



GEOPACIFIC RESOURCES LIMITED

ACN 003 208 393

Interim Financial Report

**For The Half-Year Ended
30 June 2018**

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) and its controlled entities ("Group") for the half-year ended 30 June 2018.

Directors

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

Milan Jerkovic	Non-Executive Chairman
Ron Stephen Heeks	Managing Director
Philippa Leggat	Executive Director Corporate
Mark Trevor Bojanjac	Non-Executive Director
Ian B Clyne	Non-Executive Director
Collin Gilligan	Non-Executive Director (appointed 25 June 2018)
Matthew Smith	Chief Financial Officer & Company Secretary

Review of Operations

For the half-year ended 30 June 2018, the Group made a net loss after income tax of \$1,966,946 (30 June 2017: \$1,174,478).

At 30 June 2018, the Group had net assets of \$83,633,939 (31 December 2017: \$74,349,987) including \$79,055,451 of capitalised exploration expenditure (31 December 2017: \$71,507,900).

At balance date, the Group had \$9,322,169 in cash and cash equivalents (31 December 2017: \$6,765,343) with the increase for the period driven by the capital raise completed in June 2018.

Managing director, Ron Heeks commented

"Over the past six months we have delivered Woodlark from an exploration play into a fully-fledged development project and our DFS will be delivered shortly. Remembering that the project is permitted and ready to build, we are working along side our financial advisors to provide financing solutions that will allow us to move the Project forwards. On top of that we have the significant exploration upside across our 600 square kilometres of licences over the broader mineral field.

"Not to forget Cambodia where exploration techniques delivered drilling targets which resulted in two new gold-silver discoveries from a small program."

Woodlark Gold Project – Papua New Guinea

Advancing the project remains the primary focus of the Company. Geopacific is actively advancing three distinct workstreams at the Woodlark gold project (Woodlark) with positive progress achieved on all fronts since the beginning of the financial year:

- **Development** – Advancing the Definitive Feasibility Study (DFS) which is estimated for release in Q3 2018 after releasing delivering the Resources, Reserves and Preliminary Feasibility Study (PFS)² earlier in the year.
- **Financing** – appointment of project finance advisor and extensive marketing to equity investors that invest in development-stage gold projects, in preparation for raising project finance.
- **Exploration** – a major regional exploration program to scope the potential of the Woodlark goldfield, increasing the current 1.57Moz Au resource towards the exploration target¹ potential of 53.3Mt @ 2g/t Au to 105Mt @ 1g/t Au for 5Moz Au. Cautionary Statement: the exploration target is conceptual in nature and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

¹ Exploration will consist principally of drilling from surface. Achieving the exploration target will be reliant on the success of the proposed exploration activities. Exploration has commenced and will be ongoing, systematically testing target areas.

²The [PFS was released on 12 March 2018](#). All material assumptions underpinning the production target and forecast financial information continue to apply and have not changed materially.

GEOPACIFIC RESOURCES LIMITED

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DIRECTORS' REPORT (CONTINUED)

Economic studies and engineering

The Lycopodium-managed Definitive Feasibility Study is on track for completion in September 2018. The mine plan calls for an initial 2.4 million tonne per annum (mtpa) conventional crush, SAG and ball mill circuit that is typical of gold processing plants. An allowance for a 2.4 mtpa gravity upgrade circuit to be integrated from year 3 has been engineered into the design.

Pre-Feasibility Study Highlights

- Mining, social and environmental permits granted
- Annual production of 100Koz Au over 10-year mine life for 1.01Moz Au (incl. 51Koz Au Inferred)
- Free milling ore, recovery of 92% for first 5 years and 90% over mine life
- Up to 60% of gold recoverable by gravity
- Conventional 2.4Mtpa CIL circuit optimised with upgraded ore from year three
- Head grade up to 1.63g/t Au in first years
- Low strip ratio of 2.5:1 for first 5 years, 3.1:1 over mine life
- All-In Sustaining Cost A\$990 for first 5 years, A\$1,100 over mine life
- Capital cost A\$180m
- 2.2-year, post-tax payback
- Free cash flow over life of mine A\$338M (pre-tax) and A\$314m (post tax) at A\$1,650/oz gold price
- Post-tax IRR 33%

Reserve

- High conversion of Resources to Reserves
- 34.7 million tonnes at 0.99g/t Au for 1,101,600 ounces of gold

Resource

- 86% of Resource in Measured and Indicated JORC categories
- 47.04 million tonnes at 1.04g/t Au for 1,573,000 ounces of gold

Details of the PFS can be found by following the link [Robust Woodlark Gold Project PFS Supports Development](#).

Exploration upside

Exploration activities continued this quarter over Woodlark island, including ongoing regional soil sampling across outcropping volcanic sequences and the recommencement of drilling.

The focus of the current exploration campaign is to target discoveries of additional deposits in the corridors between known deposits, with much of this work requiring exploration beneath shallow sedimentary cover.

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DIRECTORS' REPORT (CONTINUED)

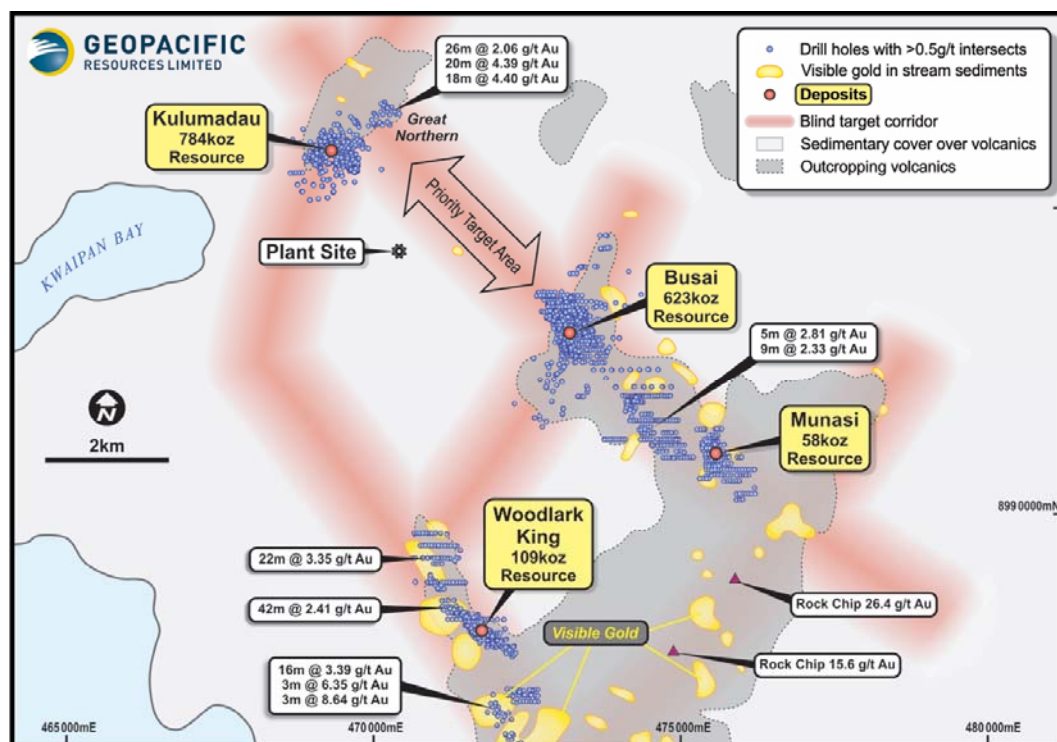


Figure 1: Regional Target Areas. Areas outside the grey dashed line are under shallow limestone cover.

Gold mineralisation is epithermal, which typically occurs in clusters along regional structures. On Woodlark, four deposits – Kulumadau, Busai, Woodlark King and Munasi – have currently reported JORC 2012 resources. The extensive drilling database, geophysical surveys and limited surface exploration all indicate the widespread occurrence of gold mineralisation well outside the defined resources. Major regional structures associated with known gold resources are evident on geophysical images and form the principal targets for exploration.

Diamond drilling recommenced at the Great Northern prospect this quarter, targeting highly encouraging drilling results from historic programs, with a view to expanding the known strike extent of mineralisation and provide some geological context to the observed mineralisation. Assaying of the first holes is underway with results immanent.

Soil sampling over the southern Peninsula was largely completed during the period, with sampling crews moving northwards to the additional target areas.

The majority of the historic work has been undertaken on the areas surrounding the existing deposits; Kulumadau, Busai, Munasi and Woodlark King. These deposits are all situated on the existing mining lease which covers 60 square kilometres. The regional exploration aims to test the broader goldfield looking at priority targets on the exploration licences which cover 600 square kilometres.

Kou Sa Copper Gold Project – Cambodia

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

Field work this financial year comprised completion of reconnaissance diamond drilling testing anomalous surface geochemical signatures at the 181 and 118 Prospects both of which yielded new discoveries.

DIRECTORS' REPORT (CONTINUED)

Initial results from diamond drilling at Prospect 181 identified wide zones of epithermal-style, gold-silver mineralisation over a strike length of more than 250 metres. Mineralisation remains open at depth and along strike in both directions. True widths have yet to be determined but appear to be in excess of 40 metres.

Significant drilling intercepts included 11.5m @ 3.14g/t Au and 14m @ 109.46g/t Ag. The full ASX release [New results from gold discovery at Kou Sa](#) is available on the website.

The results from a second gold-silver discovery at the 118 Prospect were released on the ASX [New gold-silver discovery at Kou Sa](#), Cambodia. A scout program consisting of six diamond drill holes for 740.5 metres of drilling targeted anomalous geochemical signatures in trenching and observed epithermal quartz veins and structures.

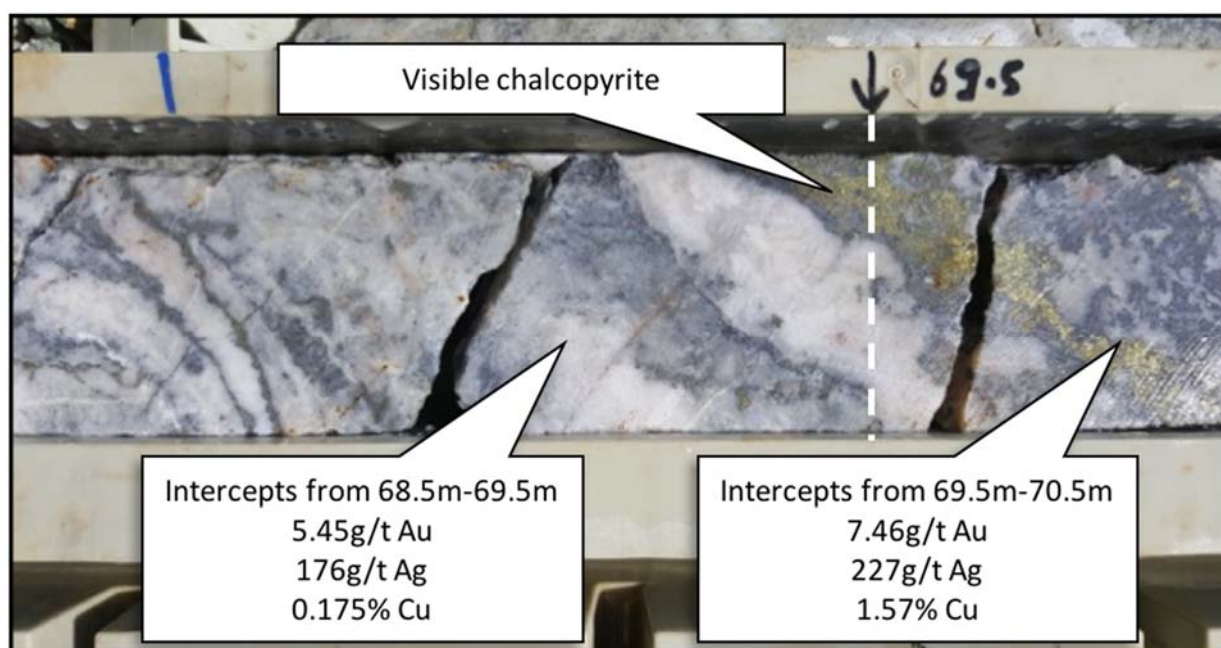


Figure 2: P181 Mineralised cut diamond core from drill hole KDH255 showing epithermal vein textures with visible chalcopyrite

Fijian Gold Projects – Fiji

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

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

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

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

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

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DIRECTORS' REPORT (CONTINUED)



Figure 1: Fiji - Gold projects location map

Corporate

Geopacific released its annual report and financial statements for the year ended 31 December 2017. The Annual General Meeting was held in May with all resolutions passing with a significant majority.

Woodlark development plans

Geopacific appointed Ironstone Capital as financial advisor to assist the Company in arranging project finance to enable the development of Woodlark. Geopacific is able to run this concurrently with the DFS because the Mining, environmental and social permits in place, making the Project 'ready to build' once financing is in place.

Geopacific has actively increased the level of market awareness for Woodlark and the Company following the release of the Pre-Feasibility Study², supported by Australian, European and North American roadshows

Director Appointment

Geopacific appointed Mr. Colin Gilligan to the board as a Non-Executive Director. 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.

Oversubscribed \$10M placement

On 30 April 2018, Geopacific announced the completion of a placement to raise A\$10 million at A\$0.036 per share, representing a 5.3% discount to the previous day's closing share price. This demonstrates the strong support from quality institutional investors for Geopacific's strategy to finalise the DFS and bring a significant exploration program online to continue to grow the project.

²The [PFS was released on 12 March 2018](#). All material assumptions underpinning the production target and forecast financial information continue to apply and have not changed materially.

GEOPACIFIC RESOURCES LIMITED

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DIRECTORS' REPORT (CONTINUED)

Competent Person's Statement

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

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.

Forward Looking Statements

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

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

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

GEOPACIFIC RESOURCES LIMITED
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DIRECTORS' REPORT (CONTINUED)

Woodlark Island Resources and Reserves

Table 1. Woodlark Ore Reserves

Total by deposit	Category (>0.3g/t lower cut)	Tonnes (Mt)	Grade (g/t Au)	Ounces (oz)
Busai	Proven	11.0	0.92	326,100
	Probable	5.2	0.78	131,200
Kulumadau	Proven	8.6	1.23	338,500
	Probable	6.4	1.02	209,500
Woodlark King	Proven	2.4	0.92	70,400
	Probable	1.1	0.71	25,900
Total Ore Reserve	Proven	22.0	1.04	735,000
	Probable	12.7	0.90	366,600
	Total	34.7	0.99	1,101,600

Table 2: Woodlark Global Resources

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	6.80	1.00	222
Total	47.00	1.04	1,573

Kou Sa Initial Resource

Geopacific completed a resource estimate in July 2016 on the Prospect 150 and 160 areas as a measure to gauge initial inventory of mineralisation at Kou Sa.

The results of the Resource estimation at 0.4% Cu Eq. lower cut-off for Prospects 150 and 160 are:

Category	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	0.7	0.2	4.3	0.9	2.3	2.7	48	3.1
Total	3.84	0.77	0.66	5.27	1.33	29.5	81.8	651	51.2

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

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.

GEPACIFIC RESOURCES LIMITED
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DIRECTORS' REPORT (CONTINUED)

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 11.

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



Ron Heeks
Managing Director

Perth, Australia
17 August 2018



Greenwich & Co

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Auditor's Independence Declaration

To those charged with the governance of Geopacific Resources Limited

As auditor for the review of Geopacific Resources Limited for the half-year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

17 August 2018

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Note	Consolidated	
		30 June 2018	30 June 2017
		\$	\$
Other income		28,397	84,456
Administration expense		(432,030)	(380,404)
Consultancy expense		(201,495)	(306,385)
Depreciation expense	6	(21,016)	(16,672)
Employee benefits expense		(710,849)	(470,601)
Occupancy expense		(85,438)	(84,872)
Foreign exchange		1,035,274	-
Write down	4	(1,531,018)	-
Loss before income tax		(1,918,175)	(1,174,478)
Income tax expense		-	-
Loss after tax from continuing operations		(1,918,175)	(1,174,478)
Loss after tax from discontinued operation (attributable to equity holders of the company)	12	(48,771)	-
Loss for the period		(1,966,946)	(1,174,478)
Profit/(loss) for the year attributable to:			
Non-controlling interest		124,493	-
Owners of the parent		(2,091,439)	(1,174,478)
		(1,966,946)	(1,174,478)
Other comprehensive Income/(loss) – items that may be reclassified to the profit and loss:			
Exchange differences on translating foreign controlled entities		1,567,435	(145,608)
Total comprehensive loss for the half-year attributable to members of the Parent Company		(399,511)	(1,320,086)
Total comprehensive income attributable to:			
Non-controlling interest	11	161,339	-
Owners of the parent		(560,850)	(1,320,086)
		(399,511)	(1,320,086)

GEOPACIFIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Consolidated	
	30 June 2018	30 June 2017
	\$	\$
Total comprehensive income for the period attributable to owners of the parent arises from		
Continuing operations	(512,079)	(1,320,086)
Discontinued operations	(48,771)	-
	(560,850)	(1,320,086)
Earnings per share (cents) for profit from continuing operations attributable to the ordinary equity holders of the company:		
Basic loss per share (cents)	(0.11)	(0.10)
Diluted loss per share (cents)	(0.11)	(0.10)
Earnings per share (cents) for profit attributable to the ordinary equity holders of the company:		
Basic loss per share (cents)	(0.11)	(0.10)
Diluted loss per share (cents)	(0.11)	(0.10)

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

GEOPACIFIC RESOURCES LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Consolidated 30 June 2018 \$	31 December 2017 \$ restated
Current assets			
Cash and cash equivalents		9,322,169	6,765,343
Trade and other receivables		113,763	155,540
Assets classified as held for sale	4	3,409,224	4,831,070
Inventory		615,084	280,802
Total current assets		13,460,240	12,032,755
Non-current assets			
Trade and other receivables		771,912	602,503
Exploration and evaluation expenditure	5	79,055,451	71,507,900
Property, plant and equipment	6	821,937	696,016
Total non-current assets		80,649,300	72,806,419
TOTAL ASSETS		94,109,540	84,839,174
Current liabilities			
Trade and other payables	7	1,466,046	1,797,045
Provisions		130,061	317,144
Total current liabilities		1,596,107	2,114,189
Non-current liabilities			
Deferred tax liabilities		474,749	474,749
Provisions		187,481	173,714
Other payables	8	8,217,264	7,726,535
Total non-current liabilities		8,879,494	8,374,998
TOTAL LIABILITIES		10,475,601	10,489,187
NET ASSETS		83,633,939	74,349,987
Equity			
Issued capital	9	104,116,285	94,432,822
Reserves		1,172,532	(394,903)
Accumulated losses		(23,455,882)	(21,364,443)
Total equity attributable to equity holders		81,832,935	72,673,476
Non-controlling interest	11	1,801,004	1,676,511
TOTAL EQUITY		83,633,939	74,349,987

The above consolidated statement of financial position should be read in conjunction with the accompanying notes. Restatement of prior period comparative numbers is detailed in Note 2.

GEOPACIFIC RESOURCES LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Attributable to Owners of Parent	Non- Controlling Interest	Total Equity
Note	\$	\$	\$	\$	\$	\$	\$
Balance 1 January 2018	94,432,822	789,838	(1,184,741)	(21,364,443)	72,673,476	1,676,511	74,349,987
Comprehensive loss for the half-year	-	-	1,567,435	(2,091,439)	(524,004)	124,493	(399,511)
<i>Transactions with owners in their capacity as owners:</i>							
Shares issued during the half-year (net of cost)	9,683,463	-	-	-	9,683,463	-	9,683,463
Balance 30 June 2018	104,116,285	789,838	382,694	(23,455,882)	81,832,935	1,801,004	83,633,939
Balance 1 January 2017	74,671,129	789,838	637,232	(18,185,657)	57,912,542	-	57,912,542
Comprehensive loss for the half-year	-	-	(145,608)	(1,174,478)	(1,320,086)	-	(1,320,086)
<i>Transactions with owners in their capacity as owners:</i>							
Balance 30 June 2017	74,671,129	789,838	491,624	(19,360,135)	56,592,456	-	56,592,456

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

GEOPACIFIC RESOURCES LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Consolidated	
	30 June 2018	30 June 2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	28,397	84,455
Payments to suppliers and employees	(1,863,514)	(1,190,346)
Net cash used in operating activities	(1,835,117)	(1,105,891)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(5,064,304)	(1,048,680)
Payments for plant and equipment	(178,445)	(9,516)
Loans to other entities – Joint Venture Funding	-	(5,482,557)
Net cash used in investing activities	(5,242,749)	(6,540,753)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued (net of cost)	9,683,463	-
Transactions with non-controlling interests	(48,771)	-
Net cash provided by financing activities	9,634,692	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,556,826	(7,646,644)
Effect of exchange rates on cash held in foreign currencies	-	-
Cash and cash equivalents at the beginning of the half-year	6,765,343	11,469,016
Cash and cash equivalents at the end of the half-year	9,322,169	3,822,372

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

GEOPACIFIC RESOURCES LIMITED
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose condensed financial report for the half-year ended 30 June 2018 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 disclosure and notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2017 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

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

During the half-year period the Group incurred a net loss of \$1,966,946 and net operating cash outflows of \$1,835,117. At 30 June 2018, the Group had cash and cash equivalents of \$9,322,169, net asset of \$83,633,939 and a working capital surplus of \$8,454,909.

These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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 ongoing ability to raise funds from external sources to meet ongoing development, exploration and working capital requirements as evidenced by its capital raising of \$9,683,463 during the period ended; and
- The Group's ability to manage the timing of cash flows to meet the obligations of the business as and when they fall due.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities at amounts that differ to those stated in the financial report.

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

Significant accounting policies

Except as noted below, the same accounting policies and methods of computation have been applied by each entity in the consolidated group and are consistent with those adopted and disclosed in the most recent annual report.

Adoption of new and revised accounting standards

In the half-year ended 30 June 2018, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2018.

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

GEOPACIFIC RESOURCES LIMITED
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

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

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

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2018.

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

Critical Accounting Estimates and Significant Judgements used in Applying Accounting Policies

The critical estimates and judgements are consistent with those applied and disclosed in the 31 December 2017 Annual Report.

The consolidated interim financial statements were approved by the Geopacific Board of Directors on 17 August 2018.

NOTE 2 PRIOR PERIOD RESTATEMENT

During the preparation of the Financial Statements for the half-year period to 30 June 2018, the Company identified that the Heads of Agreement revising the terms of the sale and purchase of the issued shares of Golden Resource Development Co had been superseded by an amended Agreement executed on 21 September 2016. The terms of the amended Agreement show that the deferred consideration payable was incorrectly recorded in the Company's Financial Statements as at 31 December 2017. Therefore, the Group consolidated financial statements previously disclosed contained a material error within the consolidated statement of financial position.

The Company's Financial Statements as at 31 December 2017 disclosed the deferred consideration as a contingent liability as follows:

- Under the revised terms, one final payment of US\$1.575M is due at completion of a bankable feasibility study for the Kou Sa project, in addition to a 2% royalty on production capped at \$8.425 million.

The amended Agreement outlines the terms of the deferred consideration as follows:

- US\$1.575M payment which is due on completion of a bankable feasibility study or three years from signing of the Amendment (21 September 2019);
- US\$4.725M payment which is due over 36 monthly instalments of US\$131,250 from the date of the above payment of \$1.575M; and
- A net smelter royalty on sales of production from the Kou Sa Project capped at US\$3.7M.

The correct treatment based on the terms of the amended Agreement, with the exception of the net smelter royalty, would be to record the deferred consideration as a non-current liability.

As a result as at 31 December 2017, the contingent liability balance was overstated by \$7,726,535 (US\$6.3M), the non-current liability balance was understated by \$7,726,535 (US\$6.3M) and the non-current exploration and evaluation asset was understated by \$7,726,535 (US\$6.3M).

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 2 PRIOR PERIOD RESTATEMENT (CONTINUED)

The details of the restated prior period accounts are shown below:

	31 December 2017 \$ Previously disclosed	Consolidated \$ Adjustment	31 December 2017 \$ Restated
Exploration and evaluation expenditure	63,781,365	7,726,535	71,507,900
Total non-current assets	65,079,884	7,726,535	72,806,419
Total assets	77,112,639	7,726,535	84,839,174
Other payables	-	7,726,535	7,726,535
Total non-current liabilities	648,463	7,726,535	8,374,998
Total liabilities	2,762,652	7,726,535	10,489,187

NOTE 3 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 and Cambodia. 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 30 June 2018 segment note, Fiji has been reclassified into "Corporate" with the change in accounting treatment to assets held for sale.

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

	Cambodia \$	Fiji \$	Papua New Guinea \$	Corporate \$	Total \$
30 June 2018					
Revenue	-	-	-	28,397	28,397
Net Profit/(Loss) for the half-year	(17,901)	-	1,037,032	(2,986,077)	(1,966,946)
Segment Assets	49,329,307	-	30,102,062	14,678,171	94,109,540

30 June 2017

Other Revenue	150	2,634	-	81,672	84,456
Net Profit/(Loss) for the half-year	(27,568)	(41,483)	-	(1,105,427)	(1,174,478)
Segment Assets as at 31 December 2017 (restated)	46,038,493	-	24,719,079	14,081,602	84,839,174

GEOPACIFIC RESOURCES LIMITED
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 4 ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	30 June 2018 \$	31 December 2017 \$
Current		
Assets held for sale	3,409,224	4,831,070
Reconciliation of movements during the period:		
Carrying value – beginning of period	4,831,070	-
Movement during the period	109,172	-
Write down	(1,531,018)	-
Transfer from exploration expenditure	-	6,639,151
Other net liabilities	-	(1,808,081)
Carrying value – end of period	3,409,224	4,831,070

The board and management after due consideration have determined that the fair value of the assets held for sale is the value of the net assets of the Companies being sold, which at 30 June 2018 was \$3.41M.

Any impairment loss on a disposal group is allocated to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to the financial assets, deferred tax assets and employee benefit assets which will be measured in accordance with Geopacific's accounting policies.

In preparation for the sales process and ahead of the licence renewals for the Raki Raki, Qalau, Tabuka, Cakaudrove and Nuku tenements due in November 2018, the Company has made the decision not to renew these licences. In light of these circumstances, a full write down to the carrying value of the capitalised expenditure of the above mentioned licences has been recorded for the half-year ended 30 June 2018.

GEO PACIFIC RESOURCES LIMITED
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 5 **EXPLORATION EXPENDITURE**

	Consolidated	
	30 June 2018 \$	31 December 2017 \$ restated
Non-current		
Capitalised exploration expenditure	79,055,451	71,507,900
Reconciliation of movements during the period:		
Carrying value – beginning of period	71,507,900	33,200,336
Acquired on acquisition	-	19,583,649
Additions	4,455,011	6,208,795
Deferred consideration	58,130	7,726,535
Transfer from prepayments	-	13,679,845
Transfer to assets held for sale	-	(6,639,151)
Foreign exchange fluctuation	3,034,410	(2,252,109)
Carrying value – end of period	79,055,451	71,507,900

During the half-year, the Company did not expense any previously capitalised exploration expenditure (2017: nil).

As outlined in Note 8, the Company renegotiated the payment schedule with Vendors for the acquisition of Golden Resource Development Co. Under the revised terms, the remaining non-contingent instalments of the purchase price are to be paid as follows:

- a) \$US1.575 million is due at completion of a bankable feasibility study for the Kou Sa Project or by 21 September 2019, whichever is earlier; and
- b) \$US4.725 million paid in monthly instalments over three years after payment of the \$US1.575.

The Company confirmed its intention to look at selling its Fiji assets and an active program to locate a buyer for these assets commenced. The associated assets and liabilities were consequently transferred to assets held for sale as disclosed in Note 4.

Information regarding the prior period restatement is disclosed in Note 2.

GEOPACIFIC RESOURCES LIMITED
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 6 PLANT AND EQUIPMENT

	Consolidated	
	30 June 2018	31 December 2017
	\$	\$
Non-Current		
Plant and equipment at cost	5,895,618	5,614,196
Less: accumulated depreciation	(5,073,681)	(4,918,180)
Total plant and equipment	821,937	696,016

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	127,212	-	51,233	178,445
Disposals	-	-	-	-
Transfers to exploration	(26,770)	-	(16,237)	(43,007)
Depreciation	(14,260)	(4,752)	(2,004)	(21,016)
Foreign exchange fluctuation	2,466	-	9,033	11,499
Balance at 30 June 2018	269,997	4,805	547,135	821,937

Plant & Equipment Movement 2017

	Plant & Equipment \$	Computer Software \$	Furniture & Fittings \$	Total \$
Balance at 1 January 2017	71,269	13,223	15,571	100,063
Assets acquire on acquisition	187,782	-	494,665	682,447
Additions	21,066	1,983	2,139	25,188
Disposals	(1,520)	(112)	-	(1,632)
Transfers to assets held for sale	(11,311)	-	(3,755)	(15,066)
Transfers to exploration	(72,082)	-	(17,489)	(89,571)
Depreciation	(19,416)	(5,537)	(1,999)	(26,952)
Foreign exchange fluctuation	5,561	-	15,978	21,539
Balance at 31 December 2017	181,349	9,557	505,110	696,016

GEOPACIFIC RESOURCES LIMITED
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 7 TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2018 \$	31 December 2017 \$
Current		
Trade creditors and accrued expenses	1,466,046	1,797,045

NOTE 8 OTHER PAYABLES

	Consolidated	
	30 June 2018 \$	31 December 2017 \$ restated
Non-current		
Deferred consideration	8,217,264	7,726,535

In January 2015, the Company's subsidiary, Royal Australia Resources Ltd (RAR), entered into an agreement to acquire 100% of the Issued Capital of Golden Resource Development Co Ltd for \$US14.0 million.

The Company renegotiated the payment schedule in relation to its agreement to acquire 100% of the Company with the Vendors in September 2016. Under the revised terms, the non-contingent remaining instalments of the purchase price are to be paid as follows:

- c) \$US1.575 million is due at completion of a bankable feasibility study for the Kou Sa Project or by 21 September 2019, whichever is earlier; and
- d) \$US4.725 million paid in monthly instalments over three years after payment of the \$US1.575.

Information regarding the prior period restatement is disclosed in Note 2.

GEPACIFIC RESOURCES LIMITED
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 9 ISSUED CAPITAL – ORDINARY FULLY PAID SHARES

	Consolidated	
	30 June 2018	31 December 2017
	\$	\$
Issued capital	104,116,285	94,432,822

Reconciliation of movements in Issued Capital during the period:

	Date	30 June 2018		31 December 2017	
		Shares	\$	Shares	\$
Balance at the start of the period		1,801,907,130	94,432,822	1,155,743,584	74,671,129
Shares issued per off-market takeover	9-Aug-17	-	-	236,782,061	8,050,590
Shares issued per off-market takeover	17-Aug-17	-	-	13,685,836	479,004
Shares issued pursuant to a placement	7-Sept-17	-	-	350,000,000	10,500,000
Shares issued per off-market takeover	15-Sept-17	-	-	15,366,076	430,250
Shares issued pursuant to a Share Purchase Plan	6-Oct-17	-	-	5,833,334	175,017
Shares issued per off-market takeover	18-Oct-17	-	-	24,496,239	734,887
Shares issued with shareholder approval	15-Jun-18	280,000,000	10,080,000	-	-
Share issue costs		-	(396,537)	-	(477,943)
Balance at the end of the period		2,081,907,130	104,116,285	1,801,907,130	94,432,822

NOTE 10 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 \$US14.0 million.

The Company renegotiated the payment schedule in relation to its agreement to acquire 100% of the Company with the Vendors in September 2016. Other than the remaining non-contingent instalments of the purchase price to be paid as described in Note 5 and Note 8, a 2% net smelter royalty on sales of production from the Kou Sa project will be payable, capped at \$US3.7 million. This royalty is conditional upon production from the Kou Sa project.

The Group did not have any other contingent liabilities at the end of the reporting period (2017: nil).

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 11 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.

	Kula Group	
	30 June 2018	31 December 2017
	\$	\$
Summarised balance sheet		
Current assets	1,520,433	594,441
Non-current assets	28,595,137	24,199,348
Total Assets	30,115,570	24,793,789
Current liabilities	984,816	1,056,168
Non-current liabilities	17,007,371	12,199,115
Total Liabilities	17,992,187	13,255,283
Net Assets	12,123,383	11,538,506
Accumulated NCI	1,801,004	1,676,511

	Kula Group	
	30 June 2018	30 June 2017
	\$	\$
Summarised statement of comprehensive income		
Revenue	1	-
Profit/(loss) for the period	830,749	-
Other comprehensive income	245,873	-
Total comprehensive income	1,076,622	-
Profit allocated to NCI	161,339	-

	Kula Group	
	30 June 2018	30 June 2017
	\$	\$
Summarised cash flows		
Cash flows from operating activities	3,167,953	-
Cash flows from investing activities	(7,334,758)	-
Cash flows from financing activities	4,808,257	-
Net increase/(decrease) in cash and cash equivalents	641,452	-

The above information represents the information of the Kula Group which consists of Kula Gold Limited and Woodlark Mining Limited for the six month period ending 30 June 2018. The Kula Group was acquired on 9 August 2017 and therefore there are no comparatives for the summarised statement of comprehensive income and summarised cash flows for the half-year ending 30 June 2017.

GEOPACIFIC RESOURCES LIMITED
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 12 DISCONTINUED OPERATION

The group confirmed its intention to sell its Fiji controlled companies and an active program to locate a buyer for these companies commenced. The associated assets and liabilities were consequently presented as held for sale (Note 4).

The financial performance information presented below is for the half year to 30 June 2018.

	30 June 2018 \$
Revenue	-
Administration expenses	16,276
Depreciation expense	867
Employee benefits expense	22,414
Occupancy Expenses	9,214
	48,771
Loss before income tax	
Income tax expense	-
Loss from discontinued operation	48,771

NOTE 13 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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.

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 consolidated entity set out on pages 12 to 26 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB134 – *Interim Financial Reporting*, and the Corporations Regulations; and
 - (ii) give a true and fair view of the financial position as at 30 June 2018 and of its performance for the half-year ended on that date of the consolidated entity.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed at Perth this 17 August 2018.



Ron Heeks
Executive Director

Independent Auditor's Review Report

To the members of Geopacific Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Geopacific Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Geopacific Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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

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

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

17 August 2018
Perth
Western Australia