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# **GROPACIFIC RESOURCES LIMITED**

**ACN 003 208 393  
and controlled entities**

**ASX code: GPR**

## **Financial Statements** **for the year ended 31 December 2014**

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

**CORPORATE DIRECTORY**

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**GEOPACIFIC RESOURCES LIMITED**

(a public, listed Company incorporated in New South Wales in 1986)      ACN 003 208 393

**Directors in Office  
(as at the date of this  
Report)**

Milan Jerkovic, Non-Executive Chairman  
Ron Heeks, Managing Director  
Mark Bojanjac, Non-Executive Director  
Russell Fountain, Non-Executive Director

**Registered Office**

Level 1, 278 Stirling Highway Claremont, WA 6010, Australia

**Postal Address**

P.O. Box 439, Claremont, WA 6910

**Company Secretary**

Mr John Lewis

**Auditor**

Somes Cooke,  
Level 2, 35 Outram Street,  
West Perth, WA 6005, Australia

**Bankers**

ANZ Banking Group Ltd Cnr Hay and Outram St West Perth WA

# **GEOPACIFIC RESOURCES LIMITED**

## ***and Controlled Entities***

### **DIRECTORS REPORT**

The Directors present their report together with the financial report of the Geopacific Group, being Geopacific Resources Limited ("Geopacific") ("the Company") and its controlled entities for the financial year ended 31 December 2014, and the auditors' report thereon.

#### **1 DIRECTORS**

The Directors of the Company at any time during or since the end of the financial year are:

##### **Milan Jerkovic – Chairman (Appointed 23 April 2013)**

Mr Milan Jerkovic is a qualified geologist with postgraduate qualifications in Mining & Mineral Economics with over 25 years of experience in the mining industry involving resource evaluation, operations, financing, acquisition, project development and general management.

Mr Jerkovic was most recently the Chief Executive Officer of Straits Resources Limited and has held positions with WMC, BHP, Nord Pacific, Hargraves, Tritton and Straits Asia. Mr Jerkovic was the founding Chairman of Straits Asia Resources.

Mr Jerkovic is a Fellow of the Australian Institute of Mining and Metallurgy and a member of the Australasian Institute of Company Directors and holds a B. App. Sc (Geology), Post Graduate Diploma (Mineral Economics), Post Graduate Diploma (Mining).

Mr Jerkovic was appointed Chairman of the Company on 1 August 2013 and is also a member of the Audit Committee.

Mr Jerkovic has the following interest in Shares in the Company as at the date of this report – 8,256,108 ordinary shares and 1,000,000 Performance Rights.

##### **Ron Stephen Heeks – Managing Director (Appointed 28 March 2013)**

With a total of 24 years mining industry experience, Mr Heeks was a founder of Exploration and Mining Consultants and has previous experience including with WMC, Newmont and RSG Consulting.

Mr Heeks is a Former General Manager – Technical for Straits Asia Indonesian Operations and Chief Technical Officer for Adamus Resources Southern Ashanti Gold Operation. He has worked in various countries around the world gaining extensive experience in Indonesia, holds a B.App.Sc (Geol) and is a member of the Australian Institute of Mining & Metallurgy (MAusIMM).

Mr Heeks was appointed Managing Director of the Company on 28 March 2013 after the Takeover of Worldwide Mining Projects Ltd.

Mr Heeks has the following interest in Shares in the Company as at the date of this report – 3,523,757 ordinary shares and 4,000,000 Performance Rights.

# GEOPACIFIC RESOURCES LIMITED

## *and Controlled Entities*

### DIRECTORS REPORT

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#### **Mark Trevor Bojanjac, Executive Director (Appointed 28 March 2013)**

Mr Bojanjac is a Chartered Accountant with over 20 years' experience in developing resource companies. Mr Bojanjac was a founding director of Gilt-Edged Mining Limited which discovered one of Australia's highest grade gold mines and was managing director of a public company which successfully developed and financed a 2.4m oz gold resource in Mongolia. He also co-founded a 3million oz gold project in China.

Mr Bojanjac was most recently Chief Executive Officer of Adamus Resources Limited and oversaw its advancement from an early stage exploration project through its definitive feasibility studies, and managed the debt and equity financing of its successful Ghanaian gold mine.

Mr Bojanjac was appointed a Director of the Company on 28 March 2013 after the Takeover of Worldwide Mining Projects Ltd. Mr Bojanjac is the Chairman of the Audit Committee. He also serves as Non- Executive Chairman of Canadian explorer, Coventry Resources.

Mr Bojanjac has the following interest in Shares in the Company as at the date of this report – 2,666,666 ordinary shares and 750,000 Performance Rights.

#### **Russell John Fountain, BSc, PhD, FAIG, Non-executive Director**

Dr Fountain was appointed a Director and Chairman of the Company on 23 September, 2005. Russell is a Sydney-based consulting geologist with 42 years of international experience in all aspects of mineral exploration, project feasibility and mine development. Previous positions include President, Phelps Dodge Exploration Corporation; Exploration Manager, Nord Pacific Ltd and Chief Geologist, CSR Minerals. Russell has had global responsibility for corporate exploration programs with portfolios targeting copper, gold, nickel and mineral sands.

Russell has played a key role in the grassroots discovery of mines at Granny Smith (Au in WA), Osborne (Cu-Au in Qld) and Lerokis (Au-Cu in Indonesia) and the development of known prospects into mines at Girilambone (Cu in NSW) and Waihi (Au in NZ). Russell holds a PhD in Geology from the University of Sydney (1973), with a thesis based on his work at the Panguna Mine (Cu-Au in PNG). He worked as a project geologist on the Namosi porphyry copper deposit in Fiji from 1972 to 1976. Russell is a Fellow of the Australian Institute of Geoscientists, and Non-Executive Chairman of Finders Resources Ltd.

Mr Fountain is a member of the audit committee.

Dr Fountain was Chairman of Finders Resources Limited until 27 August 2013, he held no other directorships of listed companies in the last 3 years.

Dr Fountain has the following interest in Shares in the Company as at the date of this report – 166,000 ordinary shares and 750,000 Performance Rights.

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

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**COMPANY SECRETARY**

**Mr John Lewis (Appointed 31 March 2013)**

Mr Lewis is a Chartered Accountant with over 20 years' post qualification experience specialising in the mining industry for the last 10 years. Previously Mr Lewis worked in Corporate Advisory at Deloitte.

Mr Lewis was formerly Chief Financial Officer of Nickelore Limited and Chief Financial Officer, Director and Company Secretary of Dragon Mountain Gold Limited.

Mr Lewis has the following interest in Shares in the Company as at the date of this report – 3,030,633 ordinary shares and 3,000,000 Performance Rights.

**2 PRINCIPAL ACTIVITY**

The principal activity of the Group is mineral exploration currently focussing on gold and copper deposits in Cambodia and Fiji.

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

**3 OPERATING RESULTS AND FINANCIAL REVIEW**

The loss for the Group for the year ended 31 December 2014 was 1,636,029 (2013: loss \$1,364,336).

**Review of Operations**

Exploration during the year was again concentrated on the Kou Sa copper gold project in Cambodia where excellent results continued to generate new targets while expanding those prospects already investigated.

**Cambodia Project**

Geopacific acquired an interest in the Kou Sa Project in March 2013 as a result of the Takeover of Worldwide Mining Projects Limited and it quickly became the focus of the Group's exploration efforts. Excellent initial soil geochemistry and drilling results ensured that the Kou Sa Project has remained the focus of the company throughout 2014.

Kou Sa continued to produce excellent results consistent with a significant, regional scale mining camp. Both high grade gold/copper and copper only zones, both supported by significant silver and in areas zinc, have been intersected over a wide area. Infill drilling of the Prospect 150 commenced on a nominal 40m by 40m spacing with the aim of moving towards a resource calculation in 2015. Multi-element soil geochemical sampling that had previously proved to be an excellent method of defining drill targets continued throughout the year, with all of the licence now covered by a wide spaced grid. Anomalous areas were subsequently infilled to a closer spacing. Numerous broad and well defined anomalies have been generated from these works that will require follow-up work.

Ground based Induced Polarity Geophysics (IP) was undertaken over the Prospects 117, 150 and 160 after the successful test of the suitability of the method at the Prospect 100. The IP proved exceptionally good at highlighting zones of mineralisation that were already identified by drilling and this provides management with great confidence that the method is an extremely useful tool in highlighting copper sulphide mineralisation. All of the areas of known mineralisation produced IP anomalies that extended well beyond the current mineralisation. Most IP anomalies also coincided very well with existing geochemical anomalies. The greatest benefit of the geophysics is to reduce



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

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some of the broad geochemical anomalies down to discrete zones that can be targeted with drilling. The IP geophysics program will continue into 2015 beginning with coverage of the Prospect 180.

A 25,000 metre drilling program commenced in 2014 with two diamond and 1 reverse circulation (RC) drill rig. The RC rig focussed on the Prospect 150 and 160 areas while the diamond rigs were used to target new zones generated by the geochemistry and geophysics as well as provide support to the RC rig at Prospect 150. The program is ongoing into 2015. Results to date have been extremely encouraging with numerous significant gold and copper hits. All zones are open at depth and along strike.

Results to date all suggest the area is part of a large mineral field. Geochemistry, geophysics, structure, rock type and topography information are all combining to allow accurate targeting of new zones, which are generally intersected in the first holes drilled. With new mineralisation now identified over an extremely wide area the potential for individual Prospects to combine into a significant mineral field is increasing.

**Fiji Projects**

The Geopacific Fiji licences contain exciting copper / gold porphyry and epithermal gold prospects that have mostly been advanced to drill ready status in most cases. Unfortunately while the appetite for grass roots exploration is low it has been difficult to justify significant expenditure on these prospects at this time, therefore exploration in Fiji has been maintained at a low level. This work has included geochemical sampling and a review of geochemical and geophysical data already collected, with the aim of generating new targets for further field work.

**4 FINANCIAL POSITION**

At the end of the financial year the Group had \$4,165,516 (2013: \$3,258,776) in cash and cash equivalent. Capitalised exploration and evaluation expenditure was \$18,951,894 (2013: \$13,422,389).

Expenditure on exploration of tenements during the year was \$5,529,505 (2013: \$1,486,557).

**5 DIVIDENDS**

The Directors do not recommend the payment of a dividend. No dividends have been paid or declared since the end of the previous year.

**6 STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Group during the financial year except for the following:

- Geopacific announced a 1:6 Non-Renounceable Rights Issue in December 2014 issuing up to 52,631,579 shares. The Rights issue was fully underwritten and closed on 23 January 2015;
- During the year, the Company completed the following share issues:
  - Conversion of \$56,000 in Convertible Notes into 1,120,000 shares
  - The issue of 95,989,888 shares at \$0.055 per share to Sophisticated Investors to raise \$5,279,443 in July 2014.
  - The issue of 43,630,438 shares to Sophisticated Investors at \$0.0575 per share to raise US\$2,508,750.

# GEOPACIFIC RESOURCES LIMITED

*and Controlled Entities*

## DIRECTORS REPORT

### 7 EVENTS SUBSEQUENT TO REPORTING DATE

Other than the following, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

The Company raised \$3.0 million before costs as a result of the closing of the 1:6 Non-Renounceable Rights Issue commenced in December 2014. The Company issued 52,631,579 new shares to shareholders.

At 31 January 2015 the Company via its subsidiary Royal Australia Resources Limited notified the vendors of the Kou Sa project that it was satisfied with the Exploration Due Diligence on the Kou Sa Project and that the Company wished to proceed to Completion of the Agreement. RAR paid the initial payment of US\$1.4 million to the vendors at that time. The balance of the \$14.0 million acquisition costs are payable over an 18 month period from January 2015 to July 2016. The Company intends, subject to funding, to make the payments according to the schedule.

### 8 DIRECTORS' INTERESTS AND BENEFITS

The beneficial interest of each Director in the ordinary share capital of the Company as at the date of this report is:

	Direct		Indirect	
	Shares	Options	Shares	Options
R J Fountain	4,000	Nil	162,000	Nil
M Jerkovic	-	Nil	8,256,108	Nil
M Bojanjac	166,666	Nil	2,500,000	Nil
R Heeks	-	Nil	3,523,757	Nil

The beneficial interest of each Director in the Performance Rights of the Company as at the date of this report is:

	Vesting 1 July 2015	Vesting 1 July 2016
R J Fountain	375,000	375,000
M Jerkovic	500,000	500,000
M Bojanjac	375,000	375,000
R Heeks	2,000,000	2,000,000



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**DIRECTORS REPORT**

**9 DIRECTORS' MEETINGS**

During the year ended 31 December 2014 a total of six Directors' Meetings and two Audit Committee Meetings were held. Directors' attendance record is tabulated below.

Director	Directors Meetings		Audit Committee Meetings	
	Attended*	Eligible to Attend	Attended*	Eligible to Attend
M Jerkovic	6	6	2	2
M T Bojanjac	6	6	2	2
R S Heeks	6	6	-	-
R J Fountain	6	6	2	2

\* Either in person, or by electronic means.

The Board of Directors takes ultimate responsibility for corporate governance including the functions of establishing compensation arrangements of the Executive Director and its senior executives and officers, appointment and retirement of non-executive Directors, appointment of auditors, areas of business risk, maintenance of ethical standards and Audit Committees. The Board seeks independent professional advice as necessary in carrying out its duties and responsibilities.

**10 LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

The Group will continue to develop its existing exploration tenements and seek to increase its tenement holdings by acquiring further projects.

**11 ENVIRONMENT REGULATIONS**

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

**12 SHARE OPTIONS**

There were 4,688,768 options over unissued shares unexercised at 31 December 2014 (2013 – 3,750,000).

*Unlisted Options*

During the financial year the following unlisted options over unissued shares were cancelled as they either did not meet the vesting Conditions or they expired:

Number of Options Issued	Date of Issue	Exercise Price	Expiry Date
500,000	30 September 2011	\$0.30	30 September 2014
250,000	5 April 2012	\$0.30	30 September 2014

The Company did not issue ordinary shares during the financial year on the exercise of any unlisted options.

Since the end of the financial year, no unlisted options have been exercised.

As at the date of this report unlisted options over unissued shares in the Company are:

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

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Number of Options on Issue	Exercise Price	Expiry Date
2,000,000	\$0.30	5 April 2015
1,688,768	\$0.07452	5 August 2017
800,000	\$2.50	(i)
200,000	\$5.00	(ii)

- (i) The Options are exercisable in whole or in part, not later than five years after the defining on Faddy's Gold Deposit of a JORC compliant ore reserve of over 200,000 ounces of contained gold.
- (ii) The Options are exercisable in whole or in part, not later than ten years after the defining on Faddy's Gold Deposit of a JORC compliant ore reserve of over 1,000,000 ounces of contained gold.

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

**13 INSURANCE OF OFFICERS**

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

**14 PROCEEDINGS ON BEHALF OF COMPANY**

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

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

**15 LEAD AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the year ended 31 December 2014 is set out on page 17.

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

**16 AUDITOR**

The Shareholders at the AGM on 30 May 2014 resolved to appoint Somes Cooke as auditors of the Company. During the year the following fees were paid or payable to the auditors of Company for services provided by the auditor of the Company, its related practices and non-related audit firms:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Audit services</b>		
Somes Cooke		
Audit and review of the financial report and other audit work under the <i>Corporations Act 2001</i>	30,000	
William Buck Audit (WA) Pty Ltd:		
Audit and review of the financial report and other audit work under the <i>Corporations Act 2001</i>		36,844

**17 NON-AUDIT SERVICES**

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

No non-audit services were provided by the external auditors in respect of the current or preceding financial year.

**18 REMUNERATION REPORT (AUDITED)**

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

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

**A Principles used to determine the nature and amount of remuneration**

The objective of the Group's executive reward framework is to ensure reward for performance, being the development of the Geopacific Resources exploration tenements. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

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

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The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation and is aligned to:

- Shareholders' interests:
  - has economic profit as a core component of plan design;
  - focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
  - attracts and retains high calibre executives.
- Executive directors' interests:
  - rewards capability and experience;
  - reflects competitive reward for contribution to growth in shareholder wealth;
  - provides a clear structure for earning rewards; and
  - provides recognition for contribution.

The framework provides a mix of fixed and variable and a blend of short and long-term incentives.

*Non-executive Directors*

Fees and payments to non-executive Directors reflect the demands, which are made on, and the responsibilities of, the Directors. The Board reviews Non-executive Directors' fees and payments annually. The Board may from time to time seek the advice of independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

*Directors' fees*

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

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

**B Details of remuneration**

Details of the remuneration of the key management personnel (as defined in AASB 124 Related Party Disclosures) of Geopacific Resources and the Geopacific Resources Ltd Group are set out in the following tables.

The key management personnel of Geopacific Resources and the Group comprises of the Directors, Company Secretary and the Exploration Manager.



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

**Remuneration paid to key management personnel of Geopacific Resources and of the Group**

2014	Short-term benefits	Post-employment benefits		Share-based payments		
Name	Salaries and Fees \$	Super-annuation \$	Termination Payments \$	Rights \$	Total \$	Share based payments as % of remuneration
<i>Non-executive Directors</i>						
R J Fountain	56,667	-	-	8,925	65,592	14%
M Jerkovic	75,000	7,031	-	11,900	93,931	13%
M T Bojanjac	98,915	3,750	-	8,925	111,590	8%
<b>Sub-total non-executive Directors</b>	<b>230,582</b>	<b>10,781</b>	<b>-</b>	<b>29,750</b>	<b>271,113</b>	
<i>Executive Directors</i>						
R S Heeks	240,000	-	-	47,600	287,600	17%
<b>Sub-total directors</b>	<b>470,582</b>	<b>-</b>	<b>-</b>	<b>77,350</b>	<b>558,713</b>	
<b>Other Key Management Personnel</b>						
J C Lewis	240,000	-	-	35,700	275,700	13%
S Whitehead	119,266	11,181	-	8,925	139,372	6%
<b>Sub-total Key Management Personnel</b>	<b>359,266</b>	<b>11,181</b>		<b>44,625</b>	<b>415,072</b>	
<b>Totals</b>	<b>829,848</b>	<b>21,962</b>	<b>-</b>	<b>121,975</b>	<b>973,785</b>	

2013	Short-term benefits	Post-employment benefits		Share-based payments		
Name	Salaries and Fees \$	Super-annuation \$	Termination Payments \$	Shares /Options \$	Total \$	Share based payments as % of remuneration
<i>Non-executive Directors</i>						
R J Fountain	40,000	-	-	-	40,000	-
M Jerkovic (i)	50,000	-	-	-	50,000	-
M T Bojanjac (ii)	30,000	-	-	-	30,000	-
<b>Sub-total non-executive Directors</b>	<b>120,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,000</b>	
<i>Executive Directors</i>						
C B Bass (iii)	-	-	-	285,184	285,184	100%
R S Heeks (ii)	180,000	-	-	-	180,000	-
<b>Sub-total directors</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>285,184</b>	<b>585,184</b>	
<b>Other Key Management Personnel</b>						
J C Lewis (iv)	180,000	-	-	-	180,000	-
S Whitehead	119,266	10,883	-	14,135	144,284	10%
<b>Sub-total Key Management Personnel</b>	<b>299,266</b>	<b>10,883</b>		<b>14,135</b>	<b>324,284</b>	
<b>Totals</b>	<b>599,266</b>	<b>10,883</b>	<b>-</b>	<b>299,319</b>	<b>909,468</b>	

- (i) Appointed 23 April 2013  
(ii) Appointed 28 March 2013  
(iii) Resigned 1 August 2013  
(iv) Appointed 31 March 2013

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**DIRECTORS REPORT**

**C Service agreements**

At the date of this report the Company has not entered into any service agreements with Key Management Personnel.

**D Share-based compensation**

Geopacific Resources Limited Employee Performance Rights and Option Plans were approved by shareholders at the annual general meeting held on 31 May 2012. All employees are eligible to participate in the plan. Plan performance rights and options are granted under the plans for no consideration. Rights and options granted under the plan carry no dividend or voting rights. When exercisable, each right or option is convertible into one ordinary share.

**Options**

During the year, no options over ordinary shares in the Company were provided as remuneration to the directors of Geopacific Resources as set out below.

Directors of Geopacific Resources Limited	Number of options granted during the year		Number of options vested during the year	
Name	2014	2013	2014	2013
M Jerkovic	-	-	-	-
M T Bojanjac	-	-	-	-
R S Heeks	-	-	-	-
R J Fountain	-	-	-	-
C B Bass (i)	-	-	333,334	333,333
<b>Other Key management Personnel</b>				
J C Lewis	-	-	-	-
S Whitehead (ii)	-	-	-	83,333

The assessed fair value at grant date of options granted is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

(i) Options issued to Mr Charles Bass

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Expiry date	Number of Options	Exercise price	Value per option at grant date	Date vesting
5 April 2012	5 April 2015	333,333	\$0.30	\$0.1347	15 September 2012
5 April 2012	5 April 2015	333,333	\$0.30	\$0.1347	15 September 2013
5 April 2012	5 April 2015	333,334	\$0.30	\$0.1347	15 September 2014
5 April 2012	5 April 2015	1,000,000	\$0.30	\$0.1347	N/A <sup>1</sup>

<sup>1</sup> Options vest after successful exploration results arising from the ZTEM geophysics, such success deemed in the Board's discretion or a corporate transaction benefiting the Company has been successfully negotiated.



# GEOPACIFIC RESOURCES LIMITED

## and Controlled Entities

### DIRECTORS REPORT

#### D Share-based compensation (continued)

##### Options (continued)

Mr Charles Bass retired from the Board on 1 August 2013 but the current Board of Directors has decided not to cancel all options previously granted to him.

- (ii) Options issue to Mr Steven Whitehead  
The options issued to Mr Steven Whitehead vested on the first, second and third anniversaries of the commencement of his engagement. These options expired on 30 September 2014 and were not exercised.

##### Performance Rights

During the year performance rights over ordinary shares in the Company were provided as remuneration to the directors of Geopacific Resources as set out below.

Directors of Geopacific Resources Limited	Number of performance rights granted during the year		Number of performance rights vested during the year	
	2014	2013	2014	2013
Name				
M Jerkovic	1,000,000	-	-	-
M T Bojanjac	750,000	-	-	-
R S Heeks	4,000,000	-	-	-
R J Fountain	750,000	-	-	-
Other Key management Personnel				
J C Lewis	3,000,000	-	-	-
S Whitehead	375,000	-	-	-

The assessed fair value at grant date of the performance rights granted is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The conditions that must be met in order for the Performance Rights to vest are as follows:

- 50% will vest upon the performance by the eligible employee of 12 months continuous service from 1 July 2014; and
- 50% will vest upon the performance by the eligible employee of 24 months continuous service from 1 July 2014.

##### Shares provided on exercise of remuneration options

No ordinary shares in the Company were provided as a result of the exercise of remuneration options to each director of Geopacific and other key management personnel of the Group.

##### Shares issued on the exercise of options

No ordinary shares of the Company were issued during the year ended 31 December 2014 on the exercise of options granted to key management personnel under the Employee Share Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

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

**Equity instrument disclosures relating to key management personnel**

(i) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each Director of the Company and other key management personnel of the Group, including their personally related parties, are set out below.

2014	Balance at the start of the year	Granted during the year as compensation	Other changes during the year	Lapsed during the year	Held at Resignation / Termination	Balance at the end of the year	Vested and exercisable at the end of the year
Name							
<b>Directors of Geopacific Resources Limited</b>							
R J Fountain	-	-	-	-	-	-	-
M Jerkovic	-	-	-	-	-	-	-
R S Heeks	-	-	-	-	-	-	-
M T Bojanjac	-	-	-	-	-	-	-
<b>Other Key management Personnel</b>							
J C Lewis	-	-	-	-	-	-	-
S Whitehead	500,000	-	-	500,000	-	-	-

No options are vested and unexercisable at the end of the year.

2013	Balance at the start of the year	Granted during the year as compensation	Other changes during the year	Lapsed during the year	Held at Resignation / Termination	Balance at the end of the year	Vested and exercisable at the end of the year
Name							
<b>Directors of Geopacific Resources Limited</b>							
M Jerkovic	-	-	-	-	-	-	-
R S Heeks	-	-	-	-	-	-	-
M T Bojanjac	-	-	-	-	-	-	-
C B Bass	4,476,059	-	-	2,476,059	2,000,000	-	333,333
S T Biggs	2,798,709	-	-	2,798,709	-	-	-
R J Fountain	33,000	-	-	33,000	-	-	-
R H Probert	323,773	-	-	323,773	-	-	-
I N A Simpson	877,460	-	-	877,460	-	-	-
<b>Other Key management Personnel</b>							
J C Lewis	-	-	-	-	-	-	-
S Whitehead	500,000	-	-	-	-	500,000	83,333

(ii) Performance Rights

The number of performance rights over ordinary shares in the Company held during the financial year by each Director of the Company and other key management personnel of the Group, including their personally related parties, are set out below.

**GEOPACIFIC RESOURCES LIMITED**  
and Controlled Entities

**DIRECTORS REPORT**

<b>2014</b>				
Name	Balance at the start of the year	Granted during the year	Held at Resignation/ Termination	Balance at the end of the year
<b>Directors of Geopacific Resources Limited</b>				
Milan Jerkovic	-	1,000,000	-	1,000,000
Ron Heeks	-	4,000,000	-	4,000,000
Mark Bojanjac	-	750,000	-	750,000
R J Fountain	-	750,000	-	750,000
<b>Other Key management Personnel</b>				
J Lewis	-	3,000,000	-	3,000,000
S Whitehead	-	-	-	-

No performances rights were held during 2013.

(iii) Share holdings

The number of ordinary shares in the Company held during the financial year by each Director of the Company and other key management personnel of the Group, including their personally related parties, is set out below

<b>2014</b>					
Name	Balance at the start of the year	Received during the year on the exercise of options	Acquired during the year	Held at Resignation/ Termination	Balance at the end of the year
<b>Directors of Geopacific Resources Limited</b>					
Milan Jerkovic	8,256,108	-	-	-	8,256,108
Ron Heeks	3,523,757	-	-	-	3,523,757
Mark Bojanjac	2,666,666	-	-	-	2,666,666
R J Fountain	166,000	-	-	-	166,000
<b>Other Key management Personnel</b>					
J Lewis	2,833,442	-	197,191	-	3,030,633
S Whitehead	-	-	-	-	-

<b>2013</b>					
Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Held at Resignation/ Termination	Balance at the end of the year
<b>Directors of Geopacific Resources Limited</b>					
Milan Jerkovic	-	-	8,256,108	-	8,256,108
Ron Heeks	-	-	3,523,757	-	3,523,757
Mark Bojanjac	-	-	2,666,666	-	2,666,666
I N A Simpson	754,919	-	-	754,919	-
R J Fountain	66,000	-	100,000	-	166,000
R H Probert	647,545	-	-	647,545	-
C B Bass	4,152,117	-	4,724,690	8,876,807	-
S T Biggs	5,632,417	-	2,050,578	7,682,995	-
<b>Other Key management Personnel</b>					
J Lewis	-	-	2,833,442	-	2,833,442
S Whitehead	-	-	-	-	-

**GEPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*

**DIRECTORS REPORT**

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**END OF REMUNERATION REPORT**

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



**Ron Heeks**  
*Managing Director.*

**Perth, Australia**  
**Dated:** 26 March 2015



### Auditor's Independence Declaration

To those charged with governance of Geopacific Resources Limited and its Controlled Entities

As auditor for the audit of Geopacific Resources Limited and its Controlled Entities for the year ended 31 December 2014, 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 audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*Somes Cooke*

**Somes Cooke**

*Nicholas Hollens*

**Nicholas Hollens**  
Partner

Perth  
26 March 2015

## Independent Auditor's Report

To the members of Geopacific Resources Limited and its Controlled Entities

### Report on the Financial Report

We have audited the accompanying financial report of Geopacific Resources Limited and its Controlled Entities, which comprises the statements of financial position as at 31 December 2014, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity.

#### *Directors' Responsibility for the Financial Report*

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

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### *Independence*

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

#### *Opinion*

In our opinion the financial report of Geopacific Resources Limited and its Controlled Entities is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's and the consolidated entity's financial position as at 31 December 2014 and of their performance for the year ended on that date; and



- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (c) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

*Report on the Remuneration Report*

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

*Opinion*

In our opinion, the Remuneration Report of Geopacific Resources Limited for the year ended 31 December 2014, complies with section 300A of the *Corporations Act 2001*.



**Somes Cooke**



**Nicholas Hollens**

Partner

Perth

26 March 2015

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

**DIRECTORS' DECLARATION**

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The Directors of Geopacific Resources Limited declare that:

- a) the financial statements and notes, set out on pages 21 to 52 are in accordance with the Corporations Act 2001, including:
  - i. complying with Australian Accounting Standards which as stated in accounting policy Note 1 to the financial statements constitutes compliance with International Reporting Standards (IFRS) ; and
  - ii. giving a true and fair view of the financial position as at 31 December 2014 and of the performance for the year then ended of the Consolidated Group; and
  - iii. the directors have been given the declarations required by S.295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer.
- b) in the directors' opinion 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:**



**RS Heeks**  
*Managing Director*

**Perth, Australia**  
**Dated: 26 March 2015**

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Consolidated 2014	2013
		\$	\$
<b>Revenue from continuing operations</b>	<b>5</b>	<u>69,853</u>	<u>618,143</u>
Administration expenses		(219,667)	(304,771)
Consultancy expense		(416,807)	(346,064)
Depreciation expense		(79,158)	(80,395)
Employee benefits expense		(806,455)	(1,082,420)
Occupancy Expenses		<u>(183,795)</u>	<u>(168,829)</u>
		<u>(1,705,882)</u>	<u>(1,982,479)</u>
<b>Loss before income tax</b>	<b>6</b>	(1,636,029)	(1,364,336)
Income tax	<b>8</b>	<u>-</u>	<u>-</u>
<b>Loss for the year attributable to members of the parent company</b>		<u>(1,636,029)</u>	<u>(1,364,336)</u>
<b>Other comprehensive income-items that may be reclassified to profit or loss:</b>			
Exchange differences on translating foreign controlled entities		<u>147,326</u>	<u>13,915</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>147,326</u>	<u>13,915</u>
<b>Total comprehensive loss for the year attributable to members of the parent entity</b>		<u>(1,488,703)</u>	<u>(1,350,421)</u>
Basic loss per share (cents)	27	<u>(0.67)</u>	<u>(1.26)</u>
Diluted loss per share (cents)	27	<u>(0.67)</u>	<u>(1.26)</u>

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

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

	Note	Consolidated 2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	4,165,516	3,258,776
Trade and other receivables	10	290,482	297,940
<b>TOTAL CURRENT ASSETS</b>		<u>4,455,998</u>	<u>3,556,716</u>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation expenditure	11	18,951,894	13,422,389
Plant and equipment	13	209,681	244,770
<b>TOTAL NON-CURRENT ASSETS</b>		<u>19,161,575</u>	<u>13,667,159</u>
<b>TOTAL ASSETS</b>		<u>23,617,573</u>	<u>17,223,875</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	762,230	442,256
Provisions	15	63,635	36,800
Convertible Notes	16	-	52,597
Financial liabilities	17	13,391	8,242
<b>TOTAL CURRENT LIABILITIES</b>		<u>839,256</u>	<u>539,895</u>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	17	-	13,010
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>-</u>	<u>13,010</u>
<b>TOTAL LIABILITIES</b>		<u>839,256</u>	<u>552,905</u>
<b>NET ASSETS</b>		<u>22,778,317</u>	<u>16,670,970</u>
<b>EQUITY</b>			
Issued capital	18	34,686,214	27,302,822
Reserves	19	401,522	41,538
Accumulated losses		(12,309,419)	(10,673,390)
<b>TOTAL EQUITY</b>		<u>22,778,317</u>	<u>16,670,970</u>

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

**GEOPACIFIC RESOURCES LIMITED**  
and Controlled Entities

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDING 31 DECEMBER 2014**

Consolidated	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
At 1 January 2013	17,050,140	315,854	(362,188)	(9,309,054)	7,694,752
Transactions with owners in their capacity as owners					
Shares issued during the year	10,456,081	-	-	-	10,456,081
Share issue costs	(203,399)	-	-	-	(203,399)
Options issued	-	111,746	-	-	111,746
Options expired	-	(37,789)	-	-	(37,789)
Other Comprehensive loss for the year	-	-	13,915	(1,364,336)	(1,350,421)
At 31 December 2013	27,302,822	389,811	(348,273)	(10,673,390)	16,670,970
At 1 January 2014	27,302,822	389,811	(348,273)	(10,673,390)	16,670,970
Transactions with owners in their capacity as owners					
Shares issued during the year	7,844,193	-	-	-	7,844,193
Share issue costs	(460,801)	-	-	-	(460,801)
Options issued	-	277,738	-	-	277,738
Options expired	-	(65,080)	-	-	(65,080)
Other Comprehensive loss for the year	-	-	147,326	(1,636,029)	(1,488,703)
At 31 December 2014	34,686,214	602,469	(200,947)	(12,309,419)	22,778,317

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

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDING 31 DECEMBER 2014**

	Note	2014 \$	Consolidated 2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		130,789	39,939
Payments to suppliers and employees		(1,066,048)	(1,470,422)
Interest received		15,650	7,828
VAT Recoveries		-	282,004
<b>Net Cash used in Operating Activities</b>	31(c)	<u>(919,609)</u>	<u>(1,140,651)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(44,069)	(4,178)
Proceed from disposal of plant and equipment		-	-
Exploration expenditure		(5,529,505)	(1,486,557)
Cash acquired as a result of business combination	21	-	215,247
<b>Net Cash used in Investing Activities</b>		<u>(5,573,574)</u>	<u>(1,275,488)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issue (net of cost)		7,330,794	4,750,682
Finance lease payments		(9,071)	(5,061)
Loans to a related party		(69,126)	(51,147)
Proceeds from convertible notes issued		-	50,000
<b>Net Cash from Financing Activities</b>		<u>7,252,597</u>	<u>4,744,474</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		759,414	2,328,335
Effect of exchange rates on cash held in foreign currencies		147,326	233,600
Cash & Cash Equivalents at the Beginning of the Financial Year		<u>3,258,776</u>	<u>696,841</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<u>4,165,516</u>	<u>3,258,776</u>

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



**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Geopacific Resources Limited ('the Company') is a listed public company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 31 December 2014 comprises the Company and its controlled entities (together referred to as the 'Group').

The separate financial statements of the parent entity, Geopacific Resources Limited, have not been presented within this financial report as permitted by the Corporation Act 2001.

The financial report was authorized for issue by the directors on 25 March 2015.

**Basis of preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and the notes thereto also comply with International Financial Reporting Standards.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**Standards and Interpretations affecting amounts reported in the current period (and/or prior periods).**

The Group has adopted all applicable new and revised Standards and Interpretations in the current year and these standards have not significantly impacted the recognition, measurement and disclosure of the Group and its consolidated financial statements for the financial year ended 31 December 2014.

**New Accounting Standards for application in future periods.**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. These standards and interpretations will not materially impact on the Group's financial statements.

**Significant accounting policies**

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

**(a) Cash and cash equivalents**

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

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

**(b) Share Capital**

Ordinary shares are classified as equity.

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

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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

**(c) Employee benefits**

*(i) Wages and salaries and annual leave*

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

*(ii) Long service leave*

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

*(iii) Share-based payments*

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

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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

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

**(d) Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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

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

**Derecognition**

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred. Financial liabilities are derecognised when the related obligations are either transferred, discharged or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Financial assets are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

*(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gain or losses are recognized in profit or loss through the amortisation process and when the financial asset is derecognised.

*(ii) Financial liabilities*

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

*(iii) Convertible Notes*

The component parts of compound instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

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

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



**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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

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

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

**Impairment**

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

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

*(i) Functional and presentation currency*

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

*(ii) Transactions and balances*

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

**GEOPACIFIC RESOURCES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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

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

*(iii) Group companies*

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

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

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

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

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

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

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

**(g) Impairment of assets**

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

**(h) Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

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

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

**(h) Interests in Joint Arrangements (continued)**

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

**(i) Income tax**

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

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

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

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

**(j) Loss per share**

**(i) Basic loss per share**

Basic loss per share is calculated by dividing the result attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

**(ii) Diluted loss per share**

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.



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

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

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

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

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

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

**(l) Plant and equipment**

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

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

- |                          |             |
|--------------------------|-------------|
| - Plant and equipment    | 5% to 37.5% |
| - Computer software      | 25%         |
| - Motor vehicles         | 25%         |
| - Furniture and fittings | 7% to 20%   |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

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

**(l) Plant and equipment (continued)**

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

**(m) Principles of consolidation**

**Basis of consolidation**

The consolidated financial statements comprise the financial statements of Geopacific Resources Limited and its subsidiaries as at and for the year ended 31 December each year (the Group).

Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

A list of controlled entities is contained in note 23.

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

**(m) Principles of consolidation (continued)**

**(i) Business combinations**

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

**(ii) Goodwill**

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest; and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment. Consideration may comprise the sum of the assets transferred, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). The Group determines which method to adopt for each acquisition.

Under the full goodwill method, the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of controlled entities is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

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

**(m) Principles of consolidation (continued)**

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

**(n) Revenue recognition**

*(i) Sale of Goods and Disposal of Assets*

Revenue from the sale of goods and disposal of other assets is recognised when the Group has passed the risks and rewards of ownership to the buyer.

*(ii) Interest Income*

Interest income is recognised using the effective interest method.

*(iii) Rental Income*

Rental Income is recognised on a straight-line basis over the lease term.

**(o) Comparative figures**

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

**(p) Leases**

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

**(q) Provisions**

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

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

**2 FINANCIAL RISK MANAGEMENT**

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

**(a) Credit risk**

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



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**2 FINANCIAL RISK MANAGEMENT**

**(a) Credit risk (continued)**

*Trade and other receivables*

The Group has no investments and the current nature of the business activity does not result in trading receivables. The receivables that the Group recognises through its normal course of business are short term in nature and the most significant (in quantity) is the receivable from security deposits for tenements. The risk of non-recovery of receivables from this source is considered to be negligible.

*Cash deposits*

The Group's primary bankers are Westpac and the ANZ Banking Group. At balance date all operating accounts and funds held on deposit are with these two banks except in parts of Indonesia where these banks do not have branch offices. Except for operating bank accounts in other jurisdictions, the Group currently has no significant concentrations of credit risk.

**(b) Liquidity risk**

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

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

**(c) Market risk**

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

*Foreign exchange risk*

The Group and the parent entity operated in Fiji and Cambodia and are exposed to foreign exchange risks arising from the fluctuations between the exchange rates of the Australian, United States and Fijian Dollar. The Group has no further material foreign currency dealings other than the above.

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

*Interest rate risk*

As the Group has significant interest bearing assets, the Group's income and operating cash flows are materially exposed to changes in market interest rates. The assets are short term interest bearing deposits, and no financial instruments are employed to mitigate risk (Note 28 – Financial Instruments).



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**2 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Capital management**

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

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

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its controlled entities are subject to externally imposed capital requirements.

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

*Key judgments*

*Exploration and evaluation expenditure*

The Company's accounting policy is stated at Note 1(j). There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure, however the Board and management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation. In the year ended 31 December 2014 an amount of \$Nil has been written off (2013: \$Nil).

*Key Estimates*

*Share based payments*

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

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**4. PARENT COMPANY INFORMATION**

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

**STATEMENT OF FINANCIAL POSITION**

**ASSETS**

	2014 \$	2013 \$
Current assets	4,065,195	3,172,656
Non current assets	20,362,973	13,599,680
<b>TOTAL ASSETS</b>	<b>24,428,168</b>	<b>16,772,336</b>

**LIABILITIES**

Current liabilities	267,366	199,710
<b>TOTAL LIABILITIES</b>	<b>267,366</b>	<b>199,710</b>

**EQUITY**

Issued capital	34,686,214	27,302,823
Share based payments reserve	602,468	389,811
Accumulated losses	(11,127,880)	(11,120,008)
<b>TOTAL EQUITY</b>	<b>24,160,802</b>	<b>16,572,626</b>

**STATEMENT OF COMPREHENSIVE INCOME**

Total loss	(7,872)	(1,366,719)
<b>TOTAL COMPREHENSIVE (LOSS)</b>	<b>(7,872)</b>	<b>(1,366,719)</b>

**Guarantees**

Geopacific Resources Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

**Contingent liabilities**

At 31 December 2014, Geopacific Resources Limited had no contingent liabilities. (2013: Nil)

**Contractual commitments**

At 31 December 2014, Geopacific Resources Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment. (2013: Nil)

**5 REVENUE**

	2014 \$	Consolidated 2013 \$
Foreign exchange gain	-	233,600
Rental income	52,750	47,120
VAT expenses written back	-	282,004
Interest income – financial institutions	15,650	7,828
Other income	1,453	47,591
	<b>69,853</b>	<b>618,143</b>

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	Consolidated 2014 \$	2013 \$
<b>6 LOSS BEFORE INCOME TAX</b>		
<i>Loss before income tax includes the following specific expenses:</i>		
Contributions to defined superannuation funds	17,564	7,796
<b>7 REMUNERATION OF AUDITORS</b>		
Amounts received or receivable by Somes Cooke	30,000	-
William Buck Audit (WA) Pty Ltd	-	36,844
<b>8 INCOME TAX</b>		
<b>(a) Reconciliation of income tax to prima facie tax payable</b>		
Loss before income tax	(1,636,029)	(1,364,336)
Tax at the Australian rate of 30% (2012 – 30%)	(490,809)	(409,301)
<i>Tax effect of:</i>		
Non-deductible share based payment	43,232	22,187
Exploration costs during the year	(1,658,851)	(445,967)
Exploration assets from business combination	-	(1,486,679)
Capital raising costs	(55,617)	(37,429)
Other non-deductible expenses	30,447	40,311
Deferred tax assets not brought to account	2,131,598	2,316,878
Income tax expense	-	-

The deferred tax assets associated with tax losses not brought to account will only be obtained if:

- (i) the company and the consolidated entity derive further assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- (ii) the company and the consolidated entity continue to comply with the conditions for deductibility imposed by the law; and
- (iv) no changes in tax legislation adversely affect the company's and the consolidated entity's ability in realising the benefit from the deductions.

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		Consolidated	
		2014	2013
		\$	\$
<b>9 CASH AND CASH EQUIVALENTS</b>			
Current			
Cash at bank		4,165,516	3,258,776
<b>10 TRADE AND OTHER RECEIVABLES</b>			
Current			
Security deposits		120,433	107,921
Sundry debtors		19,840	47,007
Receivable from related party – Common Directors		122,872	53,744
GST receivable		27,337	89,268
		<u>290,482</u>	<u>297,940</u>
<b>11 EXPLORATION EXPENDITURE</b>			
Non-Current			
Capitalised exploration expenditure carried forward		18,951,894	13,422,389
Movement during year			
Carrying value – beginning of year		13,422,389	6,980,234
Additions		5,529,505	1,486,557
Additions through business combination		-	4,955,598
Carrying value – end of year		<u>18,951,894</u>	<u>13,422,389</u>
During the year the Company did not expense any previously capitalized exploration expenditure (2013: nil).			
<b>12 JOINT ARRANGEMENTS</b>			
Interest in Joint Operations			
<b>RakiRaki (Fiji) Joint Venture</b>			
Geopacific Resources Limited has a 50% interest in Joint Venture with Peninsula Energy Limited.			
NON-CURRENT ASSETS			
Exploration and evaluation expenditure		561,705	559,561
<b>13 PLANT AND EQUIPMENT</b>			
Non-Current			
Plant, vehicles and equipment			
At Cost		509,344	416,028
<b>Less:</b> Accumulated depreciation		(299,662)	(171,258)
Total plant and equipment		<u>209,682</u>	<u>244,770</u>



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**13 PLANT AND EQUIPMENT (CONTINUED)**

**Movement - 2014**

	Plant & Equipment	Computer software	Motor Vehicle	Lease Vehicle	Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2014	149,425	37,224	2,002	18,721	37,398	244,770
Additions	38,512	5,558	-	-	-	44,070
Disposals	-	-	-	-	-	-
Depreciation	(46,008)	(15,368)	(2,002)	(10,206)	(5,574)	(79,158)
Balance at 31 December 2014	141,929	27,414	-	8,515	31,824	209,682

At 31 December 2014, a motor vehicle with a carrying amount of \$ 8,515 (2013: \$18,721) is secured under a finance lease arrangement.

**Movement - 2013**

	Plant & Equipment	Computer software	Motor Vehicle	Lease Vehicle	Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2013	123,242	32,590	8,458	28,192	5,312	197,794
Additions	2,830	1,348	-	-	-	4,178
Additions through business combination	66,193	20,026	-	-	36,974	123,193
Depreciation	(42,840)	(16,740)	(6,456)	(9,471)	(4,888)	(80,395)
Balance at 31 December 2013	149,425	37,224	2,002	18,721	37,398	244,770

**Consolidated**

**2014                      2013**  
**\$                              \$**

**14 TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors and accruals

762,230                      442,256

**15 PROVISIONS**

**Current**

Provisions

63,635                      36,800

**16 CONVERTIBLE NOTES**

**Current**

Convertible Notes

-                              52,597

The terms of the Convertible Notes were as follows:

- Interest at 12% p.a. payable at redemption;
- Conversion into ordinary shares at \$0.05 per share;
- Unsecured;
- Redemption up to 12 Months from date of issue;
- Early redemption at the discretion of the Holder only.

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	Consolidated	
	2014	2013
	\$	\$
<b>17 FINANCIAL LIABILITIES</b>		
<b>CURRENT</b>		
Lease liabilities	13,391	8,242
<b>NON-CURRENT</b>		
Lease liabilities	-	13,010

Lease liabilities are secured by underlying leased assets with a carrying amount of \$ 12,947 as at year end.

	Consolidated	
	2014	2013
	\$	\$
<b>18 ISSUED CAPITAL</b>		
Issued Capital	34,686,214	27,302,823

***Reconciliation of movements during the period:***

	2014		2013	
	No. of Shares	\$	No. of Shares	\$
Balance as at 1 January	193,670,521	27,302,822	43,315,827	17,050,140
Shares issue to consultants in lieu of cash	-	-	700,000	70,000
Shares issued pursuant to a placement at 10 cents	-	-	4,250,000	425,000
Share issued pursuant to the takeover of Worldwide Mining Projects Ltd	-	-	52,100,000	5,210,000
Shares issued to a Director	-	-	2,000,000	200,000
Shares issued as compensation of the termination of a lease	-	-	220,000	22,000
Shares issued pursuant to a placement at 5 cents	-	-	62,379,365	3,118,968
Shares issued pursuant o Rights issue	-	-	23,674,644	1,183,732
Shares issued on conversion of Convertible Notes	1,120,000	56,000	5,030,685	226,381
Shares issued pursuant to a placement at 5.5 cents	95,989,888	5,279,443	-	-
Shares issued pursuant to a placement at 5.75 cents	12,130,438	697,500	-	-
Shares issued pursuant to a placement at 5.75 cents	31,500,000	1,811,250	-	-
Less share issue costs		(460,801)		(203,399)
Balance as at 31 December	334,410,847	34,686,214	193,670,521	27,302,822

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	Consolidated 2014 \$	2013 \$
<b>19 RESERVES</b>		
<b>(a) Reserves</b>		
Foreign currency translation reserve	(200,947)	(348,273)
Share-based payments reserve	602,469	389,811
	<u>401,522</u>	<u>41,537</u>
<b>(b) Movements</b>		
<i>Share-based payments reserve</i>		
Balance 1 January	389,811	315,854
Rights/Option expense	277,738	111,746
Options expired	(65,080)	(37,789)
Balance 31 December	<u>602,469</u>	<u>389,811</u>
<i>Foreign currency translation reserve</i>		
Balance 1 January	(348,273)	(362,188)
Exchange gains during year	147,326	13,915
Balance 31 December	<u>(200,947)</u>	<u>(348,273)</u>
<b>Total reserves</b>	<u>401,522</u>	<u>41,537</u>

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

*Share-based payments reserve*

The share-based payments reserve records the value of unexercised options issued to employees and Directors which have been taken to expenses, the value of options issued on acquisition of Millennium Mining (Fiji) Ltd and the value of unexercised options granted pursuant to the Employee Share Option and Performance Rights Plans.

*Foreign currency translation reserve*

The foreign currency translation reserve records unrealised exchange gains and losses on translation of controlled entities accounts during the year.

**20 CONTINGENT LIABILITIES**

The Group does not have any contingent liabilities at the end of the reporting period.

**21 BUSINESS COMBINATION**

On 31 March 2013, Geopacific acquired 100 per cent of the voting equity in Worldwide Mining Projects Limited ("Worldwide") in a script transaction. Geopacific issued to Worldwide shareholders 52,100,000 Geopacific shares valued at \$0.10 per share in order to acquire 100% of the shares of Worldwide. Therefore the fair value of the consideration given for the acquisition of Worldwide, was \$5,210,000.

Worldwide like Geopacific is engaged in the mining exploration industry focussing on the exploration for copper. Worldwide has interests in a copper exploration licence in Cambodia.

**GEOPACIFIC RESOURCES LIMITED**  
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**21 BUSINESS COMBINATION (CONTINUED)**

The amounts recognised at the acquisition date for each class of Worldwide assets, liabilities and contingent liabilities, together with the fair value of the consideration paid as follows:

	Fair Value
	\$
Cash and Cash Equivalents	215,247
Trade and other receivables	80,377
Property, plant and equipment	123,193
Exploration expenditure	1,065,488
Trade and other payables	(164,415)
	<u>1,319,890</u>
Cost of Business Combination	5,210,000
Fair value adjustment to exploration expenditure on consolidation	3,890,110
<u>Cash acquired as a result of business combination</u>	
Identifiable net assets acquired	1,319,890
Fair value adjustment to exploration expenditure on consolidation	3,890,110
Total purchase consideration	5,210,000
Less share issuance	(5,210,000)
Cash consideration paid	-
Less: Cash and cash equivalents in subsidiaries acquired	215,247
Net cash acquired as a result of business combination	<u>215,247</u>

Revenue and loss resulting from the acquisition of Worldwide amounting to \$61,137 and (\$51,721) respectively are included in the Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013. Had the results relating to Worldwide been consolidated from 1 January 2013, the consolidated revenue and loss of the consolidated group would not have been materially different to that of the actual results.

**22 COMMITMENTS**

**(a) Tenement Commitments**

Entities in the Group are required to spend certain amounts to retain their interest in areas over which Special Prospecting Licenses are held. All requirements have been complied with and all reports and lodgements have been made. The Group is currently waiting on the reissue of certain licences by the Mineral and Resource Department of Fiji.



**GEOPACIFIC RESOURCES LIMITED**  
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**22 COMMITMENTS (CONTINUED)**

The following expenditure for 2014 is required.

Tenement	Tenement Renewed to	Annual Expenditure \$FJD	Comments
SPL1216	21 January 2017	200,000	Licence renewal lodged with authorities. Annual expenditure is budgeted amount lodged.
SPL 1231/1373	Pending	300,000	50% to be met by JV partner Imperial Mining (Fiji) Ltd. Annual expenditure is budgeted amount lodged.
SPL 1436	Pending	75,000	50% to be met by JV partner Imperial Mining (Fiji) Ltd. Annual expenditure is budgeted amount.
SPL 1361	9 December 2016	300,000	Licence renewed for 3 years, final year expenditure of FJD\$500,000
SPL 1368	9 December 2016	500,000	Licence renewed for 3 years, final year expenditure of FJD\$800,000
SPL 1415	8 November 2016	75,000	Licence renewed for 3 years, final year expenditure of FJD\$150,000
SPL 1493	Pending	50,000	Licence renewal lodged with authorities. Annual expenditure is budgeted amount.

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>(b) Finance lease commitments</b>		
Payable – minimum lease payments:		
Payable not later than one year	13,742	9,467
Payable later than one year, but not later than five years	-	13,347
Minimum lease payments	13,742	22,814
Less future finance charge	(351)	(1,562)
Present value of minimum lease payments	13,391	21,252

The Group's lease vehicle under a finance lease agreement for a period of 36 months ending May 2015.

<b>(c) Operating lease commitments</b>		
Payable not later than one year	140,035	103,285
Payable later than one year, but not later than five years	256,731	-
	396,766	103,285

Geopacific's wholly owned subsidiary Worldwide has a lease over office premises at Level 1 278 Stirling Highway Claremont. The lease expired on 31 October 2014 and Worldwide exercised its option to extend the lease over the premises for a period of 3 years.

**GEOPACIFIC RESOURCES LIMITED**  
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**23 PARTICULARS RELATING TO CONTROLLED ENTITIES**

	Class of Share	Holding Company	
		2014	2013
		%	%
Worldwide Mining Projects Pty Ltd	Ordinary	100	100
Eastkal Pte Ltd	Ordinary	100	100
PT IAR Indonesia Ltd	Ordinary	100	100
Beta Limited	Ordinary	100	100
Royal Australia Resources Ltd	Ordinary	85	85
Geopacific Limited	Ordinary	100	100
Millennium Mining (Fiji) Limited	Ordinary	100	100

Worldwide Mining Projects Limited is a company incorporated and carrying on business in Australia.

Eastkal Pte Ltd is a company incorporated and carrying on business in Singapore.

PT IAR Indonesia is a company incorporated and carrying on business in Indonesia.

Royal Australia Resources Ltd is a company incorporated and carrying on business in Cambodia.

Petrochemicals (Cambodia) Refinery Ltd holds a 15% minority interest in Royal Australia Resources Ltd.

Worldwide Mining Projects Pty Ltd and Petrochemicals (Cambodia) Refinery Ltd entered into a shareholders agreement in December 2012 to explore, develop and hold the Kou Sa project.

Petrochemicals (Cambodia) Refinery Ltd will be a free carried joint venture partner until a decision to mine on the area which is subject to the Kou Sa project is made, following which Petrochemicals (Cambodia) Refinery Ltd will:

- a) Be granted an option to purchase further shares in Royal Australia Resources Ltd at fair market value to increase its percentage shareholding to 20%; and
- b) Contribute to all costs, expenses and liabilities incurred or sustained in proportion to its shareholding interest in Royal Australia Resources Ltd.

Geopacific Limited, Beta Limited and Millennium Mining (Fiji) Limited are companies incorporated and carrying on business in Fiji.

**24 KEY MANAGEMENT PERSONNEL DISCLOSURES**

**(a) Directors**

The names of each person holding the position of Director of Geopacific Resources Ltd during the financial year were:

R S Heeks

M T Bojanjac

M Jerkovic

R J Fountain

**(b) Other key management personnel**

All Directors are identified as key management personnel under AASB 124 "Related Party Disclosures".

The Company Secretary, JC Lewis and Exploration Manager, S Whitehead, also meet the definition of key management personnel.

**GEOPACIFIC RESOURCES LIMITED**  
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**Consolidated**  
**2014                  2013**  
**\$                      \$**

**24 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)**

**(c) Key management personnel compensation**

Short-term employee benefits	829,848	599,266
Post-employment benefits	21,962	10,883
Share-based payments	121,975	299,319
Total Key Management Personnel compensation	973,785	909,468

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2014.

**25 RELATED PARTY TRANSACTIONS**

All transactions with related parties are on normal commercial terms and conditions.

**Consolidated**  
**2014                  2013**  
**\$                      \$**

**Transactions with directors and associates of directors**

Xavier Group Pty Ltd, a Company in which Mr Jerkovic is a Director and shareholder, is utilised to provide services in relation to Geopacific Resources Limited:		
Consulting Services	68,423	124,759

**26 SHARE-BASED PAYMENTS**

**(a) Employee Option Plan**

Geopacific Resources Limited Employee Option Plan was approved by shareholders at the annual general meeting held on 31 May 2012. All employees are eligible to participate in the plan.

Plan options are granted under the plan for no consideration. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. No options have been granted under the plan.

**(b) Services**

During the year the Company issued 1.5 million shares as payment for services in relation to the December 2014 capital raising.

**(c) Unlisted options issued**

During the financial year the Company granted 1,688,768 options to BBY Limited over unissued shares at \$0.40 per option. The options were part of the fee paid by the Company for services in relation to the \$5.2 million capital raising in July 2014 (2013 Nil). No options over unissued shares were exercised (2013: Nil). During the year the following options were cancelled or lapsed unexpired (2013: Nil).

Number of Options Issued	Date of Issue	Exercise Price	Expiry Date
500,000	30 September 2011	\$0.30	30 September 2014
250,000	5 April 2012	\$0.30	30 September 2014

**GEOPACIFIC RESOURCES LIMITED**  
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**26 SHARE-BASED PAYMENTS (CONTINUED)**

**Schedule of Issued Unlisted Option Movements During the 2014 Year**

Issue Date	Expiry Date	Exercise Price	Number on issue 1 Jan 2014	Granted during year	Lapsed during year	Number on issue 31 Dec 2014
30.09.2011	30.09.2014	\$0.30	500,000	-	(500,000)	-
05.04.2012	30.09.2014	\$0.30	250,000	-	(250,000)	-
05.04.2012	05.04.2015	\$0.30	2,000,000	-	-	2,000,000
06.06.2009	(a)	\$2.50	800,000	-	-	800,000
06.06.2009	(b)	\$5.00	200,000	-	-	200,000
05.08.2014	05.08.2017	\$0.07452	-	1,688,768	-	1,688,768
			3,750,000	1,688,768	(750,000)	4,688,768

(a) The Options are exercisable in whole or in part, not later than five years after the defining on Faddy's Gold Deposit of a JORC compliant ore reserve of over 200,000 ounces of contained gold.

(b) The Options are exercisable in whole or in part, not later than ten years after the defining on Faddy's Gold Deposit of a JORC compliant ore reserve of over 1,000,000 ounces of contained gold.

**Schedule of Issued Unlisted Option Movements During the 2013 Year**

Issue Date	Expiry Date	Exercise Price	Number on issue 1 Jan 2013	Granted during year	Lapsed during year	Number on issue 31 Dec 2013
08.05.2006	08.05.2012	\$1.25	100,000	-	(100,000)	-
18.09.2009	01.08.2013	\$0.50	610,000	-	-	610,000
08.05.2006	08.05.2013	\$1.50	100,000	-	-	100,000
30.09.2011	30.09.2014	\$0.30	500,000	-	-	500,000
05.04.2012	30.09.2014	\$0.30	-	250,000	-	250,000
05.04.2012	05.04.2015	\$0.30	-	2,000,000	-	2,000,000
07.09.2012	30.11.2015	\$0.35	-	250,000	-	250,000
06.06.2009	(a)	\$2.50	800,000	-	-	800,000
06.06.2009	(b)	\$5.00	200,000	-	-	200,000
			2,310,000	2,500,000	(100,000)	4,710,000

**(d) Performance rights issued**

During the financial year the Company issued 6,400,000 performance rights to its employees.

The conditions that must be met in order for the Performance Rights to vest are as follows:

- 50% will vest upon the performance by the eligible employee of 12 months continuous service from 1 July 2014; and
- 50% will vest upon the performance by the eligible employee of 24 months continuous service from 1 July 2014.



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**Schedule of Performance Rights Movements During the 2014 Year**

Issue Date	Exercise Price	Number on issue 1 Jan 2014	Granted during year	Lapsed during year	Number on issue 31 Dec 2014
1 July 2014	Nil	-	6,400,000	-	6,400,000

**27 LOSS PER SHARE**

**Consolidated**

**2014                      2013**

**(a) Basic and diluted loss per share**

**Cents                      Cents**

Basic loss attributable to the ordinary equity holders of the Company (0.67) (1.26)

Diluted loss attributable to the ordinary equity holders of the Company (0.67) (1.26)

**(b) Reconciliation of loss used in calculating loss per share**

**2014                      2013**

*Basic and diluted loss per share*

**\$                              \$**

Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share (1,636,029) (1,364,336)

**(c) Weighted average number of shares used as the denominator**

**2014                      2013**  
**Number                      Number**

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share. 242,855,979 107,069,435

All options on issue are considered anti-dilutive and thus have not been included in the calculation of diluted loss per share. These options could potentially dilute earnings per share in the future.

**28 EVENTS OCCURRING AFTER THE YEAR END**

Other than the following, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

The Company raised \$3.0 million before costs as a result of the closing of the 1:6 Non-Renounceable Rights Issue commenced in December 2014. The Company issued 52,631,579 new shares to shareholders.

At 31 January 2015 the Company via its subsidiary Royal Australia Resources Limited notified the vendors of the Kou Sa project that it was satisfied with the Exploration Due Diligence on the Kou Sa Project and that the Company wished to proceed to Completion of the Agreement. RAR paid the initial payment of US\$1.4 million to the vendors at that time. The balance of the \$14.0 million acquisition costs are payable over an 18 month period from January 2015 to July 2016. The Company intends, subject to funding, to make the payments according to the schedule.

**GEOPACIFIC RESOURCES LIMITED**  
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**29 OPERATING SEGMENTS**

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

For management purposes the Group is organised into two operating segments based on geographical locations, which involves mineral exploration and development in Cambodia and Fiji. All other corporate expenses are disclosed as "Others" within this segment report. The Group's principal activities are interrelated and the Group has no revenue from operations.

All significant operating decisions are based on analysis of the Group as two 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.

Revenue by geographical region

The Group has not generated revenue from operations, other than other revenue as below.

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cambodia	-	22
Fiji	-	282,827
Others	69,853	335,294
<b>Total Other Revenue</b>	<b>69,853</b>	<b>618,143</b>

The Group's segment net loss before tax is as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cambodia	(87,902)	(36,348)
Fiji	(119,144)	54,103
Others	(1,428,983)	(1,382,091)
<b>Total net loss before tax</b>	<b>(1,636,029)</b>	<b>(1,364,336)</b>

Assets by geographical region

The location of segment assets is disclosed below by geographical location of the assets.

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cambodia	11,487,404	5,825,687
Fiji	7,621,593	7,704,744
Others	4,508,576	3,693,445
<b>Total Assets</b>	<b>23,617,573</b>	<b>17,223,876</b>

The location of segment liabilities is disclosed below by geographical location of the liabilities.

	<b>2014</b>	<b>2013</b>
Cambodia	462,719	130,616
Fiji	14,283	133,918
Others	362,254	288,371
<b>Total Liabilities</b>	<b>839,256</b>	<b>552,905</b>

**GEOPACIFIC RESOURCES LIMITED**  
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**30 FINANCIAL INSTRUMENTS DISCLOSURES**

***Credit risk***

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made. Refer to Note 2(a).

***Impairment losses***

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period.

***Liquidity risk***

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. Refer to Note 2(b):

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated</b>							
<b>2014</b>							
<i>Financial assets – cash flows realisable</i>							
Cash and cash equivalents	4,165,516	4,165,516	4,165,516	-	-	-	-
Trade and other receivables	290,482	290,482	290,482	-	-	-	-
<b>Total anticipated inflows</b>	<b>4,455,998</b>	<b>4,455,998</b>	<b>4,455,998</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Financial liabilities due for payment</i>							
Trade and other payables	762,230	762,230	762,230	-	-	-	-
Other financial liabilities	13,391	13,391	13,391	-	-	-	-
<b>Total expected outflows</b>	<b>775,621</b>	<b>775,621</b>	<b>775,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net inflow/(outflow) on financial instruments	3,680,377	3,680,377	3,680,377	-	-	-	-
<b>2013</b>							
<i>Financial assets – cash flows realisable</i>							
Cash and cash equivalents	3,258,776	3,258,776	3,258,776	-	-	-	-
Trade and other receivables	297,940	297,940	297,940	-	-	-	-
<b>Total anticipated inflows</b>	<b>3,556,716</b>	<b>3,556,716</b>	<b>3,556,716</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Financial liabilities due for payment</i>							
Trade and other payables	479,056	479,056	479,056	-	-	-	-
Other financial liabilities	73,849	73,849	60,839	13,010	-	-	-
<b>Total expected outflows</b>	<b>552,905</b>	<b>552,905</b>	<b>539,895</b>	<b>13,010</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net inflow/(outflow) on financial instruments	3,003,811	3,003,811	3,016,821	(13,010)	-	-	-

**GEOPACIFIC RESOURCES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**30 FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)**

*The weighted average interest rate for the interest bearing liabilities is 12% (2013:12%).*

**Currency risk**

The Group is exposed to foreign currency on expenditures that are dominated in a currency other than Australian Dollars. The currency's giving rise to this risk is primarily United States and Fiji Dollars.

**Interest rate risk**

At the reporting date the interest profile of the Group's interest-bearing financial instruments were:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Fixed rate instruments:</b>		
Financial liabilities	13,391	73,849
	<u>13,391</u>	<u>73,849</u>
<b>Variable rate instruments:</b>		
Financial assets	4,165,516	3,258,776
	<u>4,165,516</u>	<u>3,258,776</u>

*Cash flow sensitivity analysis for variable rate instruments*

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

	<b>Profit and Loss</b>		<b>Equity</b>	
	<b>100bp increase</b>	<b>100bp decrease</b>	<b>100bp increase</b>	<b>100bp decrease</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2014</b>				
Variable rate instruments	41,655	(41,655)	41,655	(41,655)
<b>2013</b>				
Variable rate instruments	32,588	(32,588)	32,588	(32,588)

**Fair values**

*Fair values versus carrying amounts*

The carrying amounts of financial assets and liabilities as described in the consolidated statement of financial position represent their estimated net fair value.



**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**31 NOTES TO THE STATEMENT OF CASH FLOWS**

- (a) For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash at bank.

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

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cash at Bank	4,165,516	3,258,776
<b>(b) Non Cash Financing</b>		
Share based payments	145,107	292,000
<b>(c) Reconciliation of Cash Flows from Operating Activities</b>		
<b>Loss for the year</b>	(1,636,029)	(1,364,336)
<b>Non-cash items:</b>		
Depreciation	79,158	80,395
Share based payments	145,107	292,000
Options expense	67,551	-
Interest on financial liability	1,209	-
<b><i>Changes in Assets and Liabilities, net of the effects of purchase of subsidiaries:</i></b>		
Decrease/(Increase) in trade and other receivables	76,586	(117,978)
Increase/(Decrease) in trade and other payables	319,974	(30,732)
Increase in provisions	26,835	-
<b>Net Cash used in Operating Activities</b>	<b>(919,609)</b>	<b>(1,140,651)</b>

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**CORPORATE GOVERNANCE STATEMENT**

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Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 31 December 2014.

**Board Composition**

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The names of independent directors of the company are:

Mark Bojanjac

Russell J Fountain

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

The Board currently considers that, given the Company's size, it is not necessary to have an independent Chairman.

The company does not have a formally constituted nomination committee.

**Ethical Standards**

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

Directors and employees are required to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

**GEOPACIFIC RESOURCES LIMITED**  
*and Controlled Entities*  
**CORPORATE GOVERNANCE STATEMENT**

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**Trading Policy**

Geopacific's policy in relation to directors and executives dealing in the company's securities was released to the ASX on 30 December 2010 and updated on 2 February 2011.

*Background – Insider Trading:*

The insider trading provisions of Australian Law work on the basis that a person must not (whether as principal or agent) subscribe for, purchase or sell, or "engage in dealings" of any securities in Geopacific if;

- a) The person possesses information that a reasonable person would expect to have a material effect on the price of the securities if the information were generally available; *and*
- b) The person knows, or ought reasonably to know, that:
  - i. The information is not generally available; and
  - ii. If it were generally available, it might have a material effect on the price of the securities.

A person does not need to be directly associated with GEOPACIFIC to be guilty of insider trading in relation to securities of the Company. The prohibition extends to dealings through nominees, agents or their associates, such as family members, family trusts or family companies ("Related Third Parties").

*Policy:*

1. Directors, officers and employees of GPR and its subsidiary companies *shall not* engage in any dealings in the securities of GEOPACIFIC without giving prior notice as follows:

<b>Party seeking to deal in securities</b>	<b>Prior Notice to be Given to:</b>
<i>Employees of GEOPACIFIC or subsidiary companies and consultants and advisors involved in the management of projects for and on behalf of GEOPACIFIC (or their Related Third Parties)</i>	<i>The Chairman and Company Secretary of GEOPACIFIC</i>
<i>Directors of GEOPACIFIC or subsidiary companies (or their Related Third Parties)</i>	<i>The Company Secretary of GEOPACIFIC who shall provide details to the Chairman of GEOPACIFIC</i>

2. The procedures for notification are as follows;

- a. Before trading in the company's securities the Director, officer or employee must
  - notify the Chairman (or in his absence the managing director) and company secretary, in writing, of their intention to trade in securities;
  - confirm they do not have insider information; and
  - confirm that there is no known reason to preclude trading in the company's securities

The notification is only valid for the period of its operation, being from the date of notification until the earlier of 10 business days after the notification, the start of a closed period or the date on which the Director, officer or employee becomes aware of insider information.

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- b. After trading in the company's securities Director, officer or employee must:
- notify the company secretary (who will notify the chairman) in writing, that the trade has been completed; and
  - in the case of directors of the company, provide sufficient information to enable the company to comply with the requirements to notify a change of interests to ASX. Such information to include  
– Type of dealing, Date of dealing, Number of securities, Seller, Purchaser and Price;
3. Directors, officers and employees shall not engage in any dealings in GEOPACIFIC securities during the period:
- a. two weeks prior to and within 24 hours after the date of the announcement to the ASX of the Company's annual or half year results;
  - b. two weeks prior to and within 24 hours after the date of the announcement to the ASX of the Company's quarterly activities reports;
  - c. notwithstanding a) or b), at any time while in possession of inside information.
4. Directors, officers and employees are prohibited from trading in financial products issued or created over or in respect of the entity's securities.

*Exceptions to policy:*

The following are the only exceptions to the above policy:

Directors, officers and employees may trade in financial products issued or created over or in respect of the entity's securities outside the parameters of the above trading policy only in the following circumstances:

1. transfers of securities of the entity already held into a superannuation fund or other saving scheme in which the Director, officer or employee is a beneficiary;
2. undertakings to accept, or the acceptance of, a takeover offer;
3. trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
4. the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period and the entity has been in an exceptionally long prohibited period or the entity has had a number of consecutive prohibited periods and the Director, officer or employee could not reasonably have been expected to exercise it at a time when free to do so.



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**Audit Committee**

The company has a formally constituted audit committee. The committee members are:

Mark Bojanjac (Chairman of Audit Committee)  
Milan Jerkovic  
Russell Fountain

**Performance Evaluation**

The Board did not conduct a performance evaluation of the Board and all Board members for the financial year ended 31 December 2014.

**Board Roles and Responsibilities**

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

**Shareholder Rights**

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Geopacific, to lodge questions to be responded by the Board and/or the CEO, and are able to appoint proxies.

**Risk Management**

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. An assessment of the business's risk profile is undertaken on a regular basis and is reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks. The Executive Director has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly.

**Remuneration Policies**

The remuneration policy sets the terms and conditions for the key management personnel. All executives receive a base salary, superannuation and retirement benefits. The Board reviews executive packages annually by reference to company performance and executive performance. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

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

The amount of remuneration for all key management personnel for the company are detailed in the directors report under the heading Key Management Personnel Compensation. All remuneration paid to executives is valued at the cost to the company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the Board as part of the review of executive remuneration and a recommendation is put to the Board for approval.

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**Remuneration Committee**

The Board does not have a separate Remuneration Committee and as such does not comply with Recommendations of the Corporate Governance Council. Remuneration arrangements for Directors are determined by the full Board. The Board is also responsible for setting performance criteria, performance monitors, share option schemes, superannuation, termination and retirement entitlements, and professional indemnity and liability insurance cover.

The Board considers that the Company is effectively served by the full Board acting as a whole in remuneration matters, and ensures that all matters of remuneration continue to be decided upon in accordance with Corporations Act requirements, by ensuring that no Director participates in any deliberations regarding their own remuneration or related issues.

**Diversity Policy**

The Board has implemented a Diversity Policy in line with the ASX's Corporate Governance guidelines. The Group believes that the promotion of diversity on its Boards, in senior management and within the organisation generally is good practice.

The Diversity Policy seeks to attract and retain people by promoting an environment where employees are treated with fairness and respect and have equal access to opportunities as they arise. Diversity within the workforce includes such factors as religion, race, ethnicity, language, gender, disability and age.

**Gender Diversity**

The Corporate Governance recommendation 3.2 was effective from 1 July 2011 and requires the Board to set 'measurable objectives' for achieving gender diversity and to report against them on an annual basis. The Board is currently reviewing its practices and will put measures in place to assess the success of the policy during the coming financial year.

The Board is reviewing its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.

The Company provides the following information regarding the proportion of females employed in the Group as at 31 December 2013:

	Proportion of females / total number of persons	Note
Females employed in the Group as a whole	3/15	
Females employed in the Company in Senior Executive Positions	0/2	1
Females appointed as a Director of the Company	0/4	

Note 1 –Other than the Managing Director and the Company Secretary/Chief Financial Officer, there are no senior executives employed by the Company other than Members of the Board.

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**ASX INFORMATION**

The shareholder information set out below was applicable as at 6 March 2014.

**A. Distribution of equity securities – ordinary shares**

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

		<b>Class of equity security</b>	
		<b>Ordinary shares</b>	
		<b>Number</b>	<b>Shares</b>
<b>1</b>	1000	<b>54</b>	24,217
1,001	5,000	<b>164</b>	469,805
5,001	10,000	<b>72</b>	571,976
10,001	100,000	<b>268</b>	11,085,545
100,001	and over	<b>217</b>	374,890,884
<b>Total</b>		<b>775</b>	<b>387,042,427</b>

There were 235 holders of less than a marketable parcel of 5,000 ordinary shares.

**B. Equity security holders – ordinary shares**

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

<b>Name</b>	<b>Percentage of</b>	
	<b>Number held</b>	<b>issued shares</b>
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	169,100,531	43.690
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,897,124	4.882
HOME IDEAS SHOW PTY LTD <UB PROMOTIONS SPF A/C>	10,076,777	2.604
LAGUNA BAY CAPITAL PTY LTD	9,132,417	2.360
MR M JERKOVIC & MRS G J JERKOVIC M J & G J J SUPER FUND A/C	6,352,942	1.641
UB PROMOTIONS SPF	6,203,758	1.603
CITICORP NOMINEES PTY LIMITED	5,621,415	1.452
J P MORGAN NOMINEES AUSTRALIA LIMITED	4,780,871	1.235
IDZAN PTY LTD <LATIN HOLDINGS FAMILY A/C>	4,764,706	1.231
SPRINGTIDE CAPITAL PTY LTD <COCKATOO VALLEY INVEST A/C>	4,669,123	1.206
MS ANITA CUNNINGHAM	3,900,000	1.008
RASK PTY LTD <GRANGER SUPER FUND A/C>	3,525,000	0.911
MR CHARLES BASS & MRS SYLVIA BASS <THE METECH NO 2 S/F A/C>	3,476,364	0.898
QUARTZ MOUNTAIN MINING PTY LTD <THE BASS FAMILY A/C>	3,120,000	0.806
MR WILLIAM EDWARD ALASTAIR MORRISON	2,770,589	0.716
MR NICHOLAS JOHN RICHARD DACRES-MANNINGS	2,739,131	0.708
MS LISA LEWIS	2,666,667	0.689
MS MELISSA NARBAY	2,666,667	0.689
BNP PARIBAS NOMS PTY LTD <DRP>	2,626,088	0.679
ALL STATES FINANCE PTY LIMITED	2,625,024	0.678
<b>Top 20 Shareholders</b>	<b>269,715,194</b>	<b>69.69</b>
<b>Other Shareholders</b>	<b>117,327,233</b>	<b>30.31</b>
<b>Total Ordinary Shareholders</b>	<b>387,042,427</b>	<b>100.00</b>

**GEOPACIFIC RESOURCES LIMITED**  
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**C. Substantial holders**

Substantial holders in the Company are set out below:

**Substantial Shareholder**

**(extracts from Substantial Shareholder Register)**

**Ordinary shares**

	<b>Number held</b>	<b>Shareholding Percentage</b>
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	169,100,531	43.690
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,897,124	4.882

**D. Voting rights**

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

**(a) Fully paid Ordinary shares**

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

**(b) Options – listed and unlisted**

There are no voting rights attaching to options.

**E Summary of unlisted options issued**

	<b>No of options</b>	<b>No of holders</b>	<b>Options held</b>	<b>% Options Issued</b>
<b>Options expiring 5 April 2015 with an exercise price of \$0.30</b>	<b>2,000,000</b>	<b>1</b>		
<b>Option holders with more than 20% of class</b>				
Quartz Mountain Mining Pty Ltd <The Bass Family A/C>			2,000,000	100.00%
<b>Options expiring not later than five years after the defining on Faddy's Gold Deposit of a JORC compliant ore reserve of over 200,000 ounces of contained gold with an exercise price of \$2.50</b>	<b>800,000</b>	<b>5</b>		
<b>Option holders with more than 20% of class</b>				
Exploration Drilling Services (Fiji) Ltd			320,000	40.00%
L Anderson Investments Pty Ltd			220,000	27.50%
Sheila Anderson Investments Pty Ltd			180,000	22.50%
<b>Options expiring not later than ten years after the defining on Faddy's Gold Deposit of a JORC compliant ore reserve of over 1,000,000 ounces of contained gold with an exercise price of \$5.00</b>	<b>200,000</b>	<b>5</b>		
<b>Option holders with more than 20% of class</b>				
Exploration Drilling Services (Fiji) Ltd			80,000	40.00%
L Anderson Investments Pty Ltd			55,000	27.50%
Sheila Anderson Investments Pty Ltd			45,000	22.50%
<b>Options expiring 5 August 2017 with an exercise price of \$0.07425.</b>	<b>1,688,768</b>	<b>1</b>		
<b>Option holders with more than 20% of class</b>				
BBY Ltd			1,688,768	100.00%



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**TENEMENT SCHEDULE**

**Tenement Schedule**

<b>Tenement</b>	<b>Location</b>	<b>Area</b>	<b>Status</b>
SPL 1231 RAKI RAKI  50% Beta 50% Peninsula Minerals	Raki Raki NE Viti Levu	Approx. 3,330 ha	Granted on 6 November 1985 to Beta. Peninsula Minerals has earned 50.0%.  Renewed for one year on 1 June 2012. An application for a renewal has been lodged with MRD.
SPL 1373 <b>QALAU</b>  50% Beta 50% Peninsula Minerals	Raki Raki NE Viti Levu	Approx. 1,843 ha	Granted on 6 July 1995 to Beta. Peninsula Minerals has earned 50.0%.  Renewed for one year on 1 June 2012. An application for a renewal has been lodged with MRD.
SPL 1436 TABUKA 50% Beta 50% Peninsula Minerals	Raki Raki NE Viti Levu	Approx. 2,500 ha	Granted on 17 March 2005 to Beta. Peninsula Minerals has 50% interest. 2008. Renewed for one year on 1 June 2012. Application for a renewal was lodged with MRD.
SPL 1368 VUDA  100% GPL	15 km NNE of Nadi, Viti Levu	3,210 ha	Granted on 18 October 1994.  Renewal for 3 years granted on 10 December 2013.
SPL 1493 CAKAUDROVE  100% GPL	Cakaudrove 55km ENE Savusavu, Vanua Levu	Approx. 41,900 ha	Granted on 31 January 2012. Application for a renewal has been lodged with MRD
SPL 1361 SABETO  GPL had a three year option to purchase 100% by 4 April 2010 this was extended by agreement with quarterly option payments.	16 km NE of Nadi, Viti Levu	1,800ha	Granted on 6 October 1993. Renewal for 3 years was granted on 10 December 2013.

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SPL 1216 NABILA GPR purchased (100%) of Millennium Mining (Fiji) Ltd (MMF) which owns SPL1216 on 3 June 2008	20km SW Nadi, Viti Levu	2,830 ha	Granted on 1 April 1984.  Renewal for 3 years was granted on 22 January 2014.
SPL 1415 KAVUKAVU GPR completed purchase (100%) of Millennium Mining (Fiji) Ltd (MMF) which owns SPL1216 on 3 June 2008	28km SSW of Nadi, Viti Levu	5,400 ha	Granted on 17 March 2000.  Renewal for 3 years was granted on 8 November 2013.