



**GEPACIFIC RESOURCES LIMITED**

ACN 003 208 393

**Interim Financial Report**

**For The Half-Year Ended  
30 June 2016**

**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

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**Contents**

	<b>Page</b>
Directors' Report	3-12
Auditor's Independence Declaration	13
Consolidated Statement of Profit or Loss and other Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Notes to the Interim Financial Statements	18-20
Directors' Declaration	21
Independent Review Report	22

**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

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**Directors' Report**

The Directors present their interim financial report of Geopacific Resources Limited and its controlled entities ("Group") for the half-year ended 30 June 2016.

**Directors**

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

Milan Jerkovic	(Non-Executive Chairman)
Mark Trevor Bojanjac	(Non-Executive Director)
Ron Stephen Heeks	(Executive Director)

Company Secretary

John Lewis

**Review of Operations**

The net loss after income tax for the half-year was \$729,140 (30 June 2015: \$957,467).

At the end of the half-year the Group had \$2,191,146 (31 December 2015: \$12,589,002) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure was \$30,491,917 (31 December 2015: \$26,157,372).

**Woodlark Gold Project – Papua New Guinea**

Geopacific entered into a project-level, earn-in agreement on 11 July 2016 to acquire up to 80% of the Woodlark Gold Project (Woodlark) from Kula Gold Limited (Kula).

Geopacific's focus is to maximise the development potential of Woodlark in the shortest possible timeframe. The current resources at Woodlark are being assessed to establish which areas hold the best potential. Work undertaken to date is encouraging, highlighting substantial potential to increase reserves at all deposits. The advanced stage of this work includes a clear development plan to maximise resource conversion and achieve the 1.2 million ounce reserve target required to progress the earn-in agreement. Geopacific will complete the development plan and announce the decision to proceed to Tranche 2 of the earn-in transaction before the end of 2016.

**Development plan**

Geopacific's development plan will include clear milestones to improve economics and pit designs along with a drilling program to move existing Inferred resources into the Measured and Indicated (M&I) categories with selective infill drilling.

**Exploration potential**

The exploration potential of Woodlark is being assessed simultaneous to the development plan. Scout drilling, geophysics and airborne magnetics have all successfully identified numerous targets that require follow-up exploration. These areas will be prioritised and developed as the project progresses.

The Woodlark project has had more than 265,000m of exploration drilling, much of which is in areas outside the current resource area. This drilling has highlighted the large extent of the mineralising system and the potential for it to produce a multi-million ounce goldfield.

**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

Numerous satellite targets have been identified as a result of drilling across the project area. These hold potential to significantly increase the resource base of the project and require follow-up drilling. Examples of these are included as yellow stars in *Figure 1* below.

A recent aeromagnetic geophysical survey has greatly assisted with the understanding of the geology of the Woodlark Island, identifying many targets on the project. This technique has provided a solution to identifying targets that lie under the thin coral veneer, which covers a portion of the island.

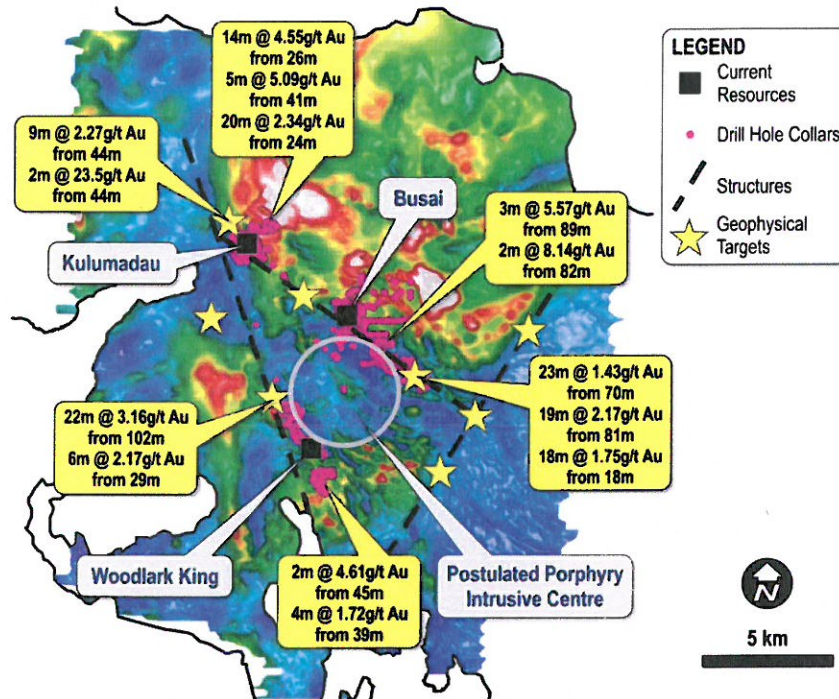


Figure 1: Aeromagnetics with current resource areas and epithermal gold exploration targets

**Potential to convert Inferred Resources to Indicated and Measured status effectively**

The drilling inventory at Woodlark is enormous for a junior company, with over 220,000 metres of RC and 45,000 metres of diamond drilling.

Drilling density in the areas of the current reserves is high, with drillhole spacing regularly as close as seven metres. This adds greatly to the confidence of the reserve estimation, particularly in high-grade areas.

In spite of the high density, drilling in the areas of the reserves accounts for less than half of the overall drilling at Woodlark. This has resulted in many areas being drilled only to Inferred status with wide spaced drill patterns.

Geopacific’s development plan will include a drilling program targeting the areas which Geopacific has identified as having the highest potential to be upgraded.



**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

## **Kou Sa Copper Gold Project – Cambodia**

Exploration work during the half year continued to highlight the prospectivity of the Kou Sa Project with the discovery of further high-grade gold and silver mineralisation at Prospect 190 as well as extending the known copper mineralisation down-dip and to the west.

Geopacific completed an initial resource estimate on defined mineralisation at Prospects 150 and 160 (6 July 2016), where drilling continues. These areas form part of the overall inventory of the Kou Sa Project with further resources to be calculated for Prospects 100, 117, 128, and 190 once drilling has sufficiently delineated these areas.

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

Category	Mt	Cu %	Au g/t	Ag g/t	CuEq %	Cu kt	Au koz	Ag koz	CuEq kt
Indicated	3.49	0.78	0.71	5.37	1.38	27.1	79.2	602	48.1
Inferred	0.35	0.7	0.2	4.3	0.9	2.3	2.7	48	3.1
<b>Total</b>	<b>3.84</b>	<b>0.77</b>	<b>0.66</b>	<b>5.27</b>	<b>1.33</b>	<b>29.5</b>	<b>81.8</b>	<b>651</b>	<b>51.2</b>

## **Prospect 190 (Gold)**

The discovery of additional high-grade gold and silver mineralisation in the recently discovered epithermal system at Prospect 190 has further increased the prospectivity of the Kou Sa Project. The results confirm that the Prospect 190 Gold holds potential to host more significant gold mineralisation.

The results from Prospect 190 Gold sustain the potential of a substantial, deeper source at Kou Sa which is capable of driving the wide zones of mineralisation found at Prospect 190 Gold and in several other areas. These results show smaller zones of high-grade mineralisation situated within wide, lower-grade zones, all close to surface. Trenching along strike and up dip has also confirmed mineralisation is close to surface, with intersections including **66m at 0.13g/t Au, including 5m at 0.7g/t Au and 10g/t Ag (KTRC040)**. The wide zones of lower-grade mineralisation are associated with broad zones of altered rocks suggesting the presence of a larger, deeper source of mineralised fluids.

The gold to silver ratio in these results indicate that the intersections are at the upper levels of an epithermal system. It follows that the expectation is for gold to increase with depth. Further drilling is planned at Prospect 190 Gold, to test for extensions to the mineralisation down-dip and down plunge.

**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

Results are shown in the drill hole location plan below.

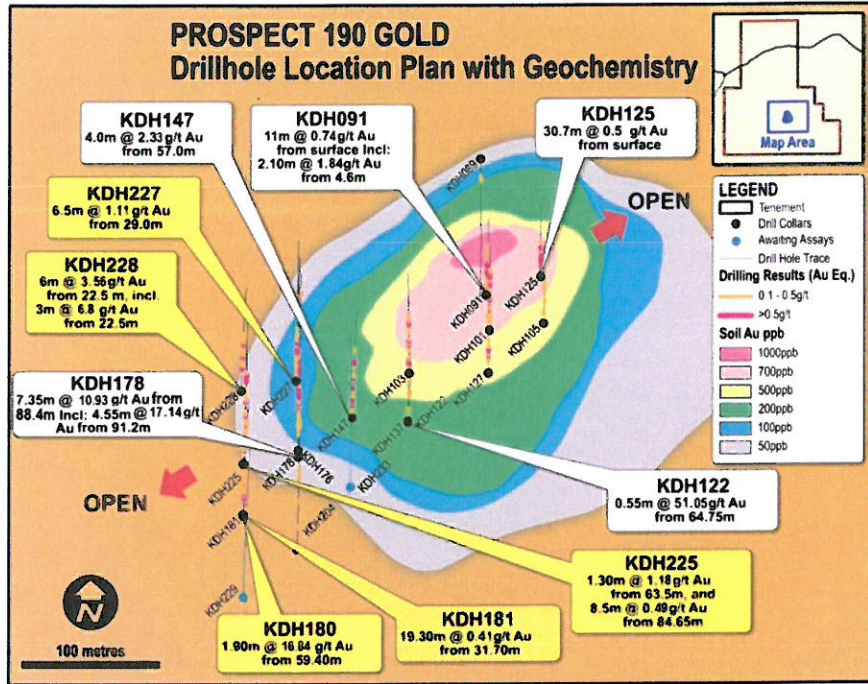


Figure 2: Prospect 190 (Gold) – Drill hole location plan showing new intersection and geochemistry contours. New results are labelled in yellow.

The wide zones of alteration containing lower grade mineralisation are evident in *Figure 3*. The central core of this zone contains a higher grade zone of gold and silver mineralisation. The width of the alteration suggests that a larger mineralising system was required to create this zone and this bodes well for the depth potential at Prospect 190.

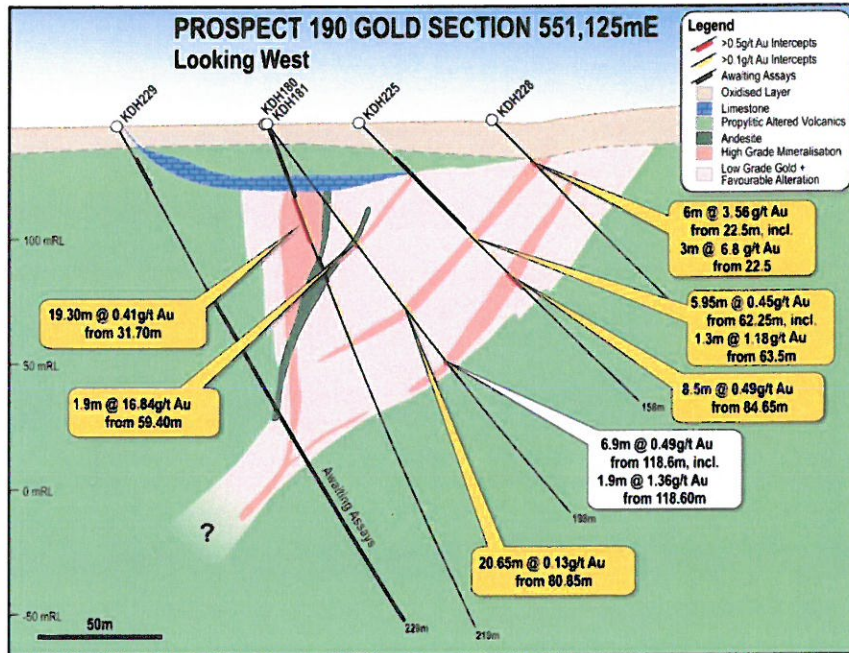
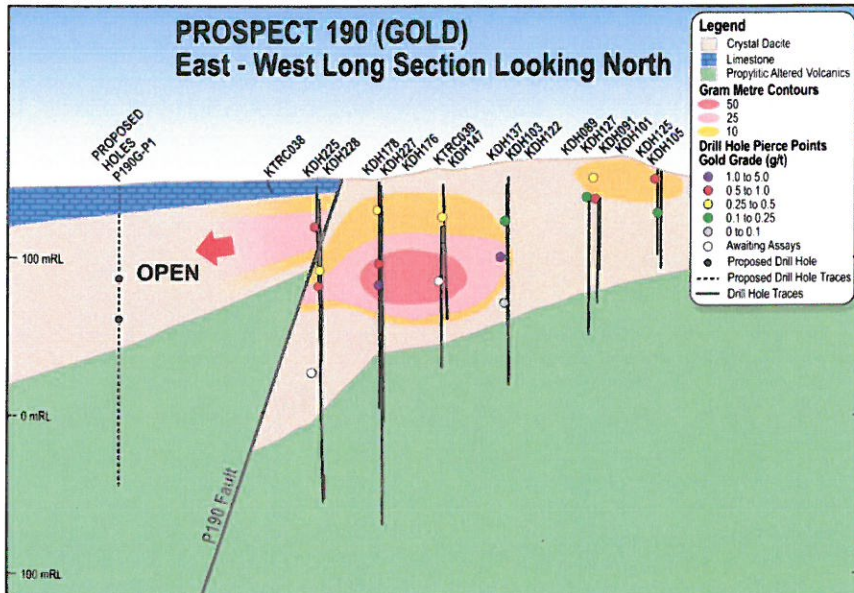


Figure 3: Prospect 190 Gold – Cross section showing new drilling results (yellow)



**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

The plunge to the west of the mineralisation displayed in *Figure 4*, highlights where a structural offset has moved the system upwards and to the north. The zone in this area is covered by a limestone unit that may be significant in the formation of the system, but also masks the ability of geochemistry to target the zone. Mineralised zone at Kou Sa have typically been associated with limestone layers that have formed pressure traps of rising mineralised fluids. IP geophysics has been shown to be able to look below the limestone and assist with drillhole targeting.



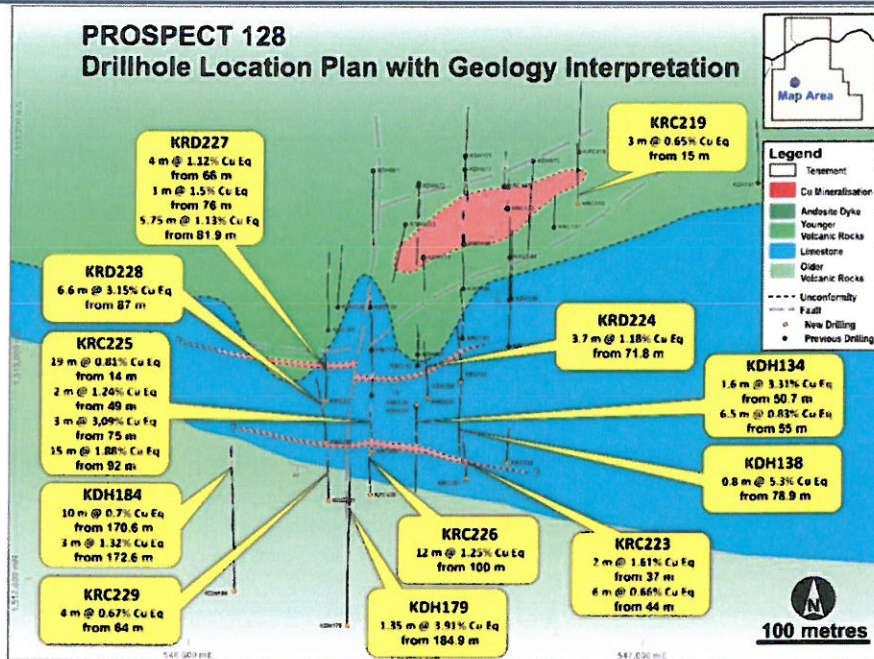
**Figure 4: Prospect 190 (Gold) – Long section showing gram-metre contours and the potential extension under the limestone.**

## Prospect 128

Drilling at Prospect 128 has continued to extend the zone of mineralisation to depth and to the west. Recent results highlight both good grade and widths of the copper mineralisation.

As exploration continues, our understanding of the geology at Kou Sa continues to improve. At Prospect 128, there are 3 distinct repetitive mineralised zones, which currently extend over a 400m area. Certain zones are still open at depth and to the south-west. This mineralisation is of similar style to the Prospect 160 mineralisation in that it was formed, largely, as limestone units were replaced by copper-rich solutions from a deeper source. This model suggests that similar limestone units along strike may also be mineralised by a similar source. IP geophysical surveys highlight a chargeability anomaly of approximately 4kms running between Prospects 160 and 128, which reinforces this model. There is also potential for deeper repetitions of the limestone units that have been mineralised by the same method. Both of these models are being utilised to target drilling, designed to test the potential extent of Prospect 128.

**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**



**Figure 5: Prospect 128 – Plan showing new drilling results and current mineralisation extents**

### Ongoing exploration

Exploration at Kou Sa continues with a two-pronged approach; testing anomalous zones to initially identify prospects which allows for overall evaluation of the licence and, simultaneous definition of an initial resource with a scoping study. The overall aim is to generate revenue while developing a better understanding of the bigger exploration picture.

The strong results at Prospect 190 Gold have shown that the project can produce epithermal gold-silver zones with substantial grades. Consequently, a similar gold and silver geochemical anomaly at Prospect 170 will be investigated with diamond drilling. Previous drilling in this area identified broad zones of anomalous silver up to 41g/t. Combined with the results from Prospect 190 Gold this suggests that drilling at Prospect 170 has the potential to identify a gold-zone, deeper into the epithermal system. A deep-looking IP geophysics program just completed at Prospect 170, also identified a significant chargeability anomaly that indicates that the presence of an epithermal system. Geophysics will be used to assist with targeting of future drilling.

### Development plans for Kou Sa

Geopacific’s strategy remains focussed on developing Kou Sa to generate revenue that will support continued expansion. The target is a ‘kickstarter’, maiden resource and scoping study to take the project into production with a modest but profitable operation and ongoing exploration to increase the scale of the project well beyond the initial resource.

The Board of Geopacific is excited by the potential of the new, gold epithermal-system discovered at Prospect 190 (Gold) which could prove sufficient to impact on the direction and development of the project in the near or longer term. This potential and its impact will continue to be assessed as drilling results provide more information on the system.

While exploration continues, so does work on the scoping study where Geopacific is making confident strides towards the aim of being a low-cost producer.



**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

The Board looks forward to keeping shareholders apprised of all project developments and exploration results as we continue to move the Kou Sa project forward in accordance with the strategy.

### Fijian Gold Project – Fiji

Geopacific believes that the Fijian assets hold significant value and a full review of the Projects was completed and assessed during the Quarter. As result work has recommenced at The Nabila Project initially at the Faddy's Prospect.

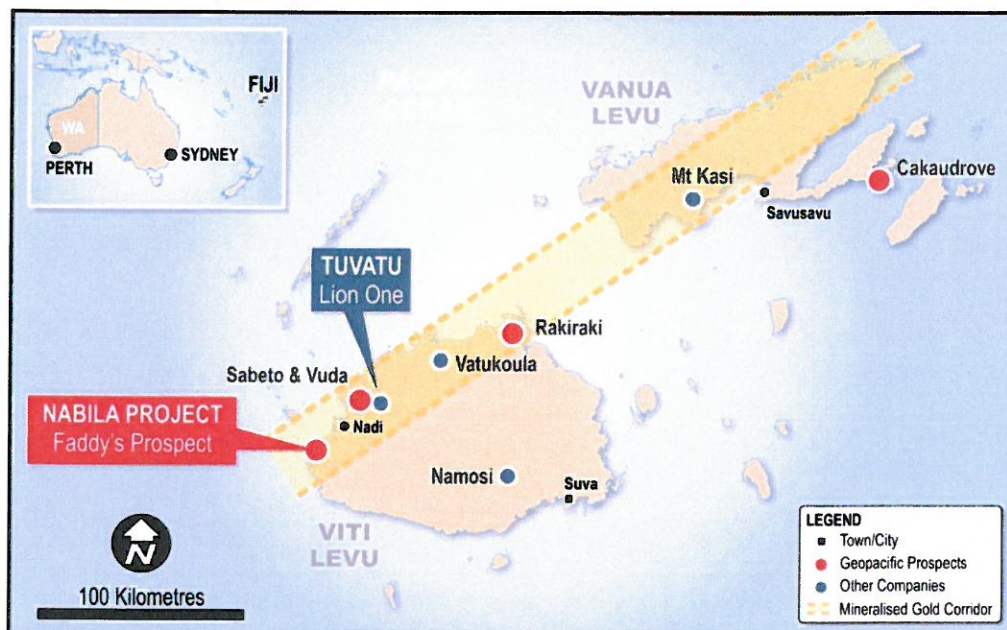


Figure 6: Fiji - Gold projects location map

### Faddy's Gold Prospect

In order to leverage the potential at Faddy's Prospect, Geopacific reviewed the existing geological and metallurgical information from two perspectives; short-term commercialisation through toll milling, and long-term development of a stand-alone mine.

A diamond rig has been tasked to undertake infilling of the higher grade, central portion of the mineralisation then stepped out to consolidate the potential of this zone along strike. The aim of the drilling program will be to assess the best areas of mineralisation for commercialisation of a near-term mining option. The potential of a stand-alone processing plant will also be considered.

The planned processing facility at Lion One's Tuvatu Project is located adjacent to Geopacific's Vuda and Sabeto Projects and within easy, trucking distance on bitumen roads of Faddy's Prospect. Geopacific held advanced, positive discussions with Lion One regarding the potential for toll treating ore from the Faddy's Prospect.

A review of metallurgy at Faddy's Prospect has indicated that the planned Tuvatu plant is capable of processing the mineralisation and further metallurgical test work will be undertaken to confirm this.

**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

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### **Exploration at Faddy's Prospect**

The Faddy's Gold Prospect is the most advanced of Geopacific's Fijian Projects, situated at the northern end of the Nabila Project. It is well located, just off the main bitumen road and 20 kilometres from the International airport at Nadi.

Several phases of exploration have previously been undertaken on the epithermal-style mineralisation; including IP geophysics, metallurgy, numerous trenches, 112 diamond and 121 RC drill holes with an inferred resource estimate in April 2008. Several, surface, gold and base-metal anomalies have been defined from past exploration and mineralisation appears to be open along trend (north-south) and at depth.

#### **Competent Person's Statement**

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

The information in this Directors Report that relates to the Mineral Resource estimates for Kulumadau, Busai and Woodlark King is based on information compiled by Mr. John Doepel, Principal Geologist for Continental Resource Management Pty Limited (Resource Report, Woodlark Island). CRM has acted as independent consulting geologist to WML since 2005 and has undertaken several visits to the island and to the sample preparation facilities. Mr. Doepel is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Doepel consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

#### **Forward Looking Statements**

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

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

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



**Geopacific Resources Limited  
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ACN 003 208 393**

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**Principal Risks and Uncertainties**

Because of the international scope of the Group's operations and the industries in which it is engaged, there are a number of risk factors and uncertainties which could have an effect on the Group's results and operations. Material risks that could impact on the Group's performance include:

Fluctuations in commodity prices and impacts of ongoing global economic volatility may negatively affect our results, including cash flows and asset values	The commercial counterparties we transact with may not meet their obligations, which may negatively impact our results
	Cost pressures and reduced productivity could negatively impact our operating margins and expansion plans
Our financial results may be negatively affected by currency exchange rate fluctuations	Cost pressures and reduced productivity could negatively impact our operating margins and expansion plans
Reduction in demand to Commodities may negatively impact our results	Unexpected natural and operational catastrophes may adversely impact our operations
Actions by governments or political events in the countries in which we operate could have a negative impact on our business	Our non-operated assets may not comply with our standards
Failure to discover or acquire new resources, maintain reserves or develop new operations could negatively affect our future results and financial condition	Breaches in our information technology security processes may adversely impact our business activities
Potential changes to our portfolio of assets through acquisition and divestments or demerger may have a material adverse effect on our future results and financial condition	Safety, health, environmental and community impacts, incidents or accidents and related regulations may adversely affect our people, operations and reputation or licence to operate
Increased costs and schedule delays may adversely affect our development projects	Climate change may impact the value of our Company, and our operations and markets
If our liquidity and cash flow deteriorate significantly it could adversely affect our ability to fund our major capital programs	A breach of our governance processes may lead to regulatory penalties and loss of reputation
We may not recover our investments in mining, assets, which may require financial write-downs	

**Significant Changes in the State of Affairs**

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



**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

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**Directors' Report**

**Events occurring after the balance sheet date**

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

On 6 July 2016, Geopacific completed an initial, 2012 JORC compliant resource estimate of copper and gold at the Prospect 150 and 160 area at the Kou Sa Copper Gold Project in Cambodia.

On 11 July 2016, Geopacific entered into a project-level, earn-in agreement with Kula Gold Ltd to acquire up to 80% of the Woodlark Gold Project (Woodlark) in Papua New Guinea by spending a maximum of \$18.5M. Geopacific's primary focus is to define a development plan that will allow the company to define a 1.2 million ounce reserve in accordance to the earn-in transaction.

On 18 August 2016, Geopacific successfully completed a placement to raise a total of \$15.0M with a number of new, high-calibre investors joining the register. The capital raised will be used to assist in achieving project milestones at Woodlark well into the third tranche of the transaction. Work at the Kou Sa project in Cambodia and Fijian Gold Assets will continue in tandem with Woodlark.

Other than the matters referred to above, the directors are not aware of any significant events since the end of the interim period.

**Auditor's Independence Declaration**

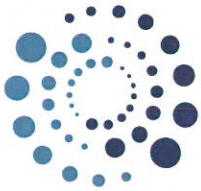
A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 13.

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

DATED at Perth this 13<sup>th</sup> day of September 2016



**Ron Heeks**  
Executive Director



## Auditor's Independence Declaration

To those charged with the governance of Geopacific Resources Limited

As auditor for the review of Geopacific Resources Limited for the half-year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

**Nicholas Hollens**

Managing Director

13 September 2016

**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the half-year ended 30 June 2016**

	Half year ended 30 June 2016 \$	Half year ended 30 June 2015 \$
Interest income	8,039	27,909
Other income	-	17,040
<b>Total revenue</b>	<b>8,039</b>	<b>44,949</b>
Administration expenses	(129,887)	(127,233)
Consultants expenses	(140,325)	(248,290)
Depreciation expenses	(46,295)	(38,237)
Employee expenses	(339,425)	(510,491)
Occupancy expenses	(81,247)	(78,165)
<b>Loss before income tax</b>	<b>(729,140)</b>	<b>(957,467)</b>
Income tax expense	-	-
<b>Net loss for the half-year</b>	<b>(729,140)</b>	<b>(957,467)</b>
<b>Other comprehensive Income(loss) – items that may be reclassified to the profit and loss</b>		
Exchange differences on translating foreign controlled entities	22,193	88,681
<b>Total comprehensive income for the half-year</b>	<b>(706,947)</b>	<b>(868,786)</b>
<b>Loss per share</b>		
Basic and diluted loss per share (cents)	(0.09)	(0.23)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

**Consolidated Statement of Financial Position  
As at 30 June 2016**

	Note	30 June 2016 \$	31 December 2015 \$
<b>Current assets</b>			
Cash and cash equivalents		2,191,146	12,589,002
Trade and other receivables		932,705	754,788
<b>Total current assets</b>		<b>3,123,851</b>	<b>13,343,790</b>
<b>Non-current assets</b>			
Exploration expenditure	3	30,491,917	26,157,372
Property, plant and equipment		100,059	150,846
Prepayments	4	13,488,936	8,581,940
<b>Total non-current assets</b>		<b>44,080,912</b>	<b>34,890,158</b>
<b>Total assets</b>		<b>47,204,763</b>	<b>48,233,948</b>
<b>Current liabilities</b>			
Trade and other payables		798,393	1,072,935
Provisions		14,880	14,881
Financial Liabilities		-	2,453
<b>Total current liabilities</b>		<b>813,273</b>	<b>1,090,269</b>
<b>Total liabilities</b>		<b>(813,273)</b>	<b>(1,090,269)</b>
<b>Net assets</b>		<b>46,391,490</b>	<b>47,143,679</b>
<b>Equity</b>			
Issued capital	5	60,099,072	60,099,072
Reserves		1,062,238	1,085,287
Accumulated losses		(14,769,820)	(14,040,680)
<b>Total equity</b>		<b>46,391,490</b>	<b>47,143,679</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Geopacific Resources Limited  
and its Controlled Entities  
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**Consolidated Statement of Changes in Equity  
For the half-year ended 30 June 2016**

	Note	Issued capital \$	Share based payments reserve \$	Foreign currency translation reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 January 2016</b>		60,099,072	643,466	441,822	(14,040,680)	47,143,680
Comprehensive loss for the half-year		-	-	(23,050)	(729,140)	(752,190)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the half-year (net of cost)	5	-	-	-	-	-
Performance Rights Vested		-	-	-	-	-
Options expired		-	-	-	-	-
<b>Balance at 30 June 2016</b>		<b>60,099,072</b>	<b>643,466</b>	<b>418,772</b>	<b>(14,769,820)</b>	<b>46,391,490</b>
Balance at 1 January 2015		34,686,214	602,469	(200,947)	(12,309,419)	22,778,317
Comprehensive loss for the half-year		-	-	88,681	(957,467)	(868,786)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the half-year (net of cost)	5	2,895,864	-	-	-	2,895,864
Performance Rights Vested		-	164,005	-	-	164,005
Options expired		-	(269,376)	-	269,376	-
<b>Balance at 30 June 2015</b>		<b>37,582,078</b>	<b>497,098</b>	<b>(112,266)</b>	<b>(12,997,510)</b>	<b>24,969,400</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

**Consolidated Statement of Cash Flows  
For the half-year ended 30 June 2016**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from other income	-	17,040
Interest received	<b>8,039</b>	27,909
Payments to suppliers and employees	<b>(1,145,795)</b>	(911,734)
Payments for exploration	<b>(9,241,542)</b>	(5,407,452)
<b>Net cash used in operating activities</b>	<b>(10,379,298)</b>	<b>(6,274,237)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of plant and equipment	<b>4,492</b>	-
Payments for plant and equipment	-	(9,959)
<b>Net cash provided by/ (used in) investing activities</b>	<b>4,492</b>	<b>(9,959)</b>
<b>Cash flows from financing activities</b>		
Proceeds from shares issued	-	3,000,000
Shares issue costs	-	(104,136)
Proceeds from borrowings	-	26,572
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>2,922,436</b>
<b>Net decrease in cash and cash equivalents held</b>	<b>(10,374,806)</b>	<b>(3,361,760)</b>
Effect of exchange rates on cash held in foreign currencies	<b>(23,050)</b>	79,129
<b>Cash and cash equivalents at the beginning of the half-year</b>	<b>12,589,002</b>	<b>4,165,516</b>
<b>Cash and cash equivalents at the end of the half-year</b>	<b>2,191,146</b>	<b>882,885</b>

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



**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

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**Notes to the Interim Financial Statements  
For the half-year ended 30 June 2016**

**Note 1 Basis of preparation of half-year report**

This general purpose financial report for the interim half-year reporting period ended 30 June 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the disclosure and notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2015 and any public announcements made by Geopacific Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

*Going concern basis for preparation of financial statements*

During the half-year period the Group incurred a net loss of \$729,140 and net operating cash outflows of \$10,379,298.

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

The directors consider that the use of the going concern basis is appropriate for the preparation of these financial statements.

*Adoption of new and revised accounting standards*

In the half year ended 30 June 2016, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2016. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies.

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

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

*Critical Accounting Estimates and Significant Judgements used in Applying Accounting Policies*

The critical estimates and judgements are consistent with those applied and disclosed in the 31 December 2015 Annual Report.

The consolidated interim financial statements were approved by the Board of Directors on 8<sup>th</sup> September 2016.

**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

**Notes to the Interim Financial Statements  
For the half-year ended 30 June 2016**

**Note 2 Segment information**

The consolidated entity is organised into one operating segment being exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ("CODM")) in assessing performance and in determining the allocation of resources.

The CODM review EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those used in the financial statements. The information reported is on at least a monthly basis.

The principle products and services of this operating segment are the exploration operations carried on in Australia, Cambodia and Fiji. The following table presents revenue and loss in relation to geographical segments for the half year period and full year.

	Australia	Fiji	Cambodia	Total
	\$	\$	\$	\$
<b>30 June 2016</b>				
Other Revenue	8,005	-	34	8,039
<b>Net Loss for the half-year</b>	<b>649,524</b>	<b>40,298</b>	<b>39,318</b>	<b>729,140</b>
<b>Segment Assets</b>	<b>2,142,817</b>	<b>8,676,633</b>	<b>36,385,313</b>	<b>47,204,763</b>
<b>30 June 2015</b>				
Other Revenue	44,949	-	-	44,949
<b>Net Loss for the half-year</b>	<b>(827,426)</b>	<b>(63,938)</b>	<b>(66,103)</b>	<b>(957,467)</b>
<b>Segment Assets as at 31 December 2015</b>	<b>12,610,894</b>	<b>7,714,890</b>	<b>27,908,164</b>	<b>48,233,948</b>
		<b>Consolidated</b>		
		<b>30 JUNE</b>	<b>31 DECEMBER</b>	
		<b>2016</b>	<b>2015</b>	
		\$	\$	

**Note 3 EXPLORATION EXPENDITURE**

**Non-Current**

<b>Capitalised exploration expenditure carried forward</b>	<b>30,491,917</b>	<b>26,157,372</b>
<b>Movement during half-year</b>		
Carrying value – beginning of half-year	26,157,372	18,951,895
Additions	4,334,545	7,205,477
Carrying value – end of half-year	<b>30,491,917</b>	<b>26,157,372</b>

During the half-year the Company did not expense any previously capitalized exploration expenditure.

**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

**Notes to the Interim Financial Statements  
For the half-year ended 30 June 2016**

**Note 4 Prepayments**

In January 2015 the Company's subsidiary Royal Australia Resources Ltd entered into an agreement to acquire 100% of the Issued Capital of Golden Resource Development Co Ltd for principle payments of \$US14.0 million plus interest payments of US\$1,275,750. Under the terms of the agreement payments of principle and interest will be made over time until 31 July 2016. The First payment of US\$1.4 million was made on 31 January 2015. The second principle payment of US\$3,150,000 was due and was paid on 31 July 2015. The third principle payment was made on 31 January 2016.

The Company renegotiated the payment schedule with the vendors in January 2016 with one final payment of US\$1.575 million due at financial completion of the BFS for the Kou Sa Project and the payment of a 2% Royalty on production capped at \$8.425 million.

**Note 5 Issued capital – Ordinary fully paid shares**

	30 June 2016 No.	31 December 2015 No.	30 June 2016 \$	31 December 2015 \$
Balance at the start of the half-year	799,593,584	334,410,847	60,099,072	34,686,214
Shares Issued during the period	-	465,182,737	-	26,090,397
Share issue costs	-	-	-	(677,539)
Balance at the end of the half-year	<b>799,593,584</b>	<b>799,593,584</b>	<b>60,099,072</b>	<b>60,099,072</b>

**Note 6 Contingent Liabilities**

Since the last annual reporting date no contingent liabilities have occurred.

**Note 7 Events occurring after the balance sheet date**

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

On 6 July 2016, Geopacific completed an initial, 2012 JORC compliant resource estimate of copper and gold at the Prospect 150 and 160 area at the Kou Sa Copper Gold Project in Cambodia.

On 11 July 2016, Geopacific entered into a project-level, earn-in agreement with Kula Gold Ltd to acquire up to 80% of the Woodlark Gold Project (Woodlark) in Papua New Guinea by spending a maximum of \$18.5M. Geopacific's primary focus is to define a development plan that will allow the company to define a 1.2 million ounce reserve in accordance to the earn-in transaction.

On 18 August 2016, Geopacific successfully completed a placement to raise a total of \$15.0M with a number of new, high-calibre investors joining the register. The capital raised will be used to assist in achieving project milestones at Woodlark well into the third tranche of the transaction. Work at the Kou Sa project in Cambodia and Fijian Gold Assets will continue in tandem with Woodlark.

Other than the matters referred to above, the directors are not aware of any significant events since the end of the interim period.



**Geopacific Resources Limited  
and its Controlled Entities  
ACN 003 208 393**

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**Directors' Declaration**

The Directors of Geopacific Resources Ltd declare that:

- (a) the interim financial statements and notes set out on pages 15 to 21 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standard AASB134 – *Interim Financial Reporting*, and the Corporations Regulations; and
  - (ii) give a true and fair view of the financial position as at 30 June 2016 and of its performance for the half-year ended on that date of the consolidated entity.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed at Perth this 13<sup>th</sup> of September 2016



**Ron Heeks**  
Executive Director

## Independent Auditor's Review Report

To the members of Geopacific Resources Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Geopacific Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Geopacific Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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

**Conclusion**

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

- (a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Greenwich & Co Audit Pty Ltd

**Greenwich & Co Audit Pty Ltd**

Nicholas Hollens

**Nicholas Hollens**  
Managing Director

13 September 2016  
Perth  
Western Australia