



# **GEPACIFIC RESOURCES LIMITED**

**ACN 003 208 393**

## **Interim Financial Report**

**For The Half-Year Ended  
30 June 2021**

**GEOPACIFIC RESOURCES LIMITED**  
*AND CONTROLLED ENTITIES*

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# GEOPACIFIC RESOURCES LIMITED

## AND CONTROLLED ENTITIES

### DIRECTORS' REPORT

The Directors present their interim financial report of Geopacific Resources Limited (Geopacific or the Company; ASX: GPR) and its controlled entities (Group) for the half-year ended 30 June 2021.

All references to \$ is to Australian dollars, unless otherwise specified.

#### Directors

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

Director Name	Role
Ian Clyne	Chairman
Colin Gilligan	Non-Executive Director
Sir Charles Lepani	Non-Executive Director
Ian Murray	Non-Executive Director

#### Review of Operations

For the half-year ended 30 June 2021, the Group made a net loss after income tax of \$2,887,462 (2020: \$3,753,386).

At 30 June 2021, the Group had net assets of \$197,929,021 (31 December 2020: \$78,500,958) including \$51,095,636 of capitalised mine properties under development (31 December 2020: \$37,975,609).

At balance date, the Group had \$255,943,598 in cash and cash equivalents (31 December 2020: \$34,639,855) with the increase for the period driven by a successful \$140 million share placement finalised in February 2021 and drawdown of US\$100 million project facilities from Sprott Private Resource Lending II (CO), Inc. (Sprott) in June 2021.

#### Woodlark Gold Project – Papua New Guinea

The Woodlark Gold Project is a high margin gold project with significant exploration upside located in Papua New Guinea (PNG). Key Metrics forecast from the Project Execution Update (ASX release dated 30 November 2020<sup>1</sup>) are provided in Figure 1.



Figure 1: Woodlark Island location Map and Key Project Metrics

<sup>1</sup> All material assumptions underpinning the production target and forecast financial information continue to apply and have not changed materially.

<sup>2</sup> Refer to the Ore Reserve Estimate as announced on 7 November 2018.

# **GEOPACIFIC RESOURCES LIMITED**

## **AND CONTROLLED ENTITIES**

### **DIRECTORS' REPORT (CONTINUED)**

#### **Overview of Operations**

##### **Woodlark Gold Project Development Funding**

As outlined in the 2020 Annual Report, the Company undertook a successful \$140 million placement which was finalised in February 2021. The placement was strongly supported by existing institutional shareholders and was complemented by significant demand from new major domestic and international investors. The placement was cornerstoned by two of Geopacific's substantial shareholders, Tembo and DELPHI, and several leading domestic and international institutions. In addition, there was strong support from Sprott and its affiliates, along with members of the Geopacific board and management.

This transformational capital raising provides the equity funding component of the development capital required for the Company's Woodlark Gold Project.

In June 2021 Geopacific agreed binding terms and achieved financial close with Sprott for US\$100 million in project funding to develop the Woodlark Gold Project. The US\$100 million in financing was in the form of a US\$85 million Project Finance Facility with funds available under staged drawdowns scheduled to occur with project development milestones and US\$15 million via a Callable Gold Stream which was available immediately.

Following financial close of the Sprott facilities, the Woodlark Gold Project achieved fully funded status and the Company made a Final Investment Decision to progress with development.

##### **Woodlark Gold Project Development**

During the half-year the Company progressed the early works program on site to ensure that the Woodlark Gold Project remains on track to achieve targeted first gold pour in the Q4 CY2022, in line with the November 2020 Project Execution Update.

As at the end of the reporting period:

- 46% of the construction of the community relocation buildings had been completed with 95 houses finalised, a further 45 under construction and the new school approximately 50% complete.
- Erection of the temporary construction camp was approximately 70% complete.
- Clearing works at the plant site and camp was 100% complete and levelling close to completion.
- Detailed design of the wharf was complete.
- Construction of the wharf access road was 56% complete.
- Detailed design of the process plant was 44% complete with GR Engineering Services (GRES) on schedule for mobilisation in Q3 2021.
- Tailings pipeline route and access road centre line marked cleared of all large trees removed, 35% of the roadway cleared and 5% of road constructed.
- Early phase works continued for the Woodlark Gold Project including:
  - Contract signed with Contract Power Australia (CPA) for the procurement of long lead time items associated with the development of the Woodlark Gold Project power station;
  - Letter of Intent (LOI) issued to support the placement of order for first phase of mining equipment; and
  - Order placed by GRES for procurement of the semi-autogenous and ball mills.

In addition, the Company has been working to finalise the material project contracts and advance the order of critical long lead items to maintain the project schedule.

Progress of various activities to the end of June 2021 are presented in Figure 2.

# GEOPACIFIC RESOURCES LIMITED

## AND CONTROLLED ENTITIES

### DIRECTORS' REPORT (CONTINUED)

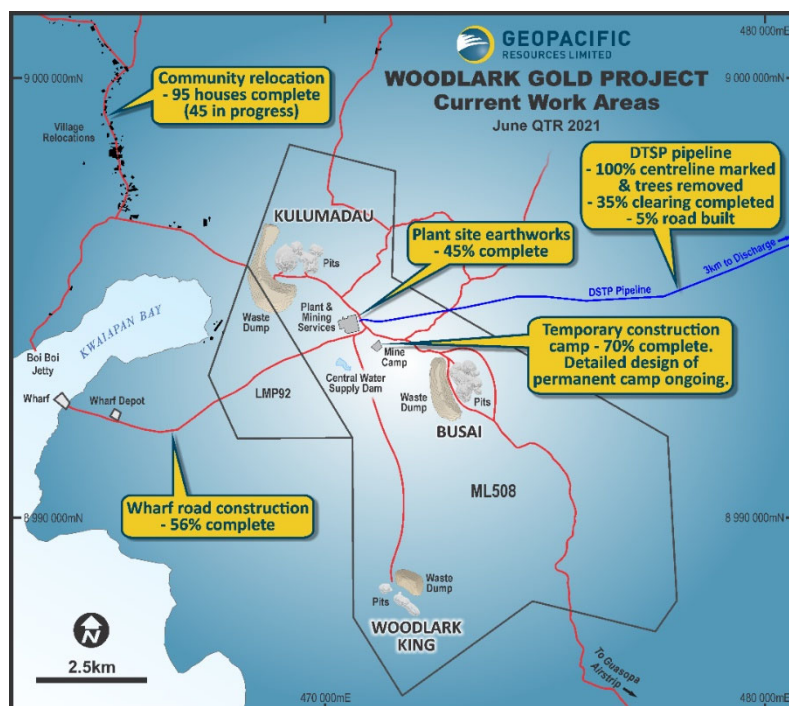


Figure 2: Current Work Areas

### Key Appointments

During the period, the Company continued to build the high quality team needed during the construction phase and into the operations phase of the Woodlark Gold Project. This included the appointment of Mr Graeme Rapley in January 2021 as Project Director. Graeme is a civil engineer and highly qualified project execution specialist having delivered projects in the Caucasus, West Africa, South East Asia and PNG.

The Company also appointed Mr Mike Meintjes during the reporting period as Company Secretary with effect from 1 February 2021. Mike is an experienced governance specialist having first qualified as a Chartered Accountant and worked for over 30 years with a Big Four accounting firm. During this period he spent three and a half years with Ernst & Young in PNG.

### Other Activities

#### Non-core Projects

Geopacific believes that delivering the Woodlark Gold Project into production will generate the greatest return for shareholders. As a result, the Company is now focused on the development of the Woodlark Gold Project and currently in the process of reviewing its non-core assets.

- **Kou Sa Copper Gold Project, Cambodia**
  - The Company is in negotiation with the vendors of the Kou Sa Project to dispose of its interest in the project.
- **Fijian Gold Projects, Fiji**
  - All licences have been relinquished.

**GЕOPACIFIC RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**

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**DIRECTORS' REPORT (CONTINUED)**

**Sustainability**

**Occupational Health and Safety**

As the Woodlark Gold Project advances towards construction, it is crucial that safety management processes and procedures on site appropriately reflect the level and type of activity that the next phase of the activities will bring. Key focus areas during the half-year included:

- The ongoing implementation of the Health and Safety management system including the roll out of a site Health and Safety training program and the commencement of a site based Health, Safety and Security Manager;
- Management of the ongoing COVID-19 challenges; and
- Assisting the Milne Bay Provincial Health Authority in commencing the rollout of the Astra Zeneca COVID-19 vaccine on Woodlark Island.

**Community and Social Responsibility**

A key focus during the reporting period was to support the election of the Dal Wanuwan (Woodlark Landowners Association) executive, and the election and appointment of the board positions for the Landowner Umbrella Company (MDAL), who will manage landowner business activities.

During the reporting period, the first Landowner business contract was awarded which covers the provision of airstrip maintenance and attendant services, along with a number of community assistance projects including:

- Maintenance of buildings at several schools across Woodlark;
- Supply of community water tanks;
- Land preparation for the construction of a community church; and
- Road maintenance works.

**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**

There are no material subsequent events after the balance date.

**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 7.

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



**Ian Clyne**

**Chairman**

Perth, Western Australia

10 September 2021



**Building a better  
working world**

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## **Auditor's independence declaration to the directors of Geopacific Resources Limited**

As lead auditor for the review of the half-year financial report of Geopacific Resources Limited for the half-year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

Pierre Dreyer  
Partner  
10 September 2021

**GEOPACIFIC RESOURCES LIMITED**  
AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2021**

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<b>Continuing Operations</b>		
Finance income	147,710	155,124
Administration expense	(389,541)	(136,608)
Consultancy expense	(950,280)	(725,165)
Depreciation expense	(133,816)	(65,306)
Employee benefits expense	(1,135,529)	(1,256,179)
Share based payments expense	(403,950)	(925,157)
Finance costs	(1,522)	(473,765)
Inventories written down	(1,460)	-
Exploration expense	(140,626)	(326,330)
Foreign currency gain (net)	121,552	-
<b>Loss before income tax</b>	<b>(2,887,462)</b>	<b>(3,753,386)</b>
Income tax expense	-	-
<b>Net loss for the half-year</b>	<b>(2,887,462)</b>	<b>(3,753,386)</b>
<b>Other comprehensive income</b>		
<i>Items of other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)</i>		
Exchange differences on translating foreign controlled entities	2,556,877	204,888
<b>Other comprehensive income for the half-year, net of tax</b>	<b>2,556,877</b>	<b>204,888</b>
<b>Total comprehensive loss for the half-year attributable to members of the parent entity</b>	<b>(330,585)</b>	<b>(3,548,498)</b>
<b>Loss per share (cents) for loss attributable to the ordinary equity holders of the company:</b>		
Basic loss per share (cents)	(0.65)	(2.15)
Diluted loss per share (cents)	(0.65)	(2.15)

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



**GEOPACIFIC RESOURCES LIMITED**  
AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 30 JUNE 2021

		Consolidated	
	Note	30 June 2021	31 December 2020
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	3	255,943,598	34,639,855
Receivables	4	1,290,864	392,774
Prepayments	5	249,707	1,384,099
Inventory		713,445	444,169
<b>Total current assets</b>		<b>258,197,614</b>	<b>36,860,897</b>
<b>Non-current assets</b>			
Receivables	4	2,487,009	1,046,971
Exploration and evaluation assets	6	1,912,846	1,844,673
Mine properties under development	7	51,095,636	37,975,609
Property, plant and equipment	8	20,343,589	7,244,464
Right of use asset		601,404	718,272
<b>Total non-current assets</b>		<b>76,440,484</b>	<b>48,829,989</b>
<b>TOTAL ASSETS</b>		<b>334,638,098</b>	<b>85,690,886</b>
<b>Current liabilities</b>			
Trade and other payables	9	9,308,358	6,128,458
Interest-bearing liabilities	10	165,915	220,164
Provisions	12	209,907	142,907
<b>Total current liabilities</b>		<b>9,684,180</b>	<b>6,491,529</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	10	85,907,860	496,708
Other financial liabilities	11	40,619,819	-
Provisions	12	497,218	201,691
<b>Total non-current liabilities</b>		<b>127,024,897</b>	<b>698,399</b>
<b>TOTAL LIABILITIES</b>		<b>136,709,077</b>	<b>7,189,928</b>
<b>NET ASSETS</b>		<b>197,929,021</b>	<b>78,500,958</b>
<b>Equity</b>			
Issued capital	13	284,854,963	165,801,105
Reserves		3,866,739	605,072
Accumulated losses		(90,792,681)	(87,905,219)
<b>TOTAL EQUITY</b>		<b>197,929,021</b>	<b>78,500,958</b>

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

**GEOPACIFIC RESOURCES LIMITED**  
AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Other Equity Reserve \$	Accumulated Losses \$	Total Equity \$
Balance 1 January 2021	165,801,105	3,993,609	(2,018,220)	(1,370,317)	(87,905,219)	<b>78,500,958</b>
Net loss for the half-year	-	-	-	-	(2,887,462)	<b>(2,887,462)</b>
Exchange difference on translation of foreign operations	-	-	2,556,877	-	-	<b>2,556,877</b>
Total comprehensive income/(loss) for the half-year	-	-	2,556,877	-	(2,887,462)	<b>(330,585)</b>
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued during the year	125,285,095	-	-	-	-	<b>125,285,095</b>
Options issued during the year	-	300,840	-	-	-	<b>300,840</b>
Share issue costs	(6,231,237)	-	-	-	-	<b>(6,231,237)</b>
Share based payments	-	403,950	-	-	-	<b>403,950</b>
Balance 30 June 2021	<b>284,854,963</b>	<b>4,698,399</b>	<b>538,657</b>	<b>(1,370,317)</b>	<b>(90,792,681)</b>	<b>197,929,021</b>
Balance 1 January 2020	148,972,741	2,873,328	3,340,531	(1,370,317)	(83,337,908)	<b>70,478,375</b>
Net loss for the half-year	-	-	-	-	(3,753,386)	<b>(3,753,386)</b>
Exchange difference on translation of foreign operations	-	-	204,888	-	-	<b>204,888</b>
Total comprehensive income/(loss) for the half-year	-	-	204,888	-	(3,753,386)	<b>(3,548,498)</b>
<i>Transactions with owners in their capacity as owners:</i>						
Share based payments	-	925,157	-	-	-	<b>925,157</b>
Balance 30 June 2020	<b>148,972,741</b>	<b>3,798,485</b>	<b>3,545,419</b>	<b>(1,370,317)</b>	<b>(87,091,294)</b>	<b>67,855,034</b>

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

**GEOPACIFIC RESOURCES LIMITED**  
AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest and other income	147,710	155,124
Payments to suppliers and employees	(3,797,676)	(1,897,828)
Interest paid	(4,014)	-
<b>Net cash used in operating activities</b>	<b>(3,653,980)</b>	<b>(1,742,704)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	(12,772,648)	(2,353,250)
Exploration expenditure	(5,358)	(29,678)
Mine properties expenditure	(8,106,371)	(4,263,375)
<b>Net cash used in investing activities</b>	<b>(20,884,377)</b>	<b>(6,646,303)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from shares and options issued (net of costs)	118,672,548	-
Proceeds from borrowings (net of costs)	127,131,285	-
Payment of principal portion of lease liability	(98,544)	(55,081)
<b>Net cash provided by/(used in) financing activities</b>	<b>245,705,289</b>	<b>(55,081)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>221,166,932</b>	<b>(8,444,088)</b>
Cash and cash equivalents at the beginning of the half-year	34,639,855	37,505,067
Effect of exchange rates on cash held in foreign currencies	136,811	128,849
<b>Cash and cash equivalents at the end of the half-year</b>	<b>255,943,598</b>	<b>29,189,828</b>

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

**GEOPACIFIC RESOURCES LIMITED**  
**AND CONTROLLED ENTITIES**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2021**

**NOTE 1           BASIS OF PREPARATION OF HALF-YEAR REPORT**

This general purpose consolidated financial report for the half-year ended 30 June 2021 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 2020 and any public announcements made by Geopacific 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.

The consolidated financial statements were approved by the Geopacific Board of Directors on 10 September 2021.

*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 2021, the Group incurred a net loss after tax of \$2,887,462 (2020: \$3,753,386), had cash outflows from operations of \$3,653,980 (2020: \$1,742,704) and net working capital of \$248,513,434 (2020: \$30,369,368).

In June 2021, the Group agreed binding terms and reached financial close with Sprott for a US\$100 million in project funding to develop the Woodlark Gold Project. Coupled with the funds from its \$140 million capital raising finalised in February 2021, the Woodlark Gold Project is fully funded.

The Group has prepared a 12-month cash flow forecast which indicates adequate cash flows to fund its Woodlark Gold Project and sustain operations. As a result the half-year financial report has been prepared on a 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.

*Significant accounting policies*

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

*Accounting policies adopted during the half-year for new transactions and events*

*Financial liabilities at fair value through profit or loss (FVTPL)*

Financial liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of comprehensive loss. Gains and losses arising from changes in the fair value of the financial liabilities held at FVTPL are included in the profit and loss in the period in which they arise. Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income or loss.

*Financial instruments – derivatives*

Derivatives are classified as FVTPL and initially recognised at their fair value on the date the derivative contract is entered into and transaction costs are expensed. Derivatives are subsequently re-measured at their fair value at each statement of financial position date with changes in fair value recognised through profit and loss. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative.

Derivatives embedded in debt instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts.

**GEOPACIFIC RESOURCES LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2021**

*New and amended accounting standards and interpretations adopted*

The Group has adopted all Accounting Standards and Interpretations effective from 1 January 2021. New and amended Accounting Standards and Interpretations applied for the first time from 1 January 2021 did not have a significant impact on the consolidated financial statements of the Group.

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

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

*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 2020 Annual Report, except as indicated below.

*Additional judgement*

*Fair value of derivatives*

The valuation of the Group's derivative financial instruments requires the use of valuation techniques. Management uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates result in changes in the fair value of these instruments and a corresponding change in the amount recognised in profit and loss.

**GEOPACIFIC RESOURCES LIMITED**  
AND CONTROLLED ENTITIES

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2021**

**NOTE 2 SEGMENT INFORMATION**

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

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

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

	All other segments	Papua New Guinea	Corporate	Total
	\$	\$	\$	\$
30 June 2021				
Income for the half-year	-	-	147,710	147,710
Net loss for the half-year	(152,769)	(191,045)	(2,543,648)	(2,887,462)
Segment assets as at 30 June 2021	108,215	98,556,267	235,973,616	334,638,098
Segment liabilities as at 30 June 2021	1,061,025	26,890,434	108,757,618	136,709,077

	Cambodia	Papua New Guinea	Corporate	Fiji	Total
30 June 2020					
Income for the half-year	-	67	155,057	-	155,124
Net loss for the half-year	(810,325)	(19,321)	(2,911,680)	(12,060)	(3,753,386)
Segment assets as at 31 December 2020	115,610	50,792,747	34,782,529	-	85,690,886
Segment liabilities as at 31 December 2020	998,273	3,577,948	2,613,707	-	7,189,928

**NOTE 3 CASH AND CASH EQUIVALENTS**

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
Current		
Cash and cash equivalents	255,943,598	34,639,855
Total	255,943,598	34,639,855

**GEO PACIFIC RESOURCES LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2021**

**NOTE 4      RECEIVABLES**

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
<b>Current</b>		
Security deposits	250,000	250,000
Sundry debtors	3,601	18,418
Materials receivable	901,092	-
GST receivable	136,171	124,356
<b>Total</b>	<b>1,290,864</b>	<b>392,774</b>
<b>Non-current</b>		
Security deposits	9,908	9,816
Sundry debtors	36,993	35,821
GST receivable	2,440,108	1,001,334
<b>Total</b>	<b>2,487,009</b>	<b>1,046,971</b>

**NOTE 5      PREPAYMENTS**

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
<b>Current</b>		
Communities relocation program materials	249,707	1,384,099
<b>Total</b>	<b>249,707</b>	<b>1,384,099</b>

Prepayments relate to a 30% upfront payment to the relocation contractor for the procurement of materials associated with the Communities Relocation Program. The prepayment is unwound when the underlying materials have been delivered.

**GEPACIFIC RESOURCES LIMITED**  
AND CONTROLLED ENTITIES

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2021**

**NOTE 6 EXPLORATION AND EVALUATION ASSETS**

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
<b>Non-current</b>		
Exploration and evaluation assets	1,912,846	1,844,673
<b>Reconciliation of movements during the period:</b>		
Carrying value – beginning of period	1,844,673	8,262,803
Additions	5,358	65,098
Derecognition of Kou Sa Project	-	(5,710,134)
Foreign exchange fluctuation	62,815	(773,094)
Carrying value – end of period	1,912,846	1,844,673

Costs not directly relating to the advancement of the Group's exploration projects were expensed as exploration expenditure in the consolidated statement of profit or loss and other comprehensive income. For the half-year ended 30 June 2021 these costs amounted to \$140,626 (2020: \$326,330).

**NOTE 7 MINE PROPERTIES UNDER DEVELOPMENT**

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
<b>Non-current</b>		
Mine properties under development	51,095,636	37,975,609
<b>Reconciliation of movements during the period:</b>		
Carrying value – beginning of period	37,975,609	30,803,497
Additions	11,240,277	11,697,347
Transfer from property, plant and equipment (refer to Note 8)	102,451	184,592
Change in provision for rehabilitation	292,840	-
Foreign exchange fluctuation	1,484,459	(4,709,827)
Carrying value – end of period	51,095,636	37,975,609



**GEOPACIFIC RESOURCES LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2021**

**NOTE 8**      **PROPERTY, PLANT AND EQUIPMENT**

30 June 2021	Plant & Equipment \$	Computer Software \$	Furniture & Fittings \$	Right-of-use Asset \$	Work Under Construction \$	Total \$
Gross carrying amount – at cost	6,279,112	98,737	991,201	-	18,081,602	25,450,652
Less: accumulated depreciation	(4,505,327)	(98,704)	(503,032)	-	-	(5,107,063)
Balance at 30 June 2021	1,773,785	33	488,169	-	18,081,602	20,343,589
31 December 2020	Plant & Equipment \$	Computer Software \$	Furniture & Fittings \$	Right-of-use Asset \$	Work Under Construction \$	Total \$
Gross carrying amount – at cost	5,066,861	98,737	941,239	-	5,871,008	11,977,845
Less: accumulated depreciation	(4,172,762)	(98,584)	(462,035)	-	-	(4,733,381)
Balance at 31 December 2020	894,099	153	479,204	-	5,871,008	7,244,464
Plant & Equipment Movement 2021	Plant & Equipment \$	Computer Software \$	Furniture & Fittings \$	Right-of-use Asset \$	Work Under Construction \$	Total \$
Balance at 1 January 2021	894,099	153	479,204	-	5,871,008	7,244,464
Additions	1,047,989	-	20,161	-	11,704,498	12,772,648
Transfers between categories	(92,439)	-	(11,842)	-	104,281	-
Transfers to mine properties under development (refer to Note 7)	(90,817)	-	(11,634)	-	-	(102,451)
Foreign exchange fluctuation	29,149	-	14,912	-	401,815	445,876
Depreciation	(14,196)	(120)	(2,632)	-	-	(16,948)
Balance at 30 June 2021	1,773,785	33	488,169	-	18,081,602	20,343,589
Plant & Equipment Movement 2020	Plant & Equipment \$	Computer Software \$	Furniture & Fittings \$	Right-of-use Asset \$	Work Under Construction \$	Total \$
Balance at 1 January 2020	751,611	1,369	582,552	84,648	472,105	1,892,285
Additions	489,966	-	3,675	-	5,343,546	5,837,187
Disposals	(256)	-	-	-	-	(256)
Transfers from between categories	(90,271)	-	(15,997)	-	106,268	-
Transfers from mine properties under development	(156,805)	-	(27,787)	-	-	(184,592)
Transfer to right of use asset	-	-	-	(33,859)	-	(33,859)
Foreign exchange fluctuation	(77,661)	-	(58,226)	-	(50,911)	(186,798)
Depreciation	(22,485)	(1,216)	(5,013)	(50,789)	-	(79,503)
Balance at 31 December 2020	894,099	153	479,204	-	5,871,008	7,244,464

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
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**NOTE 9      TRADE AND OTHER PAYABLES**

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
<b>Current</b>		
Trade creditors and accrued expenses	9,308,358	6,128,458
<b>Total</b>	<b>9,308,358</b>	<b>6,128,458</b>

**NOTE 10      INTEREST-BEARING LIABILITIES**

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
<b>Current</b>		
Lease liability	165,915	220,164
<b>Total</b>	<b>165,915</b>	<b>220,164</b>
<b>Non-current</b>		
Lease liability	430,471	496,708
Sprott Project Finance Facility (i)	85,477,389	-
<b>Total</b>	<b>85,907,860</b>	<b>496,708</b>

(i) In June 2021 Geopacific agreed binding terms and achieved financial close with Sprott for US\$100 million in project funding to develop the Woodlark Gold Project. The US\$100 million in financing was in the form of a US\$85 million in Project Finance Facility (Facility) which was deposited into the Company's Debt Proceeds Account with funds available under staged drawdowns scheduled to occur with project development milestones, and US\$15 million via a Callable Gold Stream (Callable Stream) which was available immediately.

The facility has a face value of US\$85 million, and is accounted for as a financial liability subsequently measured at amortised cost under AASB 9 *Financial Instruments*. The Callable Stream, and its related accounting, are further described in Note 11.

On 24 June 2021, the Company issued a drawdown notice to Sprott to draw the entire Facility, subject to an "original issue discount" of 3.98% of the advance. The funds were received on 29 June 2021. The Facility has a maturity repayment date of 30 June 2026, and is secured against the Group's assets. The Facility bears interest at a base rate of 7.25% per annum up to 31 August 2023 (and 6.25% per annum thereafter) plus the greater of 3-month LIBOR or 1.75% per annum. 75% of the monthly interest will be capitalised and form part of the principal amount until 31 March 2023. Repayment of the principal amount outstanding of the Facility (which includes capitalised interest) occurs over 40 equal monthly instalments commencing from 31 March 2023.

The Company may elect to prepay the full principal outstanding within 36 months after financial close, being June 2024. If it does so then it will be liable to pay Sprott an amount equal to 3% of the principal repaid and the difference in the interest foregone as a result of the prepayment. This additional charge is not payable to Sprott if the prepayment is made after June 2024.

The floating interest rate floor of 1.75% over the base rate and the Company's ability to repay the full outstanding principal balance have been determined to be embedded derivatives not closely related to the Facility, which should be bifurcated and accounted for separately. As the value of these two embedded derivatives are not significant, they have not been recognised on initial recognition or at 30 June 2021.

**GEO PACIFIC RESOURCES LIMITED**  
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In addition, as part of the Facility, an additional interest charge is payable on the Facility based on a gold price differential multiplied by 2,500 ounces per month for 40 months (total 100,000 ounces) commencing on 31 March 2023 (Additional Interest Payments). The gold price differential is calculated using the greater of the average USD London Bullion Metal Association (LBMA) PM gold price per ounce (of the prior month) or US\$1,750 per ounce, less US\$1,475 per ounce. These additional interest payments have been determined to be an embedded derivative that is not closely related to the Facility. This embedded derivative has, therefore, been bifurcated and accounted for separately as a "Derivative liability" in Note 11 (i).

The drawdown of the Facility was initially measured at its fair value, taking into account the original issue discount and transaction costs arising on the Facility, in determining the amortised cost of the Facility. These transaction costs, along with the original issue discount, have been incorporated into the calculation of the effective interest for this Facility.

The Group has entered into an "all-assets" general security deed to secure the Group's obligations under relevant documents encompassing the Sprott debt facility. The securities granted to Sprott are first ranking.

The availability of the Facility is subject to certain financial and other covenants. At 30 June 2021, the Group is in compliance with these covenants.

Pursuant to the Facility, the Company issued 5,404,655 shares and 2,702,328 options (with an exercise price of \$0.322 and expiry date of 29 September 2026) on 29 June 2021 in return for consideration of US\$1,570,062 received from Sprott. See Note 13 for details of share capital raised.

**GEO PACIFIC RESOURCES LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2021**

**NOTE 11      OTHER FINANCIAL LIABILITIES**

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
<b>Non-current</b>		
Derivative liability (i)	20,635,544	-
Sprott Callable Stream (ii)	19,984,275	-
<b>Total</b>	<b>40,619,819</b>	<b>-</b>

(i) As indicated in Note 10, as part of the Sprott Facility, the floating interest rate floor of 1.75% over the base rate, the Company's ability to repay the full outstanding principal balance and the Additional Interest Payments, represent embedded derivatives. The interest rate floor and prepayment embedded derivatives have not been brought to account (see Note 10), however the Additional Interest Payments have been fair valued on initial recognition and will continue to be at reporting date with changes in fair value recorded as a gain or loss in the profit and loss.

(ii) On 24 June 2021, the Company issued a drawdown notice to Sprott to draw down the US\$15 million "deposit" available under the Callable Stream which formed part of the Sprott project funding. The Callable Stream provides Sprott the option of acquiring 3.375% of the gold production from the Woodlark Gold Project until it has acquired a cumulative total of 30,000 gold ounces and 1.6575% of the gold production thereafter. Alternatively, Sprott can elect to receive cash amounting to 70% of the spot LBMA price of the gold produced. The objective is to repay the "deposit" through this mechanism by approximately June 2026, however, subject to the buy-back option (see below), the gold stream arrangement under the Callable Stream is effectively perpetual.

Under the Callable Stream agreement, the Group has a buy-back option for the gold stream arrangement, whereby it can pay US\$15 million plus any uncredited balance remaining on the "deposit" in order to fully extinguish any remaining liability to Sprott. The buy-back option period is 180 days from 30 June 2026 (which is the maturity date of the Facility disclosed in Note 10).

The Group has elected to designate all financial instruments under the Callable Stream arrangement as a financial liability at fair value through profit and loss, both on initial recognition and at each reporting date. Any changes in fair value will be recorded as a gain or loss in the profit and loss, except for those arising from changes in the Group's own credit risk, which are recorded in other comprehensive income.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2021**

**NOTE 12 PROVISIONS**

		Consolidated	
		30 June 2021	31 December 2020
		\$	\$
<b>Current</b>			
Employee entitlements		209,907	142,907
Total		209,907	142,907
<b>Non-current</b>			
Employee entitlements		26,936	31,564
Rehabilitation		470,282	170,127
Total		497,218	201,691

**NOTE 13 ISSUED CAPITAL – ORDINARY FULLY PAID SHARES**

		Consolidated	
		30 June 2021	31 December 2020
		\$	\$
Issued Capital		284,854,963	165,801,105

Reconciliation of movements in Issued Capital during the period:

	Date	30 June 2021		31 December 2020	
		Shares	\$	Shares	\$
Balance – beginning of period		218,807,363	165,801,105	174,525,760	148,972,741
Conversion of Zero Exercise Price Options	21-Jul-20	-	-	520,131	-
Shares issued pursuant to a Placement	18-Dec-20	-	-	43,761,472	18,379,818
Shares issued pursuant to a Placement	12-Feb-21	289,571,862	121,620,182	-	-
Shares issued pursuant to a Share Purchase Plan	16-Feb-21	4,461,821	1,874,011	-	-
Shares issued pursuant to Project Financing	29-Jun-21	5,404,655	1,790,902	-	-
Less: Share issue costs		-	(6,231,237)	-	(1,551,454)
Balance – end of period		518,245,701	284,854,963	218,807,363	165,801,105

**NOTE 14 COMMITMENTS AND CONTINGENT LIABILITIES**

There have not been no significant changes to commitments and contingent liabilities since the last reporting date.

**NOTE 15 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There are no material subsequent events after the balance date.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2021**

**NOTE 16      FINANCIAL INSTRUMENTS**

**Fair value**

The Group's financial instruments include cash and cash equivalents, receivables (except statutory receivables), trade and other payables, interest-bearing liabilities and other financial liabilities. The fair value hierarchy for financial instruments reflects the significance of inputs in making fair value measurements as follows:

- Level 1 – applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – applies to assets or liabilities for which there is unobservable market data.

The recorded amounts of cash and cash equivalents, receivables (except statutory receivables) as well as trade and other payables approximate their respective fair values due to their short-term nature. The interest-bearing liabilities were initially recognized at fair value and is subsequently measured at amortised cost. The derivative liabilities and Sprott Callable Stream are measured in their entirety as at FVTPL, except to the extent that the change in fair value is attributable to changes in the Company's own credit risk in which case it is presented in other comprehensive income.

**Financial instruments carried at fair value**

The derivative liabilities and Sprott Callable Stream were measured using Level 3 inputs. Their fair values were determined using discounted cash flow valuation models which included accretion due to the passage of time, forecast gold prices and production based on the Group's latest life of mine model. The carrying value of these liabilities held at fair value is set out in Note 11.

**GEOPACIFIC RESOURCES LIMITED**  
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**DIRECTORS' DECLARATION**

The Directors of Geopacific Resources Limited declare that:

- (a) the interim financial statements and notes of the Group set out on pages 8 to 22 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 2021 and of its performance for the half-year ended on that date.
- (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 on 10 September 2021.



**Ian Clyne**  
**Chairman**

## 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 2021, 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 2021 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*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Directors' responsibility for the half-year financial report

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



## Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 30 June 2021 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*.

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.

The logo for Ernst & Young, featuring the company name in a stylized, handwritten-style font.

Ernst & Young

A handwritten signature in black ink, appearing to be 'P. Dreyer'.

Pierre Dreyer  
Partner  
Perth  
10 September 2021