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GEPACIFIC RESOURCES LIMITED

ACN 003 208 393

Interim Financial Report

**For The Half-Year Ended
30 June 2020**

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

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GEOPACIFIC RESOURCES LIMITED

AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors present their interim financial report of Geopacific Resources Limited (Geopacific or the Company; ASX: GPR) and its controlled entities (Group) for the half-year ended 30 June 2020.

Directors

The following persons were directors of Geopacific at any time during the half-year and up to the date of this report, unless otherwise indicated:

Director Name	Role	Change During Reporting Period
Ian Clyne	Chairman	-
Colin Gilligan	Non-Executive Director	-
Sir Charles Lepani	Non-Executive Director	Appointed 28 July 2020
Ian Murray	Non-Executive Director	-
Ron Heeks	Managing Director	Resigned 4 June 2020

Review of Operations

For the half-year ended 30 June 2020, the Group made a net loss after income tax of \$3,753,386 (2019: \$3,784,944).

At 30 June 2020, the Group had net assets of \$67,855,034 (31 December 2019: \$70,478,375) including \$36,082,584 of capitalised mine properties under development (31 December 2019: \$30,803,497).

At balance date, the Group had \$29,189,828 in cash and cash equivalents (31 December 2019: \$37,505,067) with the decrease for the period driven by spending in relation to the civil works program on Woodlark Island.

Woodlark Gold Project – Papua New Guinea

Geopacific is actively advancing development of the 1.6 Moz¹ Woodlark Gold Project, which is located on Woodlark Island, 600 km east of Port Moresby, in the Milne Bay Province of Papua New Guinea.



Figure 1: Woodlark Island location Map

¹ Refer to page 14 for a breakdown of the Mineral Resource Estimate as announced on 12 March 2018 'Robust Woodlark Gold Project PFS Supports Development'.

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GEOPACIFIC RESOURCES LIMITED
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DIRECTORS' REPORT (CONTINUED)

Reporting Period Overview

The [November 2018 Definitive Feasibility Study \(DFS\)](#)² demonstrates the Woodlark Gold Project as a compelling development option. With over 1 Moz of gold in Reserves³ the projected mine life is thirteen years, producing more than 100koz gold per annum for the first five years. The project economics are driven by low costs, a positive operating environment and a simple processing route.

Following the completion of the \$40 million share placement at the end of the 2019 calendar year, the Company commenced a civil works program designed to prepare the Woodlark Gold Project for the construction of a 2.4 Mtpa gold process facility.

During the reporting period, the Company was presented with a range of unique challenges. The early momentum of the civil works program was impacted in March 2020 by the COVID-19 global pandemic. In response, an action plan was designed and implemented by Geopacific to protect employees, contractors and the communities on Woodlark Island. The Board and Senior Management Team continue to monitor the rapidly evolving situation and will respond in the best interests of the various stakeholders associated with the organisation.

Following the scaling back of the civil works program, Geopacific was able to pivot its focus to ensure that the Company has a robust project execution plan that will significantly de-risk the execution phase of the Woodlark Gold Project.

The Board and Senior Management Team used this period to challenge all aspects of the Woodlark Gold Project development and implementation planning. The objective is to significantly enhance all aspects of planning and preparedness to de-risk the build, commissioning and operations phases as much as possible prior to the start of construction.

This work is still continuing and will challenge all aspects of the Woodlark Gold Project development and implementation planning in order to understand what has been done well and what needs to improve. Where appropriate the Company will up-skill as required.

During the reporting period the Company appointed three high calibre additions to the Geopacific Board and Senior Management Team. Tim Richards was appointed as Chief Executive Officer (CEO), Sir Charles Lepani was appointed as a Non-Executive Director and Sim Lau was appointed as a technical advisor to the Board. The additions bring expert knowledge in their respective disciplines along with extensive experience in Papua New Guinea and see Geopacific superbly positioned to meet the challenges of delivering the Woodlark Gold Project.

Geopacific deeply values its relationship with the Woodlark community and in June 2020, the Company worked hard to deal with a number of community issues raised in association with the Woodlark communities relocation program and the adequacy of the smaller dwellings.

The Company immediately acted to address the concerns and partnered with the Mineral Resources Authority (MRA) of Papua New Guinea to ensure a professional and timely resolution. The Company has received positive support from the Government, Regulators and the community in terms of working together to resolve the Woodlark communities relocation program issue.

All levels of the Papua New Guinea Government recognise the significant benefits that both Papua New Guinea and the local communities will derive from the Woodlark Gold Project, and have demonstrated full support for the development of a "new" natural resource project in Papua New Guinea.

As a result of the actions taken, Geopacific is in a far stronger position to successfully deliver the Woodlark Gold Project to the benefit of its shareholders and all stakeholders.

² Definitive Feasibility Study Released 7 November 2018. All material assumptions underpinning the production target and forecast financial information continue to apply and have not changed materially.

³ Refer to page 14 for a breakdown of the Ore Reserve Estimate as announced on 7 November 2018 'Woodlark Ore Reserve Update'.

GEOPACIFIC RESOURCES LIMITED
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DIRECTORS' REPORT (CONTINUED)

Corporate and Development Activities

Appointment of Tim Richards – CEO

The Board initiated a comprehensive executive search process to appoint a new CEO which assessed a strong field of candidates. Following the process, [the Board appointed Tim Richards as the new CEO](#) of Geopacific who will commence in the role on 5 October 2020 (or earlier if circumstances permit). The Chairman, Ian Clyne, will operate in an executive capacity until Mr Richards commences to facilitate a seamless management transition.

Mr Richards is a mining engineer with broad experience in open pit mining ranging from scoping and feasibility studies, site technical services, through to operations and mine management.

Mr Richards has extensive mining experience both in Australia and in the expatriate environment across Papua New Guinea, Europe, Africa, and the Caucasus. Mr Richards was most recently General Manager Technical Services of St Barbara Limited and was General Manager Simberi Operations from 2013 to 2019 for St Barbara Limited. During this period, Mr Richards was instrumental in the turnaround of the Simberi Gold Mine, delivering five record years of gold production and cashflow performance.

The appointment of Tim Richards follows the resignation of Mr Ron Heeks who stepped down from his role as Managing Director and CEO on 4 June 2020.

Appointment of Sir Charles Lepani as Non-Executive Director

On 27 July 2020, the Company announced the [appointment of Sir Charles Lepani](#), KBE, CBE, OBE, PhD (Hon) as a Non-Executive Director. Sir Charles Lepani was born in the Trobriand Islands, Milne Bay Province in Papua New Guinea.

Sir Charles Lepani has over 40 years' experience in both the public and private sectors representing Papua New Guinea as a Senior Diplomat and Advisor with great success and distinction. His most recent roles were High Commissioner of Papua New Guinea in Australia 2005-2017, and Director General of Papua New Guinea APEC 2017-2018.

Sir Charles Lepani has been an advisor and consultant to successive Papua New Guinea National Government Departments - Prime Ministers Departments, Treasury, Finance, and the Law and Justice Sector.

He has also worked alongside the United Nations Development Program, United Nations Centre for Transnational Corporations and Asian Development Bank.

He is a graduate of the University of Papua New Guinea with an Arts Degree (Economics), and a Fulbright Scholarship recipient attending the John F Kennedy School of Government at Harvard University, in Boston, United States of America and graduated with a Masters of Public Administration.

Appointment of Sim Lau – Technical Advisor to the Board

During the period, the Company reviewed all aspects of the Woodlark Gold Project's execution and implementation plans with the aim of significantly enhancing all aspects of planning and preparedness to further de-risk the build, commissioning and operations phases.

To assist with this process, the Board appointed Mr Sim Lau as Technical Advisor to the Board. Mr Lau has over 37 years' experience in civil engineering and project management of mining projects in Papua New Guinea, Australia, Indonesia and Mongolia. Mr Lau is working with the Board and Senior Management Team to develop a detailed integrated project management schedule and project execution plan to identify:

- Key early work streams;
- Key interfaces and dependencies between the Company's and future contractors;
- Execution readiness deliverables to ensure the Company is fully prepared to implement the Project Execution Plan; and
- Contractual strategies to de-risk the Woodlark Gold Project build program.

GEOPACIFIC RESOURCES LIMITED
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DIRECTORS' REPORT (CONTINUED)

Woodlark Gold Project Development Funding

During the period, project financing discussions continued to advance with the support of ICA Partners who are mandated to assist with the process.

Record gold prices continue to drive considerable interest in the gold sector as evidenced by the recent funding of several new gold projects around the world. The strong gold price coupled with the restructure of the management team and focus on project execution has proven to be a strong catalyst to advance discussions with potential project funding providers.

The Woodlark Gold Project is a long life, high margin gold opportunity with significant exploration upside, making it well placed to finalise a project funding solution. Both the debt and future equity raising plans are, subject to market conditions, forecast for Q3/4 CY2020, and/or Q1 CY2021 to achieve "full funding" of the Woodlark Gold Project. The Company is committed to secure funding, in the best interest of shareholders, as soon as possible.

Project Development

Following a successful [\\$40 million capital raising announced on 21 October 2019](#)⁴, the Company commenced a civil works program at the Woodlark Gold Project. The civil works program was designed to prepare the Woodlark Gold Project for the construction of the gold process plant and undertake the communities relocation program.

HBS Construct Limited (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.

Rhodes (PNG) Limited (Rhodes), a project manager based in Papua New Guinea, were engaged 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 communities.

During March 2020, the Company responded to the COVID-19 global pandemic by implementing a [COVID-19 management plan](#). The management plan was designed to ensure the health and safety of all Geopacific staff and contractors and most importantly to ensure that COVID-19 is not introduced to Woodlark Island by the Company or any of its contractors or consultants.

As part of the management plan, earthworks were put on hold and a notice of suspension was issued to HBS. All HBS staff were repatriated from Woodlark Island to ensure a safe passage to their home countries.

The Woodlark communities relocation program continued with Rhodes personnel who were on Woodlark Island prior to the COVID-19 outbreak, supported by labour from the local Woodlark Island community.

The Board and Senior Management Team continue to monitor the COVID-19 pandemic and respond in the best interests of the various stakeholders associated with the organisation.

A summary of the progress on the project development activities completed during the reporting period is outlined below.

Communities Relocation Program – Woodlark

An important aspect of the Woodlark Gold Project is the relocation of the Kulumadau community. This small community is the most culturally diverse on Woodlark Island as it consists of the relatives of the previous mine workers who moved to the area in the late 1800's to mine the small underground operation located at Kulumadau.

⁴ Refer to announcement "Project development commences – Capital Raising of up to \$45m released on 21 October 2019"

DIRECTORS' REPORT (CONTINUED)

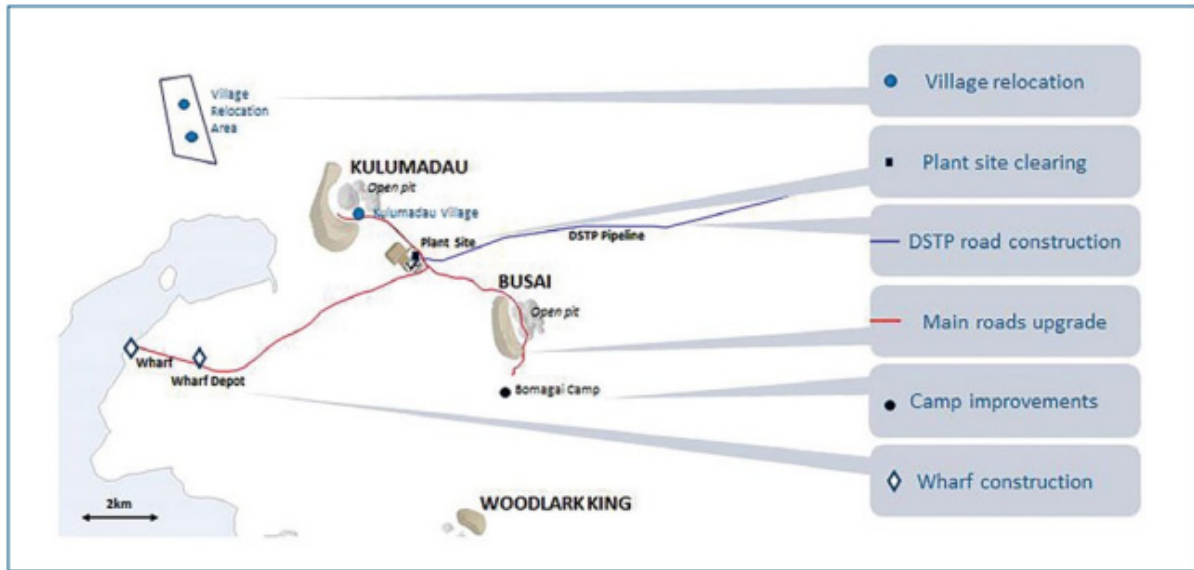


Figure 2: Details of civil works and communities relocation activities to be undertaken.

Construction of the relocation houses commenced during the period with the materials for the houses shipped in bulk via barge from Lae, demonstrating the success of an efficient and cost effective logistical solution available to the Woodlark Gold Project. Local labour was prioritised to ensure “ownership” of the build and that the requisite skills are passed to the community to maintain and expand houses in the future.

In June 2020, Geopacific undertook a comprehensive review of the Woodlark communities relocation program. Whilst extensive community consultation was undertaken over a period of approximately ten years, a number of community concerns were raised once construction commenced which were primarily focused on the design of the smaller dwellings.

Following the community feedback and extensive consultation, the house designs were revised. The key improvements in the revised house designs include:

House design change	Rationale
Moving to high-set construction	Elevates the houses to a height of 2.2 metres and provides a large undercroft area which can be used for additional rooms, storage, or simply outdoor living space, effectively doubling the usable under-roof space.
Creating an enclosed living room	Creating additional outdoor living space by changing to the high-set design enabled the enclosure of a portion of the outdoor deck space to create an indoor living area whilst retaining an elevated outdoor deck space.
Removal of smaller houses	The smallest house size will be a three-room design which ensures adequate space for all families.
Increase in the size and durability of the “kuk haus” (separate kitchen structure)	In keeping with the house design philosophy to ensure the structures provided are long lasting and fitting for the local environmental conditions.

Table 1: Key Woodlark communities relocation program house design changes

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DIRECTORS' REPORT (CONTINUED)



Figure 3: 3D render of revised four-room house design

Work is underway to socialise the new Woodlark communities relocation program house design with all stakeholders including the MRA, Provincial Government, local members of Parliament and most importantly the affected community. The design changes represent a significant improvement to the relocation package.

Geopacific Chairman, Ian Clyne, and others from the Senior Management Team have had several productive discussions with the regulators and other Government officials where the Company's commitment to finding an acceptable solution has been reiterated, and their strong support for the project reaffirmed.

Process Plant Site Clearing

Prior to the cessation of activities in March 2020 due to COVID-19, approximately 60% of the plant site area had been cleared. The clearing allowed Knight Piesold to complete a geotechnical drilling program which will facilitate the design of the foundations of the 2.4 Mtpa gold process plant.



Figures 4 & 5: Geotechnical drilling program and plant site clearing works

Road Infrastructure

The construction of new roads, repair of existing roads, and construction of a wharf causeway commenced during the reporting period which will allow for the efficient transport of supplies from the wharf to the plant site and camp site.

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DIRECTORS' REPORT (CONTINUED)

The wharf road is being constructed to considerably shorten the distance from the new wharf location to the plant site. Investment in this new road infrastructure will reduce the disturbance to the local villages and will leave the existing wharf available for community use.

During the period, over 6.2km of road clearing was completed.



Figure 6: Construction of a road from the Wharf to the Plant site

Project Execution – Woodlark

With COVID-19 delaying the Company's ability to travel and re-mobilise onto Woodlark Island in the near term, Geopacific has been able to pivot its focus to ensure that the Company has a robust project execution plan that will significantly de-risk the execution phase of the Woodlark Gold Project.

A high level, preliminary project execution schedule summarising the key project milestones and interfaces was completed as part of the development of a detailed integrated project management plan. The indicative project execution schedule is based on the assumption that the COVID-19 border closures and travel restrictions are fully lifted by end of Q1 CY2021. Any change to this date will impact this indicative schedule.

The indicative schedule is also based on the Woodlark Gold Project being fully funded by the end of Q1 CY2021 and the Geopacific Board approving and giving the Notice to proceed to full execution phase.

Table 2 below summarises the indicative Woodlark Gold Project key milestones from the preliminary project execution schedule:

Key Indicative Milestones*	Date
Revalidate Woodlark Gold Project 2018 DFS and project execution planning	End Q4 CY2020
Project financing complete	End Q1 CY2021
Commence construction of process plant and infrastructure	Q2 CY2021
Commence mine pre-strip and haul road construction	Q4 CY2021
Power plant complete and permanent power supply available	Q2 CY2022
Complete deep sea tailings placement (DSTP) facilities	Q3 CY2022
Commence commissioning and plant start up	Q3 CY2022
Commence first gold production	End Q4 CY2022

Table 2: Key Milestones from Preliminary Project Execution Schedule

** Based on the key assumption that COVID-19 travel restrictions are lifted at the end of Q1 CY2021. The above dates will be affected if the COVID-19 date is later than assumed.*

The Board and Senior Management Team have set a target to focus on delivering three work streams by end of Q4 CY2020. These work streams encompass:

- Revalidation of the Woodlark Gold Project 2018 DFS;
- Preparation and planning for execution readiness; and
- Planning and execution of early works program.

Achieving these work streams will create the momentum that will enable Geopacific to be ready for project implementation when COVID-19 travel restrictions are relaxed.

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DIRECTORS' REPORT (CONTINUED)

Revalidation of the Woodlark Gold Project DFS

The main sections of the DFS that have been impacted by the delay in project commencement due to COVID-19 will be revalidated. This review will take into consideration the progress to date in design and refinement of the scope of work.

The plant site geotechnical test work indicated that ground improvement work needs to be completed prior to the commencement of plant site civil works. Detailed design and planning of these works has commenced and will be managed by GR Engineering Services Limited (GRES) and Knight Piesold.

A review of the Mineral Resource model, mine plans, mine contracting strategy, mine pit optimisation and schedules will be part of this work stream.

Preparation and planning for execution readiness

Preparation and planning to ensure Geopacific is execution ready commenced with the development of a fully integrated schedule, identifying the key interfaces between Owner's and Contractors' scope of work and battery limits.

A contracting plan and strategy is being developed and has identified nine major contracts. These major contracts are planned to be tendered, evaluated and ready for award by early Q1 CY2021. The Woodlark Power Station is one of the major contracts that has been issued for tender this reporting period.

Development and implementation of project management systems, processes, procedures and establishing the baseline budget and schedule are key deliverables from this work stream.



Figure 7: Woodlark process plant

GRES has continued progress with the Front End Engineering Design, finalising the plant layout and continuing progress on the process plant model, producing process flow diagrams (PFDs), piping and instrumentation diagrams (P&IDs) and finalising the process design criteria.

These deliverables are being reviewed by Geopacific and are planned to be approved and included as part of the Engineering, Procurement and Construction (EPC) Contract. GRES has continued the evaluation of long lead items procurement and engagement with the recommended potential suppliers.

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DIRECTORS' REPORT (CONTINUED)

Revised early works program

As previously stated, the early works program on Woodlark Island was substantially scaled back in response to COVID-19 travel restrictions. Detailed planning has been initiated to delineate work programs that can be executed with Papua New Guinean contractors. Partnering with experienced in-country contractors will allow Geopacific to overcome the international travel restrictions and continue to advance project development.

The following works are being considered as part of the revised early works program:

- Construction of the Woodlark communities relocation housing to ensure the Woodlark communities relocation program is met and does not impact the mine pre-strip schedule;
- Refurbishment of the existing exploration camp to provide accommodation for personnel prior to completion of the new permanent camp;
- Design and construction of an access road from the new wharf location to the process plant and access tracks from the process plant to the offshore tailings pipeline location; and
- Geotechnical test work, design and construction of the new wharf and causeway to ensure that the new wharf facility is ready for servicing the unloading of the heavy equipment for the process plant and mine.

Stakeholder Engagement

The onset of the COVID-19 pandemic impacted the Company's ability to meet key representatives of various stakeholder groups. The Company made a concerted effort to improve communication channels with various stakeholders including the MRA, Provincial Government and members of Parliament.

All parties reaffirmed their strong support for the Woodlark Gold Project and a sincere desire for the Project to be developed for the benefit of all stakeholders.

One of the key areas of stakeholder engagement is focussed on the Memorandum of Agreement (MoA), which is an agreement between Woodlark Mining Limited, Customary Landowners, National Government, Provincial Government and Local Level Government. The MoA defines the distribution of project royalties and any income derived through any state owned equity, and may also detail other responsibilities of the signatories throughout the life of the Woodlark Gold Project.

A draft MoA was developed and informally agreed in 2015. Given the passing of time, it is the view of all stakeholders that a rapid review of the MoA be completed to ensure alignment with current Government policy and the expectations of all stakeholders.

There is a desire from all stakeholders to ensure the MoA review process is completed as quickly as possible and to ensure that the benefits and opportunities created by the Woodlark Gold Project for customary landowners and other stakeholders are identified and documented.

Woodlark Community Initiatives

Due to COVID-19 travel restrictions, access to Woodlark Island by the Senior Management Team is currently not possible. In response, the Company engaged the services of Penny Burns, a Port Moresby based consultant with expertise in community and stakeholder engagement, to provide senior support with community consultation efforts on Woodlark Island and more broadly.

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DIRECTORS' REPORT (CONTINUED)

The key community activities undertaken during the period are outlined in Table 3 below:

Key activity	Description
Assistance to Milne Bay Health Authority	Assisting the Milne Bay Provincial Health Authority with transport, health and community relations for their COVID-19 awareness program and also the roll out of important vaccinations.
Food and medical aid distribution	Assisting the local Member of Parliament to distribute food and medical aid on Woodlark Island, and supporting him and his team with accommodation and transport during their visit.
Community and Stakeholder meetings	Completing a range of community and stakeholder meetings in relation to the Woodlark communities relocation program to ensure that the Company fully understands community concerns.
Advice on local business establishment, development and management	Providing expert advice to the Woodlark Landowner Association (Dal Wanuwan) and other landowner representatives in relation to business establishment, development and management.

Table 3: Key community activities for the Period

The provision of advice on local business ventures is a matter of critical importance to ensure local community groups focus on the development of business ventures that will be sustainable beyond the life of the Woodlark Gold Project.

Exploration Activities

The Company believes in the significant exploration potential that exists on Woodlark Island and is committed to growing the resource base of the Woodlark Gold Project. During the period, work was commissioned to provide a roadmap to the restart of exploration on Woodlark Island, factoring in the current COVID-19 restrictions.

Historically, over 300,000 metres of drilling has been undertaken at Woodlark Island. This drilling identified many zones that require follow-up, including along strike of the known zones and below the current pits. The current economic pits are half the depth of typical one million ounce gold deposits. This is because the zones are wide and tonnages are high therefore significant depth was not required to identify the target of one million ounces.

The 600,000 ounces of inferred gold mineralisation below the current pits was largely excluded from the initial ore reserve due to insufficient drilling density. In addition there is the ability to extend the near surface zones of the current mineralisation.

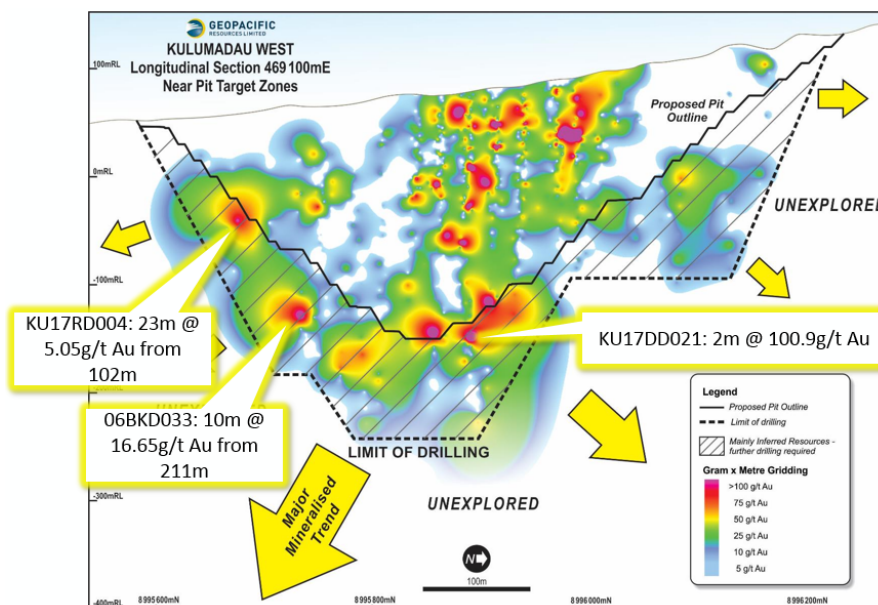


Figure 8: Inferred mineralisation below current Kulumadau West pit

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DIRECTORS' REPORT (CONTINUED)

The exploration program is being developed to target deeper mineralisation below the current shallow pit designs which are currently only 120 metres in depth. Wide-spaced drilling below the pits has identified the continuation of both the grade and widths of the in-pit mineralisation, with large areas currently defined within the inferred resource category.

Future drilling will aim to double the current pit depth by infilling the inferred mineralisation and extending the zone deeper with a focus on improving the Ore Reserve base of the Woodlark Gold Project.

Exploration will also target near surface strike extensions to the known zones, with particular focus on the northern extent of the wide and higher-grade Kulumadau trend. The drilling plan incorporates a mix of reverse circulation (RC) and diamond core drilling and will be informed by historical exploration, artisanal workings and new geophysics.

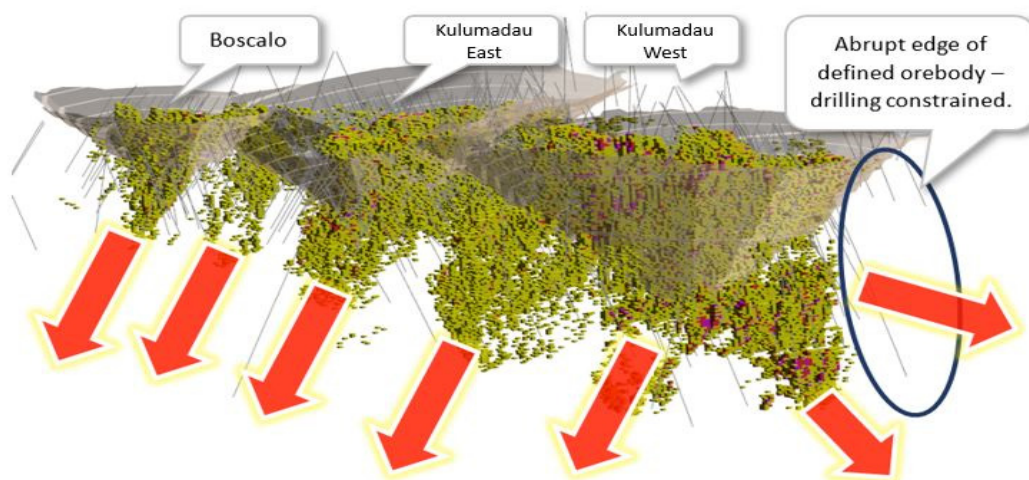


Figure 9: Depth potential below current Kulumadau pits

The diagrams above demonstrate the exploration potential below the current shallow pit outline. Typically multiphase epithermal type mineralisation will extend for over 300 metres vertical from the top of the zone.

Other Exploration Activities

Non-core Projects

Geopacific believes that delivering the Woodlark Gold Project into production will generate the greatest return for shareholders. As a result, the Company will focus on the development and financing of the Woodlark Gold Project and review its non-core assets.

Kou Sa Copper Gold Project, Cambodia

The Company is in negotiation with the vendors of the Kou Sa Project to restructure the deferred consideration payments of US\$6.3 million currently accrued. Approximately US\$2.76 million of the US\$6.3 million accrued is past its payment due date.

In the event agreement cannot be reached with the vendors, Geopacific will look to relinquish ownership of the Kou Sa Project without the final payment being made, and would only be required to pay US\$500,000 to the vendors.

Fijian Gold Projects, Fiji

All licences have been relinquished or are in the process of being relinquished and \$105,000 of bonds have been recovered. The Company has commenced the process of winding up the Fijian Group of Companies.

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DIRECTORS' REPORT (CONTINUED)

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 gold⁵** including 222,000oz of gold in the Inferred category (Table 1).

Table 1: Woodlark Global Mineral Resource Estimate – March 2018

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

An updated Ore Reserve estimate was released in November 2018 and was completed by independent consultants, Mining Plus. The updated Ore Reserve estimate of **28.9Mt @ 1.12g/t Au for 1,037,600oz⁶** 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 (Mt)	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
Total Ore Reserve	Proven	18.6	1.17	697,000
	Probable	10.4	1.02	340,600
	Total	28.9	1.12	1,037,600

Kou Sa Project Mineral Resource – Prospects 150 & 160

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 Resources estimated at a 0.4% CuEq lower cut-off are detailed in Table 3.

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

Category	Tonnes (Mt)	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
Total	3.84	0.77	0.66	5.27	1.33	29.40	81.80	651	51.2

⁵ Refer to March 2018 Pre-feasibility Study – 'Robust Woodlark Gold project PFS Supports Development.'

⁶ Refer to 'Woodlark Ore Reserve Update' announced on 7 November 2018.

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DIRECTORS' REPORT (CONTINUED)

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 Mineral 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 Pty Ltd. 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 Cambodian 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 undertaken 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 (CONTINUED)

Significant Changes in the State of Affairs

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

Events occurring after the balance sheet date

On 13 July 2020, the Company appointed Tim Richards as CEO. The appointment followed the completion of a comprehensive executive search process that assessed a strong field of candidates. Mr Richards will commence in the role on 5 October 2020 (or earlier if circumstances permit) and the Chairman, Ian Clyne, will continue to operate in an executive capacity to facilitate a seamless management transition. Mr Richards is a mining engineer with broad experience in open pit mining ranging from scoping and feasibility studies, site technical services, through to operations and mine management. Mr Richards has extensive mining experience both in Australia and in the expatriate environment across Papua New Guinea, Europe, Africa, and the Caucasus. Mr Richards was most recently General Manager Technical Services of St Barbara Limited and was General Manager Simberi Operations from 2013 to 2019 for St Barbara Limited.

Following the Company's Annual General Meeting held on 28 July 2020, the Company appointed Sir Charles Lepani, KBE, CBE, OBE, PHD (Hon) as a Non-Executive Director. Sir Charles Lepani was born in the Trobriand Islands, Milne Bay Province in Papua New Guinea. Sir Charles Lepani has over 40 years' experience in both the public and private sectors representing Papua New Guinea as a Senior Diplomat and Advisor with great success and distinction. His most recent roles were High Commissioner of Papua New Guinea in Australia 2005-2017, and Director General of Papua New Guinea APEC 2017-2018.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 17.

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



Ian Clyne

Chairman

Perth, Australia

10 September 2020



Building a better
working world

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Auditor's independence declaration to the Directors of Geopacific Resources Limited

As lead auditor for the review of the half-year financial report of Geopacific Resources Limited for the half-year ended 30 June 2020, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Pierre Dreyer
Partner
10 September 2020

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GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2020

	Consolidated	
	30 June 2020 \$	30 June 2019 \$
Finance income	155,124	4,441
Administration expense	(111,976)	(167,547)
Consultancy expense	(725,165)	(335,758)
Depreciation expense	(65,306)	(66,830)
Employee benefits expense	(1,256,179)	(908,674)
Share based payments expense	(925,157)	(692,550)
Occupancy expense	(24,632)	(25,306)
Finance costs	(473,765)	(601,701)
Impairment write downs	-	(75,283)
Exploration expense	(326,330)	(915,736)
Loss before income tax	(3,753,386)	(3,784,944)
Income tax benefit/(expense)	-	-
Loss after tax from continuing operations	(3,753,386)	(3,784,944)
Loss for the half-year attributable to:		
Non-controlling interest	-	(61,349)
Owners of the parent	(3,753,386)	(3,723,595)
	(3,753,386)	(3,784,944)
Other comprehensive income		
<i>Items of other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)</i>		
Exchange differences on translating foreign controlled entities	204,888	157,960
Other comprehensive income for the half-year, net of tax	204,888	157,960
Total comprehensive loss for the half-year attributable to members of the parent entity	(3,548,498)	(3,626,984)

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2020

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Total comprehensive loss attributable to:		
Non-controlling interest	-	(48,896)
Owners of the parent	(3,548,498)	(3,578,088)
	(3,548,498)	(3,626,984)
Loss per share (cents) for loss attributable to the ordinary equity holders of the company:		
Basic loss per share (cents)*	(2.15)	(4.07)
Diluted loss per share (cents)*	(2.15)	(4.07)

*Basic and diluted loss per share for the half-year ended 30 June 2019 have been adjusted to reflect the 25:1 share consolidation that was completed in December 2019.

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

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GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Consolidated	
		30 June 2020	31 December 2019
		\$	\$
Current assets			
Cash and cash equivalents	3	29,189,828	37,505,067
Receivables	4	338,164	687,717
Prepayments	5	755,198	1,027,731
Inventory		365,064	339,592
Total current assets		30,648,254	39,560,107
Non-current assets			
Receivables	4	688,194	-
Exploration and evaluation assets	6	8,418,919	8,262,803
Mine properties under development	7	36,082,584	30,803,497
Property, plant and equipment	8	4,067,348	1,892,285
Total non-current assets		49,257,045	40,958,585
TOTAL ASSETS		79,905,299	80,518,692
Current liabilities			
Trade and other payables	9	9,674,352	6,991,223
Lease liability		32,268	82,111
Provisions		103,255	65,590
Total current liabilities		9,809,875	7,138,924
Non-current liabilities			
Trade and other payables	9	2,057,991	2,694,195
Provisions		182,399	207,198
Total non-current liabilities		2,240,390	2,901,393
TOTAL LIABILITIES		12,050,265	10,040,317
NET ASSETS		67,855,034	70,478,375
Equity			
Issued capital	10	148,972,741	148,972,741
Reserves		5,973,587	4,843,542
Accumulated losses		(87,091,294)	(83,337,908)
TOTAL EQUITY		67,855,034	70,478,375

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

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2020

	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Other Equity Reserve \$	Accumulated Losses \$	Total Attributable to Owners of Parent \$	Non- Controlling Interest \$	Total Equity \$
Balance 1 January 2020	148,972,741	2,873,328	3,340,531	(1,370,317)	(83,337,908)	70,478,375	-	70,478,375
Loss for the half-year	-	-	-	-	(3,753,386)	(3,753,386)	-	(3,753,386)
Exchange difference on translation of foreign operations	-	-	204,888	-	-	204,888	-	204,888
Total comprehensive income/(loss) for the half-year	-	-	204,888	-	(3,753,386)	(3,548,498)	-	(3,548,498)
<i>Transactions with owners in their capacity as owners:</i>								
Share based payments	-	925,157	-	-	-	925,157	-	925,157
Balance 30 June 2020	148,972,741	3,798,485	3,545,419	(1,370,317)	(87,091,294)	67,855,034	-	67,855,034
Balance 1 January 2019	104,116,108	1,499,209	3,535,896	755,748	(76,061,543)	33,845,418	840,297	34,685,715
Loss for the half-year	-	-	-	-	(3,723,595)	(3,723,595)	(61,349)	(3,784,944)
Exchange difference on translation of foreign operations	-	-	157,960	-	-	157,960	-	157,960
Total comprehensive income/(loss) for the half-year	-	-	157,960	-	(3,723,595)	(3,565,635)	(61,349)	(3,626,984)
<i>Transactions with owners in their capacity as owners:</i>								
Shares issued during the year	4,335,000	-	-	-	-	4,335,000	-	4,335,000
Share issue costs	(327,848)	-	-	-	-	(327,848)	-	(327,848)
Share consideration for acquisition of Woodlark	2,850,000	-	-	(2,126,063)	-	723,937	(778,948)	(55,011)
Share based payments	-	692,550	-	-	-	692,550	-	692,550
Balance 30 June 2019	110,973,260	2,191,759	3,693,856	(1,370,315)	(79,785,138)	35,703,422	-	35,703,422

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

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other income	155,124	4,441
Payments to suppliers and employees	(1,897,828)	(2,439,391)
Net cash used in operating activities	(1,742,704)	(2,434,950)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(2,353,250)	-
Exploration expenditure	(29,678)	(262,531)
Mine Properties expenditure	(4,263,375)	-
Cash held by subsidiary on its disposal	-	(67,745)
Net cash used in investing activities	(6,646,303)	(330,276)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued (net of cost)	-	4,007,151
Payment of principal portion of lease liability	(55,081)	(54,201)
Net cash provided by financing activities	(55,081)	3,952,950
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,444,088)	1,187,724
Cash and cash equivalents at the beginning of the half-year	37,505,067	3,059,221
Effect of exchange rates on cash held in foreign currencies	128,849	-
Cash and cash equivalents at the end of the half-year	29,189,828	4,246,945

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 INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose consolidated financial report for the half-year ended 30 June 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the disclosures and notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by Geopacific Resources Limited during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The half-year financial report is presented in Australian dollars.

Going concern basis for preparation of financial statements

This half-year financial report has 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 half-year ended 30 June 2020, the Group incurred a net loss after tax of \$3,753,386 (2019: \$3,784,944) and had cash outflows from operations of \$1,742,704 (2019: \$2,434,950).

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 million⁷. 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 has cash on hand of \$29,189,828 at 30 June 2020 (31 December 2019: \$37,505,067), the Group's cash flow forecast for the 12 months ended 30 June 2021 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. 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.

Despite the current impacts of COVID-19 on the industry and the Group, the Group has materially maintained its core operations with the continuation of the communities' relocation program. The Group continues to monitor the situation and will re-assess the situation as it evolves.

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

- The 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 \$40 million in October 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 3) at 30 June 2020, 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 \$8.3 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 9).

⁷ Estimated capital expenditure +/- 15%

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT (CONTINUED)

Going concern basis for preparation of financial statements (continued)

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 half-year financial report.

This half-year 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.

Significant accounting policies

The same accounting policies and methods of computation have been applied by each entity in the Group and are consistent with those adopted and disclosed in the most recent annual report. The Group has not early adopted any other accounting standard, interpretation or amendment that has been issued but not yet effective.

New and amended accounting standards and interpretations adoption during the period

In the half-year ended 30 June 2020, the Group has reviewed all of the new and amended Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2020.

It has been determined by the Group that there is an immaterial impact of the new and revised standards and interpretations on its business.

New and amended accounting standards and interpretations issued but not yet effective

The Group has reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2020.

As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new Standards and Interpretations issued but are not yet effective on its business.

Critical Accounting Estimates and Significant Judgements used in Applying Accounting Policies

The critical estimates and judgements are consistent with those applied and disclosed in the 31 December 2019 Annual Report.

The consolidated interim financial statements were approved by the Geopacific Board of Directors on 10 September 2020.

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GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

NOTE 2 SEGMENT INFORMATION

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

For management purposes, the Group is organised into three operating segments based on geographical locations, which involves mineral exploration and development in Papua New Guinea, Cambodia and Fiji. 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.

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
	\$	\$	\$	\$	\$
30 June 2020					
Income for the half-year	-	67	155,057	-	155,124
Net loss for the half-year	(810,325)	(19,321)	(2,911,680)	(12,060)	(3,753,386)
Segment assets as at 30 June 2020	6,413,849	44,612,273	28,762,387	116,790	79,905,299
30 June 2019					
Income for the half-year	-	-	4,441	-	4,441
Net loss for the half-year	(1,108,010)	(482,192)	(2,194,742)	-	(3,784,944)
Segment assets as at 31 December 2019	6,289,629	36,937,466	37,169,475	122,122	80,518,692

NOTE 3 CASH AND CASH EQUIVALENTS

	Consolidated	
	30 June 2020	31 December 2019
	\$	\$
Current		
Cash and cash equivalents	29,189,828	37,505,067
Total	29,189,828	37,505,067

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

NOTE 4 RECEIVABLES

	Consolidated	
	30 June 2020 \$	31 December 2019 \$
Current		
Security deposits	161,997	264,532
GST receivable	29,437	382,255
Sundry debtors	146,730	40,930
Total	338,164	687,717
Non-current		
Security deposits	10,411	-
GST receivable	637,645	-
Sundry debtors	40,138	-
Total	688,194	-

NOTE 5 PREPAYMENTS

	Consolidated	
	30 June 2020 \$	31 December 2019 \$
Current		
Communities relocation program materials	755,198	1,027,731
Total	755,198	1,027,731

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GEOPACIFIC RESOURCES LIMITED
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

NOTE 6 EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	30 June 2020 \$	31 December 2019 \$
Non-current		
Exploration and evaluation assets	8,418,919	8,262,803
Reconciliation of movements during the period:		
Carrying value – beginning of period	8,262,803	37,494,025
Additions	29,678	442,022
Transfers to mine properties under development	-	(30,461,193)
Foreign exchange fluctuation	126,438	787,949
Carrying value – end of period	8,418,919	8,262,803

At 30 June 2020, 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 (2019: nil).

From 1 January 2019, management had elected to only capitalise costs directly attributable to the advancement of the Woodlark Gold Project. 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 half-year ended 30 June 2020 these costs amounted to \$326,330 (2019: \$915,736).

NOTE 7 MINE PROPERTIES UNDER DEVELOPMENT

	Consolidated	
	30 June 2020 \$	31 December 2019 \$
Non-current		
Mine properties under development	36,082,584	30,803,497
Reconciliation of movements during the period:		
Carrying value – beginning of period	30,803,497	-
Additions	5,163,144	860,265
Transfer from exploration expenditure	-	30,461,193
Transfer from property, plant and equipment	113,349	60,855
Foreign exchange fluctuation	2,594	(578,816)
Carrying value – end of period	36,082,584	30,803,497

At 30 June 2020, the Group conducted an assessment to determine whether there were any indicators of impairment in relation to the carrying value of its mine properties under development. No indicators of impairment were present, therefore the Group did not impair any previously capitalised mine properties under development (2019: nil).

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GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

30 June 2020

	Plant & Equipment \$	Computer Software \$	Furniture & Fittings \$	Right-of-use Asset \$	Work Under Construction \$	Total \$
Gross carrying amount – at cost	5,507,534	98,737	1,043,432	186,225	2,468,066	9,303,994
Less: accumulated depreciation	(4,498,155)	(98,259)	(487,866)	(152,366)	-	(5,236,646)
Balance at 30 June 2020	1,009,379	478	555,566	33,859	2,468,066	4,067,348

31 December 2019

	Plant & Equipment \$	Computer Software \$	Furniture & Fittings \$	Right-of-use Asset \$	Work Under Construction \$	Total \$
Gross carrying amount – at cost	5,106,267	98,737	1,043,349	186,225	472,105	6,906,683
Less: accumulated depreciation	(4,354,656)	(97,368)	(460,797)	(101,577)	-	(5,014,398)
Balance at 31 December 2019	751,611	1,369	582,552	84,648	472,105	1,892,285

Plant & Equipment Movement
2020

	Plant & Equipment \$	Computer Software \$	Furniture & Fittings \$	Right-of-use Asset \$	Work Under Construction \$	Total \$
Balance at 1 January 2020	751,611	1,369	582,552	84,648	472,105	1,892,285
Additions	400,131	-	-	-	1,953,119	2,353,250
Transfers between categories	(36,075)	-	(6,727)	-	42,802	-
Transfers to mine properties under development	(95,536)	-	(17,813)	-	-	(113,349)
Foreign exchange fluctuation	383	-	45	-	40	468
Depreciation	(11,135)	(891)	(2,491)	(50,789)	-	(65,306)
Balance at 30 June 2020	1,009,379	478	555,566	33,859	2,468,066	4,067,348

Plant & Equipment Movement
2019

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

GEOPACIFIC RESOURCES LIMITED
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

NOTE 9 TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2020 \$	31 December 2019 \$
Current		
Trade creditors and accrued expenses	3,388,980	1,950,327
Deferred consideration	6,285,372	5,040,896
Total	9,674,352	6,991,223
Non-current		
Deferred consideration	2,057,991	2,694,195
Total	2,057,991	2,694,195
Deferred consideration movement during the year		
Carrying value - beginning of the period	7,735,091	6,244,927
Unwind of the discount	473,765	1,443,017
Foreign exchange fluctuation	134,507	47,147
Carrying value - end of the period	8,343,363	7,735,091

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 was paid in the financial years up to 31 December 2016.

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 were 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 30 June 2020 of 20% (December 2019: 20%).

The Company is in negotiation with the vendors of the Kou Sa Project to restructure the deferred consideration payments of US\$6.3 million currently accrued. At 30 June 2020, approximately US\$2.76 million of this US\$6.3 million accrued is past its payment due date. 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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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

NOTE 10 ISSUED CAPITAL – ORDINARY FULLY PAID SHARES

	Consolidated	
	30 June 2020	31 December 2019
	\$	\$
Issued Capital	148,972,741	148,972,741

Reconciliation of movements in Issued Capital during the period:

	Date	30 June 2020		31 December 2019	
		Shares	\$	Shares	\$
Balance at the start of the period		174,525,760	148,972,741	2,081,907,130	104,116,108
Shares issued pursuant to a Placement	05-Apr-19	-	-	510,000,000	4,335,000
Consideration for acquisition of Woodlark	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)
		174,525,760	148,972,741	174,525,760	148,972,741

NOTE 11 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 9, 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 30 June 2020, payments of US\$1.57 million and US\$1.18 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 (2019: nil).

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

NOTE 12 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 13 July 2020, the Company appointed Tim Richards as CEO. The appointment followed the completion of a comprehensive executive search process that assessed a strong field of candidates. Mr Richards will commence in the role on 5 October 2020 (or earlier if circumstances permit) and the Chairman, Ian Clyne, will continue to operate in an executive capacity to facilitate a seamless management transition. Mr Richards is a mining engineer with broad experience in open pit mining ranging from scoping and feasibility studies, site technical services, through to operations and mine management. Mr Richards has extensive mining experience both in Australia and in the expatriate environment across Papua New Guinea, Europe, Africa, and the Caucasus. Mr Richards was most recently General Manager Technical Services of St Barbara Limited and was General Manager Simberi Operations from 2013 to 2019 for St Barbara Limited.

Following the Company's Annual General Meeting held on 28 July 2020, the Company appointed Sir Charles Lepani, KBE, CBE, OBE, PHD (Hon) as a Non-Executive Director. Sir Charles Lepani was born in the Trobriand Islands, Milne Bay Province in Papua New Guinea. Sir Charles Lepani has over 40 years' experience in both the public and private sectors representing Papua New Guinea as a Senior Diplomat and Advisor with great success and distinction. His most recent roles were High Commissioner of Papua New Guinea in Australia 2005-2017, and Director General of Papua New Guinea APEC 2017-2018.

Other than the above no matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

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GEOPACIFIC RESOURCES LIMITED
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DIRECTORS' DECLARATION

The Directors of Geopacific Resources Limited declare that:

- (a) the interim financial statements and notes of the Group set out on pages 18 to 31 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date.
- (b) subject to the matters discussed 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.

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

Signed at Perth on 10 September 2020.



Ian Clyne
Chairman



**Building a better
working world**

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

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Geopacific Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 30 June 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - 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 conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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



Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Ernst & Young

Pierre Dreyer
Partner
Perth
10 September 2020

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