

**Basic loss per share**

Basic loss per share is calculated by dividing the result 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.

**Diluted loss per share**

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after 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.



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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Mineral Tenements and Deferred Mineral Exploration Expenditure**

Exploration and evaluation expenditure is carried forward as an asset when rights to tenure are current; and:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or by its sale; or
- exploration activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off or impaired in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted basis, of restoration. The unwinding of the effect of the discounting on the provision is recorded as a finance cost in the statement of profit or loss and other comprehensive income.

When a decision is made to proceed with development in a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then transferred to mine properties under development.

**(l) Mine properties under development**

Once technical feasibility and commercial viability of extraction of mineral resources in a particular area of interest becomes demonstrable, the exploration and evaluation assets attributable to that area of interest are reclassified as mine properties under development.

Mine properties under development represents the direct and indirect costs incurred in preparing mines for production and includes site upgrades, clearing, stripping and waste removal costs incurred before production commences. These costs also include borrowing costs incurred during the development stage. These costs are capitalised to the extent that they are expected to be recouped through the successful exploitation of the related mining leases. Once production commences, these costs will be amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

Mine properties under development are assessed for impairment if an impairment trigger is identified. For the purposes of impairment testing capitalised mine properties are allocated to the cash generating unit (CGU) to which the properties relate.

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(m) Plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation on assets is calculated using the straight-line or diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Plant and equipment 5% - 50%
- Computer software 25% - 100%
- Furniture and fittings 4% - 15%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, at each reporting 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.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected to arise from the continued use of the asset.

Any gains or loss on the derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the consolidated statement of profit or loss and other comprehensive income in the period the item is derecognised.

**(n) Inventory**

Inventories expected to be used in production are valued at the lower of cost and net realisable value. Cost is determined on a first-in-first out (FIFO) basis. Any provision for obsolescence or damage is determined by reference to specific stock items identified. The carrying value of those items identified, if any, is written down to net realisable value.

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(o) Principles of consolidation**

The consolidated financial statements comprise the financial statements of Geopacific Resources Limited and its controlled entities, referred to collectively throughout these financial statements as the “Group”. Controlled entities are consolidated from the date on which control commences until the date that control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the controlled entities are prepared for the same reporting period as the parent company using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The balances and effects of transactions between controlled entities included in the consolidated financial statements have been fully eliminated.

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(o) Principles of consolidation (continued)**

**Non-controlling interest**

Non-controlling interests are allocated their share of net profit or loss after tax in the consolidated statement of profit or loss and other comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interests even if that results in a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

**(p) Assets held for sale**

Assets and disposal groups are classified as 'held for sale' if their carrying amount is to be recovered principally through a sales transaction rather than through continuing use. The reclassification takes place when the assets are available for immediate sale and the sale is highly probable. Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs of disposal. Assets held for sale are not depreciated or amortised.

**(q) Lease liability (new policy applied from 1 January 2019 due to adoption of AASB 16)**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

**Short-term lease and leases of low-value assets**

The Group applies the short-term and lease of low-value assets recognition exemptions to leases that are considered short-term or of low value (i.e. those leases that have a lease term of less than 12 months or where the value of the leased asset when new is below \$10,000). Lease payments on short-term leases and leases of low-value assets are expensed over the lease term.

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(q) Lease liability (new policy applied from 1 January 2019 due to adoption of AASB 16) (continued)**

**Right-of-use asset**

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised assets are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term. Right-of-use assets are assessed for impairment.

**(r) Leases (policy applied pre 1 January 2019)**

Leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

**(s) Interest income**

Interest income is recognised as the interest accrues using the effective interest method.

**(t) Comparative figures**

When required by Accounting Standards or in order to enhance comparability, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(u) Provisions**

Provisions are recognised when the Group has legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(v) Business combinations**

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in statement of profit or loss and other comprehensive income.

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**2 FINANCIAL RISK MANAGEMENT**

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks. Further quantitative disclosures are included throughout this financial report. The Board of Directors have the overall responsibility for the risk management framework.

**(a) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

The carrying amount of financial assets included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to those assets. The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts. The Group has the following concentrations of credit risk:

**Receivables**

The Group has no listed investments and the current nature of the business activity does not result in trading receivables. The receivables that the Group recognises through the normal course of business are short term in nature. The risk of non-recovery of receivables from this source is considered to be negligible.

**Cash deposits**

The Group's primary banker is the ANZ Banking Group. The Group currently has no significant concentrations of credit risk. The Moody's credit rating of ANZ Banking Group is A1.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for resources to finance the Group's current and future operations, and consideration is given to the liquid assets available to the Group before commitment is made for future expenditure or investment.

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**2 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Liquidity risk (continued)**

The following table reflects the liquidity risk arising from the financial liabilities held by the Group at balance date. The contractual maturity reflects undiscounted gross amounts:

Consolidated	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5 years
2019	\$	\$	\$	\$	\$

**Financial Liabilities - Due for Payment**

Trade and other payables	9,685,418	10,911,920	5,871,024	1,120,199	3,920,697
Lease liability	82,111	92,142	55,285	36,857	-
<b>Total expected outflows</b>	<b>9,767,529</b>	<b>11,004,062</b>	<b>5,926,309</b>	<b>1,157,056</b>	<b>3,920,697</b>

Consolidated	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5 years
2018	\$	\$	\$	\$	\$

**Financial Liabilities - Due for Payment**

Trade and other payables	7,089,801	9,784,848	844,874	2,793,742	6,146,232
<b>Total expected outflows</b>	<b>7,089,801</b>	<b>9,784,848</b>	<b>844,874</b>	<b>2,391,955</b>	<b>6,146,232</b>

At 31 December 2019, the Group had no interest-bearing liabilities (2018: nil).



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**2 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk**

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

**Foreign exchange risk**

The Group operates in Australia, Papua New Guinea, Cambodia and Fiji and is exposed to foreign exchange risks arising from the fluctuation of the exchange rates of the Australian dollar, United States dollar, the Fijian dollar and the Papua New Guinea Kina. The Group has no further material foreign currency dealings other than the above.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the functional currency of the Group entity in question. The Group does not have a formal foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements.

**Foreign currency sensitivity**

The following table demonstrate the sensitivity to a reasonably possible change in USD and AUD exchange rates, with all other variables held constant. The impact on the Group's pre-tax equity is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Profit and Loss		Equity	
	500bp increase \$	500bp decrease \$	500bp increase \$	500bp decrease \$
<b>2019 - AUD foreign currency sensitivity</b>	-	-	<b>(1,199,347)</b>	<b>1,199,347</b>
2018 - AUD foreign currency sensitivity	-	-	(1,350,256)	1,350,256
<b>2019 - USD foreign currency sensitivity</b>	-	-	<b>2,567,183</b>	<b>(2,567,183)</b>
2018 - USD foreign currency sensitivity	-	-	2,007,514	(2,007,514)

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents.

The Group's income and operating cash flows are not materially exposed to changes in market interest rates. The assets are cash and cash equivalents and other short term interest bearing deposits. No financial instruments have been used to mitigate risk.

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**2 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk (continued)**

Interest rate risk (continued)

The interest profile of the Group's interest-bearing financial instruments at the reporting date are outlined in the table below:

	Consolidated	
	2019	2018
	\$	\$
<b>Variable rate instruments:</b>		
Cash and cash equivalents	37,505,067	3,059,221
<b>Total</b>	<b>37,505,067</b>	<b>3,059,221</b>

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and comprehensive income by the amounts shown below. The analysis assumes that all other variables remain constant.

	Profit and Loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	\$	\$	\$	\$
<b>2019 - Variable rate instruments</b>	<b>375,051</b>	<b>(375,051)</b>	<b>375,051</b>	<b>(375,051)</b>
2018 - Variable rate instruments	30,592	(30,592)	30,592	(30,592)

**(d) Capital management**

The Board's policy is to maintain a sound capital base, defined as equity, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors capital expenditure and cash flows as mentioned in (b) above.

The objective when managing capital is to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to continue the development and exploration of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets. The Group's focus has been to raise sufficient funds through equity to fund development and exploration activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting. Neither the Company nor any of its controlled entities are subject to externally imposed capital requirements.

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**2 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Impairment Losses**

During the 2019 reporting period \$75,473 was written off in relation to the Group's financial assets (2018: nil).

**(f) Fair values versus carrying amounts**

The carrying amounts of financial assets and liabilities as described in the consolidated statement of financial position represent their estimated net fair value, except for the deferred consideration payment for the purchase of the Kou Sa Project which is carried at its fair value.

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

**Key judgments**

**Exploration and evaluation expenditure**

The Group's policy in relation to the accounting for exploration and evaluation expenditure is stated in Note 1(k). There is judgment involved in determining the treatment of exploration and evaluation expenditure, including, determining whether it should be carried forward as capitalised exploration, transferred to mine properties under development, or written off to the consolidated statement of profit or loss and comprehensive income.

The Board and management give due consideration to the areas of interest relating to the exploration and evaluation expenditure on a regular basis and are confident that decisions to either transfer, write off or carry forward such expenditure fairly reflects the prevailing situation. In the year ended 31 December 2019, \$30,461,193 (2018: nil) of previously capitalised exploration and evaluation expenditure was transferred to mine properties under development and no exploration and evaluation expenditure previously capitalised has been written off (2018: \$43,306,477).

**Mine properties under development**

The Group's policy in relation to the accounting for mine properties under development is stated in Note 1(l). There is judgment involved in determining the treatment of mine properties under development, including, determining whether it should be carried forward as capitalised mine properties under development, transferred to property, plant and equipment, transferred to exploration and evaluation expenditure or written off to the consolidated statement of profit or loss and comprehensive income.

The Board and management give due consideration to the areas of interest relating to mine properties under development on a regular basis and are confident that decisions to either transfer, write off or carry forward such expenditure fairly reflects the prevailing situation. In the year ended 31 December 2019, no mine properties under development has been transferred or written off (2018: nil).

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**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)**

**Key judgments (continued)**

**Assets held for sale**

Assets held for sale are measured at the lower of cost and fair value less estimated costs of disposal. If the fair value at reporting date is lower than the carrying value, an impairment for the difference is recognised in the Group's financial report.

At 30 June 2019, management formed the view that the Fijian Group no longer met the requirements of AASB 5. As a result, the underlying assets and liabilities of the Fijian Group were reclassified into their natural categories on the consolidated statement of financial position. The value of assets held for sale was nil at 31 December 2019 (2018: \$149,388) as stated in Note 12.

During the year ended 31 December 2018 the decision was made not to renew the Raki Raki, Qalau, Tabuka, Cakaudrove and Nuku licences held by the Fijian Group. In light of these circumstances, a full write down to the carrying value of the capitalised expenditure for these licences was booked at 30 June 2018. The Board and management reviewed the remaining net assets of the Fijian Group at 31 December 2018 and determined their fair value. As such a total impairment loss of \$7,012,198 was recognised for the Fijian Group assets held for sale for the year ended 31 December 2018.

**Deferred consideration – discount rate**

The Group cannot readily determine the interest rate implicit in the deferred consideration liability, therefore, it uses its discount cash rate to present value the deferred consideration liability. The discount cash rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the remaining purchase price of the Kou Sa Project in a similar economic environment. The discount cash rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available. The Group estimates the discount cash rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The deferred consideration has been present valued using a discount cash rate of 20% per annum (2018: 20%).

**Key Estimates**

**Share based payments**

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by a combination of internal and external sources using a Black-Scholes option pricing model and independent third party valuations. Refer Note 26 for details of estimates and assumptions used.

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**4 PARENT COMPANY INFORMATION**

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with Accounting Standards.

	Parent	
	2019 \$	2018 \$
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>Assets</b>		
Current assets	37,158,663	2,871,665
Non-current assets	33,939,118	29,978,189
<b>Total Assets</b>	<b>71,097,781</b>	<b>32,849,854</b>
<b>Liabilities</b>		
Current liabilities	591,501	606,648
Non-current liabilities	27,905	-
<b>Total Liabilities</b>	<b>619,406</b>	<b>606,648</b>
<b>Equity</b>		
Issued capital	149,029,347	104,116,108
Reserves	705,133	(668,985)
Accumulated losses	(79,256,105)	(71,203,917)
<b>Total Equity</b>	<b>70,478,375</b>	<b>32,243,206</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
Total loss	(8,052,188)	(55,680,687)
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>(8,052,188)</b>	<b>(55,680,687)</b>

**Guarantees**

Geopacific has not entered into any guarantees, in relation to the debts of its subsidiaries (2018: None).

The Company has term deposits of \$132,000 (2018: \$132,000) over the lease of its office premises and credit card facilities. This has been classified as receivables.

**Contingent liabilities**

At 31 December 2019, Geopacific had no contingent liabilities (2018: nil).

**Contractual commitments**

At 31 December 2019, Geopacific had not entered into any contractual commitments for the acquisition of property, plant and equipment (2018: nil).

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**5 FINANCE INCOME**

	Consolidated	
	2019	2018
	\$	\$
Other income	61,231	-
Interest income – financial institutions	32,519	64,013
<b>Total finance income</b>	<b>93,750</b>	<b>64,013</b>

**6 LOSS BEFORE INCOME TAX**

	Consolidated	
	2019	2018
	\$	\$
Loss before income tax includes the following specific expenses:		
Contributions to defined superannuation funds	101,022	166,768
<b>Total</b>	<b>101,022</b>	<b>166,768</b>

**7 REMUNERATION OF AUDITORS**

The Auditor of Geopacific is Ernst & Young (2018: Ernst & Young).

	Consolidated	
	2019	2018
	\$	\$
Amounts received or receivable - Ernst & Young for:		
- An audit or review of the financial report	57,500	67,500
<b>Total</b>	<b>57,500</b>	<b>67,500</b>
Amounts received or receivable - Greenwich & Co Audit Pty Ltd for:		
- An audit or review of the financial report	-	12,091
- Tax Services	-	2,200
<b>Total</b>	<b>-</b>	<b>14,291</b>

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**8 INCOME TAX**

(a) The components of the income tax benefit comprise:

	Consolidated	
	2019	2018
	\$	\$
Current tax	-	-
Deferred tax	-	(2,570,029)
<b>Total tax benefit</b>	<b>-</b>	<b>(2,570,029)</b>
<b>Total tax benefit is attributable to:</b>		
Loss from continuing operations	-	(474,749)
Loss from discontinued operation	-	(2,095,280)
<b>Total tax benefit</b>	<b>-</b>	<b>(2,570,029)</b>

(b) Reconciliation of income tax to prima facie tax benefit:

	Consolidated	
	2019	2018
	\$	\$
Net loss before tax	<b>(7,337,714)</b>	(49,216,584)
Loss from discontinued operation	-	(7,104,104)
	<b>(7,337,714)</b>	<b>(56,320,688)</b>
Prima facie tax benefit at 30% (2018: 30%)	<b>(2,201,314)</b>	(16,896,206)
<b>Adjusted for the tax effect of:</b>		
Non-deductible share based payments	<b>412,236</b>	212,811
Other non-deductible expenses	<b>637,565</b>	2,929
Impairment charge	-	13,269,107
Tax losses not recognised	<b>1,151,513</b>	841,330
<b>Total tax benefit</b>	<b>-</b>	<b>(2,570,029)</b>

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**8 INCOME TAX (CONTINUED)**

**(c) Deferred tax:**

	Consolidated	
	2019	2018
	\$	\$
<b>Deferred tax assets:</b>		
Business related costs/employee entitlements	53,788	59,547
Tax losses	9,788,094	9,315,183
Total before offset	9,841,882	9,374,730
Offset by deferred tax liabilities	(9,841,882)	(9,374,730)
<b>Total deferred tax assets after offset</b>	-	-
<b>Deferred tax liabilities:</b>		
Exploration and evaluation expenditure	600,833	9,374,730
Mine properties under development	9,241,049	-
Total before offset	9,841,882	9,374,730
Offset by deferred tax assets	(9,841,882)	(9,374,730)
<b>Total deferred tax liabilities after offset</b>	-	-

**(d) Deferred tax assets not recognised:**

	Consolidated	
	2019	2018
	\$	\$
Deferred tax assets not recognised		
Tax losses not brought to account	55,194,328	44,149,377
Provisions	28,048	29,741
Business related Costs	193,990	217,997
Total deferred tax assets not recognised	55,416,366	44,397,116
<b>Movement of tax losses not brought to account</b>		
Tax losses not brought to account - beginning of the year	44,149,377	43,308,047
Additions	1,151,512	841,332
Under/(Over)	9,588,905	-
Foreign exchange fluctuation	304,532	-
Tax losses not brought to account – end of the year	55,194,328	44,149,377

Deferred tax assets relating to tax losses have only been recognised in Papua New Guinea to the extent of the deferred tax liability balance.

The deferred tax assets relating to the remainder of the Group have not been recognised in the current reporting period as the Directors do not believe the realisation is probable at this point in time.



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**9 CASH AND CASH EQUIVALENTS**

	Consolidated	
	2019	2018
	\$	\$
<b>Current</b>		
Cash at bank	37,505,067	3,059,221
<b>Total Cash and Cash Equivalents</b>	<b>37,505,067</b>	<b>3,059,221</b>

**10 RECEIVABLES**

	Consolidated	
	2019	2018
	\$	\$
<b>Current</b>		
Security deposits	264,532	142,417
Sundry debtors	40,930	64,805
GST receivable	382,255	34,112
Loan receivable	-	75,283
<b>Total Current Trade and Other Receivables</b>	<b>687,717</b>	<b>316,617</b>

**Write down**

During the reporting period a write down of \$75,283 (2018: Nil) was recorded in respect of the loan receivable.

**11 PREPAYMENTS**

	Consolidated	
	2019	2018
	\$	\$
<b>Current</b>		
Village relocation materials	1,027,731	-
<b>Total Prepayments</b>	<b>1,027,731</b>	<b>-</b>

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**12 ASSETS CLASSIFIED AS HELD FOR SALE**

	Consolidated	
	2019 \$	2018 \$
<b>Current</b>		
Assets held for sale	-	149,388
<b>Movement during the year</b>		
Carrying value - beginning of the year	149,388	4,831,070
Movement during the period	1,219	235,236
Impairment write down	-	(7,012,198)
Other net liabilities reversed	-	2,095,280
Transfer to cash and cash equivalents	(6,825)	-
Transfer to receivables	(141,509)	-
Transfer to plant and equipment	(9,964)	-
Transfer to trade and other payables	7,691	-
<b>Carrying value - end of the year</b>	-	149,388

The Group undertook a sales process for its Fijian subsidiaries. This sales process did not find a buyer and as a result the underlying assets and liabilities of the Fijian Group were reclassified into their natural categories on the consolidated statement of financial position.

**13 INVENTORY**

	Consolidated	
	2019 \$	2018 \$
<b>Current</b>		
Consumables	295,401	165,542
Kitchen stocks	30,096	62,486
Cleaning stocks	6,641	8,331
Medical stocks	5,583	3,871
Protective clothing	1,871	2,541
<b>Total</b>	339,592	242,771

**Write down**

During the year ended 31 December 2019 there were consumables and kitchen stock which expired or were damaged and as such had no net realisable value. The full amount of \$30,822 (2018: \$173,235) was written off from inventory in the consolidated statement of profit or loss and other comprehensive income.

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**14 EXPLORATION AND EVALUATION ASSETS**

	Consolidated	
	2019	2018
	\$	\$
<b>Non-current</b>	<b>8,262,803</b>	37,494,025
<b>Movement during the year</b>		
Carrying value - beginning of the year	<b>37,494,025</b>	67,389,026
Additions	<b>442,022</b>	8,447,600
Transfers from property, plant and equipment	-	80,759
Impairment write downs	-	(43,306,477)
Transfers to mine properties under development	<b>(30,461,193)</b>	-
Foreign exchange fluctuation	<b>787,949</b>	4,883,117
<b>Carrying value - end of the year</b>	<b>8,262,803</b>	37,494,025

**Transfer to mine properties under development**

In October 2019, the Group raised over \$40 million via share a Placement and Share Purchase Plan to advance the Woodlark Gold Project and development activities. Management are of the view that completing the Placement and commencing development activities demonstrates the technical feasibility and commercial viability of the Woodlark Gold Project. As a result, the capitalised exploration and evaluation expenditure associated with the Woodlark Gold Project's mining licence was reclassified to mine properties under development.

In accordance with the accounting standards, an assessment for impairment was conducted before the reclassification occurred. No indicators of impairment were present at the date of reclassification, therefore the Group did not impair any previously capitalised exploration and evaluation expenditure prior to its reclassification.

**Write down**

At 31 December 2019, the Group conducted an assessment to determine whether there were any indicators of impairment in relation to the carrying value of its capitalised exploration and evaluation assets. No indicators of impairment were present, therefore the Group did not impair any previously capitalised exploration and evaluation expenditure (2018: \$43,306,477).

Costs not directly relating to the advancement of the Group's exploration projects were expensed as exploration expenditure in the consolidated statement of profit or loss and other comprehensive income. For the 2019 reporting period this amounted to \$1,501,751 (2018: nil).

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**15 MINE PROPERTIES UNDER DEVELOPMENT**

	Consolidated	
	2019	2018
	\$	\$
<b>Non-current</b>	<b>30,803,497</b>	-
<b>Movement during the year</b>		
Carrying value - beginning of the year	-	-
Transfers from exploration and evaluation	<b>30,461,193</b>	-
Transfers from property, plant and equipment	<b>60,855</b>	-
Additions	<b>860,265</b>	-
Foreign exchange fluctuation	<b>(578,816)</b>	-
<b>Carrying value - end of the year</b>	<b>30,803,497</b>	-

**Transfer from exploration and evaluation expenditure**

In October 2019, the Group raised over \$40 million via share a Placement and Share Purchase Plan to advance the Woodlark Gold Project and development activities. Management are of the view that completing the Placement and commencing development activities demonstrates the technical feasibility and commercial viability of the Woodlark Gold Project. As a result, the capitalised exploration and evaluation expenditure associated with the projects mining licence was reclassified to mine properties under development.

**Write down**

At 31 December 2019, the Group conducted an assessment to determine whether there were any indicators of impairment in relation to the carrying value of its mine properties. No indicators of impairment were present, therefore the Group did not impair any capitalised mine properties under development (2018: nil).

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 16 PROPERTY, PLANT AND EQUIPMENT

2019	Consolidated					Total
	Right-of-use asset	Work under construction	Plant & Equipment	Computer Software	Furniture & Fittings	
	\$	\$	\$	\$	\$	\$
Gross carrying amount – at cost	186,225	472,105	5,106,267	98,737	1,043,349	6,906,683
Less: accumulated depreciation	(101,577)	-	(4,354,656)	(97,368)	(460,797)	(5,014,398)
Balance	<b>84,648</b>	<b>472,105</b>	<b>751,611</b>	<b>1,369</b>	<b>582,552</b>	<b>1,892,285</b>

2018	Consolidated			
	Plant & Equipment	Computer Software	Furniture & Fittings	Total
	\$	\$	\$	\$
Gross carrying amount – at cost	4,760,940	144,760	1,088,081	5,993,781
Less: accumulated depreciation	(4,573,037)	(141,980)	(437,153)	(5,152,170)
Balance	<b>187,903</b>	<b>2,780</b>	<b>650,928</b>	<b>841,611</b>

Plant & Equipment Movement 2019	Right-of-use asset	Work under construction	Plant & Equipment	Computer Software	Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2019	-	-	187,903	2,780	650,928	841,611
Additions	-	462,394	631,353	865	24,179	1,118,791
Disposals	-	-	(8,604)	-	(1,593)	(10,197)
Transfers from assets held for sale	-	-	9,964	-	-	9,964
Transfers to mine properties under development	-	9,418	(19,938)	-	(50,335)	(60,855)
Impact of adopting AASB 16	186,225	-	-	-	-	186,225
Foreign exchange fluctuation	-	293	1,511	-	4,297	6,101
Depreciation	(101,577)	-	(50,578)	(2,276)	(44,924)	(199,355)
Balance at 31 December 2019	<b>84,648</b>	<b>472,105</b>	<b>751,611</b>	<b>1,369</b>	<b>582,552</b>	<b>1,892,285</b>

Plant & Equipment Movement 2018	Plant & Equipment	Computer Software	Furniture & Fittings	Total
	\$	\$	\$	\$
Balance at 1 January 2018	181,349	9,557	505,110	696,016
Additions	71,061	114	175,226	246,401
Transfers to exploration	(44,268)	-	(36,491)	(80,759)
Foreign exchange fluctuation	4,106	-	11,968	16,074
Depreciation	(24,345)	(6,891)	(4,885)	(36,121)
Balance at 31 December 2018	<b>187,903</b>	<b>2,780</b>	<b>650,928</b>	<b>841,611</b>

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**17 TRADE AND OTHER PAYABLES**

	Consolidated	
	2019	2018
	\$	\$
<b>Current</b>		
Trade creditors and accrued expenses	1,950,327	844,874
Deferred consideration	5,040,896	2,391,955
<b>Total</b>	<b>6,991,223</b>	<b>3,236,829</b>
<b>Non-current</b>		
Deferred consideration	2,694,195	3,852,972
<b>Total</b>	<b>2,694,195</b>	<b>3,852,972</b>
<b>Deferred consideration movement during the year</b>		
Carrying value - beginning of the year	6,244,927	4,622,793
Unwind of the discount – finance cost	1,443,017	1,123,578
Foreign exchange fluctuation	47,147	498,556
<b>Carrying value - end of the year</b>	<b>7,735,091</b>	<b>6,244,927</b>

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 US\$14 million of which US\$7.7 million has already been paid.

The Company renegotiated the payment schedule in relation to its agreement with the Vendors in September 2016. Under the revised terms, the non-contingent instalments of the purchase price are to be paid as follows:

- a) US\$1.575 million due at completion of a bankable feasibility study for the Kou Sa Project or by 21 September 2019, whichever is earlier; and
- b) US\$4.725 million paid in equal monthly instalments over three years after payment of the US\$1.575 million.

The deferred consideration has been present valued using a discount cash rate at 31 December 2019 of 20% (2018: 20%).

The Company is in negotiation with the vendors of the Kou Sa Project to restructure the deferred consideration payments. At 31 December 2019, payments of US\$1.57 million and US\$0.39 million were outstanding. In the event an agreement cannot be reached with the vendors, the Group will look to relinquish ownership of the Kou Sa Project and would be required to pay US\$0.50 million to the vendors.

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**18 PROVISIONS**

	Consolidated	
	2019 \$	2018 \$
<b>Current</b>		
Employee provisions	65,590	135,569
<b>Total</b>	<b>65,590</b>	<b>135,569</b>
<b>Non-current</b>		
Rehabilitation provision	179,293	178,183
Employee provisions	27,905	14,365
<b>Total</b>	<b>207,198</b>	<b>192,548</b>
<b>Movements</b>		
<b>Rehabilitation provision</b>		
Balance at 1 January	178,183	173,714
Foreign exchange fluctuation	1,110	4,469
<b>Balance at 31 December</b>	<b>179,293</b>	<b>178,183</b>

**19 ISSUED CAPITAL**

	Consolidated	
	2019 \$	2018 \$
<b>Issued Capital</b>	<b>148,972,741</b>	<b>104,116,108</b>

**Reconciliation of movements in Issued Capital during the period:**

	Date	2019		2018	
		Shares	\$	Shares	\$
Balance at 1 January		2,081,907,130	104,116,108	1,801,907,130	94,432,822
Shares issued pursuant to a Placement	18-Jun-18	-	-	280,000,000	10,080,000
Shares issued pursuant to a Placement	05-Apr-19	510,000,000	4,335,000	-	-
Consideration for acquisition of Woodlark <sup>(i)</sup>	02-Jul-19	150,000,000	2,850,000	-	-
Conversion of Options	11-Jul-19	17,188,888	-	-	-
Shares issued pursuant to a Placement	28-Oct-19	689,774,033	17,244,350	-	-
Shares issued as part of a SPP	09-Dec-19	4,040,000	101,000	-	-
Shares issued pursuant to a Placement	17-Dec-19	910,225,997	22,755,650	-	-
Adjustment for share consolidation	20-Dec-19	(4,188,610,288)	-	-	-
Less: share issue costs		-	(2,429,367)	-	(396,714)
<b>Balance at 31 December</b>		<b>174,525,760</b>	<b>148,972,741</b>	<b>2,081,907,130</b>	<b>104,116,108</b>

<sup>(i)</sup>Acquisition of the remaining interest in Woodlark Mining Limited was settled by the issue of 150,000,000 shares in Geopacific to Kula Gold Limited at a share price of \$0.019 per share.

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**20 RESERVES**

	Consolidated	
	2019	2018
	\$	\$
<b>(a) Reserves</b>		
Share-based payments reserve	2,873,328	1,499,209
Foreign currency translation reserve	3,340,531	3,535,896
Other equity reserve	(1,370,317)	755,748
<b>Total</b>	<b>4,843,542</b>	<b>5,790,853</b>
<b>(b) Movements</b>		
<b>Share-based payments reserve</b>		
Balance at 1 January	1,499,209	789,838
Share based payment expense	1,374,119	709,371
<b>Balance at 31 December</b>	<b>2,873,328</b>	<b>1,499,209</b>
<b>Foreign currency translation reserve</b>		
Balance at 1 January	3,535,896	(1,172,966)
Exchange (losses)/gains during year	(195,365)	4,708,862
<b>Balance at 31 December</b>	<b>3,340,531</b>	<b>3,535,896</b>
<b>Other equity reserve</b>		
Balance at 1 January	755,748	-
Transfers during the year	(2,126,065)	755,748
<b>Balance at 31 December</b>	<b>(1,370,317)</b>	<b>755,748</b>
<b>Total reserves</b>	<b>4,843,542</b>	<b>5,790,853</b>

**(c) Nature and purpose of reserves**

**Share-based payments reserve**

The share-based payments reserve records:

- the value of exercised and unexercised options issued or granted to employees and Directors which have been expensed;
- the value of exercised and unexercised performance rights and share appreciation rights issued to employees and Directors which have been expensed; and
- the value of options issued on acquisition of Millennium Mining (Fiji) Ltd.

**Foreign currency translation reserve**

The foreign currency translation reserve records unrealised exchange gains and losses on translation of the Group's controlled entities' results and financial position where their functional currency is different to the Group's presentation currency.

**Other equity reserve**

The other equity reserve records transfers of interests to the Group from non-controlling interests.



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**21 CONTINGENT LIABILITIES**

**Kou Sa – Revised Repayment Schedule**

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 US\$14 million plus interest payments of US\$1,275,750.

The Company renegotiated the payment schedule in relation to its agreement with the Vendors in September 2016. Other than the remaining non-contingent instalments of the purchase price to be paid as described in Note 17, a 2% net smelter royalty on sales of production from the Kou Sa project is payable, capped at US\$3.7 million. This royalty is conditional upon production from the Kou Sa project.

The Company is in negotiation with the vendors of the Kou Sa Project to restructure the deferred consideration payments. At 31 December 2019, payments of US\$1.57 million and US\$0.39 million were outstanding. In the event an agreement cannot be reached with the vendors, the Group will look to relinquish ownership of the Kou Sa Project and would be required to pay US\$0.50 million to the vendors.

The Group did not have any other contingent liabilities at the end of the reporting period (2018: nil).

**22 COMMITMENTS**

**(a) Tenement Commitments**

Entities in the Group are required to spend certain amounts to retain their interest in areas over which Special Prospecting Licenses are held. All requirements have been complied with and all reports and lodgements have been made. In the ordinary course of business, the Group is currently waiting on the reissue of certain licences by the Mineral and Resource Departments of Papua New Guinea.

The following table provides an outline of the annual expenditure required by tenement:

Tenement	Location	Tenement Renewed to	Annual Commitment 2020	Comments
EL 1172	Papua New Guinea	27-Nov-19	105,219	Licence renewal lodged with authorities for an additional two years. Renewal Pending.
EL 1279	Papua New Guinea	25-Aug-19	105,219	Licence renewal lodged with authorities for an additional two years. Renewal Pending.
EL 1465	Papua New Guinea	22-Dec-20	84,175	
Kou Sa	Cambodia	13-Mar-21	33,428	

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**22 COMMITMENTS (continued)**

**(b) Operating Commitments**

During December 2019 the Group entered into contracts with HBS Machinery and Rhodes to commence the Civil Works Program at the Woodlark Gold Project. The future lease payments for the HBS non-cancellable lease contracts is \$3,831,422. The committed expenditure for the Rhodes contact is \$4,530,853. Both of these contracts are scheduled to be completed within one year. Prior period operating commitments have been reclassified as right-of-use assets and lease liabilities.

**23 PARTICULARS RELATING TO CONTROLLED ENTITIES**

**(a) Material Subsidiaries**

	Country of Incorporation and Carrying on Business	Class of Share	Effective Ownership Percentage	
			2019 %	2018 %
Worldwide Mining Projects Pty Ltd	Australia	Ordinary	100	100
PT IAR Indonesia Ltd	Indonesia	Ordinary	100	100
Eastkal Pte Ltd	Singapore	Ordinary	100	100
Royal Australia Resources Ltd	Cambodia	Ordinary	85	85
Golden Resource Development	Cambodia	Ordinary	100	100
Geopacific Limited	Fiji	Ordinary	100	100
Beta Limited	Fiji	Ordinary	100	100
Millennium Mining (Fiji) Limited	Fiji	Ordinary	100	100
Woodlark Mining Limited	Papua New Guinea	Ordinary	100	93
Kula Gold Limited	Australia	Ordinary	-	85

Worldwide Mining Projects Pty Ltd and Petrochemicals (Cambodia) Refinery Ltd entered into a Shareholders Agreement in December 2012 to explore, develop and hold the Kou Sa project. Petrochemicals (Cambodia) Refinery Ltd will be a free carried partner until a decision to mine on the Kou Sa project area is made.

In the event that a decision to mine is made, Petrochemicals (Cambodia) Refinery Ltd will be granted an option to purchase further shares in Royal Australia Resources Ltd at fair market value to increase its percentage shareholding to 20%; and contribute to all costs, expenses and liabilities incurred or sustained in proportion to its shareholding interest in Royal Australia Resources Ltd.

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**23 PARTICULARS RELATING TO CONTROLLED ENTITIES (CONTINUED)**

**(b) Non-Controlling Interests**

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	<b>Woodlark Mining Limited</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Summarised statement of financial position</b>		
Current assets	-	586,895
Non-current assets	-	31,989,173
<b>Total Assets</b>	<b>-</b>	<b>32,576,068</b>
Current liabilities	-	281,029
Non-current liabilities	-	19,979,046
<b>Total Liabilities</b>	<b>-</b>	<b>20,260,075</b>
<b>Net Assets</b>	<b>-</b>	<b>12,315,993</b>
<b>Accumulated Non-controlling interest</b>	<b>-</b>	<b>904,359</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Summarised statement of comprehensive income</b>		
Income	-	-
Loss for the period	<b>(304,764)</b>	(233,150)
Other comprehensive income	<b>169,587</b>	1,466,866
<b>Total comprehensive (loss)/income</b>	<b>(135,177)</b>	<b>1,233,716</b>
<b>Profit allocated to Non-controlling interest</b>	<b>(9,926)</b>	89,536
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Summarised cash flows</b>		
Cash flows from operating activities	<b>(400,012)</b>	(33,894)
Cash flows from investing activities	<b>(105,457)</b>	(7,460,869)
Cash flows from financing activities	<b>303,247</b>	7,601,442
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(202,222)</b>	106,679

On 25 June 2019, the Group received approval to acquire all of the rights and interests in Woodlark Mining Limited, consolidating the Group's 100% direct ownership of the Woodlark Gold Project. Therefore, at 31 December 2019 there was no summarised statement of financial position amounts relating to non-controlling interests for Woodlark Mining Limited. The summarised statement of comprehensive profit or loss and other comprehensive income and summarised cash flows show the transactions that occurred during the year prior to the completion of the acquisition while there was still a non-controlling interest in Woodlark Mining Limited.

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**24 KEY MANAGEMENT PERSONNEL DISCLOSURES**

**(a) Directors**

Details of each person holding the position of Director of the Company during the current and prior reporting periods are outlined in the table below:

Name	Position
<b>Non-Executive Directors</b>	
Ian Clyne	Non-Executive Chairman
Colin Gilligan	Non-Executive Director
Ian Murray	Appointed 9 September 2019 Non-Executive Director
Milan Jerkovic	Resigned 8 May 2019 Non-Executive Chairman
Mark Bojanjac	Resigned 29 May 2019 Non-Executive Director
<b>Executive Directors</b>	
Ron Heeks	Managing Director

**(b) Other Key Management Personnel (KMP)**

Details of the Other KMP of the Group during the current and prior reporting periods are set out in the table below:

Name	Position
<b>Executives</b>	
Matthew Smith	Chief Financial Officer & Company Secretary
Glenn Zamudio	General Manager - Projects
James Kerr	Resigned 31 May 2019 General Manager - Geology

**(c) KMP Compensation**

	Consolidated	
	2019	2018
	\$	\$
<b>Key Management Personnel Compensation:</b>		
Short term benefits	1,010,162	1,280,000
Post-employment benefits	68,397	101,888
Share based payments	978,482	646,142
Annual leave	44,230	23,884
Long term benefits	5,862	4,360
Termination payments	20,769	140,000
<b>Total</b>	<b>2,127,902</b>	<b>2,196,274</b>

**25 RELATED PARTY TRANSACTIONS**

During the year ended 31 December 2019 the Group did not enter into any related party transactions with Directors (2018: \$Nil).

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**26 SHARE-BASED PAYMENTS**

**(a) Employee Incentive Plan**

The Company's Securities Incentive Plan was approved by shareholders at the Annual General Meeting held on 30 May 2018. All employees are eligible to participate in the plan.

Instruments granted under the plan are issued for no consideration, carry no dividend or voting rights and when exercised convert into ordinary shares.

Included under share based payments expense in the statement of profit or loss and other comprehensive income is an amount of \$1,374,119 (2018: \$709,371) which relates to equity settled share based payments transactions issued under the plan.

All options granted to key management personnel are for ordinary shares in Geopacific, which confer a right of one ordinary share for every option held.

All share appreciation rights granted to key management personnel are for ordinary shares in Geopacific Resources Limited, which confer an amount of shares equal to the difference between the Company's share price at the end of the vesting period and the price on grant date.

During the reporting period the Company issued four types of incentives to employees. They were short term zero exercise price options (ZEPO's), medium term ZEPO's, premium exercise price options (PEPO's) and share appreciation rights (SAR's). These incentives were granted on 30 May 2019 and 12 July 2019 and were issued in accordance with the Securities Incentive Plan. The vesting condition of each incentive is continuous employment (at Board discretion).

All incentives issued during the 2019 reporting period were issued prior to the 25:1 share consolidation that took place in December 2019. All incentives were adjusted at the time of the consolidation to reduce the number of incentives (reduced 25:1) and increase the exercise price (increased 25:1) where relevant.

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**26 SHARE-BASED PAYMENTS (CONTINUED)**

**(a) Employee Incentive Plan (continued)**

The incentives were valued by a combination of internal and external sources using a Black-Scholes option pricing model and independent third party valuations. The key inputs and valuations are summarised below:

Item	Short Term ZEPO's	Medium Term ZEPO's	PEPO's	SAR's
Underlying share value	\$0.016	\$0.016	\$0.016	\$0.016
Exercise price	Nil	Nil	\$0.0233	\$0.016
Valuation date <sup>(i)</sup>	12-Jul-19	12-Jul-19	12-Jul-19	12-Jul-19
Vesting date	19-Jul-20	19-Jul-22	19-Jul-23	19-Jul-22
Vesting period (years)	1.00	3.00	4.00	3.00
Expiry date	19-Jul-20	19-Jul-22	19-Jul-23	19-Jul-22
Life of the options (years)	1.02	3.02	4.02	4.02
Volatility <sup>(ii)</sup>	90%	90%	90%	90%
Risk free rate	1.22%	1.22%	1.22%	1.22%
Dividend yield	Nil	Nil	Nil	Nil
<b>Granted on 30 May 2019</b>				
Number of options <sup>(i)</sup>	261,538	9,174,808	7,951,500	7,620,188
Value per option <sup>(i)</sup>	\$0.014	\$0.014	\$0.008	\$0.009
Value per tranche <sup>(i)</sup>	\$3,362	\$128,447	\$63,612	\$68,582
<b>Granted on 12 July 2019</b>				
Number of options	12,741,668	23,249,261	18,644,700	20,607,300
Value per option	\$0.016	\$0.016	\$0.009	\$0.010
Value per tranche	\$203,867	\$371,988	\$167,802	\$206,073

(i) The grant date for R. Heeks was determined as the AGM date, being 30 May 2019. The value per options differs for R Heeks as the valuation was conducted on the grant date.

(ii) A volatility of the share price fluctuation was calculated by considering the historical movement of the share price over a period of time as well factoring market conditions of its competitors to predict the distribution of relative share performance.

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**26 SHARE-BASED PAYMENTS (CONTINUED)**

**(a) Employee Incentive Plan (continued)**

	2019		2018	
	Number of options or rights	Weighted average exercise price (\$)	Number of options or rights	Weighted average exercise price (\$)
<b>Zero exercise price options</b>				
Outstanding at beginning of year	41,454,763	-	-	-
Granted	45,427,275	-	41,454,763	-
Expired/lapsed	-	-	-	-
Exercised	(17,188,888)	-	-	-
Total pre-share consolidation	69,693,150	-	41,454,763	-
Adjusted for share consolidation	(66,905,415)	-	-	-
Outstanding at end of year	<b>2,787,735</b>	-	41,454,763	-
<b>Premium exercise price options</b>				
Outstanding at beginning of year	20,218,500	0.0408	-	-
Granted	26,596,200	0.0233	20,218,500	0.0408
Expired/lapsed	-	-	-	-
Exercised	-	-	-	-
Total pre-share consolidation	46,814,700	0.0309	20,218,500	0.0408
Adjusted for share consolidation <sup>(iii)</sup>	(44,942,110)	0.7405	-	-
Outstanding at end of year	<b>1,872,590</b>	<b>0.7714</b>	20,218,500	0.0408
<b>Share appreciation rights</b>				
Outstanding at beginning of year	22,365,071	0.0285 <sup>(i)</sup>	-	-
Granted	28,227,488	0.0160 <sup>(i)</sup>	22,365,071	0.0285*
Expired/lapsed	-	-	-	-
Exercised	-	-	-	-
Total pre-share consolidation	50,592,559	0.0215	22,365,071	0.0285*
Adjusted for share consolidation <sup>(iii)</sup>	(48,568,852)	0.5166	-	-
Outstanding at end of year	<b>2,023,707</b>	<b>0.5381<sup>(i)</sup></b>	22,365,071	0.0285*

(i) The exercise price of the share appreciation rights – represents a theoretical exercise price given the payoff is the difference between the Company's share price at the end of the vesting period and the price on grant date.

(ii) The weighted average exercise price has been updated to reflect the 25:1 share consolidation.

The weighted average remaining contractual life of the incentives outstanding at 31 December 2019 are:

Instrument	Years
Zero exercise price options	<b>1.82</b>
Premium exercise price options	<b>3.11</b>
Share appreciation rights	<b>3.10</b>

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**26 SHARE-BASED PAYMENTS (CONTINUED)**

**(b) Unlisted Incentives**

There were 40,000 options over unissued shares unexercised at reporting date (2018 – 1,000,000). Since the end of the financial year, no unlisted options have been cancelled or exercised.

Details of unlisted options over unissued shares in the Company as at the date of this report are outlined in the tables below:

**2019**

Issue Date	Expiry Date	Exercise Price <sup>(i)</sup>	Number on Issue	Movement During the Year			Number on Issue
				Granted	Lapsed	Adjusted for share consolidation	
		\$	1-Jan-19				31-Dec-19
6-Jun-09	Note (a)	62.50	800,000	-	-	(768,000)	<b>32,000</b>
6-Jun-09	Note (b)	125.00	200,000	-	-	(192,000)	<b>8,000</b>
			<b>1,000,000</b>	-	-	<b>(960,000)</b>	<b>40,000</b>

(i) The exercise price has been updated to reflect the 25:1 share consolidation conducted in December 2019.

(a) Not later than 5 years after defining a JORC compliant ore reserve of over 200,000oz Au on the Faddy's Gold Deposit.

(b) Not later than 10 years after defining a JORC compliant ore reserve of over 1,000,000oz Au on the Faddy's Gold Deposit.

**2018**

Issue Date	Expiry Date	Exercise Price	Number on Issue	Movement During the Year		Number on Issue
				Granted	Lapsed	
		\$	1-Jan-18			31-Dec-18
6-Jun-09	Note (a)	2.50	800,000	-	-	<b>800,000</b>
6-Jun-09	Note (b)	5.00	200,000	-	-	<b>200,000</b>
			<b>1,000,000</b>	-	-	<b>1,000,000</b>

(a) Not later than 5 years after defining a JORC compliant ore reserve of over 200,000oz Au on the Faddy's Gold Deposit.

(b) Not later than 10 years after defining a JORC compliant ore reserve of over 1,000,000oz Au on the Faddy's Gold Deposit.

**(c) Services**

During the reporting period, the Company did not issue any shares as payment for services (2018: nil).



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**27 LOSS PER SHARE**

**(a) Basic and Diluted Loss per Share**

	Consolidated	
	2019 Cents	2018 Cents
Basic loss per share:		
From continuing operations attributable to the ordinary equity holders of the company	(6.48)	(2.49)
From discontinued operation	(0.00)	(0.25)
	<b>(6.48)</b>	<b>(2.74)</b>
Diluted loss per share:		
From continuing operations attributable to the ordinary equity holders of the company	(6.48)	(2.49)
From discontinued operation	(0.00)	(0.25)
	<b>(6.48)</b>	<b>(2.74)</b>

**(b) Reconciliation of Loss Used in Calculating Loss Per Share**

	Consolidated	
	2019 \$	2018 \$
<b>Basic and Diluted Loss Per Share:</b>		
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share:		
From continuing operations	(7,337,714)	(48,741,835)
From discontinued operation	-	(5,008,824)
	<b>(7,337,714)</b>	<b>(53,750,659)</b>

**(c) Weighted Average Number of Shares Used as the Denominator**

	Consolidated	
	2019 No. of Shares	2018 No. of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share <sup>(i)</sup>	<b>113,152,082</b>	1,960,176,777

<sup>(i)</sup> The weighted average number of ordinary shares is reflective of the 25:1 share consolidation conducted in December 2019.

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**28 EVENTS OCCURRING AFTER BALANCE DATE**

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of Geopacific's business.

As a result of COVID-19, in March 2020 the Group implemented the following measures:

- A notice of suspension was issued to HBS, the contractor engaged to undertake a Civil Works Program;
- All HBS staff were repatriated from Woodlark Island to ensure a safe passage to their home countries;
- All HBS equipment remains on site;
- Rhodes remain on site to continue the village relocation program;
- Rhodes and HBS will not be permitted to bring new personnel to Woodlark Island until it is considered safe to do so;
- All Geopacific expatriate staff were repatriated from Woodlark Island to Australia; and
- Staff based in the Perth Office will comply with both domestic and international travel restrictions and where possible, work from home to ensure the Company complies with social distancing guidelines.

The scale and duration of the developments associated with COVID-19 remain uncertain as at the date of this report. However, they could impact on the Group's ability to raise equity and the Group's financial results, cash flow and financial position in future years.

It is not possible to estimate the impact relating to the near-term and longer effects of COVID-19, or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and due consideration has been given to events that have occurred subsequent to 31 December 2019 that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for any impacts of COVID-19.

Other than the matter discussed above, no other matters or circumstances have arisen since the end of the financial period 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.

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**29 OPERATING SEGMENTS**

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 Group's resources. The Group also has 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, Fiji and Papua New Guinea. All other corporate expenses are disclosed as "Corporate" within this segment report. The Group's principal activities are interrelated and the Group has no revenue from operations.

For the 31 December 2018 segment note, Fiji was classified under "Asset Held for Sale" to reflect the accounting treatment of the Fijian Group at the time. As the Fijian Group is no longer held for sale it has been separated as its own operating segment for the year ended 31 December 2019.

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

	Cambodia	Papua New Guinea	Corporate	Fiji	Total
<b>2019</b>	\$	\$	\$	\$	\$
Other income	-	61,232	32,518	-	<b>93,750</b>
Net Loss for the year	(2,309,309)	(749,861)	(4,160,065)	(118,479)	<b>(7,337,714)</b>
Segment Assets	6,289,629	36,937,466	37,169,475	122,122	<b>80,518,692</b>
Segment Liabilities	8,170,401	1,250,510	619,406	-	<b>10,040,317</b>

	Cambodia	Papua New Guinea	Corporate	Asset Held for Sale	Total
<b>2018</b>	\$	\$	\$	\$	\$
Other income	-	-	64,013	-	<b>64,013</b>
Net Loss for the year	(44,935,949)	(233,150)	(4,047,485)	-	<b>(49,216,584)</b>
Segment Assets	6,325,530	32,576,068	3,052,647	149,388	<b>42,103,633</b>
Segment Liabilities	6,299,485	479,519	638,914	-	<b>7,417,918</b>

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**30 NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Cash and Cash Equivalents**

Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated	
	2019	2018
	\$	\$
Cash at bank	37,505,067	3,059,221
<b>Total</b>	<b>37,505,067</b>	<b>3,059,221</b>

**(b) Reconciliation of Cash Flows from Operating Activities**

	Consolidated	
	2019	2018
	\$	\$
<b>Net loss after income tax</b>	<b>(7,337,714)</b>	(53,750,659)
<b>Adjustments for Non-cash Items:</b>		
Depreciation	199,355	36,121
Share based payments	1,374,119	709,371
Impairment write downs	75,473	44,230,355
Finance costs	1,443,017	1,123,578
Transactions with non-controlling interests	-	7,104,104
Proceeds from disposal of plant and equipment	(61,232)	-
<b>Changes in Assets &amp; Liabilities</b>		
Increase in trade and other receivables	(302,748)	(300,575)
(Increase) / Decrease in inventory	(96,821)	38,032
Increase / (Decrease) in trade and other payables	553,320	(189,223)
(Decrease) / Increase in provisions	(61,781)	52,101
Decrease in deferred tax liabilities	-	(2,570,029)
<b>Net Cash Used in Operating Activities</b>	<b>(4,215,012)</b>	<b>(3,516,824)</b>

**(c) Non-cash financing activities**

	Consolidated	
	2019	2018
	\$	\$
Shares issued as part of the Kula transaction <sup>(i)</sup>	2,850,000	-

<sup>(i)</sup>Acquisition of the remaining interest in Woodlark Mining Limited was settled by the issue of 150,000,000 shares in Geopacific to Kula Gold Limited at a share price of \$0.019 per share.

**GEOPACIFIC RESOURCES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**31 DISCONTINUED OPERATION**

The Group did not find a buyer for its Fijian subsidiaries and has relinquished the tenements which were due to be renewed during the period. As a result, the underlying assets and liabilities were reclassified into their natural categories on the consolidated statement of financial position and are no longer presented as held for sale (Note 12).

The financial performance information for these companies while they were considered a discontinued operation is presented below.

	2019 \$	2018 \$
<b>Statement of profit and loss</b>		
<b>Income</b>	-	-
Administration expense	-	(23,079)
Depreciation expense	-	(1,751)
Employee benefits expense	-	(46,634)
Occupancy expense	-	(20,442)
Impairment write downs	-	(7,012,198)
	-	(7,104,104)
<b>Loss before income tax</b>	-	(7,104,104)
Income tax benefit	-	2,095,280
<b>Loss from discontinued operation</b>	-	(5,008,824)
	Consolidated	
	2019 Cents	2018 Cents
<b>Earnings per share</b>		
Basic loss per share from discontinued operation:	-	(0.26)
Diluted loss per share from discontinued operation:	-	(0.26)

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**GEOPACIFIC RESOURCES LIMITED**  
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**SHAREHOLDER INFORMATION**

The shareholder information set out below was applicable as at 18 March 2020.

**(a) Analysis of numbers of equity security holders by size of holding:**

	Class of Equity Security	
	Ordinary Shares	
	Number	Shares
Analysis of numbers of equity security holders by size holding:		
1 - 1,000	296	152,147
1,001 - 5,000	457	1,180,786
5,001 - 10,000	181	1,337,236
10,001 - 100,000	357	11,316,714
100,001 and over	104	160,538,877
<b>Total</b>	<b>1,395</b>	<b>174,525,760</b>

**(b) Equity security holders – ordinary shares**

The names of the twenty largest holders of quoted equity securities, ordinary shares, are listed below:

	Ordinary Shares	
	Number Held	% of Issued Shares
NDOVU CAPITAL IV B V	31,453,391	18.02
DELPHI UNTERNEHMENBERATUNG	27,236,434	15.61
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,019,927	14.34
J P MORGAN NOMINEES AUSTRALIA	10,619,884	6.08
NATIONAL NOMINEES LIMITED	8,703,194	4.99
HOME IDEAS SHOW PTY LTD <UB PROMOTIONS S P FUND A/C>	7,835,994	4.49
GWYNVILL TRADING PTY LTD	3,510,983	2.01
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	3,146,127	1.80
CITICORP NOMINEES PTY LIMITED	2,658,444	1.52
WASHINGTON H SOUL PATTINSON AND COMPANY	2,616,320	1.50
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	2,495,367	1.43
MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	2,000,000	1.15
HENDERSON INTERNATIONAL PTY LIMITED <HENDERSON SUPER FUND A/C>	1,432,542	0.82
QUOTIDIAN NO 2 PTY LTD	1,396,811	0.80
DIXSON TRUST PTY LIMITED	1,360,000	0.78
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	1,319,999	0.76
UBS NOMINEES PTY LTD	1,309,708	0.75
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,251,128	0.72
BNP PARIBAS NOMS PTY LTD <DRP>	983,910	0.56
BRIAR PLACE PTY LTD <ATF MJ FAMILY TRUST A/C>	866,471	0.50
<b>TOP 20 SHAREHOLDERS</b>	<b>137,216,634</b>	<b>78.63</b>
OTHER SHAREHOLDERS	37,309,126	21.37
<b>TOTAL ORDINARY SHAREHOLDERS</b>	<b>174,525,760</b>	<b>100.00</b>

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**SHAREHOLDER INFORMATION**

**(c) Substantial holders**

Extracts from substantial shareholder register:

	Shareholding	
	Number Held	% of Issued Shares
TEMBO CAPITAL	32,086,031	18.40
DELPHI UNTERNEHMENBERATUNG AG	17,876,434	16.20
SPHERIA ASSET MANAGEMENT	786,746	11.27
FRANKLIN ADVISERS, INC	683,566	9.79

The above holdings are based on the most recent Notice of Change of Interests of Substantial Holder statements lodged by each substantial holder. The number of shares held has been adjusted for the 25:1 share consolidation conducted in December 2019.

**(d) Voting rights**

The voting rights attached to each class of equity securities are set out below:

**Fully paid Ordinary Shares**

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Options – listed and unlisted**

There are no voting rights attached to options.

**(e) Summary of unlisted options issued**

Options expiring not later than five years after the defining on Faddy's Gold Deposit of a JORC compliant Ore Reserve of over 200,000 oz of contained Au with an exercise price of \$62.50

**Option holder with more than 20% of class**

	Number of Options	Number of Holders	Options Held	% of Options Issued
Exploration Drilling Services (Fiji) Ltd			12,800	40.0
L Anderson Investments Pty Ltd			8,800	27.5
Sheila Anderson Investments			7,200	22.5

Options expiring not later than ten years after the defining on Faddy's Gold Deposit of a JORC compliant Ore Reserve of over 1,000,000 oz of contained Au with an exercise price of \$125.00

**Option holder with more than 20% of class**

Exploration Drilling Services (Fiji) Ltd			3,200	40.0
L Anderson Investments Pty Ltd			2,200	27.5
Sheila Anderson Investments			1,800	22.5

**GEOPACIFIC RESOURCES LIMITED**  
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**SHAREHOLDER INFORMATION**

(e) Summary of unlisted options issued (continued)

	Number of Options	Number of Holders	Options Held	% of Options Issued
Zero exercise price options expiring three years from the issue date on 10 July 2021 <b>Option holder with more than 20% of class</b> R Heeks	970,638	6	220,875	22.8
Premium exercise price options expiring four years from the issue date on 10 July 2022 <b>Option holder with more than 20% of class</b> R Heeks	808,740	6	195,300	24.1
Share appreciation rights expiring four years from the issue date on 10 July 2022 <b>Option holder with more than 20% of class</b> R Heeks	894,605	6	193,529	21.6
Zero exercise price options expiring one years from the issue date on 19 July 2020 <b>Option holder with more than 20% of class</b> M Smith G Zamudio	520,131	5	193,539 193,539	37.2 37.2
Zero exercise price options expiring 13 years from the issue date on 19 July 2022 <b>Option holder with more than 20% of class</b> R Heeks	1,296,965	5	366,993	28.3
Premium exercise price options expiring four years from the issue date on 19 July 2023 <b>Option holder with more than 20% of class</b> R Heeks	1,063,850	5	318,060	29.9
Share appreciation rights expiring four years from the issue date on 19 July 2023 <b>Option holder with more than 20% of class</b> R Heeks	1,129,101	5	304,808	27.0

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**TENEMENT DETAILS**

Current interest in tenements held by Geopacific and its subsidiaries, as at 26 March 2020 are listed below:

Country	Location	Tenement	Interest
Cambodia	Preah Vihear Province	Kou Sa Project	85%
Papua New Guinea	Woodlark Island	EL 1172	100%
Papua New Guinea	Woodlark Island	EL 1279	100%
Papua New Guinea	Woodlark Island	EL 1465	100%
Papua New Guinea	Woodlark Island	LMP 89	100%
Papua New Guinea	Woodlark Island	LMP 90	100%
Papua New Guinea	Woodlark Island	LMP 91	100%
Papua New Guinea	Woodlark Island	LMP 92	100%
Papua New Guinea	Woodlark Island	LMP 93	100%
Papua New Guinea	Woodlark Island	ME 85	100%
Papua New Guinea	Woodlark Island	ML 508	100%

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