GEOPACIFIC RESOURCES LIMITED

ACN 003 208 393

Interim Financial Report

For The Half-Year Ended
30 June 2019

CONTENTS

DIRECTORS' REPORT

The Directors present their interim financial report of Geopacific Resources Limited (Geopacific) and its controlled entities ("Group") for the half-year ended 30 June 2019.

Directors

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

Ian B Clyne	Non-Executive Chairman
Ron Stephen Heeks	Managing Director
Collin Gilligan	Non-Executive Director
Matthew Smith	Chief Financial Officer & Company Secretary
Milan Jerkovic	Non-Executive Chairman (resigned 8 May 2018)
Mark Trevor Bojanjac	Non-Executive Director (resigned 30 May 2019)

Review of Operations

For the half-year ended 30 June 2019, the Group made a net loss after income tax of $3,784,944 (2018: $3,462,207).

At 30 June 2019, the Group had net assets of $35,703,422 (31 December 2018: $34,685,715) including $38,014,529 of capitalised exploration expenditure (31 December 2018: $37,494,025).

At balance date, the Group had $4,246,945 in cash and cash equivalents (31 December 2018: $3,059,221) with the increase for the period driven by the capital raise completed in April 2019.

Woodlark Gold Project – Papua New Guinea

Geopacific is actively advancing the project development of the 1.6Moz[1] Woodlark Gold Project (Woodlark) with positive progress achieved since the beginning of the financial year.

Woodlark is located on an Island, 600km East of Port Moresby, in Milne Bay Province of Papua New Guinea.

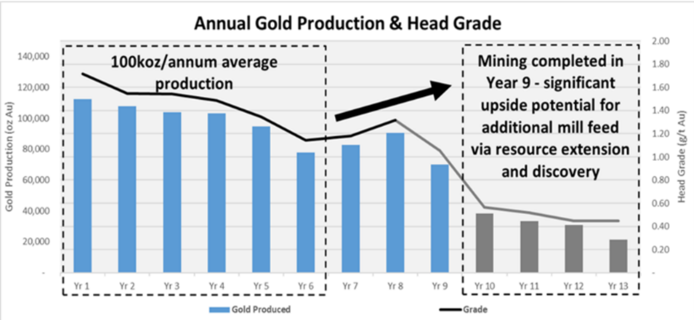
Figure 1: Woodlark Island location Map

The **November 2018 Feasibility Study**[2] demonstrates a compelling development option, both from a technical and financial perspective. With over 1Moz[2] of gold in Reserves, the projected mine life is 13 years, producing more than 100koz gold per annum for the first 5 years. The project economics are driven by low costs, a positive operating environment, and a simple processing route.

[1] For Mineral Resource refer to page 7 and PFS announcement released on 12 March 2018.
[2] All material assumptions underpinning the production target and forecast financial information continue to apply and have not changed materially.

DIRECTORS' REPORT (CONTINUED)

The project presents an attractive operating environment with logistical advantages and competitive operating costs made possible by its flat topography and supportive local community. All-in sustaining costs (AISC) as low as A$866/oz in the first 5 years are possible due to outcropping gold mineralisation which drives a competitive waste to ore ratio of 3.2:1. A summary of the key operational physicals and inputs are provided in Figure 2 below and highlights a robust production profile.



	Unit	First 5 Yrs*	Life of Mine
Mine Life	years	5	13
Strip Ratio	(x)	3.2	3.9
Feed Grade	(g/t Au)	1.5	1.1
Gold Recovery	(%)	90.2	88.8
Annual Output	**(koz/pa)**	**104**	**74**
Total Production	**(koz)**	**522**	**967**
AISC Cost	A$/oz	866	1,003
Capex (Incl. pre-strip)	A$/oz	209	216
Plant Capacity	Mtpa		2.4

* Excludes pre-strip period

Figure 2: Woodlark operational physicals and inputs – November 2018 DFS

Woodlark has the potential to grow into a much larger goldfield with several distinct, high priority exploration target areas. Geopacific controls 580km^2 of exploration licences, all of which covers highly prospective volcanic sequences and remains largely underexplored. To date, more than 300km of development drilling has delineated over 1.6Moz of gold resources and all defined resources remain open along strike and down dip. This extensive database of drilling, soil sampling and geophysical surveying provides a strong foundation to grow the Project from the current 13 year life.

Work streams during the half year were focussed on advancing financing discussions, simplifying the corporate structure, and progressing Woodlark's project execution strategy.

Geopacific successfully secured 100% direct ownership of Woodlark and shortly after the period the Independent Technical Experts (ITE) review was completed on behalf of potential lenders.

Achievement of these milestones allows Geopacific to advance to the next stage of financing and work towards a complete project financing solution.

Corporate and Development Activities

100% direct ownership of Woodlark

Geopacific secured 100% direct ownership of Woodlark, simplifying the ownership structure and reducing corporate costs for the Group.

On 6 March 2019, an agreement was signed to acquire from Kula Gold Ltd (Kula) all of their rights and interests in Woodlark. The agreement was subject to requisite shareholder approval from both Kula and Geopacific, which was successfully obtained on 25 June 2019.

Geopacific secured 100% ownership of Woodlark in return for issuing 150M Geopacific shares (Consideration Shares) to Kula and paying approximately $0.74M cash to Kula concurrent to cancelling the existing 85% shareholding in Kula. This took place shortly after the reporting period.

Kula immediately applied the cash to repay its loan from Geopacific of approximately $0.72M. On 9 July, Kula distributed the Consideration Shares pro-rata to its shareholders. Each Kula shareholder received approximately 2.55 Geopacific shares for every Kula share.

Kula ceased to be a subsidiary of Geopacific and the joint venture agreement between the two parties was extinguished. Messrs Clyne, Heeks and Smith also retired from the Kula board.

DIRECTORS' REPORT (CONTINUED)

Project Financing – Woodlark

During the period work streams were focussed on advancing project financing by completing the ITE report on behalf of potential lenders.

The ITE report validates key technical aspects of the project and allows Geopacific to advance project development by progressing to the next stage of financing. Two indicative non-binding term sheets for the debt component have been received to date.

The ITE review commenced in May 2019 and is a standard form of technical due diligence when seeking project financing in the industry. The process involves appointing a team of independent experts to review all technical, financial, and environmental aspects of the project.

A significant body of work was involved and required the Geopacific team to provide further information and clarity as requested. As part of the final stages of the review, a site visit to Woodlark Island was also undertaken.

The scope of the review and final report includes technical aspects such as Geology & Mineral Resources, Metallurgy & Processing, Infrastructure, Logistics, and Environmental & Social.

SRK Consulting (SRK) and ERM Consulting (ERM) were appointed following consultation with a consortium of potential lenders. SRK completed the technical aspects of the review and ERM completed environmental and social aspects.

Completion of the ITE report will allow the commencement of, and guide, the next phase of work that is required to develop and execute the project.

Project Execution – Woodlark

Geopacific aims to advance its project execution strategy by selecting a lump sum turnkey solution for the plant and infrastructure, and other relevant contracts for building and operating the project.

Geopacific have engaged with both mining and engineering companies on the basis of their credibility and experience in delivering similar operations to Woodlark. All proposals received to date are being evaluated to assess pricing, technical and management competence including proposed design specifics, financial viability, and relevant experience in PNG.

<u>Engineering, Procurement, and Construction (EPC) strategy</u>

For the determination of capital costs, Geopacific adopted an Engineering, Procurement and Construction Management (EPCM) Strategy in the November 2018 Woodlark DFS (DFS). Geopacific intends to adopt an EPC strategy in order to ensure project delivery guarantees.

The key differentiator and benefit of an EPC model is that risk is transferred away from Geopacific and shifted to the builder. Adopting an EPC model determines clarity on the final capital cost and de-risks a significant portion of the project from a financing perspective. The change of contract structure is expected to enable potential financiers to gain more certainty on the build costs.

<u>Mining Contractor</u>

The DFS assumed mining would be undertaken on an owner operator basis, however, it is Geopacific's preferred approach to select a mining contractor. Geopacific sees this as an opportunity to reduce capital expenditure requirements and to transfer mining associated risks away from the Company. This approach also takes advantage of economies of scale and scope through access to capital equipment, human resources both in mining and other technical areas.

Oversubscribed capital raising – $4.3M

Proceeds from the successful placement were primarily raised to advance project financing due diligence and for working capital purposes as the Company structures the financing of the project.

The funded work program also involves advancing the execution strategy for project development which includes the plant and infrastructure.

DIRECTORS' REPORT (CONTINUED)

Placement

The $4.3M placement, of 510M ordinary shares, was completed at $0.0085, representing a discount of 23% to the last close and a 24% discount to the 5 day VWAP (days Geopacific traded).

The placement was oversubscribed with offers from new and existing sophisticated and professional investors. The placement was made pursuant to the Company's 15% placement capacity under Listing Rule 7.1 (312,286,070 shares) and Listing Rule 7.1A (197,713,930 shares).

Petra Capital acted as exclusive Manager and Bookrunner to the raising.

Block trade

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

Director appointment and resignation

Ian Clyne was appointed as Chairman of the board, following the retirement of Milan Jerkovic.

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

Mr Clyne has 11 years' experience working and living in Papua New Guinea on two occasions, the most recent as Group Chief Executive Officer of BSP (Bank South Pacific Limited) from 2008-13 where he lead a highly successful Transformation Project.

Mr Clyne is a strong believer in PNG, its people and their potential, and has demonstrated a high level of commitment to social & community issues during his tenure at BSP.

Mr Clyne was awarded the Queen Elizabeth 2nd "Diamond Jubilee" Medal for his services to PNG.

Mark Bojanjac also resigned as Non-Executive Director during the period.

Other

Geopacific received approval to appoint Ernst & Young (EY) as the Company's auditor.

Ian Clyne purchased a further 2,050,000 fully paid ordinary shares during the period.

Other Exploration Activities

Kou Sa Project, Cambodia

The Kou Sa Project (Kou Sa) is located in northern Cambodia's Chep District, Phreah Vihear province and covers a license area of 158km^2. A Maiden Resource (2012 JORC Code compliant) of 51,000 tonnes of copper equivalent was released in 2016. The resource was calculated to assess the project's initial inventory at Prospects 150 and 160. Geopacific believes Kou Sa holds significant potential for the discovery of additional deposits with economic grade and tonnage. A number of IP anomalies across the license still remain untested.

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

The Kou Sa Licence expired on 13 March 2019 and a renewal application has been lodged.

Fijian Gold and Copper Projects, Fiji

The Sabeto and Vuda Licences expired during the period and management is evaluating a renewal decision.

DIRECTORS' REPORT (CONTINUED)

Mineral Resources and Reserves

Woodlark Resources and Reserves

The Woodlark Resource is 47Mt @ 1.04g/t Au for 1.57Moz of gold[3] including 222,000oz of gold in the Inferred category (Table 1).

Table 1: Woodlark Global Mineral Resource Estimate – March 2018

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

An updated Ore Reserve estimate was released in November 2018 and was completed by independent consultants, Mining Plus. The updated Ore Reserve estimate of 28.9Mt @ 1.12g/t Au for 1,037,600oz[4] of gold is detailed in Table 2.

Table 2: Woodlark Ore Reserve Estimate – November 2018

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

Kou Sa Project Mineral Resource – Prospects 150 & 160

The Mineral Resource for Prospects 150 and 160 at the Kou Sa Project was 3.84 million tonnes at 0.77% Cu, 0.66g/t Au and 5.27g/t Ag for 51.2k tonnes of Cu equivalent. The Mineral Resources estimated at a 0.4% CuEq lower cut-off are detailed in Table 3.

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

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

[3] Refer to March 2018 Pre-feasibility Study – 'Robust Woodlark Gold project PFS Supports Development.'
[4] Refer to 'Woodlark Ore Reserve Update' announced on 7 November 2018.

DIRECTORS' REPORT (CONTINUED)

Competent Persons Statement

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

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

The information in this report that relates to the Cambodian Mineral Resource estimate is based on information compiled by Jonathon Abbott, a Competent Person who is a Member of the Australian Institute of Geoscientists. Jonathon Abbott is a full-time employee of MPR Geological Consultants Pty Ltd and is an independent consultant to Geopacific Resources Limited. Mr Abbott has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Abbott consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

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

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

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

DIRECTORS' REPORT (CONTINUED)

Significant Changes in the State of Affairs

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

Events occurring after the balance sheet date

On 2 July 2019 the Company issued 150,000,000 shares to Kula Gold Limited in relation to the consideration payable to acquire all of Kula's rights and interests in Woodlark Mining Limited.

On 2 July 2019 the Company made a payment of $745,382 to Kula Gold Limited in relation to the consideration payable to acquire all of Kula's rights and interests in Woodlark Mining Limited and received a payment of $725,382 from Kula Gold Limited in relation to the repayment of the outstanding loan balance.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 10.

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

Ron Heeks

Ron Heeks
Managing Director

Perth, Australia
30 August 2019

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Auditor's Independence Declaration to the Directors of Geopacific Resources Limited

As lead auditor for the review of the half-year financial report of Geopacific Resources Limited for the half-year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Pierre Dreyer
Partner
30 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Note	Consolidated 30 June 2019 $	30 June 2018 $ Restated
Finance income		**4,441**	28,397
Administration expense		**(167,547)**	(432,030)
Consultancy expense		**(335,758)**	(201,495)
Depreciation expense		**(66,830)**	(21,016)
Employee benefits expense		**(908,674)**	(710,849)
Share based payments expense		**(692,550)**	-
Occupancy expense		**(25,306)**	(85,438)
Finance costs		**(601,701)**	(508,758)
Impairment write downs		**(75,283)**	(1,531,018)
Exploration expense		**(915,736)**	-
Loss before income tax		**(3,784,944)**	(3,462,207)
Income tax benefit/(expense)		**-**	-
Loss after tax from continuing operations		**(3,784,944)**	(3,462,207)
Loss after tax from discontinued operation (attributable to equity holders of the company)	**13**	**-**	(48,771)
Loss for the period		**(3,784,944)**	(3,510,978)
Income/(loss) for the half-year attributable to:			
Non-controlling interest		**(61,349)**	124,493
Owners of the parent		**(3,723,595)**	(3,635,471)
		(3,784,944)	(3,510,978)
Other comprehensive income			
Items of other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)			
Exchange differences on translating foreign controlled entities		**157,960**	2,546,296
Other comprehensive income for the half-year, net of tax		**157,960**	2,546,296
Total comprehensive loss for the half-year attributable to members of the parent entity		**(3,626,984)**	(964,682)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2019

		Consolidated	
		30 June 2019	**30 June 2018**
		$	**$**
			Restated
Total comprehensive income/(loss) attributable to:			
Non-controlling interest	**12**	**(48,896)**	161,339
Owners of the parent		**(3,578,088)**	(1,126,021)
		(3,626,984)	(964,682)
Loss per share (cents) for loss from continuing operations attributable to the ordinary equity holders of the company:			
Basic loss per share (cents)		**(0.16)**	(0.19)
Diluted loss per share (cents)		**(0.16)**	(0.19)
Loss per share (cents) for loss attributable to the ordinary equity holders of the company:			
Basic loss per share (cents)		**(0.16)**	(0.19)
Diluted loss per share (cents)		**(0.16)**	(0.19)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Consolidated 30 June 2019 $	31 December 2018 $
Current assets			
Cash and cash equivalents		**4,246,945**	3,059,221
Receivables	**4**	**1,082,593**	316,617
Assets classified as held for sale	**5**	**-**	149,388
Inventory		**145,162**	242,771
Total current assets		**5,474,700**	3,767,997
Non-current assets			
Exploration and evaluation expenditure	**6**	**38,014,529**	37,494,025
Property, plant and equipment	**7**	**938,091**	841,611
Total non-current assets		**38,952,620**	38,335,636
TOTAL ASSETS		**44,427,320**	42,103,633
Current liabilities			
Trade and other payables	**8**	**4,284,891**	3,236,829
Lease liability		**101,103**	-
Provisions		**52,283**	135,569
Consideration for acquisition of Woodlark	**9**	**745,382**	-
Total current liabilities		**5,183,659**	3,372,398
Non-current liabilities			
Trade and other payables	**8**	**3,310,948**	3,852,972
Lease liability		**32,164**	-
Provisions		**197,127**	192,548
Total non-current liabilities		**3,540,239**	4,045,520
TOTAL LIABILITIES		**8,723,898**	7,417,918
NET ASSETS		**35,703,422**	34,685,715
Equity			
Issued capital	**10**	**110,973,260**	104,116,108
Reserves		**4,515,300**	5,790,853
Accumulated losses		**(79,785,138)**	(76,061,543)
Total equity attributable to equity holders		**35,703,422**	33,845,418
Non-controlling interest	**12**	**-**	840,297
TOTAL EQUITY		**35,703,422**	34,685,715

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Issued Capital $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Other Equity Reserve $	Accumulated Losses $	Total Attributable to Owners of Parent $	Non-Controlling Interest $	Total Equity $
Balance 1 January 2019	104,116,108	1,499,209	3,535,896	755,748	(76,061,543)	**33,845,418**	840,297	**34,685,715**
Loss for the half-year	-	-		-	(3,723,595)	**(3,723,595)**	(61,349)	**(3,784,944)**
Exchange difference on translation of foreign operations	-	-	157,960	-	-	**157,960**	-	**157,960**
Total comprehensive income/(loss) for the half-year	-	-	157,960	-	(3,723,595)	**(3,565,635)**	(61,349)	**(3,626,984)**
Transactions with owners in their capacity as owners:								
Shares issued during the year	4,335,000	-	-	-	-	**4,335,000**	-	**4,335,000**
Share issue costs	(327,848)	-	-	-	-	**(327,848)**	-	**(327,848)**
Share consideration for acquisition of Woodlark	2,850,000	-	-	(2,126,063)	-	**723,937**	(778,948)	**(55,011)**
Share based payments	-	692,550	-	-	-	**692,550**	-	**692,550**
Balance 30 June 2019	**110,973,260**	**2,191,759**	**3,693,856**	**(1,370,315)**	**(79,785,138)**	**35,703,422**	**-**	**35,703,422**
Restated								
Balance 1 January 2018	94,432,822	789,838	(1,172,966)	-	(22,391,350)	71,658,344	1,676,511	73,334,855
Loss for the half-year	-	-	-	-	(3,635,471)	(3,635,471)	124,493	(3,510,978)
Exchange difference on translation of foreign operations	-	-	2,546,296	-	-	2,546,296	-	2,546,296
Total comprehensive income/(loss) for the half-year	-	-	2,546,296	-	(3,635,471)	(1,089,175)	124,493	(964,682)
Transactions with owners in their capacity as owners:								
Shares issued during the year	10,080,000	-	-	-	-	10,080,000	-	10,080,000
Share issue costs	(396,537)	-	-	-	-	(396,537)	-	(396,537)
Balance 30 June 2018	**104,116,285**	**789,838**	**1,373,330**	**-**	**(26,026,821)**	**80,252,632**	**1,801,004**	**82,053,636**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Consolidated	
	30 June 2019	**30 June 2018**
	$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	**4,441**	28,397
Payments to suppliers and employees	**(2,493,592)**	(1,912,285)
Net cash used in operating activities	**(2,489,151)**	(1,883,888)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	**(262,531)**	(5,064,304)
Cash held by subsidiary on its disposal	**(67,745)**	-
Payments for plant and equipment	**-**	(178,445)
Net cash used in investing activities	**(330,276)**	(5,242,749)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued (net of cost)	**4,007,151**	9,683,463
Net cash provided by financing activities	**4,007,151**	9,683,463
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,187,724**	2,556,826
Cash and cash equivalents at the beginning of the half-year	**3,059,221**	6,765,343
Cash and cash equivalents at the end of the half-year	**4,246,945**	9,322,169

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose consolidated financial report for the half-year ended 30 June 2019 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the disclosures and notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by Geopacific Resources Limited during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Going concern basis for preparation of financial statements

This half-year financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the half-year ended 30 June 2019, the Group incurred a net loss after tax of $3,784,944 (2018: $3,462,207) and had cash outflows from operations of $2,489,151 (2018: $1,883,888).

Whilst the Group has cash on hand of $4,246,945 (2018: $3,059,221) at 30 June 2019, the Group's cash flow forecast for the 12 months ended 30 June 2020 reflects that the Group will require additional funding over that period in order to meet the Group's committed expenditure.

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

- The Group's ability to raise funds from external sources to meet ongoing development, exploration and working capital requirements, as demonstrated by the capital raising of $4.0 million during the half-year ended 30 June 2019 (2018: $9.7 million);
- The Group's ability to manage the timing of cash flows to meet the obligations of the business as and when they fall due; and
- The Group's ability to renegotiate the repayment terms of the deferred consideration liability with a present value of $6.9 million owed for the purchase of the Kou Sa Project, as the Group has previously renegotiated the repayment terms in September 2016 and is confident that it can do so again (see Note 8).

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

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

Significant accounting policies

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

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

New and amended accounting standards and interpretations adoption during the period

In the half-year ended 30 June 2019, the Group has reviewed all of the new and amended Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2019.

AASB 16 Leases

AASB 16 supersedes AASB 117 *Leases*. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group has applied, for the first time, AASB 16 from 1 January 2019, and has not restated comparatives for the prior period as permitted under the specific transaction provisions in AASB 16. As required by AASB 134 the nature and effect of these changes are disclosed below.

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

The effect of adoption of AASB 16 is as follows:

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

Nature of the effect of adoption of AASB 16

The Group has a lease contract for its head office. Before the adoption of AASB 16, the Group classified this lease (as lessee) at the inception date as an operating lease (as it held no finance leases). In an operating lease, the leased property was not capitalised and the lease payments were recognised as an expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

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

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

New and amended accounting standards and interpretations adoption during the period (continued)

<u>Summary of new accounting policies</u>

Set out below are the Group's new accounting policies upon adoption of AASB 16:

Lease liabilities

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

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

Short-term lease and leases of low-value assets

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

Right-of-use asset

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

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

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

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

	Right-of-use asset $	Lease liability $
As at 31 December 2018		
Initial adoption of AASB 16	186,225	186,225
Depreciation expense	(50,789)	-
Interest expense	-	1,243
Payments	-	(54,201)
As at 30 June 2019	135,436	133,267

Set out below are the amounts recognised in the consolidated statement of profit or loss and other comprehensive income for the half-year ending 30 June 2019:

	$
Depreciation expense on assets	50,789
Interest expense on lease liabilities	1,243
Rental expense – low value assets	988
Total amounts recognised in profit or loss	53,020

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

The Group has reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2019.

As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new Standards and Interpretations issued but are not yet effective on its business. 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 2018 Annual Report.

The consolidated interim financial statements were approved by the Geopacific Board of Directors on 30 August 2019.

NOTE 2 PRIOR PERIOD RESTATEMENT

During the year ended 31 December 2018, the Group identified that it had used an inappropriate discount rate to present value the deferred consideration liability in respect of the Kou Sa Project acquisition in its 30 June 2018 consolidated half-year financial report. The Group has increased the discount rate from 1.5% to 20%, which results in a $508,758 finance cost expense being recorded in the consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2018.

The Group also used the same underlying USD value for the deferred consideration asset and liability. As the underlying liability amount is being presented valued, there should be a difference between the asset and liability balances.

In addition, an unrealised foreign exchange gain was incorrectly classified in the consolidated statement of profit or loss and other comprehensive income in the Group's half-year financial report as at 30 June 2018. This amount related to an investment in a foreign operation and should have been classified in comprehensive income as exchange differences on translating foreign controlled entities. As a result the foreign exchange gain was overstated by $1,035,274 and the exchange differences on translating foreign controlled entities was understated by $1,035,274. There is no impact on the 31 December 2018 statement of financial position.

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

	Consolidated		
	30 June 2018 $ Previously disclosed	$ Adjustment	30 June 2018 $ Restated
Consolidated statement of profit or loss and other comprehensive income			
Finance cost	-	(508,758)	(508,758)
Foreign exchange	1,035,274	(1,035,274)	-
Loss before income tax	(1,918,175)	(1,544,032)	(3,462,207)
Loss from continuing operations	(1,918,175)	(1,544,032)	(3,462,207)
Loss for the period	(1,996,946)	(1,544,032)	(3,510,978)
Loss attributable owners of the parent	(2,091,439)	(1,544,032)	(3,635,471)
Exchange differences on translating foreign controlled entities	1,567,435	978,861	2,546,296
Total comprehensive loss for the half-year attributable to members of the parent entity	(399,511)	(565,171)	(964,682)
Owners of the parent	(560,850)	(565,171)	(1,126,021)
Loss per share (cents) for loss from continuing operations attributable to the ordinary equity holders of the group:			
Basic loss per share	(0.11)	(0.08)	(0.19)
Diluted loss per share	(0.11)	(0.08)	(0.19)
Loss per share (cents) for loss attributable to the ordinary equity holders of the group:			
Basic loss per share	(0.11)	(0.08)	(0.19)
Diluted loss per share	(0.11)	(0.08)	(0.19)

NOTE 3 SEGMENT INFORMATION

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

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

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

	Cambodia	Papua New Guinea	Corporate	Assets Held for Sale	Total
	$	$	$	$	$
30 June 2019					
Revenue	**-**	**-**	**4,441**	**-**	**4,441**
Net Loss for the half-year	**(1,108,010)**	**(482,192)**	**(2,194,742)**	**-**	**(3,784,944)**
Segment Assets as at 30 June 2019	**6,325,634**	**32,738,110**	**5,363,576**	**-**	**44,427,320**
30 June 2018					
Other Revenue	-	-	28,397	**-**	**28,397**
Net Profit/(Loss) for the half-year (restated)	(526,659)	1,758	(2,986,077)	**-**	**(3,510,978)**
Segment Assets as at 31 December 2018	6,325,530	32,576,068	3,052,647	149,388	**42,103,633**

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

NOTE 4 RECEIVABLES

	Consolidated	
	30 June 2019 $	**31 December 2018 $**
Current		
Security deposits	**283,762**	142,417
Sundry debtors	**41,538**	64,805
GST receivable	**31,911**	34,112
Loan receivable - Kula	**725,382**	-
Loan receivable - other	**-**	75,283
Total	**1,082,593**	316,617

The loan receivable – Kula of $725,382 represents the loan owed to the Group by Kula Gold Limited. This loan has not previously been shown as Kula has historically made up part of the Group and the loan balance was eliminated on consolidation. At the date of this financial report Kula has been deconsolidated from the Group and therefore the balance is no longer being eliminated. The full amount of the loan receivable was subsequently received on 2 July 2019.

NOTE 5 ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	30 June 2019 $	**31 December 2018 $**
Current		
Assets held for sale	**-**	149,388
Reconciliation of movements during the period:		
Carrying value – beginning of period	**149,388**	4,831,070
Transfer to cash and cash equivalents	**(6,825)**	-
Transfer to receivables	**(141,509)**	-
Transfer to plant and equipment	**(9,964)**	-
Transfer to trade and other payables	**7,691**	-
Movement during the period	**1,219**	235,236
Impairment write down	**-**	(7,012,198)
Other net liabilities reversed	**-**	2,095,280
Carrying value – end of period	**-**	149,388

The Group undertook a sales process for its Fijian companies. This sales process did not find a buyer and as a result the Held for Sale asset has been reclassified as cash and cash equivalents, receivables, plant and equipment and trade and other payables.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

NOTE 6 EXPLORATION EXPENDITURE

	Consolidated	
	30 June 2019 $	**31 December 2018 $**
Non-current		
Capitalised exploration expenditure	**38,014,529**	37,494,025
Reconciliation of movements during the period:		
Carrying value – beginning of period	**37,494,025**	67,389,026
Additions	**255,622**	8,447,600
Transfer from property, plant and equipment	**37,450**	80,759
Impairment write downs	**-**	(43,306,477)
Foreign exchange fluctuation	**227,432**	4,883,117
Carrying value – end of period	**38,014,529**	37,494,025

During the half-year, the Group did not impair any previously capitalised exploration expenditure (2018: $43,306,477). From 1 January 2019 management have elected to only capitalise costs directly attributable to the Woodlark Project. For the half-year ended 30 June 2019 this amounted to $255,622. The remaining holding costs for the period associated with maintaining the camp and other indirect costs have been expensed in the consolidated statement of profit or loss and other comprehensive income.

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

a) US$1.575 million is due at completion of a bankable feasibility study for the Kou Sa Project or by 21 September 2019, whichever is earlier; and

b) US$4.725 million paid in monthly instalments over three years after payment of the US$1.575 million.

NOTE 7 PLANT AND EQUIPMENT

30 June 2019	Plant & Equipment $	Computer Software $	Furniture & Fittings $	Right-of-use asset $	Total $
Gross carrying amount – at cost	4,879,177	98,089	1,071,005	186,225	**6,234,496**
Less: accumulated depreciation	(4,711,126)	(96,741)	(437,749)	(50,789)	**(5,296,405)**
Balance at 30 June 2018	**168,051**	**1,348**	**633,256**	**135,436**	**938,091**

31 December 2018	Plant & Equipment $	Computer Software $	Furniture & Fittings $	Total $
Gross carrying amount – at cost	4,760,940	144,760	1,088,081	5,993,781
Less: accumulated depreciation	(4,573,037)	(141,980)	(437,153)	(5,152,170)
Balance at 30 June 2018	187,903	2,780	650,928	841,611

Plant & Equipment Movement 2019	Plant & Equipment $	Computer Software $	Furniture & Fittings $	Right-of-use asset $	Total $
Balance at 1 January 2019	187,903	2,780	650,928	-	**841,611**
Additions	323	-	-	-	**323**
Disposals	-	-	(1,783)	-	**(1,783)**
Transfers to exploration	(17,545)	-	(19,905)	-	**(37,450)**
Transfers from assets held for sale	8,008	-	2,820	-	**10,828**
Impact of adopting AASB 16	-	-	-	186,225	**186,225**
Foreign exchange fluctuation	979	-	3,989	-	**4,968**
Depreciation	(11,617)	(1,432)	(2,793)	(50,789)	**(66,631)**
Balance at 30 June 2019	**168,051**	**1,348**	**633,256**	**135,436**	**938,091**

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

NOTE 8 TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2019 $	**31 December 2018 $**
Current		
Trade creditors and accrued expenses	**675,262**	844,874
Deferred consideration	**3,609,629**	2,391,955
Total	**4,284,891**	3,236,829
Non-current		
Deferred consideration	**3,310,948**	3,852,972
Total	**3,310,948**	3,852,972
Deferred consideration movement during the year		
Carrying value - beginning of the year	**6,244,927**	4,622,793
Unwind of the discount	**601,701**	1,123,578
Foreign exchange fluctuation	**73,949**	498,556
Carrying value - end of the year	**6,920,577**	6,244,927

In January 2015, the Group's subsidiary, Royal Australia Resources Ltd (RAR), entered into an agreement to acquire 100% of the issued capital of Golden Resource Development Co Ltd for US$14 million of which US$7.7 million was paid in the financial years up to 31 December 2016.

The Group renegotiated the payment schedule in relation to its agreement with the vendors in September 2016. Under the revised terms, the remaining instalments of the purchase price are to be paid as follows:

a) US$1.575 million due at completion of a bankable feasibility study for the Kou Sa Project or by 21 September 2019, whichever is earlier; and

b) US$4.725 million paid in equal monthly instalments over three years after payment of the US$1.575 million.

The deferred consideration has been present valued using a discount cash rate at 30 June 2019 of 20% (2018: 20%).

NOTE 9 CONSIDERATION FOR ACQUISITION OF WOODLARK

	Consolidated	
	30 June 2019 $	**31 December 2018 $**
Current		
Consideration for the acquisition of Woodlark	**745,382**	-
Total	**745,382**	-

Consideration for the acquisition of Woodlark relates to the cash consideration payable to Kula Gold Limited as per the agreement for Geopacific to acquire all of Kula's rights and interests in Woodlark Mining Limited. The full amount was subsequently paid on 2 July 2019.

NOTE 10 ISSUED CAPITAL – ORDINARY FULLY PAID SHARES

	Consolidated	
	30 June 2019 $	**31 December 2018 $**
Issued Capital	**110,973,260**	104,116,108

Reconciliation of movements in Issued Capital during the period:

		30 June 2019		**31 December 2018**	
	Date	**Shares**	**$**	**Shares**	**$**
Balance at the start of the period		**2,081,907,130**	**104,116,108**	2,081,907,130	104,116,285
Shares issued	**4-Apr-19**	**510,000,000**	**4,335,000**	-	-
Share issue costs		**-**	**(327,848)**	-	(177)
Balance at the end of the period		**2,591,907,130**	**108,123,260**	2,081,907,130	104,116,108
Consideration for acquisition of Woodlark	**30-Jun-19**	**150,000,000**	**2,850,000**	-	-
		2,741,907,130	**110,973,260**	2,081,907,130	104,116,108

Pursuant to the agreement for Geopacific to acquire all of Kula's rights and interests in Woodlark Mining Limited, the Company was required to issue 150,000,000 shares to Kula Gold Limited. The value of these shares ($2,850,000) was recorded at 30 June 2019 at a prescribed value of $0.019 per share given shareholder approval had been obtained for the transaction on 25 June 2019 with the shares issued on 2 July 2019. These shares were subsequently distributed to Kula's shareholders via an in specie distribution.

NOTE 11 CONTINGENT LIABILITIES

Kou Sa – revised repayment schedule

In January 2015, the Group's subsidiary, Royal Australia Resources Ltd, entered into an agreement to acquire 100% of the Issued Capital of Golden Resource Development Co Ltd for US$14.0 million.

The Group renegotiated the payment schedule in relation to its agreement to acquire 100% of the Company with the Vendors in September 2016. Other than the remaining instalments of the purchase price to be paid as described in Notes 6 and 8, a 2% net smelter royalty on sales of production from the Kou Sa project will be payable, capped at US$3.7 million. This royalty is conditional upon production from the Kou Sa project.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

NOTE 12 NON-CONTROLLING INTERESTS

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

	Woodlark Mining Limited	
	30 June 2019 $	**31 December 2018 $**
Summarised balance sheet		
Current assets	**282,894**	586,895
Non-current assets	**32,455,216**	31,989,173
Total Assets	**32,738,110**	32,576,068
Current liabilities	**118,167**	281,029
Non-current liabilities	**20,571,538**	19,979,046
Total Liabilities	**20,689,705**	20,260,075
Net Assets	**12,048,405**	12,315,993
Accumulated NCI	**-**	904,359

	Woodlark Mining Limited	
	30 June 2019 $	**30 June 2018 $**
Summarised statement of comprehensive income		
Revenue	**-**	1
(Loss)/profit for the period	**(304,764)**	830,749
Other comprehensive income	**169,587**	245,873
Total comprehensive (loss)/income	**(135,177)**	1,076,622
(Loss)/profit allocated to NCI	**(9,926)**	161,339

	Woodlark Mining Limited	
	30 June 2019 $	**30 June 2019 $**
Summarised cash flows		
Cash flows from operating activities	**(400,012)**	3,167,953
Cash flows from investing activities	**(105,457)**	(7,334,758)
Cash flows from financing activities	**303,247**	4,808,257
Net increase/(decrease) in cash and cash equivalents	**(202,222)**	641,452

On 25 June 2019 Geopacific received approval to acquire all of the rights and interests in Woodlark Mining Limited, consolidating the Group's 100% direct ownership of Woodlark. Therefore at 30 June 2019 there was no accumulated non-controlling interest in the summarised balance sheet. The summarised statement of comprehensive profit or loss and other comprehensive income and summarised cash flows show the transactions that occurred while there was still a non-controlling interest of Woodlark Mining Limited.

NOTE 13 DISCONTINUED OPERATION

The Group did not find a buyer for its Fijian companies and has relinquished the tenements which were due to be renewed during the period. As a result the associated assets and liabilities were no longer presented as held for sale (Note 5).

The financial performance information presented below is for the half year to 30 June 2019.

	30 June 2019 $	30 June 2018 $
Revenue	-	-
Administration expense	-	16,276
Depreciation expense	-	867
Employee benefits expense	-	22,414
Occupancy expense	-	9,214
	-	48,771
Loss before income tax		
Income tax benefit/(expense)	-	-
Loss from discontinued operation	-	48,771

NOTE 14 NEW STANDARDS ADOPTED BY THE GROUP

Lease liabilities

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as at 31 December 2018 as follows:

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

NOTE 15 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 2 July 2019 the Company issued 150,000,000 shares to Kula Gold Limited in relation to the consideration payable to acquire all of Kula's rights and interests in Woodlark Mining Limited.

On 2 July 2019 the Company made a payment of $745,382 to Kula Gold Limited in relation to the consideration payable to acquire all of Kula's rights and interests in Woodlark Mining Limited and received a payment of $725,382 from Kula Gold Limited in relation to the repayment of the outstanding loan balance.

DIRECTORS' DECLARATION

The Directors of Geopacific Resources Limited declare that:

(a) the interim financial statements and notes of the Group set out on pages 11 to 30 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the Corporations Regulations 2001; and

   (ii) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the half-year ended on that date.

(b) subject to the matters discussed in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed at Perth on 30 August 2019.

Ron Heeks
Executive Director

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

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Geopacific Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty related to going concern

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

Directors' responsibility for the half-year financial report

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

Building a better
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Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
Perth
30 August 2019