

GEOPACIFIC RESOURCES LIMITED

**ABN 57 003 208 393
and controlled entities**

ASX code: GPR

Financial Statements
for the year ended 31 December 2020

CONTENTS

Corporate Directory	2
Review of Operations	3
Ore Reserves and Mineral Resources	20
Directors' Report	22
Remuneration Report	31
Auditor's Independence Declaration	47
Independent Auditor's Report	48
Directors' Declaration	54
Consolidated Statement of Profit or Loss and Other Comprehensive Income	55
Consolidated Statement of Financial Position	57
Consolidated Statement of Changes in Equity	58
Consolidated Statement of Cash Flows	59
Notes to the Financial Statements	60
Shareholder Information	111

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

CORPORATE DIRECTORY

Geopacific Resources Limited	Public listed Company (ASX Code: GPR) incorporated in New South Wales in 1986		
Australian Business Number (ABN)	57 003 208 393		
Directors & Secretary in Office	Ian Clyne	Non-Executive Chairman	
	Colin Gilligan	Non-Executive Director	
	Ian Murray	Non-Executive Director	
	Sir Charles Lepani	Non-Executive Director	<i>appointed 29 July 2020</i>
	Matthew Smith	Chief Financial Officer & Company Secretary	
	Mike Meintjes	Company Secretary	<i>appointed 1 February 2021</i>
Registered Office	Level 1 278 Stirling Highway Claremont WA 6010	Postal Address	PO Box 439 Claremont WA 6910
Auditor	Ernst & Young The Ernst & Young Building 11 Mounts Bay Road Perth WA 6000	Banker	ANZ Banking Group Ltd Corner of Hay Street & Outram Street West Perth WA 6005
Share Registry	Boardroom Pty Ltd Grosvenor Place Level 12, 225 George Street Sydney NSW 2000	Stock Exchange	ASX Limited Level 4, Central Park 152-158 St Georges Terrace Perth WA 6000 ASX Code: GPR
Woodlark Registered Office	Level 6, PwC Haus Harbour City, Port Moresby, NCD Papua New Guinea		

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

REVIEW OF OPERATIONS

The 2020 financial year was transformative for Geopacific Resources Ltd (**Geopacific** or **the Company**; ASX:GPR) which resulted in significant advancements across all key aspects of the business designed to progress the Woodlark Gold Project to a high level of execution readiness by the end of 2020. The formation of a high calibre Senior Management Team, supported by a highly experienced Board now has the Company well placed to deliver the Woodlark Gold Project for the benefit of all stakeholders.

2020 Group Highlights	
Successful \$140 million capital raise	<p>A \$140 million share placement (Placement) was finalised in February 2021 providing the equity funding component of the development capital required for the Company's Woodlark Gold Project.</p> <p>A further \$1.87 million was raised via a Share Purchase Plan (SPP).</p>
Significant Project Funding Milestone	<p>Sprott Private Resource Lending II L.P. (Sprott) was selected as preferred financier for the development of the Woodlark Gold Project.</p> <p>The Company is well advanced on a full funding solution.</p>
Restructured Board and Management Team	<p>Tim Richards was appointed as Chief Executive Officer (CEO) bringing a wealth of operational experience in Papua New Guinea.</p> <p>Sir Charles Lepani was appointed as a Non-executive Director, Sir Charles Lepani is a distinguished diplomat and advisor from the Trobriand Islands, Milne Bay Province in Papua New Guinea.</p> <p>Other key management roles were filled with highly experienced personnel.</p>
Woodlark Project Execution Update Delivered	<p>A technical review was initiated by the Board and undertaken by highly experienced team culminating in the release of the Project Execution Update¹ to the market</p> <p>The Project Execution Update presents a compelling, shovel ready development project with significant economic enhancements over the November 2018 Definitive Feasibility Study (2018 DFS) ² across key metrics including project payback, net present value (NPV) and internal rate of return (IRR).</p>
Advanced Detailed Engineering Design	<p>GR Engineering Services (GRES) continued to advance the process plant front end engineering design (FEED), which was over 20% complete by year end.</p>
Selection of Preferred Key Contractors	<p>Preferred suppliers were selected and the terms of all key contracts are being negotiated.</p>
Communities Relocation Program	<p>Community concerns relating to the relocation housing were addressed in September 2020 quarter following upgrades to house designs and execution of a revised relocation agreement</p>
Key Project Permits in place	<p>The Memorandum of Agreement (MoA) was agreed at stakeholder level in the December 2020 quarter, pending ratification of the Papua New Guinea (PNG) National Executive Council.</p> <p>The Woodlark Mining Lease is in place and valid until 2034. An application for extension of the construction and commissioning deadline was submitted in the September 2020 quarter and is pending approval.</p> <p>The environment permit is in place including approval for the Deep Sea Tailing Placement (DSTP).</p>

¹ Refer to the ASX announcement on 30 November 2020. All material assumptions underpinning the production target and forecast financial information continue to apply and have not changed materially.

² Refer to the ASX announcement on 7 November 2018.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

CORPORATE

Project Funding - \$140 million Placement and SPP

In December 2020, the Company announced 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 Resource Lending and its affiliates, along with members of the Geopacific Board and Management.

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

The Placement consisted of two tranches at an Issue Price of \$0.42 per share which comprised the issue of 333.3 million shares:

- **Tranche 1:** 43.7 million shares issued in December 2020 to raise \$18.4 million pursuant to the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A; and
- **Tranche 2:** 289.6 million shares issued in February 2021 to raise \$121.6 million.

Tranche 2 of the Placement was subject to shareholder approval under Listing Rules 7.1 and 10.11 which was obtained in February 2021 at an Extraordinary General Meeting of the Company.

The Company also extended an SPP offer to existing eligible shareholders to acquire up to \$30,000 worth of Geopacific shares at \$0.42 per share, the same price as the Placement, with a cap of \$10 million. The SPP Offer closed on 10 February 2021 and raised a further \$1.87 million (4,461,821 Shares).

Sprott Selected as preferred financier

In October 2020, Geopacific announced the selection of Sprott as its preferred financier for the development of the Woodlark Gold Project. The Company entered into a period of exclusivity with Sprott Resource Lending to finalise a US\$85 million Project Finance Facility and a US\$15 million Callable Gold Stream for development of the Woodlark Gold Project. The Project Finance Facility and the Gold Stream remain subject to usual conditions including Sprott committee approval and final documentation (among other things).

Sprott has been in discussions with the Company to fund the development of the Woodlark Project since 2018. This exclusivity arrangement with Sprott follows the positive results of extensive technical due diligence on the Woodlark Gold Project by Sprott and its advisors. Sprott's ongoing commitment to the Woodlark Gold Project provides strong validation of robust project economics that have been further enhanced by the strong gold price.

Formation of High Calibre Senior Management Team

During the year, the Board and new CEO Mr Tim Richards assembled a highly experienced Senior Management Team with the capacity to deliver the Woodlark Gold Project. In hiring key positions, emphasis was placed not only on industry experience and technical skills but also experience working in PNG. The following positions were filled during the year.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Tim Richards - Chief Executive Officer

During October 2020, Tim Richards commenced his role with Geopacific as CEO.

Mr Richards is a mining engineer with broad experience in open pit mining ranging from scoping and feasibility studies, site technical services, through to operations and mine management.

Mr Richards has extensive mining experience both in Australia and in the expatriate environment across PNG, Europe, Africa, and the Caucasus. Mr Richards was most recently General Manager Technical Services of St Barbara Limited (St Barbara) and was General Manager Simberi Operations in PNG from 2013 to 2019 for St Barbara Limited.

During this period, Mr Richards was instrumental in the turnaround of the Simberi Gold Mine, delivering five record years of gold production and cashflow performance.

Mr Richards replaced Mr Ron Heeks who stepped down from his role as Managing Director & CEO in June 2020.

Sir Charles Lepani - Non-Executive Director

During July 2020, the Company appointed Sir Charles Lepani, KBE, CBE, OBE, PHD (Hon) as a Non-Executive Director. Sir Charles Lepani was born in the Trobriand Islands, Milne Bay Province in PNG.

Sir Charles Lepani has over 40 years' experience in both the public and private sectors representing PNG as a Senior Diplomat and Advisor with great success and distinction. His most recent roles were High Commissioner of PNG in Australia 2005-2017, and Director General of PNG APEC 2017-2018.

Sir Charles Lepani brought to the team a substantial degree of insight, understanding and expertise in the following areas:

- PNG Policy formulation, especially in the Mining & Petroleum Sectors;
- PNG Diplomatic and International Relations;
- Bi-lateral and Multilateral Development Assistance;
- Debt and Equity Capital Markets; and
- Papua New Guinea small and medium enterprise, domestic and international supply chains.

Sir Charles Lepani has been an advisor and consultant to successive PNG National Government Departments, including the Prime Minister's Department, Treasury, Finance, and the Law and Justice Sector.

He has also worked alongside United Nations Development Programme, United Nations Centre for Transnational Corporations and Asian Development Bank.

He is a graduate of the University of Papua New Guinea with an Arts Degree (Economics), and a Fulbright Scholarship recipient attending the John F Kennedy School of Government at Harvard University, in Boston, United States of America and graduating with a Masters of Public Administration.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Susan Scheepers - General Manager People and Performance

During the year Susan Scheepers was appointed as General Manager People and Performance. Mrs Scheepers is an accomplished, team orientated Human Resource professional, providing strong leadership in a wide range of human resource initiatives. She has extensive resources industry experience with over 17 years' experience with major resource companies in site, corporate and offshore roles.

Mrs Scheepers holds a Master of Business Administration and a Bachelor of Business Administration in Human Resources, she is also a qualified High School Teacher.

Prior to joining Geopacific, Mrs Scheepers was the Group Human Resources Manager for St Barbara. During her time with St Barbara she assisted with the turn-around of the Simberi Gold Mine and implemented the Gender Smart Safety Project. She is passionate about people development and has established a team in PNG to upskill the local workforce and community members.

Graeme Rapley - Project Director

During February 2021, Graeme Rapley was appointed as Project Director for the Woodlark Gold Project. Mr Rapley is a Civil Engineer with over 20 years' experience in Construction and Project Manager level roles.

Previous roles include Project Director for Centerra Gold at the Oksut Project in Turkey, Project Manager for True Gold at the Karma Mine in Burkina Faso, Project Manager for the Sadiola Hill Mine in Mali and Project Manager for the Tongon Gold Mine in Cote d'Ivoire.

Key Management Positions

To ensure a smooth transition into the construction phase of the Woodlark Gold Project, the Company undertook a recruitment campaign to fill key positions. The team assembled have already commenced, with a number already located on site. Positions filled include the following.

Table 1: Senior Management Positions Filled During the Year

Position	Responsibilities
Manager Mining	Responsible for the bulk earthworks and all mining, mobile equipment maintenance and technical services.
Manager Construction	Responsible for all engineering, plant and infrastructure construction as well as maintenance areas other than mobile equipment maintenance.
Manager Environment and Community	Responsible for all site responsibilities in relation to Environment and Community.
Manager Contracts and Procurement	Responsibility for development and management of all Owner's contracts and procurement packages for construction and operations.
Manager Project Controls	Responsible for the overall project program cost, schedule management, forecasting and reporting.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

WOODLARK ISLAND, PNG

Background – Woodlark Gold Project

Geopacific and its controlled entities (**the Group** or **Consolidated entity**) is focused on developing and expanding the 1.6Moz Woodlark Gold Project³.



The project is situated in the 'pacific ring of fire' and surrounded by world-class gold mines.

Two neighbouring mines, also located on islands, are Newcrest Mining Limited's Lihir containing 66 million ounces of gold and St Barbara Limited's Simberi containing 6 million ounces.

The 100% owned Woodlark Gold Project is located on Woodlark Island in the Milne Bay Province of PNG.

In November 2020, the Company released a comprehensive Project Execution Update⁴, marking a significant step forward in the development of the Woodlark Gold Project. The document was the culmination of a multifaceted work program which compiled information from all functional disciplines associated with the construction and operation of the Woodlark Gold Project.

³ For details relating to the Mineral Resource, refer to page 20 and PFS announcement released on 12 March 2018.

⁴ Refer to ASX announcement on 30 November 2020 titled 'Project Execution Update'.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Project Execution Update

A key part of the Project Execution Update was the revalidation of the 2018 DFS⁵ to ensure that project execution strategies aligned with prevailing market conditions. The Project Execution Update incorporated updated operating assumptions resulting from a review of the resource model, mine plan, mine contracting strategies and mine pit optimisation and schedules. Amendments to the project timeline were also incorporated to reflect delays caused by the COVID-19 pandemic.

The Project Execution Update identified significant economic enhancements over the 2018 DFS with improvements across key metrics including project payback, NPV and IRR.

Table 2: Financial Metrics Comparison⁶

FINANCIAL METRICS - POST-TAX	Unit	2018 DFS	EXECUTION UPDATE	VARIANCE
Free Cashflow (Post-tax)	A\$ Million (M)	344	575	231 ● 67%
NPV @ 8%	A\$ Million (M)	197	347	150 ● 76%
IRR	%	29%	34%	5% ● 18%
Project Payback	Years	2.2	1.8	0.4 ● 18%

Project Execution Strategy

The project execution strategy was reviewed by the Company during 2019 and 2020 taking into consideration the project schedule, the Company's capability to manage and mitigate the construction and operational risks and the overall allocation of risk across the project.

An Engineering Procurement and Construct (EPC) contract model was identified as the preferred approach for the design, supply and construction of the process plant and associated facilities, whilst the design, supply and construction of the infrastructure facilities will be managed by the Owner's team.

To mitigate the risk of building and developing a mining operations team, a mining execution strategy was developed that utilises a contract miner to carry out load and haul activities during the pre-strip period and for the first three years of operation, before transitioning to owner operating for the remainder of the mine life.

A similar contracting approach has been adopted for the drilling works associated with grade control, blasting and exploration, with Woodlark Gold Project personnel limited to technical services and oversight.

Project Execution Update Findings

In November 2020, the Company released the Project Execution Update which demonstrated that the Woodlark Gold Project represents a compelling, shovel ready development project with an experienced Board and Management Team capable of delivering the Woodlark Gold Project for the benefit of all stakeholders.

⁵ Refer to ASX announcement on 7 November 2018 titled "Woodlark DFS confirms high margin development project".

⁶ The 2018 DFS was based on a gold price of \$1,650/oz and the Project Execution Update was based on a gold price of \$2,200/oz.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

The Project Execution Update was based on a robust financial model underpinned by costs provided by reputable and experienced contractors.

Table 3: Execution Update Highlights

KEY WOODLARK GOLD PROJECT METRICS	
High Margin	Average All-in Sustaining Costs (AISC) of \$1,239/oz (US\$904/oz) providing 43% margin at \$2,200/oz (US\$1,606/oz).
Rapid Project Payback	Near surface mineralisation and low strip ratio in the early production years to facilitate strong up-front cashflow profile resulting in a rapid post-tax project payback period of 1.8 years.
+1 Moz of gold in Ore Reserves	+1 million ounce mine plan underpinned by Measured and Indicated Ore Reserves.
+10 Year Project	Current Ore Reserves provides 13 years of process plant feed – while the project remains heavily leveraged to further exploration success across the under explored substantial and highly prospective tenement package.
Simple Mining and Process Route	Conventional open pit mining of near surface mineralisation and proven industry standard 2.4 Mtpa carbon in leach (CIL) gold process plant.
Shovel Ready	<p>Geopacific is poised to develop, with all key project permits in place, preferred project financier selected, community commitment acknowledged and execution readiness beyond industry norms.</p> <p>The updated capital cost estimate of A\$254.8 million⁷ (US\$186 million) is reflective of the advanced stage of execution readiness and Geopacific's increased commitment to support community development which is imperative to the success of the Woodlark Gold Project.</p>
Untapped Exploration Potential	Three phase exploration strategy developed to target high value opportunities. Economics highly leveraged to further exploration success.

⁷ Establishment capital estimate completed to a -2%/+8% level of accuracy.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Project Execution Update - Key Information Summary

The key production metrics, financial model inputs and Woodlark Gold Project economic outputs associated with the Project Execution Update are summarised below.

Table 4: Key information summary

OPERATIONAL PHYSICALS		Unit	Life of Mine	
Strip Ratio	(x)		4.1	
Total Material Mined	(kt)		156,694	
Ore Mined	(kt)		30,848	
Grade Mined	(g/t Au)		1.11	
Contained Gold	(koz Au)		1,099	
Ore Processed	(kt)		30,848	
Grade	(g/t Au)		1.11	
Recovery	(%)		89.2%	
Gold Produced	(koz Au)		980	
KEY INPUTS		Unit	US\$	A\$
Gold Price	/oz Au		1,606	2,200
Foreign Exchange	A\$: US\$		1.37	0.73
Mining Cost	/t mined		2.14	2.94
Processing Cost	/t processed		9.93	13.60
General & Admin Cost	/t processed		5.23	7.16
CASHFLOW *			US\$	A\$
Cashflow from Operations (inc pre-strip)	Million (M)		727	995
Less: Capital Expenditure (excl pre-strip)	Million (M)		(196)	(269)
Free Cashflow (Pre-tax)	Million (M)		530	727
Less: Income Tax (at 30%)	Million (M)		(111)	(152)
Free Cashflow (Post-tax)	Million (M)		420	575
* Represents 100% of the Woodlark Gold Project				
UNIT COSTS - C1 & AISC			US\$	A\$
Mining	/oz Au		325	446
Processing	/oz Au		312	428
G&A	/oz Au		164	225
Refining Costs	/oz Au		5	7
Total C1 Costs	/oz Au		807	1,106
Royalties (at 2.5%)	/oz Au		40	55
Sustaining Capital	/oz Au		28	38
Corporate Overheads	/oz Au		29	40
Total AISC	/oz Au		904	1,239
FINANCIAL METRICS - POST-TAX **			US\$ M	A\$ M
NPV @ 8%			253	347
IRR			34%	34%
Project Payback (Years)			1.8	1.8
** Represents 100% of the Woodlark Gold Project				

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Implementation of Project Cost Control System

A project cost control system for managing and reporting against the construction budget was selected and implemented during the year. The selected software, CMS – Construction Management System supplied by GTS Software Pty Ltd is an industry recognised software with the primary function of providing accurate cost forecast and project progress to project cost control and management decision making.

Integrated Project Management Schedule

To ensure that Geopacific successfully achieves the key milestones required to move the Woodlark Gold Project into production, alignment throughout the organisation is crucial. In order to maintain a disciplined approach to project execution, an Integrated Project Management Schedule (IPMS) was developed during the year.

The IPMS is an invaluable tool in guiding the focus and efforts of the project execution team and the wider organisation. The Company has a clear line of sight on critical path activities that impact key milestones required to commence targeted first gold production at end of December 2022 quarter.

A high-level indicative schedule outlining key project milestones was prepared during the year. It is based on the assumption that the COVID-19 border closures and travel restrictions in place at 31 December 2020 remain unchanged. Any adverse change to the restriction in Papua New Guinea and/or Australia may impact this indicative schedule.

Table 5: Key Milestones from Preliminary Project Execution Schedule

Key Indicative Milestones	Date
Commence construction of process plant and infrastructure	June 2021 Quarter
Commence mine pre-strip and haul road construction	December 2021 Quarter
Power plant complete and permanent power supply available	June 2022 Quarter
Complete DSTP facilities	September 2022 Quarter
Commence commissioning and plant start up	September 2022 Quarter
Commence first gold production	End December 2022 Quarter

Front End Engineering Design (FEED)

In 2019, following a rigorous evaluation process a conditional letter of intent was issued to GRES for the construction of the Woodlark Gold Project's 2.4 Mtpa CIL process plant. During 2020, GRES progressed the FEED, finalising the plant layout and continuing progress on the process plant model, producing process flow diagrams, piping and instrumentation diagrams and finalising the process design criteria.

By the end of the year, GRES had completed 20% of the process plant engineering design.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

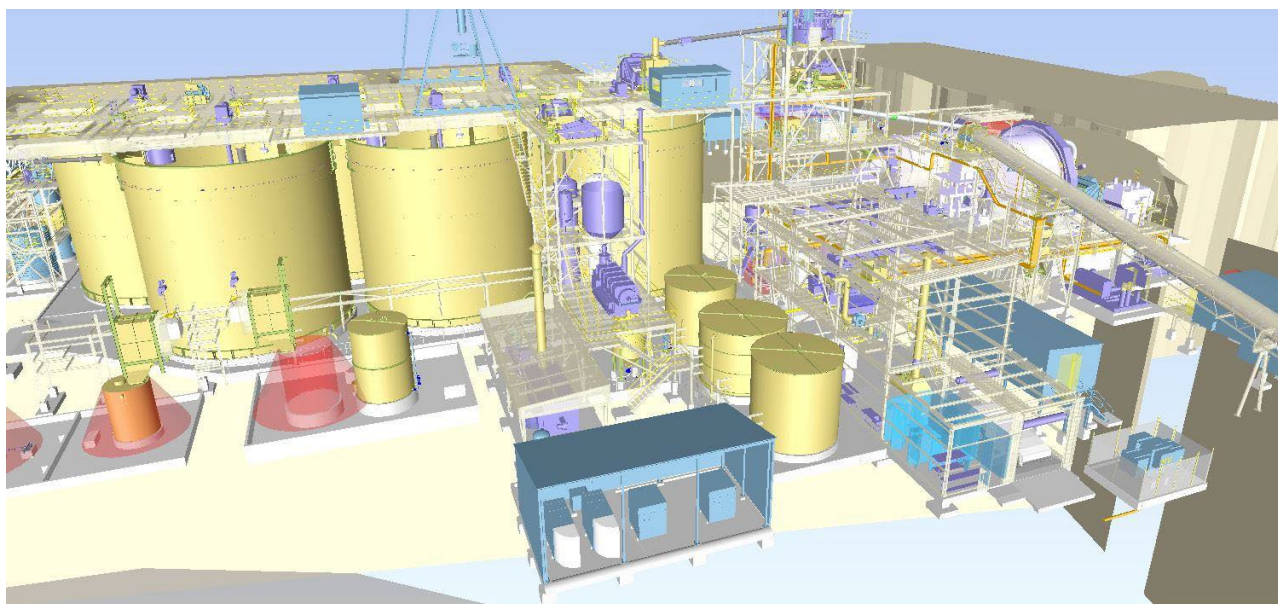


Figure 1: Elution and Gold Room Area

During the March 2020 quarter, geotechnical test work was completed at the Woodlark Gold Project indicating that ground improvement work would be required prior to the commencement of plant site construction. Data gathered from the geotechnical drilling program was used in a ground improvement study which was completed by internationally recognised Knight Piésold and formed the basis of a comprehensive ground improvement solution developed in conjunction with GRES.

Development of a contract and procurement plan and strategy

A project contracting strategy was developed during the year aligning with the IPMS to ensure that the Company was well placed to engage third party services providers as and when the project required. The following contracts are currently in place in relation to the Woodlark Gold Project.

Table 6: Contracts Awarded

Work Scope	Contract Awarded
FEED design	GRES
Bulk Earthworks	HBS Machinery (HBS)
Ground Improvement Design	Knight Piésold
Wharf Design	Madsen Giersing

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Table 7: Preferred Suppliers selected

Work Scope	Preferred Supplier	Award Date*
Woodlark Power Station	Contract Power Australia Pty Ltd	June 2021 Quarter
Engineering, Procurement and Construction (EPC)	GRES	June 2021 Quarter
Mining Services (load and haul activities during the pre-strip period and for the first three years of operation)	HBS	June 2021 Quarter
Drilling Services (grade control, blasting and exploration)	Quest Exploration Drilling	June 2021 Quarter
Permanent Camp	Pacific Rim Constructors Limited	March 2021 Quarter

*Estimated award dates

A project procurement strategy was also developed during the year to identify long lead critical path items, while GRES commenced procurement of vendor data to progress design of the process plant.

Woodlark Gold Project Site Works

COVID-19

As 2020 commenced, two major contractors were executing work programs on site.

HBS was on site building and repairing road infrastructure and undertaking bulk earthworks operations at the plant site in preparation for the process plant build, while Rhodes (PNG) Limited (Rhodes) was onsite overseeing a local team to build the necessary housing and infrastructure required to enable the relocation of the existing communities.

Late in the March 2020 quarter, the COVID-19 pandemic forced the Company to implement a COVID-19 management plan. The management plan was designed to ensure the health and safety of all Geopacific staff and contractors as well mitigate the risk of COVID-19 being introduced to Woodlark Island.

As part of the management plan, earthworks were temporarily put on hold and a notice of suspension was issued to HBS. All HBS staff were repatriated from Woodlark Island to ensure a safe passage to their point of hire. In late September 2020, HBS was able to remobilise personnel and equipment to the island and continue executing their work program, albeit with all incoming staff and contractors subject to strict COVID-19 safety protocols.

The Woodlark Island community relocation program continued throughout the year with Rhodes personnel who were on Woodlark Island prior to the COVID-19 outbreak, supported by labour from the local Woodlark Island community.

The Board and Senior Management Team continues to monitor the COVID-19 pandemic so that it can respond in the best interests of the various stakeholders associated with the project.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Communities Relocation Program – Woodlark

An important aspect of the Woodlark Gold Project is the relocation of the Kulumadau community. This small community is the most culturally diverse on Woodlark Island as it consists of the relatives of the previous mine workers who moved to the area in the late 1800's to mine the small underground operation located at Kulumadau.

Construction of the relocation houses commenced in the March 2020 quarter with the materials for the houses shipped in bulk via barge from Lae. Bulk shipping as a logistical solution is both simple and cost effective and is a significant advantage for island-based projects in contrast to operations in the highlands. Use of local labour was prioritised not only to ensure that the primary stakeholders in the project receive tangible benefits, but to promote “ownership” of the build process and resultant dwellings, with upskilling of the local community developing skills locally which will allow the community to maintain and expand houses in the future.

In June 2020, Geopacific undertook a comprehensive review of the Woodlark Island communities relocation program. Whilst extensive community consultation had been undertaken over a period of approximately ten years, a number of community concerns were raised once construction commenced which were primarily focussed on the design of the smaller dwellings.

Following community feedback and after extensive consultation with all stakeholders, the house designs were revised. The fundamental change was that the minimum house size was increased to three bedrooms, while other modifications included elevating all houses to allow for future expansion and the addition of a separate cook house for each dwelling. Upon review by all stakeholders, including the community, regulator and government officials the substantially improved relocation package was approved and ratified as a registered relocation agreement under the auspices of the Mineral Resources Authority (MRA). Registration of these documents formalised community acceptance and allowed the relocation program to move forward with Government support.

Construction of the redesigned houses commenced in late September 2020 following a period of extensive social and community engagement completed by a specialist consultant and the on-site Community Affairs team and by the end of December 2020 construction had fully re-commenced on the houses and community facilities.



Figure 2: Three room deluxe house

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
DIRECTORS' REPORT

Pre-Construction Works

By the end of December 2020, approximately 60% of the plant site area had been cleared. The clearing allowed Knight Piésold to complete a geotechnical drilling program which was used to facilitate the design of the foundations of the 2.4 Mtpa gold process plant.



Figure 3: Plant site Land Clearing

Land clearing activities in preparation for the construction of community relocation houses continued in 2020. At the end of December 2020, 131 housing sites had been cleared. In addition to the house clearing, ground preparation works were completed at the new community school site and on the community church site.

The construction of new roads, repair of existing roads, and construction of a wharf causeway continued during the year. The wharf road is being constructed to considerably shorten the distance from the new wharf location to the plant site. Investment in this new road infrastructure will reduce the disturbance to the local residents and will leave the existing wharf available for community use.

By the end of the year over 6.2 kilometres of road clearing had been completed.



Figure 4: Construction of Road Infrastructure

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 on site that the next phase of the Woodlark Gold Project will bring.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

A key focus during the year was the development and implementation of a new health and safety management system which included:

- Board endorsement of an updated Health and Safety Policy;
- Roll out of a new site induction and Health and Safety training program;
- Appointment of a Health and Safety Manager (commencing in April 2021); and
- Appointment of a Senior Site Safety Officer (commenced in January 2021).



Figure 5 and 6: Community Health and Safety Programs

Woodlark Gold Project Permits

Memorandum of Agreement (MoA)

In October 2020, an updated MoA was initialled by the Woodlark Gold Project area landowners, the National, Provincial and Local Level Governments and Woodlark Mining Limited. The MoA is designed to define the distribution of project royalties once production commences, and outlines the commitments of all stakeholders to ensure that the economic benefits flow to the people of Woodlark Island and the broader region, including employment and business opportunities and appropriate management of environmental and social impacts.



Figure 7: CEO Tim Richards meets with stakeholder leaders to agree the Memorandum of Agreement - October 2020

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Mining License

The Woodlark Gold Project is well advanced from a permitting perspective, with mining permits in place. In August 2020, an application was submitted to the MRA seeking an extension to Condition 7 of the Woodlark Mining Lease which specified that construction and commissioning must be completed by January 2021 and construction and commissioning of the process plant by July 2022.

The extension was sought as a result of the uncertainties caused by COVID-19 and related travel and supply restrictions to extend the development schedule requirements. Management are confident that the extension will be approved in a reasonable time frame.

Environmental Permit

Environmental approval for the Woodlark Gold Project was granted in 2014 with a validity of 20 years. Geopacific has developed strong working relationships with Papua New Guinea Authorities, which continue to express their support for the development of the Woodlark Gold Project.

Geopacific submitted an application to amend a number of conditions in the Environment Permit including improvements made in relation to reduced land clearing requirements and water management strategies. These amendments were approved and the amended Environment Permit was issued in May 2020.

Community Relations

Extensive and ongoing community engagement has taken place over a number of years to ensure familiarity and understanding of potential impacts and benefits of the Woodlark Gold Project on the local community.

Geopacific enjoys an active and strong relationship with the communities living on Woodlark Island and is committed to maximising local training and employment as well as local business development. An extensive survey commenced in the June 2021 quarter to provide valuable information around the existing skill set and potential of the local workforce, while specialist Papua New Guinea based consultants have been engaged to assist and provide training to local landowners in relation to business establishment, management and governance.



Figure 8: Geopacific Enjoys an Active and Strong Relationship with the Local Community

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

OTHER PROJECT ACTIVITIES

Kou Sa Project, Cambodia

In January 2015, the Company's subsidiary, Royal Australia Resources Ltd, entered into an agreement to acquire 100% of the issued capital of Golden Resource Development Co Ltd (the Kou Sa Project) for US\$14 million. US\$7.7 million of the acquisition price was paid as required under the agreement.

An amendment to the original agreement was executed in September 2016 which revised the acquisition payment schedule for the remaining US\$6.3 million. The amendment resulted in the remaining acquisition payments being due for payment as follows:

- 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
- US\$4.725 million to be paid in equal instalments over three years following payment of the above US\$1.575 million.

The Group have been in negotiation with the vendors of the Kou Sa Project during 2019 and 2020 to restructure the deferred consideration payments. No mutually satisfactory resolution could be agreed and a termination notice was subsequently received from the vendors in December 2020. On receipt of the termination notice, management concluded that it no longer controlled the Kou Sa Project assets and they were, therefore, derecognised. On that basis, the related deferred consideration payable was also treated as extinguished.

As a result, the Group has reflected the derecognition of the Kou Sa project assets and related deferred consideration liability in the reporting period ended 31 December 2020 which resulted in a gain on derecognition of \$1,884,834, as detailed in Note 6. This gain included recognising a final settlement of US\$0.5 million payable to the vendors under the termination provisions of the original agreement to acquire the Kou Sa project.

Fijian Gold and Copper Projects, Fiji

All licences associated with the exploration projects in Fiji have been relinquished and the Group commenced a process of recovering the bonds associated with the exploration licences. The office in Fiji has been closed and Geopacific is investigating options to wind up the Fijian entities.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Financial Review

Table 8: Key Financial Metrics

	2016 \$	2017 \$	2018 \$	2019 \$	2020 \$
Loss After Tax	(4,144,977)	(4,042,911)	(53,750,659)	(7,337,714)	(4,567,311)
Loss Per Share (Cents)¹	(0.45)	(0.27)	(2.49)	(6.43)	(2.59)
Cash and Cash Equivalents	11,469,015	6,765,343	3,059,221	37,505,067	34,639,855
Exploration and Evaluation Asset - Additions (excluding transfers)	12,140,869	15,219,583	8,447,600	442,022	65,098
Mine Properties Under Development Expenditure - Additions (excluding transfers)	-	-	-	860,265	11,697,347
Total Assets	64,554,032	80,720,300	42,103,633	80,518,692	85,690,886
Net Assets	57,717,361	73,334,855	34,685,715	70,478,375	78,500,958

¹Earnings per share from 2016 to 2018 have not been adjusted to reflect the 25:1 share consolidation conducted in December 2019.

The Group recorded a net loss after tax for the year ended 31 December 2020 of \$4,567,311 (2019: 7,337,714). This included \$208,345 (2019: \$1,501,751) of exploration costs that were expensed for the period.

At 31 December 2020, the Group's total assets were \$85,690,886 (2019: \$80,518,692) and net assets were \$78,500,958 (2019: \$70,478,375). The increase in the Group's total assets and net assets relates to expenditure on mine property development during the the 2020 year.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

ORE RESERVES AND MINERAL RESOURCES

Woodlark Global Mineral Resources

The Woodlark Mineral Resource is **47Mt @ 1.04g/t Au for 1.57Moz of gold⁸** including 222,000oz of gold in the Inferred category (Table 9).

Table 9: Woodlark Global Mineral Resource Estimate – March 2018

Category (>0.4g/t lower cut)	Tonnes (Mt)	Grade (g/t Au)	Ounces (Koz)
Measured	21.24	1.10	754
Indicated	18.94	0.98	597
Inferred	6.80	1.00	222
Total	47.00	1.04	1,573

Woodlark Ore Reserves

An updated Ore Reserves estimate was released in November 2018 and was completed by independent consultants, Mining Plus. The updated Ore Reserves estimate of **28.9Mt @ 1.12g/t Au for 1,037,600oz⁹** of gold is detailed in Table 10.

Table 10: Woodlark Ore Reserves Estimate – November 2018

Total by deposit	Category (>0.4g/t lower cut)	Tonnes (Mt)	Grade (g/t Au)	Ounces (oz)
Busai	Proven	9.3	1.03	307,300
	Probable	4.3	0.87	120,900
Kulumadai	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
Total Ore Reserve	Proven	18.6	1.17	697,000
	Probable	10.4	1.02	340,600
	Total	28.9	1.12	1,037,600

⁸ Refer to March 2018 Pre-feasibility Study – 'Robust Woodlark Gold project PFS Supports Development.'

⁹ Refer to 'Woodlark Ore Reserve Update' announced on 7 November 2018.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Competent Person's Statement

The information in this announcement that relates to the 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 announcement that relates to the Woodlark Ore 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.

In relation to the Mineral Resources and Ore Reserves, the Company confirms that all material assumptions and technical parameters that underpin the ASX announcements made on 12 March 2018 ('Robust Woodlark Gold project PFS Supports Development') and 7 November 2018 ('Woodlark Ore Reserve Update') (Historical Announcements) continue to apply and have not materially changed. The Ore Reserves estimate underpinning the production targets in this announcement is based on information compiled and reviewed by Mr Battista who is a Competent Person in accordance with the JORC Code 2012.

Where the Company refers to the Mineral Resources and Ore Reserves in this report (referencing the Historical Announcements), it confirms that it is not aware of any new information or data that materially affects the information included in the Historical Announcements and all material assumptions and technical parameters underpinning the Mineral Resources estimate and Ore Reserves estimate in those announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not materially changed from the Historical Announcements.

All information relating to the Mineral Resources and Ore Reserves were prepared and disclosed under the JORC Code 2012.

Forward Looking Statements

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

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

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

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors present their report together with the financial report of the Geopacific Group, being Geopacific Resources Limited (Geopacific or the Company) and its controlled entities (the Group or consolidated entity) for the financial year ended 31 December 2020, and the auditor's report thereon.

1. DIRECTORS AND COMPANY SECRETARY

The names of the Company's Directors and Company Secretary in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Name, Position Held & Qualification	Experience, Special Responsibilities & Other Directorships
Ian Clyne	
Non-Executive Chairman Assumed Role: 8 May 2019 Non-Executive Director Appointed: 6 October 2016 B. Bus (Management)	<p>Mr Clyne has over 35 years' experience in international banking having worked in senior executive positions in ten countries in Asia, Oceania, Australia and Europe. He has specialised in emerging markets and has held roles of President, Director, Managing Director and Chief Executive Officer with universal banking operations that have extensive branch networks and large employee bases. Mr Clyne has successfully re-engineered banks in Indonesia, Italy, Poland and Papua New Guinea.</p> <p>Mr Clyne held the role of Managing Director and Group CEO of Bank South Pacific (BSP), based in Port Moresby (2008 – 2013). He undertook a major transformation program changing BSP from a typical emerging economy banking institution into an innovative, technology driven, modern bank. Under his leadership, the bank grew from having 400,000 accounts to over 1 million in Papua New Guinea and 1.5 million across the Pacific, including Fiji and the Solomon Islands, with a market capitalisation of \$1.7 billion at the end of his term.</p> <p>Mr Clyne is also a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.</p> <p>Mr Clyne is currently a Non-Executive Director of Union Bank of Nigeria. Mr Clyne has not held any other directorships in the past three years.</p> <p>Mr Clyne has the following interest in shares in the Company as at the date of this report – 925,568 ordinary shares.</p>

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Name, Position Held & Qualification	Experience, Special Responsibilities & Other Directorships
Colin Gilligan	
Non-Executive Director Appointed: 26 June 2018 B. Sc Engineering (Mining) Hons National Diploma - Coal Mining	<p>Mr Gilligan is a mining engineer with over 25 years' experience in the resources sector, in Australia, South Africa, North America and Asia. He has held technical, executive and director roles with a number of companies throughout his career including Mitsui, Thiess, Anglo, Coalspur Mines and Resource Generation.</p> <p>During his career Mr Gilligan has provided leadership to a number of operations, EPC contracts, mining contracts and development projects across a range of commodities. He has also successfully contributed to raising development funding in various forms.</p> <p>Mr Gilligan brings a successful background in organisational leadership, project development and delivery, predominantly achieved through a focus on people, culture and optimal efficiency.</p> <p>Mr Gilligan also contributes significant board level experience at private and public company level, particularly on technical matters, governance, funding, risk management, strategy and leadership.</p> <p>Mr Gilligan is a member of the Audit and Risk Committee.</p> <p>Mr Gilligan is currently an Independent Non-Executive Director at Resource Generation Limited. Mr Gilligan has not held any other directorships for the past three years.</p> <p>Mr Gilligan has the following interest in shares in the Company as at the date of this report – 119,048 ordinary shares.</p>

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Name, Position Held & Qualification	Experience, Special Responsibilities & Other Directorships
Ian Murray	
Non-Executive Director Appointed: 9 September 2019 B. Com Graduate Diploma in Accounting (GDA) Advanced Taxation Certificate Member of the Australian Institute of Company Directors (MAICD) Oxford Advanced Management & Leadership Programme (OAMLP) Fellow of the Australia & New Zealand Institute of Chartered Accountants (FCA)	<p>Mr Murray is a Chartered Accountant with over 25 years' of mining experience in senior leadership positions, including the position of Chairman then Managing Director of Gold Road Resources Limited (Gold Road) and Chief Financial Officer then Managing Director of DRDGold Ltd. He has also held executive positions with international Big Four accounting firms.</p> <p>Mr Murray brings a wealth of financial, corporate, project development and operational experience to the Board. Most recently he held the role of Managing Director of Gold Road and was instrumental in taking the Gruyere Project from an exploration play through to a fully funded 8.2mtpa gold operation that is set to produce 300koz per annum in joint venture with Gold Fields Ltd.</p> <p>Mr Murray is the Chairman of the Audit and Risk Committee and the Remuneration and Nomination Committee.</p> <p>Mr Murray is currently an Independent Non-Executive Director at Black Rock Mining Ltd and Todd River Resources Ltd, Executive Chairman of Matador Mining Ltd, as well as a Non-Executive Director of non-for-profit Miners Promise Ltd and charity Miners Promise Australia Ltd.</p> <p>During the past three years, Mr Murray has also served as a director of the following listed entities:</p> <ul style="list-style-type: none"> - Gold Road Resources Limited (retired January 2019); and - Gascoyne Resources Limited (resigned October 2018) <p>Mr Murray has the following interest in shares in the Company as at the date of this report – 238,095 ordinary shares.</p>

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Name, Position Held & Qualification	Experience, Special Responsibilities & Other Directorships
Sir Charles Lepani	
Non-Executive Director Appointed: 29 July 2020 B. Arts (Economics) Masters of Public Administration	<p>Sir Charles Lepani was born in the Trobriand Islands in the Milne Bay Province of Papua New Guinea. He is a graduate of the University of Papua New Guinea with a Bachelor of Arts (Economics), and won a Fulbright Scholarship to attend the John F Kennedy School of Government at Harvard University, Boston, where he graduated with a Masters of Public Administration.</p> <p>Sir Charles has over 40 years' experience in both the public and private sectors representing Papua New Guinea as a Senior Diplomat and Advisor. Prior to joining the Board, his most recent roles were as High Commissioner of PNG in Australia from 2005-2017, and as Director General of PNG APEC 2017-2018.</p> <p>Sir Charles has been an advisor and consultant to successive Prime Ministers of PNG as well as the departments of Treasury, Finance, and the Law and Justice Sector. He has also worked alongside the United Nations Development Programme (UNDP), the United Nations Centre for Transnational Corporations (UNCTC) and the Asian Development Bank.</p> <p>Sir Charles will bring a substantial degree of insight, understanding, and local expertise to the management of our Woodlark Gold Project.</p> <p>Sir Charles was appointed as a member of the Remuneration and Nomination Committee on 3 February 2021.</p> <p>Mr Lepani held no interest in shares in the Company as at the date of this report.</p>
Matthew Smith	
Chief Financial Officer & Company Secretary Appointed: 1 December 2016 B. Com (Accounting) Member of the Australia & New Zealand Institute of Chartered Accountants (CA)	<p>Mr Smith has over 15 years' experience in the resource industry across a broad range of commodities including precious metals, industrials and bulk commodities. Mr Smith has worked for a range of companies operating in the Asia Pacific region and most recently held the role of Chief Financial Officer at ASX listed Kingsrose Mining Limited, with gold operations in Indonesia.</p> <p>Mr Smith is a Chartered Accountant with relevant industry experience being involved in a number of project funding transactions across debt and equity markets. Mr Smith also brings specialist knowledge in the areas of international taxation, corporate structuring, accounting and corporate governance.</p> <p>Mr Smith has previously held the role of Company Secretary at Straits Resources Limited.</p> <p>During the past three years, Mr Smith has also served as a director of Kula Gold Limited (resigned 2 July 2019).</p> <p>Mr Smith has the following interest in shares in the Company as at the date of this report – 333,317 ordinary shares.</p>

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

Name, Position Held & Qualification	Experience, Special Responsibilities & Other Directorships
Mike Meintjes	
Company Secretary Appointed: 1 February 2021 B. Com (Hons) (Financial Accounting) F.Fin (FINSIA) Member of the Australia & New Zealand Institute of Chartered Accountants (CA)	<p>Mr Meintjes 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 Papua New Guinea based in Port Moresby.</p> <p>Since 2012, Mr Meintjes has held a number of part-time roles principally in the resource sector where he has acted as Company Secretary. Mr Meintjes is currently the company secretary for Alligator Energy Limited (ASX: AGE) and recently resigned as company secretary for Resource Generation Limited (ASX: RES).</p> <p>Mr Meintjes held no interest in shares in the Company as at the date of this report.</p>
Ron Heeks	
Managing Director Appointed: 28 March 2013 B. App. Sc (Geology) Member of AusIMM Resigned: 4 June 2020	<p>With 30 years' mining industry experience, Mr Heeks was a founder of Exploration and Mining Consultants and has had previous experience with Western Mining Corporation, Newcrest, Newmont (US) and RSG Consulting.</p> <p>Mr Heeks has held senior roles in both mine management and exploration and is a former General Manager – Technical for Straits Asia Indonesian Operations and Chief Technical Officer for Adamus Resources Southern Ashanti Gold Operation. He has lived and worked in various countries around the world gaining extensive experience in South-East Asia and Indonesia in particular.</p> <p>Mr Heeks was appointed Managing Director of the Company on 28 March 2013 after the takeover of Worldwide Mining Projects Ltd.</p> <p>During the past three years, Mr Heeks has also served as a director of Kula Gold Limited (resigned 2 July 2019).</p> <p>Mr Heeks held 449,832 ordinary shares in shares in the Company as at the date of his resignation.</p>

2. PRINCIPAL ACTIVITY

The Group is principally engaged in the development of the Woodlark Gold Project in Papua New Guinea. There were no significant changes in the nature of this activity of the Group during the financial year.

3. OPERATING AND FINANCIAL REVIEW

A review of the operations and financial position of the Group during the year ended 31 December 2020, including details of the results of operations, changes to the state of affairs, and likely developments in the operation of the Group in subsequent financial years is set out in the Review of Operations.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

4. DIVIDENDS

No dividends were paid or declared during the financial year (2019: nil).

5. STATE OF AFFAIRS

There have not been any significant changes in the state of affairs of the Group during the financial year, other than those noted in the financial report.

6. EVENTS SUBSEQUENT TO REPORTING DATE

The financial statements have been prepared based upon conditions existing at 31 December 2020 and due consideration has been given to events that have occurred subsequent to 31 December 2020 that provide evidence of conditions that existed at the end of the reporting period.

In December 2020, the Company announced 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 and 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 Resource Lending and its affiliates, along with members of the Geopacific Board and Management.

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

The Placement consisted of two tranches at an Issue Price of \$0.42 per share which comprised the issue of 333.3 million shares:

- Tranche 1: 43.7 million shares issued in December 2020 to raise \$18.4 million pursuant to the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A; and
- Tranche 2: 289.6 million shares issued in February to raise \$121.6 million.

Tranche 2 of the Placement was subject to shareholder approval under Listing Rules 7.1 and 10.11 which was obtained in February 2021 at an Extraordinary General Meeting of the Company.

The Company also extended an SPP Offer to existing eligible shareholders to acquire up to \$30,000 worth of Geopacific shares at \$0.42 per share, the same price as the Placement, with a cap of \$10 million. The SPP Offer closed on 10 February 2021 and raised a further \$1.87million (4,461,821 Shares).

Other than the matter discussed above, no other matters or circumstances have arisen since the end of the financial period year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

7. DIRECTORS' INTERESTS AND BENEFITS

The relevant interest of each Director in the share capital as notified by the Directors to the Australian Securities Exchange in accordance with section 205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

Name	Direct			Indirect		
	Shares	Options	Rights	Shares	Options	Rights
I Clyne	748,190	-	-	177,378	-	-
C Gilligan	-	-	-	119,048	-	-
I Murray	-	-	-	238,095	-	-
C Lepani	-	-	-	-	-	-

8. DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees) and the number of meetings attended by each of the Directors of the Company during the financial year are set out below:

Name	Directors Meetings		Audit and Risk Committee Meetings	
	Attended*	Eligible to Attend	Attended*	Eligible to Attend
I Clyne	13	13	2	2
C Gilligan	13	13	2	2
I Murray	13	13	2	2
C Lepani	4	5	-	-
R Heeks ⁽ⁱ⁾	4	4	-	-

*Either in person, or by electronic means.

(i) Mr R Heeks resigned on 4 June 2020

The Board of Directors takes ultimate responsibility for corporate governance. This includes the establishment of compensation arrangements for the Company's Executive Directors and senior executives. It also includes the appointment and retirement of Non-Executive Directors, appointment of Auditors, monitoring key areas of business risk, maintenance of ethical standards and Audit and Risk Committees. The Board seeks independent professional advice as necessary in carrying out its duties and responsibilities.

9. LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group will continue to advance its development and exploration portfolio and seek to increase its tenement holdings by acquiring further projects.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

10. ENVIRONMENTAL REGULATIONS

Entities in the Group are subject to normal environmental regulations in areas of operations in Papua New Guinea, Cambodia and Fiji. There were no breaches of these regulations during the financial year, or in the period subsequent to the end of the financial year and up to the date of this report.

11. SHARE OPTIONS

There were 5,113,308 Options over unissued shares unexercised at 31 December 2020 (2019: 4,700,324). During the 2020 reporting period, the Company issued 520,132 shares on the exercise of unlisted Options. Since the end of the 2020 reporting period and up to the date of this report, no unlisted Options have been cancelled or exercised.

Details of unlisted Options over unissued shares in the Company as at the date of this report are presented in the following table:

Options on Issue	Exercise Price	Expiry Date
32,000	\$62.50	Not later than 5-years after defining a JORC compliant ore reserve of over 200,000oz Au on the Faddy's Gold Deposit
8,000	\$125.00	Not later than 10-years after defining a JORC compliant ore reserve of over 1,000,000oz Au on the Faddy's Gold Deposit
970,638	\$0.00	10 July 2021
30,307	\$0.00	21 August 2021
808,740	\$1.02	10 July 2022
1,296,965	\$0.00	19 July 2022
1,063,850	\$0.58	19 July 2023
526,262	\$0.00	21 August 2023
376,546	\$0.93	21 August 2024

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

12. SHARE APPRECIATION RIGHTS

There were 2,430,722 share appreciation rights over unissued shares unexercised at 31 December 2020 (2019: 2,023,706). During the 2020 reporting period, the Company did not issue any shares on the exercise of unlisted share appreciation rights. Since the end of the 2020 reporting period and up to the date of this report, no unlisted share appreciation rights have been cancelled or exercised.

Details of unlisted share appreciation rights over unissued shares in the Company as at the date of this report are presented in the following table:

Share appreciation rights on Issue	Exercise Price	Expiry Date
894,605	\$0.71	10 July 2022
1,129,101	\$0.40	19 July 2023
407,016	\$0.65	21 August 2024

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

13. INSURANCE OF OFFICERS

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

14. PROCEEDINGS ON BEHALF OF COMPANY

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

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

15. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 31 December 2020 is set out on page 47.

16. AUDITOR

The Company's auditor is Ernst & Young.

The Company has agreed with Ernst & Young, as part of its terms of engagement, to indemnify Ernst & Young against certain liabilities to third parties arising from the audit engagement. The indemnity does not extend to any liability resulting from a negligent, wrongful or wilful act or omission by Ernst & Young.

During the financial year the Company has not paid any premium in respect to any insurance for Ernst & Young or a body corporate related to Ernst & Young.

During the year, the following fees were paid or payable to the auditors of the Company for services provided by the auditor of the Company and its subsidiaries, its related practices and non-related audit firms:

Audit Services	Consolidated	
	2020	2019
	\$	\$
Ernst & Young		
Audit and review of the financial report for Geopacific and its controlled subsidiaries and other audit work under the <i>Corporations Act 2001</i>	65,100	57,500
Total	65,100	57,500

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

17. NON-AUDIT SERVICES

There were no non-audit services provided by the auditor during the period of this report.

18. REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements of the Group pursuant to the requirements of the *Corporations Act 2001* and its regulations. This information has been audited as required under section 308(3)(c) of the *Corporations Act 2001*.

This report details the remuneration arrangements of the Group's key management personnel (KMP), who are defined as those persons who have the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director of Geopacific.

Details of the KMP of the Group during the reporting period are set out in the table below:

Name	Position
Non-Executive Directors	
Ian Clyne	Non-Executive Chairman
Colin Gilligan	Non-Executive Director
Ian Murray	Non-Executive Director
Sir Charles Lepani <i>Appointed 29 July 2020</i>	Non-Executive Director
Executives	
Tim Richards <i>Appointed 6 October 2020</i>	Chief Executive Officer
Matthew Smith	Chief Financial Officer & Company Secretary
Glenn Zamudio	General Manager - Projects
Ron Heeks <i>Resigned 4 June 2020</i>	Managing Director

There were no changes to KMP other than those noted above after the reporting date and before the date the financial report was authorised for issue.

Remuneration Governance

In preparation for the development of the Woodlark Gold Project, the Board decided to establish a Remuneration and Nomination Committee during the 2020 reporting period.

The Remuneration and Nomination Committee was responsible for reviewing and recommending the remuneration arrangements of the Group KMP and ensuring that the Group's remuneration structures are aligned with the interests of the Company and its shareholders. This includes an annual remuneration review of base salary (including superannuation), short-term incentives (STI) and long-term incentives (LTI), including the appropriateness of performance hurdles.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Remuneration Consultants

During the 2017 reporting period, BDO Chartered Accountants developed a comprehensive remuneration framework for the Company to provide recommendations as defined in section 9B of the *Corporations Act 2001*. The remuneration framework was approved by shareholders at the Annual General Meeting (AGM) held on 30 May 2018.

During the 2020 reporting period, the Company engaged BDO Chartered Accountants to complete a benchmarking exercise to update the position from the 2017 report. This exercise incorporated an update to the comparison peer group of companies and a refresh of the underlying peer group remuneration data.

A total of \$28,500 was paid to remuneration consultants during 2020.

Remuneration Overview and Strategy

The objective of the Group's remuneration framework is to support the delivery of sustained shareholder value and to ensure rewards accurately reflect achievements in line with general market conditions. The strategy is designed to attract, motivate and retain high calibre individuals through the provision of remuneration packages that incorporate a balance of fixed and variable remuneration. In accordance with sound corporate governance practices, the structure of Non-Executive and Executive remuneration is separate and distinct. There is no direct relationship between remuneration and the financial performance of the Group.

The following table shows the Group's performance over the reporting period and the previous four financial years and against overall remuneration for these years:

	2016	2017	2018	2019	2020
Loss Per Share (Cents) ⁽ⁱ⁾	0.45	0.27	2.49	6.43	2.59
Year-end share price (Cents) ⁽ⁱ⁾	0.036	0.027	0.016	0.50	0.43
Market capitalisation (\$ million)	41.6	48.7	33.3	87.3	94.1
Total KMP remuneration (\$)	1,011,937	1,468,516	2,196,274	2,127,902	3,012,188

(i) The loss per share and year-end share price from 2016 to 2018 has not been adjusted to reflect the 25:1 share consolidation conducted in December 2019.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Executive Remuneration Framework

The Board's objective is to reward Executives with a quantum and mix of remuneration commensurate with their position and responsibilities and that is competitive within the marketplace. The Company remunerates its Executives with a mix of both fixed and at risk, or variable, remuneration. Variable remuneration incorporates a balance of short, medium and long-term incentives.

Fixed remuneration for Executives consists of base salary, Zero Exercise Price Options (ZEPO's), superannuation and other non-cash benefits. It is designed to provide a base level of remuneration which is appropriate for the Executives' position, reflecting the individual's skills, level of experience and responsibilities.

Variable remuneration, or performance linked remuneration, includes a combination of short, medium and long-term incentives designed to provide an "at risk" reward in a manner which aligns with the creation of sustained shareholder value.

All Executives are eligible to receive short, medium and long-term incentives which can be issued in accordance with the Company's Securities Incentive Plan (Incentive Plan) that was approved by shareholders at the AGM held on 30 May 2018. The Incentive Plan incorporates a 5% cap on the total shares that can be issued to Executives pursuant to the plan.

The following table provides a high-level summary of the Company's remuneration framework:

Fixed remuneration	Remuneration linked to market rate of the role.	Total fixed remuneration	Remuneration for meeting role requirements.
Variable remuneration <i>Incentive</i>	Remuneration for delivering on key milestones which are designed to create value for shareholders.	Short-term incentive	Incentive for the achievement of annual objectives.
		Medium-term incentive	Incentive for the achievement of sustained business value.
Variable remuneration <i>Reward</i>	Remuneration for the creation of value for shareholders - directly linked to shareholder returns.	Long-term incentive	Reward for performance over the long-term.

The Incentive Plan provides for the use of a range of equity based instruments to deliver incentives which focus participants on the delivery of sustained shareholder value and minimise the cash outlay associated with total remuneration. The various components of the Incentive Plan are outlined below.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Fixed Remuneration Correction Plan

The fixed remuneration correction plan was designed to align total fixed remuneration with market rates using a share based payment rather than cash. In order to determine appropriate market rates, a peer group consisting of fourteen development and exploration companies across a range of commodities was selected on the basis of:

- Company size by reference to market capitalisation;
- Scale and stage of development of projects; and
- Geographic operating locations.

Independent analysis completed by BDO Chartered Accountants determined that a gap existed between the total fixed remuneration of the Company's executives in comparison to the Peer Group for given roles. In order to ameliorate the gap, Class A Options (ZEPO's) are issued for the difference between:

- the 50th percentile of peer group total fixed remuneration for their given role; and
- the participants' total cash based annual fixed remuneration.

Class A Options are issued annually in advance, for no consideration and have an exercise price of nil. As the Class A Options are issued as part of the fixed remuneration correction plan, no vesting conditions are attached other than the continuation of service, which can be waived at the discretion of the Board.

The value of any Class A Options is included in the Executives' total fixed remuneration for the period. During the year, Class A Options were issued with a one year vesting period in relation to services performed for the 2020 financial year.

Incentive Plan

The Incentive Plan is linked to the achievement of milestones that are set each calendar year by the Board. The Board selects milestones that are intended to drive sustained returns for shareholders. Following the completion of each calendar year, the Board determines which performance milestones were satisfied in the prior year in order to calculate the quantum of instruments to be issued.

The total incentive plan opportunity, which represents the maximum incentive that could be issued is determined as follows:

- 190% of total fixed remuneration for the Managing Director; and
- 160% of total fixed remuneration for all other participants.

The total incentive plan opportunity is divided up between a cash based bonus and a range of equity based instruments. Each element is given a weighting designed to provide an appropriate mix of short, medium and long-term incentives for participants.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Incentive Plan (continued)

During the reporting period, instruments were issued under the Incentive Plan in relation to milestones that were achieved during the 2019 calendar year. The Board determined that three out of the five performance milestones had been satisfied, resulting in the award of up to 60% of the total incentive opportunity.

The milestones in respect of the 2019 reporting period are outlined in the following table:

2019 Milestone	Weighting	Board Assessment
1. Raise sufficient funding from capital markets to commence development at the Woodlark Gold Project.	20%	Achieved.
2. Restructure the Group via corporate transaction/s to secure 100% direct ownership of Woodlark Mining Limited (the owner of the Woodlark Gold Project).	20%	Achieved.
3. Rebalance the Company's share registry through the attraction of new institutional shareholders representing greater than 20% of the issued capital.	20%	Achieved.
4. Board acceptance and implementation of a restructure or divestment of the Group's non-core assets in Fiji and Cambodia.	20%	Not achieved.
5. Board acceptance of a financing solution for the development of the Woodlark Gold Project (Stretch Target).	20%	Not achieved.

The table below outlines the maximum percentages available for each element of the incentive plan, along with the percentages awarded based on the 2019 milestones that were satisfied:

Plan Element	Instrument	Managing Director		Other Participants		Vesting Period	Exercise Price	Conditions
		Maximum Available	Incentive Awarded	Maximum Available	Incentive Awarded			
Short-term incentive	Cash based bonus	11%	Nil	11%	Nil	N/A	N/A	N/A
Medium-term incentive	Class B Options – ZEPO's	45%	27%	45%	26%	3 years	Nil	Continuation of service
Long-term incentive	Class C Options – PEPO's	21%	13%	19%	11%	4 years	143% of the Company's share price at grant date ⁽ⁱ⁾	Continuation of service
Long-term incentive	SAR's	23%	14%	24%	14%	3 years	Nil ⁽ⁱⁱ⁾	Continuation of service
Total		100%	40%	100%	39%			

(ii) The exercise price was adjusted for the 25:1 share consolidation in December 2019.

(iii) Exercise price of SAR's - theoretical exercise price is the Company's share price at grant date.

The Board, in exercising its discretion, determined that cash based bonuses would not be paid in respect of the 2019 reporting period. No incentives milestones were set in respect of the 2020 reporting period.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands, which are made on, and the responsibilities of the Directors. A review of Non-Executive Directors' fees and payments is conducted annually. The Board may from time to time seek the advice of independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate in the market setting.

The Chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' fees

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

A Director may also be paid fees or other amounts if special duties are performed outside the scope of normal duties of a Director. During the 2020 reporting period the Chairman assumed additional responsibilities in order to accommodate a smooth transition of management. For undertaking these additional services, the Chairman was paid a total of \$326,903 outside of the normal director fees.

A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Details of Remuneration

The tables below set of the details of the remuneration of the Group's KMP, as required by Section 308(3C) of the *Corporations Act 2001*.

2020	Short Term Benefits			Post Employment Benefits		Share Based Payments	Long Term Benefits	Total	Performance Related
	Salaries & Fees	Annual Leave	Bonus	Super-annuation	Termination Payments	Options & Rights	Long Service Leave		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Directors (NED)									
I Clyne ⁽ⁱ⁾	47,500	-	-	4,513	-	-	-	52,013	-
C Gilligan	60,000	-	-	5,700	-	-	-	65,700	-
C Lepani ⁽ⁱⁱ⁾	27,807	-	-	-	-	-	-	27,807	-
I Murray	60,000	-	-	5,700	-	-	-	65,700	-
NED Sub total	195,307	-	-	15,913	-	-	-	211,220	-
Executive Directors									
I Clyne ⁽ⁱ⁾	298,542	-	-	28,361	-	-	-	326,903	-
R Heeks ⁽ⁱⁱⁱ⁾	255,000	-	-	-	399,996	740,735	-	1,395,731	53
Executive Directors Sub total	553,542	-	-	28,361	399,996	740,735	-	1,722,634	
Other KMP									
T Richards ^(iv)	103,899	8,391	-	10,364	-	-	-	122,654	-
M Smith	258,214	21,075	-	25,331	-	193,701	7,681	506,002	38
G Zamudio	217,937	18,265	-	22,439	-	185,846	5,191	449,678	41
Other KMP Sub total	580,050	47,731	-	58,134	-	379,547	12,872	1,078,334	
TOTAL	1,328,899	47,731	-	102,408	399,996	1,120,282	12,872	3,012,188	

(i) Mr I Clyne worked in an executive capacity from 1 July 2020 through to 31 December 2020

(ii) Sir C Lepani commenced on 29 July 2020

(iii) Mr R Heeks resigned on 4 June 2020. Mr Heeks continued to work as a consultant until 4 September 2020 and was paid \$100,000 for the period from 5 June 2020 until 4 September 2020. This amount is included as salaries and wages in the above table

(iv) Mr T Richards commenced on 6 October 2020

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Details of Remuneration (continued)

2019	Short Term Benefits			Post Employment Benefits		Share Based Payments	Long Term Benefits	Total	Performance Related
	Salaries & Fees	Annual Leave	Bonus	Super-annuation	Termination Payments	Options & Rights	Long Service Leave		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Directors									
M Jerkovic ⁽ⁱ⁾	33,494	-	-	3,182	-	-	-	36,676	-
M Bojanjac ⁽ⁱⁱ⁾	25,000	-	-	2,375	-	-	-	27,375	-
I Clyne	82,660	-	-	7,853	-	11,553	-	102,066	11
C Gilligan	60,000	-	-	5,700	-	-	-	65,700	-
I Murray ⁽ⁱⁱⁱ⁾	18,815	-	-	1,787	-	-	-	20,602	-
NED Sub total	219,969	-	-	20,897	-	11,553	-	252,419	
Executive Directors									
R Heeks	330,000	-	-	-	-	143,606	-	473,606	30
Executive Directors Sub total	330,000	-	-	-	-	143,606	-	473,606	
Other KMP									
M Smith	206,731	17,692	-	20,900	-	183,498	2,817	431,638	43
G Zamudio	178,462	26,538	-	19,475	-	183,498	3,045	411,018	45
J Kerr ^(iv)	75,000	-	-	7,125	20,769	456,327	-	559,221	82
Other KMP Sub total	460,193	44,230	-	47,500	20,769	823,323	5,862	1,401,877	
TOTAL	1,010,162	44,230	-	68,397	20,769	978,482	5,862	2,127,902	

(i) Mr M Jerkovic resigned on 8 May 2019

(ii) Mr M Bojanjac resigned on 29 May 2019

(iii) Mr I Murray commenced on 9 September 2019

(iv) Mr J Kerr resigned on 31 May 2019. On this date, the Board approved that Mr J Kerr would be entitled to his unvested Options and Rights, waiving the service period normally required as at the date he ceased employment. This resulted in an accelerated expensing profile relating to share based payments. Geopacific's share price on that date was \$0.013. The fair value of these grants was not changed at the date of modification and the remaining vesting conditions assigned to his options and rights were not modified on this date

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Service Agreements

A summary of the key terms of the Director contracts with the Company are set out below:

Ian Clyne - Non-Executive Chairman

- Directors Fees of \$95,000 per annum pro-rata from 1 January 2020 to 30 June 2020;
- Directors Fees of \$2,500 per day while working in an executive capacity from 1 July 2020 to 31 December 2020;
- Statutory superannuation contributions;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- No Notice Period.

Colin Gilligan - Non-Executive Director

- Directors Fees of \$60,000 per annum;
- Statutory superannuation contributions;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- No Notice Period.

Ian Murray - Non-Executive Director

- Directors Fees of \$60,000 per annum;
- Statutory superannuation contributions;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- No Notice Period.

Sir Charles Lepani - Non-Executive Chairman (*appointed 29 July 2020*)

- Directors Fees of \$60,000 per annum;
- Statutory superannuation contributions;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- No Notice Period.

Ron Heeks - Managing Director (*resigned 4 June 2020*)

- Consulting Fees of \$330,000 per annum;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- Six month notice period plus an additional one month for each year of service.

Short-term Incentives

No bonus payments were made to Directors of the Company or other KMP of the Group during the period and all potential benefits under the short-term incentive plan were forfeited.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Long-term Incentives - Share-based Compensation

Options

Options over ordinary shares in the Company were provided as remuneration to Directors of the Company and KMP of the Group during the year as per the Securities Incentive Plan, which was approved by shareholders at the Company's AGM held on 30 May 2018. The following table outlines the Options granted or vested during the 2020 reporting period to the Directors of the Company and other KMP of the Group.

2020	Instru- ment	Year	Options granted during the year	Grant date	Fair value per option at grant date	Value of option at grant date (\$)	Vesting date	Exercise price	Expiry date	Options vested/ lapsed during the year
Executive Directors										
R Heeks	ZEPO	2020	5,231	28-Jul-20	\$0.680	3,557	28-July-21	\$0.000	21-Aug-21	-
R Heeks	ZEPO	2020	244,662	28-Jul-20	\$0.680	166,370	28-July-23	\$0.000	21-Aug-23	-
R Heeks	PEPO	2020	182,344	28-Jul-20	\$0.430	78,408	28-July-24	\$0.972	21-Aug-24	-
Other KMP										
M Smith	ZEPO	2020	12,538	11-Aug-20	\$0.625	7,836	11-Aug-21	\$0.000	21-Aug-21	-
M Smith	ZEPO	2020	168,960	11-Aug-20	\$0.625	105,600	11-Aug-23	\$0.000	21-Aug-23	-
M Smith	PEPO	2020	116,521	11-Aug-20	\$0.393	45,793	11-Aug-24	\$0.894	21-Aug-24	-
G Zamudio	ZEPO	2020	12,538	11-Aug-20	\$0.625	7,836	11-Aug-21	\$0.000	21-Aug-21	-
G Zamudio	ZEPO	2020	112,640	11-Aug-20	\$0.625	70,400	11-Aug-23	\$0.000	21-Aug-23	-
G Zamudio	PEPO	2020	77,681	11-Aug-20	\$0.393	30,529	11-Aug-24	\$0.894	21-Aug-24	-

All instruments issued during the 2020 reporting period were issued on 31 August 2020. The grant date differs for the directors to comply with the accounting standards.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Long-term Incentives - Share-based Compensation (continued)

Options (continued)

The following table outlines the Options granted or vested during the 2019 reporting period to the Directors of the Company and other KMP of the Group.

2019	Instru- -ment	Year	Options granted during the year	Grant date	Fair value per option at grant date	Value of option at grant date (\$)	Vesting date	Exercise price	Expiry date	Options vested/ lapsed during the year
Executive Directors										
R Heeks	ZEPO	2019	261,538	30-May-19	\$0.014	3,662	19-Jul-20	\$0.000	19-Jul-20	-
R Heeks	ZEPO	2019	9,174,808	30-May-19	\$0.014	128,448	19-Jul-22	\$0.000	19-Jul-22	-
R Heeks	PEPO	2019	7,951,500	30-May-19	\$0.008	63,612	19-Jul-23	\$0.023	19-Jul-23	-
Other KMP										
M Smith	ZEPO	2019	4,838,462	12-Jul-19	\$0.016	77,416	19-Jul-20	\$0.000	19-Jul-20	-
M Smith	ZEPO	2019	6,336,000	12-Jul-19	\$0.016	101,376	19-Jul-22	\$0.000	19-Jul-22	-
M Smith	PEPO	2019	5,081,143	12-Jul-19	\$0.009	45,730	19-Jul-23	\$0.023	19-Jul-23	-
G Zamudio	ZEPO	2019	4,838,462	12-Jul-19	\$0.016	77,416	19-Jul-20	\$0.000	19-Jul-20	-
G Zamudio	ZEPO	2019	6,336,000	12-Jul-19	\$0.016	101,376	19-Jul-22	\$0.000	19-Jul-22	-
G Zamudio	PEPO	2019	5,081,143	12-Jul-19	\$0.009	45,730	19-Jul-23	\$0.023	19-Jul-23	-
J Kerr	ZEPO	2019	2,016,026	12-Jul-19	\$0.016	32,257	19-Jul-20	\$0.000	19-Jul-20	-
J Kerr	ZEPO	2019	5,441,852	12-Jul-19	\$0.016	87,070	19-Jul-22	\$0.000	19-Jul-22	-
J Kerr	PEPO	2019	4,364,083	12-Jul-19	\$0.009	39,277	19-Jul-23	\$0.023	19-Jul-23	-

The fair value of the Options is measured at grant date and allocated equally over the period from grant date to vesting date, unless Directors of the Company and KMP of the Group resign during the vesting period in which case the fair value of the Options is expensed immediately. This allocation is reflected in the Share Based Payments column of the remuneration tables above.

The fair value at grant date was determined by a combination of internal and external sources using a Black-Scholes option pricing model and independent third party valuations.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Long-term Incentives - Share-based Compensation (continued)

Share Appreciation Rights

Share Appreciation Rights over ordinary shares in the Company were granted as remuneration to Directors of the Company and KMP of the Group during the year as per the Securities Incentive Plan, which was approved by shareholders at the Company's AGM held on 30 May 2018.

The following table outlines the Share Appreciation Rights granted or vested to the Directors of the Company and other KMP of the Group during the 2020 reporting period.

2020	Instru- ment	Year	Rights granted during the year	Grant date	Fair value per right at grant date	Value of right at grant date (\$)	Vesting date	Exercise price	Expiry date	Rights vested/ lapsed during the year
Executive Directors										
R Heeks	SAR	2020	182,656	28-Jul-20	\$0.468	85,483	28-July-23	\$0.680	21-Aug-24	-
Other KMP										
M Smith	SAR	2020	134,616	11-Aug-20	\$0.429	57,750	11-Aug-23	\$0.625	21-Aug-24	-
G Zamudio	SAR	2020	89,744	11-Aug-20	\$0.429	38,500	11-Aug-23	\$0.625	21-Aug-24	-

All 2020 Share Appreciation Rights were issued on 31 August 2020. The grant date differs for the directors to comply with the accounting standards.

2019	Instru- ment	Year	Rights granted during the year	Grant date	Fair value per right at grant date	Value of right at grant date (\$)	Vesting date	Exercise price	Expiry date	Rights vested/ lapsed during the year
Executive Directors										
R Heeks	SAR	2019	7,620,188	30-May-19	\$0.009	68,582	19-Jul-22	\$0.014	19-Jul-23	-
Other KMP										
M Smith	SAR	2019	5,616,000	12-Jul-19	\$0.010	56,160	19-Jul-22	\$0.016	19-Jul-23	-
G Zamudio	SAR	2019	5,616,000	12-Jul-19	\$0.010	56,160	19-Jul-22	\$0.016	19-Jul-23	-
J Kerr	SAR	2019	4,823,460	12-Jul-19	\$0.010	48,235	19-Jul-22	\$0.016	19-Jul-23	-

The fair value of the Share Appreciation Rights is measured at grant date and allocated equally over the period from grant date to vesting date, unless Directors of the Company and KMP of the Group resign during the vesting period in which case the fair value of the Share Appreciation Rights is expensed immediately. This allocation is reflected in the Share Based Payments column of the remuneration tables above.

The fair value at grant date was independently determined by a third party.

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Equity Instrument Disclosures Relating to KMP

Options

Options over Ordinary Shares in the Company held during the financial year by Directors of the Company and other KMP of the Group.

2020	Opening Balance 1 January 2020	Granted During the Year	Exercised During the Year	Net Change Other	Held at Resignation	Closing Balance 31 December 2020	Options Exercisable at 31 December 2020 ⁽ⁱ⁾
Directors							
I Clyne	-	-	-	-	-	-	-
C Gilligan	-	-	-	-	-	-	-
R Heeks ⁽ⁱⁱ⁾	1,111,690	-	-	-	(1,111,690)	-	-
C Lepani ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	-
I Murray	-	-	-	-	-	-	-
Sub total	1,111,690	-	-	-	(1,111,690)	-	-
Other KMP							
T Richards ^(iv)	-	-	-	-	-	-	-
M Smith	927,559	298,019	(193,539)	-	-	1,032,039	-
G Zamudio	927,559	202,859	(193,539)	-	-	936,879	-
Sub total	1,855,118	500,878	(387,078)	-	-	1,968,918	-
TOTAL	2,966,808	500,878	(387,078)	-	(1,111,690)	1,968,918	-

(i) Options exercisable at 31 December 2020 have not yet vested

(ii) Mr R Heeks resigned on 4 June 2020

(iii) Sir C Lepani commenced on 29 July 2020

(iv) Mr T Richards commenced on 6 October 2020

2019	Opening Balance 1 January 2019	Granted During the Year	Exercised During the Year	Net Change Other ⁽ⁱ⁾	Held at Resignation ⁽ⁱⁱ⁾	Closing Balance 31 December 2019	Options Exercisable at 31 December 2019 ⁽ⁱⁱⁱ⁾
Directors							
M Jerkovic	-	-	-	-	-	-	-
M Bojanjac	-	-	-	-	-	-	-
I Clyne	750,000	-	(750,000)	-	-	-	-
C Gilligan	-	-	-	-	-	-	-
R Heeks	10,593,263	17,387,846	(188,888)	(26,680,531)	-	1,111,690	1,111,690
I Murray	-	-	-	-	-	-	-
Sub total	11,343,263	17,387,846	(938,888)	(26,680,531)	-	1,111,690	1,111,690
Other KMP							
M Smith	10,427,777	16,255,625	(3,494,444)	(22,261,399)	-	927,559	927,559
G Zamudio	10,427,777	16,255,625	(3,494,444)	(22,261,399)	-	927,559	927,559
J Kerr	10,427,777	11,822,025	(3,494,444)	-	(18,755,358)	-	-
Sub total	31,283,331	44,333,275	(10,483,332)	(44,522,798)	(18,755,358)	1,855,118	1,855,118
TOTAL	42,626,594	61,721,121	(11,422,220)	(71,203,329)	(18,755,358)	2,966,808	2,966,808

(i) Net Change Other includes the adjustments for the share consolidation on a 25:1 basis

(ii) Held at Resignation does not factor in the 25:1 share consolidation as the consolidation occurred after the resignation

(iii) Options exercisable at 31 December 2019 have not yet vested

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Equity Instrument Disclosures Relating to KMP (continued)

Share Appreciation Rights

Share Appreciation Rights over Ordinary Shares in the Company held during the financial year by Directors of the Company and other KMP of the Group.

2020	Opening Balance 1 January 2020	Granted During the Year	Exercised During the Year	Net Change Other	Held at Resignation	Closing Balance 31 December 2020	Rights Exercisable at 31 December 2020 ⁽ⁱ⁾
Directors							
I Clyne	-	-	-	-	-	-	-
C Gilligan	-	-	-	-	-	-	-
R Heeks ⁽ⁱⁱ⁾	498,337	-	-	-	(498,337)	-	-
C Lepani ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	-
I Murray	-	-	-	-	-	-	-
Sub total	498,337	-	-	-	(498,337)	-	-
Other KMP							
T Richards ^(iv)	-	-	-	-	-	-	-
M Smith	367,269	134,616	-	-	-	501,885	501,885
G Zamudio	367,269	89,744	-	-	-	457,013	457,013
Sub total	734,538	224,360	-	-	-	958,898	958,898
TOTAL	1,232,875	224,360	-	-	(498,337)	958,898	958,898

(i) Share Appreciation Rights exercisable at 31 December 2020 have not yet vested

(ii) Mr R Heeks resigned on 4 June 2020

(iii) Sir C Lepani commenced on 29 July 2020

(iv) Mr T Richards commenced on 6 October 2020

2019	Opening Balance 1 January 2019	Granted During the Year	Exercised During the Year	Net Change Other ⁽ⁱ⁾	Held at Resignation ⁽ⁱⁱ⁾	Closing Balance 31 December 2019	Rights Exercisable at 31 December 2019 ⁽ⁱⁱⁱ⁾
Directors							
M Jerkovic	-	-	-	-	-	-	-
M Bojanjac	-	-	-	-	-	-	-
I Clyne	-	-	-	-	-	-	-
C Gilligan	-	-	-	-	-	-	-
R Heeks	4,838,214	7,620,188	-	(11,960,065)	-	498,337	498,337
I Murray	-	-	-	-	-	-	-
Sub total	4,838,214	7,620,188	-	(11,960,065)	-	498,337	498,337
Other KMP							
M Smith	3,565,714	5,616,000	-	(8,814,445)	-	367,269	367,269
G Zamudio	3,565,714	5,616,000	-	(8,814,445)	-	367,269	367,269
J Kerr	3,565,714	4,823,475	-	-	(8,389,189)	-	-
Sub total	10,697,142	16,055,475	-	(17,628,890)	(8,389,189)	734,538	734,538
TOTAL	15,535,356	23,675,663	-	(29,588,955)	(8,389,189)	1,232,875	1,232,875

(i) Net Change Other includes the adjustments for the share consolidation on a 25:1 basis

(ii) Held at Resignation does not factor in the 25:1 share consolidation as the consolidation occurred after the resignation

(iii) Share Appreciation Rights exercisable at 31 December 2019 have not yet vested

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Equity Instrument Disclosures Relating to KMP (continued)

Ordinary Shares

The number of Ordinary Shares in the Company held during the financial year by each Director of the Company and other KMP of the Group, including their personally related parties, was as follows:

2020	Opening Balance 1 January 2020	Issued on Vesting of Options	Shares Acquired on Market	Held at Resignation ⁽ⁱ⁾	Net Change Other	Closing Balance 31 December 2020
Directors						
I Clyne	272,000	-	58,330	-	-	330,330
C Gilligan	-	-	-	-	-	-
R Heeks ⁽ⁱ⁾	449,832	-	-	(449,832)	-	-
C Lepani ⁽ⁱⁱ⁾	-	-	-	-	-	-
I Murray	-	-	-	-	-	-
Subtotal	721,832	-	58,330	(449,832)	-	330,330
Other KMP						
T Richards ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-
M Smith	139,778	193,539	-	-	-	333,317
G Zamudio	179,778	193,539	-	-	-	373,317
Subtotal	319,556	387,078	-	-	-	706,634
TOTAL	1,041,388	387,078	58,330	(449,832)	-	1,036,964

(i) Mr R Heeks resigned on 4 June 2020

(ii) Sir C Lepani commenced on 29 July 2020

(iii) Mr T Richards commenced on 6 October 2020

2019	Opening Balance 1 January 2019	Issued on Vesting of Performance Rights	Shares Acquired on Market ⁽ⁱ⁾	Held at Resignation ⁽ⁱⁱ⁾	Net Change Other ⁽ⁱⁱⁱ⁾	Closing Balance 31 December 2019
Directors						
M Jerkovic	13,196,677	-	-	(13,196,677)	-	-
M Bojanjac	3,416,666	-	-	(3,416,666)	-	-
I Clyne	2,400,000	750,000	3,650,000	-	(6,528,000)	272,000
C Gilligan	-	-	-	-	-	-
R Heeks	8,768,618	188,888	2,288,278	-	(10,795,952)	449,832
I Murray	-	-	-	-	-	-
Subtotal	27,781,961	938,888	5,938,278	(16,613,343)	(17,323,952)	721,832
Other KMP						
M Smith	-	3,494,444	-	-	(3,354,666)	139,778
G Zamudio	1,000,000	3,494,444	-	-	(4,314,666)	179,778
J Kerr	-	3,494,444	-	(3,494,444)	-	-
Subtotal	1,000,000	10,483,332	-	(3,494,444)	(7,669,332)	319,556
TOTAL	28,781,961	11,422,220	5,938,278	(20,107,787)	(24,993,284)	1,041,388

(i) Shares Acquired on Market includes shares acquired in the Placement

(ii) Held at Resignation does not factor in the 25:1 share consolidation as the consolidation occurred after the resignations

(iii) Net Change Other includes the adjustments for the share consolidation on a 25:1 basis

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities

DIRECTORS' REPORT

18. REMUNERATION REPORT – AUDITED (CONTINUED)

Transactions with directors, director related entities and other related parties

Melron Pty Ltd

Payment was made to Melron Investments Pty Ltd for director services fees. Mr R Heeks is a Director of Melron Investments Pty Ltd and served as Managing Director of Geopacific. The total amount charged by Melron Investments Pty Ltd during the financial year was \$654,996 plus GST (2019: \$330,000). There were no amounts owing to Melron Pty Ltd as at 31 December 2020. All amounts were due and payable under normal commercial terms.

END OF REMUNERATION REPORT

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



Ian Clyne
Non-Executive Chairman

Perth, Australia
30 March 2021

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

As lead auditor for the audit of the financial report of Geopacific Resources Limited for the financial year ended 31 December 2020, 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 audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.

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



Ernst & Young



Pierre Dreyer
Partner
30 March 2021

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Geopacific Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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 year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 31 December 2020 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Going concern assessment

Why significant

The Group is not yet generating mining revenue. Accordingly, the testing of the availability of sufficient funding for the Group to meet its obligations is considered to be a key part of our going concern assessment and therefore a significant aspect of our audit.

This assessment is largely based on the expectations of, and the estimates made, by the Group. The expectations and estimates can be influenced by subjective elements such as estimated future cash flows. Estimates are based on assumptions, including expectations regarding future developments in the economy and the market.

The Group's financial report is prepared on a going concern basis. The Group's assessment in respect of going concern is set out Note 1 to the financial report.

How our audit addressed the key audit matter

We performed the following procedures:

- ▶ Vouched the capital raised subsequent to year end and confirmed the cash balance at 30 March 2021;
- ▶ Analysed the Group's cash flow forecast and enquired with the Group to gain an understanding of the inputs and process underpinning the cash flow forecast prepared for the purpose of the going concern assessment;
- ▶ Assessed whether the cash flow forecast accurately reflected the budget that was approved by the Board;
- ▶ Assessed the external inputs and assumptions within the cash flow forecast by comparing them to assumptions and estimates used elsewhere in the preparation of the financial report. We also considered them in the context of our understanding and knowledge of the Group's operations and commitments;
- ▶ Assessed the sensitivity analysis that the Group performed on the cash flow forecast;
- ▶ Assessed the possible mitigating actions identified by the Group in the event that actual cash flows are below cash flow forecast; and
- ▶ Assessed the adequacy of the disclosure included in Note 1 of the financial report.

Derecognition of the Kou Sa project

Why significant

The Group has derecognised its interest in the Kou Sa Project in Cambodia and the related deferred consideration as disclosed in Note 6 to the financial report following the receipt of a termination notice from the vendors in December 2020.

The termination notice informed the Group that the vendors had elected to terminate the original Sale and Purchase agreement and subsequent amendments (SPA) under the termination provisions of the SPA.

This termination has resulted in the derecognition from the consolidated statement of financial position of capitalised exploration and evaluation assets of \$5,710,134 (see Note 12) and the simultaneous extinguishment of the related deferred consideration of \$7,799,975 (see Note 16) based on the terms of the SPA and the termination notice.

A net gain of \$1,884,834 was recognised in the consolidated statement of profit or loss as a result of this termination. The determination of this net gain took into account a final settlement of \$US\$0.5 million payable to the vendors under the termination provisions of the SPA.

Management determined that the presentation of the results of the derecognition on a net basis in the consolidated statement of profit or loss was appropriate in order to reflect the substance of the transaction as the derecognition of the capitalised exploration and evaluation assets and extinguishment of the deferred consideration arose due to the same transaction (termination of the SPA) and with the same counterparties.

This was considered a key audit matter because of the significant judgement involved in determining both the timing of derecognition of the capitalised exploration and evaluation assets and the extinguishment of the deferred consideration following receipt of the termination notice as well as whether the presentation of the results of the termination should be recognised on a gross or net basis in the consolidated statement of profit or loss.

How our audit addressed the key audit matter

In performing our procedures, we:

- ▶ Reviewed the terms of the SPA and the termination notice received from the vendors;
- ▶ Obtained and inspected communications between the Group and the vendors during the 2020 financial year and up to the date of this report;
- ▶ Challenged management's assessment of the accounting treatment of the derecognition of the exploration and evaluation assets and extinguishment of the related deferred consideration (including its presentation on a net basis in the consolidated statement of profit or loss) based on the contractual terms of the SPA, the termination notice and the relevant accounting standards. This included discussion with the Group's external legal advisers regarding the timing of extinguishment of the Group's deferred consideration to the vendors; and
- ▶ Assessed the adequacy of disclosures and presentation in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to 46 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Geopacific Resources Limited for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Pierre Dreyer
Partner
Perth
30 March 2021

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Geopacific Resources Limited, I declare that:

1. In the opinion of the Directors:

- (a) the financial statements and notes, of Geopacific Resources Limited for the financial year ended 31 December 2020 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and *Corporations Regulations 2001*.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2020.

On behalf of the Board



Ian Clyne
Non-Executive Chairman

Perth, Australia
30 March 2021

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated	
		2020 \$	2019 \$
Finance income	5	282,423	93,750
Administration expenses		(965,938)	(364,164)
Consultancy expense		(1,374,089)	(743,127)
Depreciation expense	14 & 15	(141,634)	(199,355)
Employee benefits expense		(2,418,509)	(1,672,205)
Share based payments		(1,120,281)	(1,374,119)
Occupancy expenses		(55,743)	(58,253)
Finance costs	16	(830,927)	(1,443,017)
Impairment write downs	9 & 11	(20,448)	(75,473)
Foreign currency gain		401,346	-
Gain on derocognition of Kou Sa Project	6	1,884,834	-
Exploration expense		(208,345)	(1,501,751)
Loss before income tax		(4,567,311)	(7,337,714)
Income tax benefit	7	-	-
Loss after tax from continuing operations		(4,567,311)	(7,337,714)
Loss for the year attributable to:			
Non-controlling interest		-	(61,349)
Owners of the parent		(4,567,311)	(7,276,365)
		(4,567,311)	(7,337,714)
Other comprehensive income/(loss)			
<i>Items of other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Exchange differences on translating foreign controlled entities		(5,358,751)	(195,365)
Other comprehensive (loss)/income for the year, net of tax		(5,358,751)	(195,365)
Total comprehensive loss for the year		(9,926,062)	(7,533,079)

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated	
		2020	2019
		\$	\$
Total comprehensive income/(loss) attributable to:			
Non-controlling interest		-	(48,896)
Owners of the parent		(9,926,062)	(7,484,183)
		(9,926,062)	(7,533,079)
Loss per share (cents) for loss attributable to the ordinary equity holders of the company:			
Basic loss per share	26	(2.59)	(6.43)
Diluted loss per share	26	(2.59)	(6.43)

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 31 DECEMBER 2020

	Note	Consolidated	
		2020 \$	2019 \$
Current Assets			
Cash and cash equivalents	8	34,639,855	37,505,067
Receivables	9	392,774	687,717
Prepayments	10	1,384,099	1,027,731
Inventory	11	444,169	339,592
Total Current Assets		36,860,897	39,560,107
Non-Current Assets			
Receivables	9	1,046,971	-
Exploration and evaluation assets	12	1,844,673	8,262,803
Mine properties under development	13	37,975,609	30,803,497
Property, plant and equipment	14	7,244,464	1,892,285
Right of use asset	15(a)	718,272	-
Total Non-Current Assets		48,829,989	40,958,585
TOTAL ASSETS		85,690,886	80,518,692
Current Liabilities			
Trade and other payables	16	6,128,458	6,991,223
Lease liability	15(b)	220,164	82,111
Provisions	17	142,907	65,590
Total Current Liabilities		6,491,529	7,138,924
Non-Current Liabilities			
Trade and other payables	16	-	2,694,195
Lease liability	15(b)	496,708	-
Provisions	17	201,691	207,198
Total Non-Current Liabilities		698,399	2,901,393
TOTAL LIABILITIES		7,189,928	10,040,317
NET ASSETS		78,500,958	70,478,375
Equity			
Issued capital	18	165,801,105	148,972,741
Reserves	19	605,072	4,843,542
Accumulated losses		(87,905,219)	(83,337,908)
Total Equity attributable to equity holders		78,500,958	70,478,375

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 YEAR ENDING 31 DECEMBER 2020

Consolidated	Issued Capital (Note 18) \$	Share Based Payments Reserve (Note 19) \$	Foreign Currency Translation Reserve (Note 19) \$	Other Equity Reserve (Note 19) \$	Accumulated Losses \$	Total Attributable to Owners of Parent \$	Non- Controlling Interest \$	Total Equity \$
At 1 January 2020	148,972,741	2,873,328	3,340,531	(1,370,317)	(83,337,908)	70,478,375	-	70,478,375
Loss for the year	-	-	-	-	(4,567,311)	(4,567,311)	-	(4,567,311)
Exchange difference on translation of foreign operations	-	-	(5,358,751)	-	-	(5,358,751)	-	(5,358,751)
Total comprehensive loss for the year	-	-	(5,358,751)	-	(4,567,311)	(9,926,062)	-	(9,926,062)
Transactions with owners in their capacity as owners								
Shares issued during the year	18,379,818	-	-	-	-	18,379,818	-	18,379,818
Share issue costs	(1,551,454)	-	-	-	-	(1,551,454)	-	(1,551,454)
Share based payments	-	1,120,281	-	-	-	1,120,281	-	1,120,281
At 31 December 2020	165,801,105	3,993,609	(2,018,220)	(1,370,317)	(87,905,219)	78,500,958	-	78,500,958
At 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 year	-	-	-	-	(7,276,365)	(7,276,365)	(61,349)	(7,337,714)
Exchange difference on translation of foreign operations	-	-	(195,365)	-	-	(195,365)	-	(195,365)
Total comprehensive loss for the year	-	-	(195,365)	-	(7,276,365)	(7,471,730)	(61,349)	(7,533,079)
Transactions with owners in their capacity as owners								
Shares issued during the year	44,436,000	-	-	-	-	44,436,000	-	44,436,000
Share issue costs	(2,429,367)	-	-	-	-	(2,429,367)	-	(2,429,367)
Acquisition of Non-controlled interest	2,850,000	-	-	(2,126,065)	-	723,935	(778,948)	(55,013)
Share based payments	-	1,374,119	-	-	-	1,374,119	-	1,374,119
At 31 December 2019	148,972,741	2,873,328	3,340,531	(1,370,317)	(83,337,908)	70,478,375	-	70,478,375

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 YEAR ENDING 31 DECEMBER 2020

	Note	Consolidated	
		2020	2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(5,198,755)	(4,243,018)
Interest received		167,886	32,519
Government incentives and other income		114,537	-
Interest paid		(9,950)	(4,513)
Net Cash Used In Operating Activities	29(b)	(4,926,282)	(4,215,012)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(5,837,187)	(1,119,562)
Proceeds from the disposal of plant and equipment		182	71,429
Exploration expenditure		(65,098)	(697,980)
Mine development expenditure		(9,703,347)	(1,077,051)
Payment as part of the Kula transaction		-	(745,382)
Proceeds received from the Kula transaction		-	725,382
Cash held by subsidiary on its disposal		-	(67,745)
Net Cash Used In Investing Activities		(15,605,450)	(2,910,909)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues (net of costs)		17,398,899	42,006,632
Payment of principal portion of lease liability		(133,725)	(104,182)
Net Cash From Financing Activities		17,265,174	41,902,450
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year		37,505,067	3,059,221
Effect of exchange rates on cash held in foreign currencies		401,346	(330,683)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		34,639,855	37,505,067

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

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Geopacific Resources Limited (the Company or Geopacific) is an Australian Securities Exchange listed public company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 31 December 2020 comprises the Company and its controlled entities (together referred to as the 'Group'). The registered office is located at 278 Stirling Highway, Claremont, WA, 6010.

The Group is principally engaged in the development of the Woodlark Gold Project in Papua New Guinea.

The financial report was authorised for issue by the directors on 30 March 2021.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Compliance with Australian Accounting Standards ensures that the financial statements and the notes thereto also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on a historical cost basis.

Going Concern

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

During the year ended 31 December 2020, the Group incurred a net loss after tax of \$4,567,311 (2019: \$7,337,714) and had cash outflows from operations of \$4,926,282 (2019: \$4,215,012).

During October 2020, Geopacific announced the selection of Sprott Private Resources Lending II L.P. ("Sprott") as its preferred financier for the development of the Woodlark Gold Project. On 5 October 2020, the Company entered into a period of exclusivity until 30 June 2021 with Sprott to finalise a US\$85 million Project Finance Facility and US\$15 million Callable Gold Stream for development of the Company's Woodlark Gold Project. The Project Finance Facility and the Gold Stream remain subject to the usual conditions including Sprott committee approval and final documentation.

This exclusivity arrangement with Sprott follows the results of extensive technical due diligence on the Woodlark Gold Project by Sprott and its advisors.

In November 2020, the Group completed a Project Execution Update on the Woodlark Gold Project which indicated a thirteen year operating life and an estimated capital expenditure requirement of \$254.8 million.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

On 14 December 2020, the Company announced a successful \$140 million share placement which was finalised during February 2021. The Placement consisted of two tranches at an Issue Price of \$0.42 per share which comprised the issue of 333.3 million shares:

- Tranche 1: 43.7 million shares issued in December 2020 raising \$18.4 million. The raise was made pursuant to the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A; and
- Tranche 2: 289.6 million shares were issued in February 2021 raising \$121.6 million. The raise was subject to shareholder approval under Listing Rules 7.1 and 10.11 which was granted in February 2021 at an Extraordinary General Meeting of the Company.

On 11 January 2021 the Company released a Share Purchase Plan Offer (SPP) to its eligible shareholders at \$0.42 per share to raise up to \$10 million. The SPP closed on 10 February 2021, applications for 4.5 million shares were received and subsequently issued under the Plan raising a further \$1.9 million.

Whilst the Group had cash on hand of \$34,639,855 (2019: \$37,505,067) at 31 December 2020 and currently has cash on hand of \$143,857,106 at 30 March 2021, its cash flow forecast for the year ending 31 December 2021 reflects that the Group will require additional funding over that period in order to meet the Group's forecast expenditure and complete the development and construction of the Woodlark Gold Project mine and processing plant.

The Directors, however, have discretion regarding the level and timing of expenditure to be incurred on the development and construction as a large component of the forecast expenditure is currently not yet committed. The Directors believe that the equity component required to fund the development and construction of the Woodlark Gold Project mine and processing plant has been completed via the \$142 million share Placement and subsequent SPP.

As indicated above, the Group is currently negotiating an appropriate debt funding package with Sprott in order to complete the total forecast funding for the Woodlark Gold Project.

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:

- Having adequate cash on hand at 30 March 2021 to meet the forecast cash outlay for completion of the Civil Works Program, being the first phase of the Woodlark Gold Project development and other committed costs for the year ending 31 December 2021;
- The Group's ability to raise funds from external sources to meet ongoing development, exploration and working capital requirements, as demonstrated by the capital raisings of \$18.4 million during the year ended 31 December 2020 and a further \$123.5 million in February 2021;
- The Group's ability to manage the timing of cash flows to meet the committed obligations of the business as and when they fall due;

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

- The Directors are confident of being able to finalise the necessary debt funding from Sprott in order to complete the development and construction of the Woodlark Gold project, the Directors do have the flexibility to amend business plans, should global and market conditions not be conducive to raise the necessary debt funding required to fully fund the development of the Woodlark Gold Project, taking into account the cash on hand and the commitments as disclosed in Note 21 at 31 December 2020, and to defer the Woodlark Gold Project development until market conditions improve.

New and amended Accounting Standards and Interpretations adopted during the year

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The details of the standards and amendments adopted from 1 January 2020 are set out below.

AASB 2019-3 Amendments to Australian Accounting Standards (AASs) – Interest Rate Benchmark Reform [Phase 1]

Interbank offered rates (IBOR) are benchmark interest rates referenced in financial products worldwide. Examples include:

- A loan that incurs interest quarterly at 3-month LIBOR plus a margin
- An interest rate swap involving the exchange of fixed-rate monthly interest payments for variable interest payments based on monthly BBSW plus a margin

Due to IBORs' widespread usage, it has been observed that the market-wide reform of such interest rate benchmarks, including its replacement with alternative benchmark rates, could have significant implications on financial reporting. Addressing the financial reporting effects of IBOR reform comes in two phases.

The first phase deals with urgent issues affecting financial reporting before the replacement of existing interest rate benchmarks. It introduces amendments to AASB 7 Financial Instruments: Disclosures, AASB 9 Financial Instruments and AASB 139 Financial Instruments: Recognition and Measurement, providing mandatory temporary relief enabling hedge accounting to continue during the period of uncertainty before existing interest rate benchmarks are replaced with alternative "nearly risk-free" benchmarks.

These amendments apply retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated, nor can any hedge relationships be designated with the benefit of hindsight.

AASB 2018-7 Amendments to AASs – Definition of Material

The amendments align the definition of 'material' across AASB 101 and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, and clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are applied prospectively.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended Accounting Standards and Interpretations adopted during the year (continued)

AASB 2018-6 Amendments to AASs – Definition of a Business

The definition of a business helps entities to distinguish business combinations from asset purchases. Business combinations are accounted for using the acquisition method, which, among other things, may give rise to goodwill.

Accounting treatments for other types of transactions may also be affected, depending on whether the transaction involves a business (e.g., A loss of control transaction where a retained interest is accounted for using the equity method).

With the aim of helping companies determine whether an acquired set of activities and assets is a business, the amendments to AASB 3 Business Combinations:

- Clarify the minimum requirements for a business to exist
- Remove the assessment of whether market participants are capable of replacing missing elements of a business
- Provide guidance to help entities assess whether an acquired process is substantive
- Narrow the definitions of a business and of outputs
- Introduce an optional fair value concentration test to identify a business

These amendments are applied prospectively.

AASB 2019-1 Amendments to AASs – References to the Conceptual Framework

The Conceptual Framework for Financial Reporting (Conceptual Framework) describes the objective of, and the concepts for, general purpose financial reporting. The purpose of the Conceptual Framework is to:

- Assist in the development of accounting standards;
- Help preparers develop consistent accounting policies where there is no applicable standard in place; and
- Assist all stakeholders to understand the standards better.

The Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The application of the Conceptual Framework is at present limited to for-profit entities.

The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular, the definitions of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the International Accounting Standard Board (IASB) in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 31 December 2020 are outlined in the table below.

Reference	Title	Summary	Application date	
			of standard	for Group
AASB 2020-4 Amendments to AASs	COVID-19-Related Rent Concessions	<p>Due to the COVID-19 pandemic, many lessors have granted rent concessions to lessees that impact lease payments. Rent concessions granted by a lessor can take many forms, including any combination of:</p> <ul style="list-style-type: none"> • A rent payment holiday; • A reduction in lease payments for a period of time; • Other arrangements providing rent relief. <p>A concession might also include a change to the lease term.</p> <p>The amendment to AASB 16 is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the beginning of the annual reporting period in which the lessee first applies the amendment. Earlier application is permitted.</p> <p>Similar relief was not provided to lessors for several reasons, including the fact that AASB 16 did not introduce significant changes to lessor accounting. The Group is assessing the impact of the amendments, however, the amendments are not expected to have a material impact on the Group.</p>	1 June 2020	1 January 2021

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended Accounting Standards and Interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date	
			of standard	for Group
AASB-17	Insurance Contracts	<p>AASB 17 replaces AASB 4, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts for for-profit entities.</p> <p>AASB 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation features.</p> <p>The overall objective of AASB 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in AASB 4, which are largely based on grandfathering previous local accounting policies, AASB 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of AASB 17 is the general model, supplemented by:</p> <ul style="list-style-type: none"> • A specific adaptation for contracts with direct participation features (the variable fee approach) • A simplified approach (the premium allocation approach) mainly for short-duration contracts <p>The Group is currently assessing the impact of the amendments.</p>	1 January 2023	1 January 2023
AASB 2020-1	Amendments to AASB 101 – Classification of Liabilities as Current or Non-current	<p>The AASB issued amendments to AASB 101 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. The amendments clarify:</p> <ul style="list-style-type: none"> • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. <p>The Group is currently assessing the impact of the amendments.</p>	1 January 2023	1 January 2023

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended Accounting Standards and Interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date	
			of standard	for Group
AASB 2020-3	Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before Intended Use	Previously under AASB 116 Property, Plant and Equipment, net proceeds from selling items produced while constructing an item of property, plant and equipment were to be deducted from the cost of the asset. Due to interpretation issues, AASB 116 was amended, the Standard now prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The Group is assessing the impact of the amendments, however, the amendments are not expected to have a material impact on the Group.	1 January 2022	1 January 2022
AASB 2020-3	Amendment to AASB 9 – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities	Under AASB 9, an existing financial liability that has been modified or exchanged is considered extinguished when the contractual terms of the new liability are substantially different, measured by the “10 per cent” test. That is, when the present value of the cash flows under the new terms, including any fees paid or received, is at least 10 per cent different from the present value of the remaining cash flows of the original financial liability. The amendment to AASB 9 clarifies that fees included in the 10 per cent test are limited to fees paid or received between the borrower and the lender, including amounts paid or received by them on the other’s behalf. When assessing the significance of any difference between the new and old contractual terms, only the changes in contractual cash flows between the lender and borrower are relevant. Consequently, fees incurred on the modification or exchange of a financial liability paid to third parties are excluded from the 10 per cent test. The Group is currently assessing the impact of the amendments.	1 January 2022	1 January 2022

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended Accounting Standards and Interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date	
			of standard	for Group
AASB 2020-3	Amendments to AASB 137 – Onerous Contracts – Cost of Fulfilling a Contract	<p>AASB 137 defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Unavoidable cost is the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it.</p> <p>AASB 137 does not specify which costs to include in determining the cost of fulfilling a contract. Consequently, AASB 137 was amended to clarify that when assessing whether a contract is onerous, the cost of fulfilling the contract comprises all costs that relate directly to the contract, which includes both the incremental costs of fulfilling that contract (e.g., materials and labour) and an allocation of other costs that relate directly to fulfilling contracts (e.g., depreciation of property, plant and equipment). The amendments are not expected to have a material impact on the Group.</p>	1 January 2022	1 January 2022

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies

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

(a) Cash and cash equivalents

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

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

(b) Share Capital

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

(c) Employee benefits

Wages, salaries and annual leave

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

Long service leave

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

Superannuation

The Group makes contributions on behalf of its employees to complying superannuation funds in accordance with the rates outlined by the statutory regulations.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Employee benefits (continued)

Share-based payments

The fair value of options and rights granted to Directors and employees is recognised as a share-based payments expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or rights.

The fair value at grant date is determined by a combination of internal and external sources using a Black-Scholes option pricing model and independent third party valuations that take into account the exercise price, the term of the right or option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right or option.

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

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

(d) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under AASB 15.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Instruments (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level and have a business model of holding the financial asset and collecting contractual cash flows.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost are measured at fair value through profit and loss.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Instruments (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. In this regard, the Group recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has assessed the risk from a provision matrix that is based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtor, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other financial assets measured at amortised cost, the Group recognises lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to a 12-month ECL. The determination of the ECL includes both quantitative and qualitative information and analysis, based on the Group's historical experience and forward-looking information.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Financial liabilities

Initial recognition and measurement

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

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

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

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Instruments (continued)

Initial recognition and measurement (continued)

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

(e) Foreign currency transactions and balances

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

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

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss in the period.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

(g) Impairment of non-financial assets

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

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on the laws that have been enacted or substantively enacted by the reporting date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Loss per share

Basic loss per share

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

Diluted loss per share

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

(j) Mineral Tenements and Deferred Mineral Exploration Expenditure

Exploration and evaluation expenditure is carried forward as an asset when rights to tenure are current and:

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

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

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted basis, of restoration. The unwinding of the effect of the discounting on the provision is recorded as a finance cost in the statement of profit or loss.

When a decision is made to proceed with development in a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then transferred to mine properties under development.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Mine properties under development

Once technical feasibility and commercial viability of extraction of mineral resources in a particular area of interest becomes demonstrable, the exploration and evaluation assets attributable to that area of interest are reclassified as mine properties under development.

Mine properties under development represent the direct and indirect costs incurred in preparing mines for production and includes site upgrades, clearing, stripping and waste removal costs incurred before production commences. These costs also include borrowing costs incurred during the development stage. These costs are capitalised to the extent that they are expected to be recouped through the successful exploitation of the related mining leases. Once production commences, these costs will be amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

Mine properties under development are assessed for impairment if an impairment trigger is identified. For the purposes of impairment testing capitalised mine properties are allocated to the cash generating unit (CGU) to which the properties relate.

(l) Plant and equipment

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

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

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

- | | |
|--------------------------|------------|
| • Plant and equipment | 5% - 50% |
| • Computer software | 25% - 100% |
| • Furniture and fittings | 4% - 15% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected to arise from the continued use of the asset.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Plant and equipment (continued)

Any gains or loss on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the consolidated statement of profit or loss and other comprehensive income in the period the item is derecognised.

(m) Inventory

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in-first out (FIFO) basis. Any provision for obsolescence or damage is determined by reference to specific stock items identified. The carrying value of obsolete or damaged items is written down to net realisable value.

(n) Principles of consolidation

The consolidated financial statements comprise the financial statements of Geopacific and its controlled entities, referred to collectively throughout these financial statements as the “Group”. Controlled entities are consolidated from the date on which control commences until the date that control ceases.

Control is achieved when the Group is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Principles of consolidation (continued)

The financial statements of the controlled entities are prepared for the same reporting period as the parent company using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The balances and effects of transactions between controlled entities included in the consolidated financial statements have been fully eliminated.

Non-controlling interest

Non-controlling interests are allocated their share of net profit or loss after tax in the consolidated statement of profit or loss and other comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interests even if that results in a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

(o) Lease liability

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.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Lease liability (continued)

Short-term leases 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 less than 12 months or where the value of the leased asset when new is 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 re-measurement 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 assets are assessed for impairment.

(p) Interest income

Interest income is recognised as the interest accrues using the effective interest method.

(q) Comparative figures

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

(r) Provisions

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

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

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in statement of profit or loss.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 FINANCIAL RISK MANAGEMENT

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

(a) Credit risk

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

The carrying amount of financial assets included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to those assets. The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts. The Group has the following concentrations of credit risk:

Receivables

The Group has no listed investments and the current nature of the business activity does not result in trading receivables. The receivables are through the normal course of business. Non-current receivables are expected to be recovered by the Group notwithstanding extended timing of receipt. The risk of non-recovery of receivables from this source is considered to be negligible.

Cash deposits

The Group's primary banker is the ANZ Banking Group. The Moody's credit rating of ANZ Banking Group is A1.

(b) Liquidity risk

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

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

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

The following table reflects the liquidity risk arising from the financial liabilities held by the Group at balance date. The contractual maturity reflects undiscounted gross amounts:

Consolidated	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5 years
2020	\$	\$	\$	\$	\$

Financial Liabilities - Due for Payment

Trade and other payables	6,128,458	6,128,458	6,128,458	-	-
Lease liability	716,872	867,615	124,500	106,888	636,227
Total expected outflows	6,845,330	6,996,073	6,252,958	106,888	636,227

Consolidated	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5 years
2019	\$	\$	\$	\$	\$

Financial Liabilities - Due for Payment

Trade and other payables	9,685,418	10,911,920	5,871,024	1,120,199	3,920,697
Lease liability	82,111	92,142	55,285	36,857	-
Total expected outflows	9,767,529	11,004,062	5,926,309	1,157,056	3,920,697

At 31 December 2020, the Group had no interest-bearing liabilities (2019: nil).

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

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

Foreign exchange risk

The Group operates in Australia and Papua New Guinea and is exposed to foreign exchange risks arising from the fluctuation of the exchange rates of the Australian dollar, United States dollar and the Papua New Guinean Kina. The Group has no further material foreign currency dealings other than the above.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the functional currency of the Group entity in question. The Group does not have a formal foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the United States Dollar and Australian Dollar exchange rates, with all other variables held constant. The impact on the Group's pre-tax equity is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Profit and Loss		Equity	
	500bp increase \$	500bp decrease \$	500bp increase \$	500bp decrease \$
2020 - AUD foreign currency sensitivity	-	-	(3,324)	3,324
2019 - AUD foreign currency sensitivity	-	-	(267)	267
2020 - USD foreign currency sensitivity	-	-	3,501	(3,501)
2019 - USD foreign currency sensitivity	-	-	609,525	(609,525)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents.

The Group's income and operating cash flows are not materially exposed to changes in market interest rates. The assets are cash and cash equivalents and other short-term interest-bearing deposits. No financial instruments have been used to mitigate risk.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Interest rate risk (continued)

The interest profile of the Group's interest-bearing financial instruments at the reporting date are outlined in the table below:

	Consolidated	
	2020	2019
	\$	\$
Variable rate instruments:		
Cash and cash equivalents	34,639,855	37,505,067
Total	34,639,855	37,505,067

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the cash and cash equivalent holdings at the reporting date. The analysis assumes that all other variables remain constant.

	Profit and Loss		Equity	
	100bp increase \$	100bp decrease \$	100bp increase \$	100bp decrease \$
2020 - Variable rate instruments	346,399	(346,399)	346,399	(346,399)
2019 - Variable rate instruments	375,051	(375,051)	375,051	(375,051)

(d) Capital management

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

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

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting. Neither the Company nor any of its controlled entities are subject to externally imposed capital requirements.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Impairment Losses

During the 2020 reporting period \$14,670 was written off in relation to the Group's financial assets (2019: \$75,473).

(f) Fair values versus carrying amounts

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Key judgments

Exploration and evaluation expenditure

The Group's policy in relation to the accounting for exploration and evaluation expenditure is stated in Note 1(j). There is judgment involved in determining the treatment of exploration and evaluation expenditure, including, determining whether it should be carried forward as capitalised exploration, transferred to mine properties under development, or written off to the consolidated statement of profit or loss and comprehensive income.

The Board and management give due consideration to the areas of interest relating to the exploration and evaluation expenditure on a regular basis and are confident that decisions to either transfer, write off or carry forward such expenditure fairly reflects the prevailing situation. In the year ended 31 December 2020, no previously capitalised exploration and evaluation expenditure was transferred to mine properties under development (2019: \$30,461,193); \$5,710,134 of previously capitalised exploration and evaluation expenditure related to the Kou Sa project was derecognised in the year ended 31 December 2020 (2019: nil), see Note 6.

Mine properties under development

The Group's policy in relation to the accounting for mine properties under development is stated in Note 1(k). There is judgment involved in determining the treatment of mine properties under development, including, determining whether it should be carried forward as capitalised mine properties under development, transferred to property, plant and equipment, transferred to exploration and evaluation expenditure or written off to the consolidated statement of profit or loss and comprehensive income.

The Board and management give due consideration to the areas of interest relating to mine properties under development on a regular basis and are confident that decisions to either transfer, write off or carry forward such expenditure fairly reflects the prevailing situation. In the year ended 31 December 2020 no mine properties under development has been transferred or written off (2019: nil).

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Key judgments (continued)

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The weighted average incremental borrowing rate applied to the leases is 8% (2019: 8%).

Kou Sa Project

In January 2015 a Group subsidiary, Royal Australia Resources Ltd, entered into an agreement to acquire 100% of the issued capital of Golden Resource Development Co Ltd (the Kou Sa Project) for US\$14 million, US\$7.7 million of this amount was paid as required under the agreement. Through an amendment to the original agreement a revised payment schedule for the remaining US\$6.3 million was agreed, these payments were dependent upon the completion of certain milestones in regard to the project, with the first payment to be completed no later than 21 September 2019. The Group continued to progress the Kou Sa Project throughout 2019 and 2020, while further negotiations were conducted with the intention to further restructure and defer the remaining consideration payments. No mutually satisfactory resolution could be agreed and a termination notice was subsequently received from the vendors in December 2020. On receipt of the termination notice, management concluded that it no longer controlled the Kou Sa Project assets and they were, therefore, derecognised. On that basis, the related deferred consideration payable was also treated as extinguished on receipt of the termination notice.

Key Estimates

Share based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by a combination of internal and external sources using a Black-Scholes option pricing model and independent third party valuations. Refer Note 25 for details of estimates and assumptions used.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4 PARENT COMPANY INFORMATION

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

	Parent	
	2020	2019
	\$	\$
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	33,987,184	37,158,663
Non-current assets	47,127,481	33,939,118
Total Assets	81,114,665	71,097,781
Liabilities		
Current liabilities	2,085,435	591,501
Non-current liabilities	528,272	27,905
Total Liabilities	2,613,707	619,406
Equity		
Issued capital	165,801,105	149,029,347
Reserves	1,825,415	705,133
Accumulated losses	(89,125,562)	(79,256,105)
Total Equity	78,500,958	70,478,375
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	(9,869,457)	(8,052,188)
TOTAL COMPREHENSIVE LOSS	(9,869,457)	(8,052,188)

Guarantees

Geopacific has not entered into any guarantees, in relation to the debts of its subsidiaries (2019: nil).

The Company has term deposits of \$250,000 (2019: \$132,000) over the lease of its office premises and credit card facilities. This has been classified as trade and other receivables in current assets.

Contingent liabilities

At 31 December 2020, Geopacific had no contingent liabilities (2019: nil).

Contractual commitments

At 31 December 2020, Geopacific had not entered into any contractual commitments for the acquisition of property, plant and equipment (2019: nil).

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

5 FINANCE INCOME

	Consolidated	
	2020	2019
	\$	\$
Government incentives	100,000	61,231
Other income	14,537	-
Interest income – financial institutions	167,886	32,519
Total finance income	282,423	93,750

6 GAIN ON DERECOGNITION OF KOU SA PROJECT

	Consolidated	
	2020	2019
	\$	\$
Kou Sa Project		
Exploration & evaluation asset derecognised (Note 12)	(5,710,134)	-
Deferred consideration liability (Note 16)	7,799,975	-
Payables derecognised	404,828	-
Payables recognised	(609,835)	-
Total	1,884,834	-

In January 2015, the Company's subsidiary, Royal Australia Resources Ltd, entered into an agreement to acquire 100% of the issued capital of Golden Resource Development Co Ltd (the Kou Sa Project) for US\$14 million. US\$7.7 million of the acquisition price was paid as required under the agreement.

An amendment to the original agreement was executed in September 2016 which revised the acquisition payment schedule for the remaining US\$6.3 million. The amendment resulted in the remaining acquisition payments being due for payment as follows:

- 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
- US\$4.725 million to be paid in equal instalments over three years following payment of the above US\$1.575 million.

The Group have been in negotiation with the vendors of the Kou Sa Project during 2019 and 2020 to restructure the deferred consideration payments. No mutually satisfactory resolution could be agreed and a termination notice was subsequently received from the vendors in December 2020. On receipt of the termination notice, management concluded that it no longer controlled the Kou Sa project assets and they were, therefore derecognised. On that basis, the related deferred consideration payable was also treated as extinguished.

As a result, the Group has reflected the derecognition of the Kou Sa project assets and related deferred consideration liability in the reporting period ended 31 December 2020 which resulted in a gain on derecognition of \$1,884,834 as detailed above. This gain included recognising a final settlement of US\$0.5 million payable to the vendors under the termination provisions of the original agreement to acquire the Kou Sa project.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7 INCOME TAX

(a) The components of the income tax benefit comprise:

	Consolidated	
	2020 \$	2019 \$
Current tax	-	-
Deferred tax	-	-
Total tax benefit	-	-

(b) Reconciliation of income tax to prima facie tax benefit:

	Consolidated	
	2020 \$	2019 \$
Net loss before tax	(4,567,311)	(7,337,714)
Prima facie tax benefit at 30% (2019: 30%)	(1,370,193)	(2,201,314)
Adjusted for the tax effect of:		
Non-deductible share based payments	336,085	412,236
Other non-deductible expenses	(1,355,099)	637,565
Derecognition of Kou Sa Project	(565,450)	-
Tax losses not recognised	2,954,657	1,151,513
Total tax benefit	-	-

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7 INCOME TAX (CONTINUED)

(c) Deferred tax:

	Consolidated	
	2020	2019
	\$	\$
Deferred tax assets:		
Provisions	45,082	53,788
Tax losses	11,891,298	9,788,094
Total before offset	11,936,380	9,841,882
Offset by deferred tax liabilities	(11,936,380)	(9,841,882)
Total deferred tax assets after offset	-	-
Deferred tax liabilities:		
Exploration and evaluation expenditure	553,402	600,833
Mine properties under development	11,382,978	9,241,049
Total before offset	11,936,380	9,841,882
Offset by deferred tax assets	(11,936,380)	(9,841,882)
Total deferred tax liabilities after offset	-	-

(d) Deferred tax assets not recognised:

	Consolidated	
	2020	2019
	\$	\$
Deferred tax assets not recognised		
Tax losses not brought to account	53,198,157	55,194,328
Provisions	48,592	28,048
Business related costs	225,287	193,990
Total deferred tax assets not recognised	53,472,036	55,416,366
Movement of tax losses not brought to account		
Tax losses not brought to account - beginning of the year	55,194,328	44,149,379
Tax losses not recognised	2,954,657	1,151,512
Under/(over)	456,941	9,588,905
Foreign exchange fluctuation	(5,407,769)	304,532
Tax losses – end of the year	53,198,157	55,194,328
Tax losses - recognised to the extent of the deferred tax liability	(11,891,298)	(9,788,094)
Tax losses not brought to account – end of the year	41,306,859	45,406,234

Deferred tax assets relating to tax losses have only been recognised in Papua New Guinea to the extent of the deferred tax liability balance.

The deferred tax assets relating to the remainder of the Group have not been recognised in the current reporting period as the Directors do not believe the realisation is probable at this point in time.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8 CASH AND CASH EQUIVALENTS

	Consolidated	
	2020	2019
	\$	\$
Current		
Cash at bank	34,639,855	37,505,067
Total cash and cash equivalents	34,639,855	37,505,067

9 RECEIVABLES

	Consolidated	
	2020	2019
	\$	\$
Current		
Security deposits	250,000	264,532
Sundry debtors	18,418	40,930
GST receivable	124,356	382,255
Total current trade and other receivables	392,774	687,717
Non-current		
Security deposits	9,816	-
Sundry debtors	35,821	-
GST receivable	1,001,334	-
Total non-current trade and other receivables	1,046,971	-

Write down

During the reporting period a write down of \$14,670 was recorded in respect of the security deposits (2019: \$75,473 in respect of the loan receivable).

10 PREPAYMENTS

	Consolidated	
	2020	2019
	\$	\$
Current		
Community relocation materials	1,384,099	1,027,731
Total Prepayments	1,384,099	1,027,731

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.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11 INVENTORY

	Consolidated	
	2020	2019
	\$	\$
Current		
Consumables	362,524	295,401
Kitchen stocks	45,182	30,096
Cleaning stocks	13,478	6,641
Medical stocks	6,549	5,583
Protective clothing	16,436	1,871
Total	444,169	339,592

Write down

During the year ended 31 December 2020, consumables were identified which had expired or were damaged and as such had no net realisable value. The full amount of \$5,779 (2019: \$30,822) was written off from inventory and recorded in the consolidated statement of profit or loss.

12 EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	2020	2019
	\$	\$
Non-current	1,844,673	8,262,803
Movement during the year		
Carrying value - beginning of the year	8,262,803	37,494,025
Additions	65,098	442,022
Derecognition of Kou Sa Project ⁽ⁱ⁾	(5,710,134)	-
Transfers to mine properties under development (Note 13)	-	(30,461,193)
Foreign exchange fluctuation	(773,094)	787,949
Carrying value - end of the year	1,844,673	8,262,803

⁽ⁱ⁾ The Company derecognised the Kou Sa Project. See Note 6 for further information

Impairment

At 31 December 2020, the Group conducted an assessment to determine whether there were any indicators of impairment in relation to the carrying value of its capitalised exploration and evaluation expenditure. No indicators of impairment were present and therefore the Group did not impair any previously capitalised expenditure (2019: nil).

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 2020 reporting period this amounted to \$208,345 (2019: \$1,501,751).

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13 MINE PROPERTIES UNDER DEVELOPMENT

	Consolidated	
	2020	2019
	\$	\$
Non-current	37,975,609	30,803,497
Movement during the year		
Carrying value - beginning of the year	30,803,497	-
Transfers from exploration and evaluation (Note 12)	-	30,461,193
Transfers from property, plant and equipment (Note 14)	184,592	60,855
Additions	11,697,347	860,265
Foreign exchange fluctuation	(4,709,827)	(578,816)
Carrying value - end of the year	37,975,609	30,803,497

Impairment

At 31 December 2020, the Group conducted an assessment to determine whether there were any indicators of impairment in relation to the carrying value of its mine properties. No indicators of impairment were present, therefore the Group did not impair any capitalised mine properties under development (2019: nil).

Transfer from exploration and evaluation expenditure

In October 2019, the Group raised over \$40 million via share a Placement and Share Purchase Plan to advance the Woodlark Gold Project and development activities. Management formed the view that completing the Placement and commencing development activities was sufficient to demonstrate the technical feasibility and commercial viability of the Woodlark Gold Project. As a result, the capitalised exploration and evaluation expenditure associated with the projects mining licence was reclassified to mine properties under development.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14 PROPERTY, PLANT AND EQUIPMENT

	Consolidated					
	Right-of-use asset	Work under construction	Plant & Equipment	Computer Software	Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$
2020						
Gross carrying amount – at cost	-	5,871,008	5,066,861	98,737	941,239	11,977,845
Less: accumulated depreciation	-	-	(4,172,762)	(98,584)	(462,035)	(4,733,381)
Balance	-	5,871,008	894,099	153	479,204	7,244,464

	Consolidated					
	Right-of-use asset	Work under construction	Plant & Equipment	Computer Software	Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$
2019						
Gross carrying amount – at cost	186,225	472,105	5,106,267	98,737	1,043,349	6,906,683
Less: accumulated depreciation	(101,577)	-	(4,354,656)	(97,368)	(460,797)	(5,014,398)
Balance	84,648	472,105	751,611	1,369	582,552	1,892,285

Plant & Equipment Movement 2020	Right-of-use asset	Work under construction	Plant & Equipment	Computer Software	Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2020	84,648	472,105	751,611	1,369	582,552	1,892,285
Additions	-	5,343,546	489,966	-	3,675	5,837,187
Disposals	-	-	(256)	-	-	(256)
Transfer between categories	-	106,268	(90,271)	-	(15,997)	-
Transfers to mine properties under development	-	-	(156,805)	-	(27,787)	(184,592)
Transfer to right-of-use asset	(33,859)	-	-	-	-	(33,859)
Foreign exchange fluctuation	-	(50,911)	(77,661)	-	(58,226)	(186,798)
Depreciation	(50,789)	-	(22,485)	(1,216)	(5,013)	(79,503)
Balance at 31 December 2020	-	5,871,008	894,099	153	479,204	7,244,464

Plant & Equipment Movement 2019	Right-of-use asset	Work under construction	Plant & Equipment	Computer Software	Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2019	-	-	187,903	2,780	650,928	841,611
Additions	-	462,394	631,353	865	24,179	1,118,791
Disposals	-	-	(8,604)	-	(1,593)	(10,197)
Transfers from assets held for sale	-	-	9,964	-	-	9,964
Transfers to mine properties under development	-	9,418	(19,938)	-	(50,335)	(60,855)
Impact of adopting AASB 16	186,225	-	-	-	-	186,225
Foreign exchange fluctuation	-	293	1,511	-	4,297	6,101
Depreciation	(101,577)	-	(50,578)	(2,276)	(44,924)	(199,355)
Balance at 31 December 2019	84,648	472,105	751,611	1,369	582,552	1,892,285

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15 RIGHT-OF-USE ASSET AND LEASE LIABILITY

(a) Right-of-use asset

	Consolidated	
	2020	2019
	\$	\$
Non-current		
Gross carrying amount - office leases	746,544	-
Less: accumulated depreciation	(28,272)	-
Total	718,272	-
Movement during the year		
Balance at 1 January	-	-
Transfer from property, plant and equipment (Note 14)	33,859	-
Additions	746,544	-
Depreciation expense	(62,131)	-
Balance at 31 December	718,272	-

(b) Lease liability

	Consolidated	
	2020	2019
	\$	\$
Current	220,164	82,111
Non-current	496,708	-
	716,872	82,111
Movement during the year		
Balance at 1 January	82,111	186,225
Additions	746,544	-
Interest expense	9,950	4,513
Payments	(121,733)	(108,627)
Balance at 31 December	716,872	82,111

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

16 TRADE AND OTHER PAYABLES

	Consolidated	
	2020	2019
	\$	\$
Current		
Trade creditors and accrued expenses	6,128,458	1,950,327
Deferred consideration ⁽ⁱ⁾	-	5,040,896
Total	6,128,458	6,991,223
Non-current		
Deferred consideration ⁽ⁱ⁾	-	2,694,195
Total	-	2,694,195
Deferred consideration movement during the year		
Carrying value - beginning of the year	7,735,091	6,244,927
Unwind of the discount – finance cost	830,927	1,443,017
Foreign exchange fluctuation	(766,043)	47,147
Derecognition of Kou Sa Project – extinguishment of liability ⁽ⁱ⁾	(7,799,975)	-
Carrying value - end of the year	-	7,735,091

⁽ⁱ⁾ The Company derecognised the Kou Sa Project. See Note 6 for further information

17 PROVISIONS

	Consolidated	
	2020	2019
	\$	\$
Current		
Employee provisions	142,907	65,590
Total	142,907	65,590
Non-current		
Rehabilitation provision	170,127	179,293
Employee provisions	31,564	27,905
Total	201,691	207,198
Movements		
Rehabilitation provision		
Balance at 1 January	179,293	178,183
Movement in provision	10,169	-
Foreign exchange fluctuation	(19,335)	1,110
Balance at 31 December	170,127	179,293

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

18 ISSUED CAPITAL

	Consolidated	
	2020	2019
	\$	\$
Issued Capital	165,801,105	148,972,741

Reconciliation of movements in Issued Capital during the period:

	Date	2020		2019	
		Shares	\$	Shares	\$
Balance at 1 January		174,525,760	148,972,741	2,081,907,130	104,116,108
Shares issued pursuant to a Placement	05-Apr-19	-	-	510,000,000	4,335,000
Consideration for acquisition of Woodlark ⁽ⁱ⁾	02-Jul-19	-	-	150,000,000	2,850,000
Conversion of Options	11-Jul-19	-	-	17,188,888	-
Shares issued pursuant to a Placement	28-Oct-19	-	-	689,774,033	17,244,350
Shares issued as part of a SPP	09-Dec-19	-	-	4,040,000	101,000
Shares issued pursuant to a Placement	17-Dec-19	-	-	910,225,997	22,755,650
Adjustment for share consolidation	20-Dec-19	-	-	(4,188,610,288)	-
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	-	-
Less: share issue costs		-	(1,551,454)	-	(2,429,367)
Balance at 31 December		218,807,363	165,801,105	174,525,760	148,972,741

⁽ⁱ⁾ Acquisition of the remaining interest in Woodlark Mining Limited was settled by the issue of 150,000,000 shares in Geopacific to Kula Gold Limited at a share price of \$0.019 per share, this occurred prior to the 1 for 25 share consolidation in December 2019

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

19 RESERVES

	Consolidated	
	2020	2019
	\$	\$
(a) Reserves		
Share-based payments reserve	3,993,609	2,873,328
Foreign currency translation reserve	(2,018,220)	3,340,531
Other equity reserve	(1,370,317)	(1,370,317)
Total	605,072	4,843,542
(b) Movements		
Share-based payments reserve		
Balance at 1 January	2,873,328	1,499,209
Share based payment expense	1,120,281	1,374,119
Balance at 31 December	3,993,609	2,873,328
Foreign currency translation reserve		
Balance at 1 January	3,340,531	3,535,896
Exchange losses during year	(5,358,751)	(195,365)
Balance at 31 December	(2,018,220)	3,340,531
Other equity reserve		
Balance at 1 January	(1,370,317)	755,748
Transfers during the year	-	(2,126,065)
Balance at 31 December	(1,370,317)	(1,370,317)
Total reserves	605,072	4,843,542

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve records:

- the value of exercised and unexercised options issued or granted to employees and Directors which have been expensed;
- the value of exercised and unexercised performance rights and share appreciation rights issued to employees and Directors which have been expensed; and
- the value of options issued on acquisition of Millennium Mining (Fiji) Ltd.

Foreign currency translation reserve

The foreign currency translation reserve records unrealised exchange gains and losses on translation of the Group's controlled entities' results and financial position where their functional currency is different to the Group's presentation currency.

Other equity reserve

The other equity reserve records transfers of interests to the Group from non-controlling interests.

GGEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

20 CONTINGENT LIABILITIES

The Group did not have any contingent liabilities at the end of the reporting period (2019: nil).

21 COMMITMENTS

(a) Tenement Commitments

Entities in the Group are required to spend certain amounts to retain their interest in areas over which Special Prospecting Licenses are held. All requirements have been complied with and all reports and lodgements have been made. In the ordinary course of business, the Group is currently waiting on the reissue of certain licences by the Mineral and Resource Departments of Papua New Guinea.

The following table provides an outline of the annual expenditure required by tenement:

Tenement	Location	Tenement Renewed to	Annual Commitment 2021 \$	Comments
EL 1172	Papua New Guinea	27-Nov-21	112,646	
EL 1279	Papua New Guinea	25-Aug-21	150,195	
EL 1465	Papua New Guinea	22-Dec-20	75,098	Licence renewal lodged with authorities for an additional two years. Tenure remains while renewal pending.

(b) Operating Commitments

The Group entered into contracts with HBS Machinery and Rhodes to commence the Civil Works Program at the Woodlark Gold Project. The future lease payments for the HBS non-cancellable lease contracts is \$2,481,376. The committed expenditure for the Rhodes contract is \$4,041,719. Both of these contracts are scheduled to be completed within one year.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

22 PARTICULARS RELATING TO CONTROLLED ENTITIES

(a) Material Subsidiaries

	Country of Incorporation and Carrying on Business	Class of Share	Effective Ownership Percentage	
			2020 %	2019 %
Worldwide Mining Projects Pty Ltd	Australia	Ordinary	100	100
PT IAR Indonesia Ltd	Indonesia	Ordinary	100	100
Eastkal Pte Ltd	Singapore	Ordinary	100	100
Royal Australia Resources Ltd	Cambodia	Ordinary	85	85
Golden Resource Development ⁽ⁱ⁾	Cambodia	Ordinary	-	100
Geopacific Limited	Fiji	Ordinary	100	100
Beta Limited	Fiji	Ordinary	100	100
Millennium Mining (Fiji) Limited	Fiji	Ordinary	100	100
Woodlark Mining Limited	Papua New Guinea	Ordinary	100	100

⁽ⁱ⁾ The Company derecognised the Kou Sa Project. See Note 6 for further information

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

23 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

Details of each person holding the position of Director of the Company during the current and prior reporting periods are outlined in the table below:

Name	Position
Non-Executive Directors	
Ian Clyne	Non-Executive Chairman
Colin Gilligan	Non-Executive Director
Sir Charles Lepani <i>Appointed 29 July 2020</i>	Non-Executive Director
Ian Murray	Non-Executive Director
Executive Directors	
Ron Heeks <i>Resigned 4 June 2020</i>	Managing Director

(b) Other Key Management Personnel (KMP)

Details of the Other KMP of the Group during the current and prior reporting periods are set out in the table below:

Name	Position
Executives	
Tim Richards <i>Appointed 6 October 2020</i>	Chief Executive Officer
Matthew Smith	Chief Financial Officer & Company Secretary
Glenn Zamudio	General Manager - Projects

(c) KMP Compensation

	Consolidated	
	2020	2019
	\$	\$
Key Management Personnel Compensation:		
Short-term benefits	1,328,899	1,010,162
Post-employment benefits	102,408	68,397
Share-based payments	1,120,282	978,482
Annual leave	47,731	44,230
Long-term benefits	12,872	5,862
Termination payments	399,996	20,769
Total	3,012,188	2,127,902

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

24 RELATED PARTY TRANSACTIONS

Melron Pty Ltd

Payment was made to Melron Investments Pty Ltd for director services fees. Mr R Heeks is a Director of Melron Investments Pty Ltd and served as Managing Director of Geopacific. The total amount charged by Melron Investments Pty Ltd during the financial year was \$654,996 plus GST (2019: \$330,000). There were no amounts owing to Melron Pty Ltd as at 31 December 2020. All amounts were due and payable under normal commercial terms.

25 SHARE-BASED PAYMENTS

(a) Employee Incentive Plan

The Company's Securities Incentive Plan was approved by shareholders at the Annual General Meeting held on 30 May 2018. All employees are eligible to participate in the plan.

Instruments granted under the plan are issued for no consideration, carry no dividend or voting rights and when exercised convert into ordinary shares.

Included under share-based payments expense in the statement of profit or loss and other comprehensive income is an amount of \$1,120,281 (2019: \$1,374,119) which relates to equity settled share-based payments transactions issued under the plan.

All options granted to key management personnel are for ordinary shares in Geopacific, which confer a right of one ordinary share for every option held.

All share appreciation rights granted to key management personnel are for ordinary shares in Geopacific, which confer an amount of shares equal to the difference between the Company's share price at the end of the vesting period and the price on grant date.

During the reporting period the Company issued four types of incentives to employees. They were short-term zero exercise price options (ZEPO's), medium-term ZEPO's, premium exercise price options (PEPO's) and share appreciation rights (SAR's). These incentives were granted on 28 July 2020 and 11 August 2020 and were issued in accordance with the Securities Incentive Plan. The vesting condition of each incentive is continuous employment (at Board discretion).

All incentives issued during the 2019 reporting period were issued prior to the 25:1 share consolidation that took place in December 2019. All incentives were adjusted at the time of the consolidation to reduce the number of incentives (reduced 25:1) and increase the exercise price (increased 25:1) where relevant.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

25 SHARE-BASED PAYMENTS (CONTINUED)

(a) Employee Incentive Plan (continued)

The incentives were valued by a combination of internal and external sources using a Black-Scholes option pricing model and independent third party valuations. The key inputs and valuations are summarised below:

Item	Short-Term ZEPO's	Medium-Term ZEPO's	PEPO's	SAR's
Underlying share value	\$0.625	\$0.625	\$0.625	\$0.625
Exercise price	Nil	Nil	\$0.894	\$0.625
Valuation date ⁽ⁱ⁾	11-Aug-20	11-Aug-20	11-Aug-20	11-Aug-20
Vesting date	11-Aug-21	11-Aug-23	11-Aug-24	11-Aug-23
Vesting period (years)	1.00	3.00	4.00	3.00
Expiry date	21-Aug-21	21-Aug-23	21-Aug-24	21-Aug-24
Life of the options (years)	1.03	3.03	4.03	4.03
Volatility ⁽ⁱⁱ⁾	100%	100%	100%	100%
Risk free rate	0.260%	0.275%	0.410%	0.275%
Dividend yield	Nil	Nil	Nil	Nil
Granted on 28 July 2020⁽ⁱ⁾				
Number of options	5,231	244,662	182,344	182,656
Value per option	\$0.680	\$0.680	\$0.430	\$0.468
Value per tranche	3,557	166,370	78,408	85,483
Granted on 11 August 2020				
Number of options	25,076	281,600	194,202	224,360
Value per option	\$0.625	\$0.625	\$0.393	\$0.429
Value per tranche	15,673	176,000	76,321	96,250

(i) The grant date for R Heeks was determined as the AGM date, being 28 July 2020. The value per instrument differs for R Heeks as the valuation was conducted on the grant date

(ii) A volatility of the share price fluctuation was calculated by considering the historical movement of the share price over a period of time as well factoring market conditions of its competitors to predict the distribution of relative share performance

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

25 SHARE-BASED PAYMENTS (CONTINUED)

(a) Employee Incentive Plan (continued)

	2020		2019	
	Number of options or rights	Weighted average exercise price (\$)	Number of options or rights	Weighted average exercise price (\$)
Zero exercise price options				
Outstanding at beginning of year	2,787,735	-	41,454,763	-
Granted Class A	30,307	-	13,003,205	-
Granted Class B	526,262	-	32,424,070	-
Exercised	(520,132)	-	(17,188,888)	-
Total	2,824,172	-	69,693,150	-
Adjusted for share consolidation	-	-	(66,905,415)	-
Outstanding at end of year	2,824,172	-	2,787,735	-
Premium exercise price options				
Outstanding at beginning of year	1,872,590	0.7714	20,218,500	0.0408
Granted Class C	376,546	0.9300	26,596,200	0.0233
Expired/lapsed	-	-	-	-
Exercised	-	-	-	-
Total pre-share consolidation	2,249,136	0.7980	46,814,700	0.0309
Adjusted for share consolidation ⁽ⁱⁱ⁾	-	-	(44,942,110)	0.7405
Outstanding at end of year	2,249,136	0.7980	1,872,590	0.7714
Share appreciation rights				
Outstanding at beginning of year	2,023,707	0.5381 ⁽ⁱ⁾	22,365,071	0.0285 ⁽ⁱ⁾
Granted	407,016	0.6000 ⁽ⁱ⁾	28,227,488	0.0160 ⁽ⁱ⁾
Expired/lapsed	-	-	-	-
Exercised	-	-	-	-
Total pre-share consolidation	2,430,723	0.5485	50,592,559	0.0215
Adjusted for share consolidation ⁽ⁱⁱ⁾	-	-	(48,568,852)	0.5166
Outstanding at end of year	2,430,723	0.5485⁽ⁱ⁾	2,023,707	0.5381⁽ⁱ⁾

(i) The exercise price of the share appreciation rights – represents a theoretical exercise price given the payoff is the difference between the Company's share price at the end of the vesting period and the price on grant date

(ii) The weighted average exercise price has been updated to reflect the 25:1 share consolidation

The weighted average remaining contractual life of the incentives outstanding at 31 December 2020 are:

Instrument	Years
Zero exercise price options	1.39
Premium exercise price options	2.37
Share appreciation rights	2.36

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

25 SHARE-BASED PAYMENTS (CONTINUED)

(b) Unlisted Incentives

There were 40,000 options over unissued shares unexercised at reporting date (2019: 40,000). Since the end of the financial year, no unlisted options have been cancelled or exercised.

Details of unlisted options over unissued shares in the Company as at the date of this report are outlined in the tables below:

2020

Issue Date	Expiry Date	Exercise Price	Number on Issue	Movement During the Year			Number on Issue
				Granted	Lapsed	Adjusted for share consolidation	
		\$	1-Jan-20				31-Dec-20
6-Jun-09	Note (a)	62.50	32,000	-	-	-	32,000
6-Jun-09	Note (b)	125.00	8,000	-	-	-	8,000
			40,000	-	-	-	40,000

- (a) Not later than 5 years after defining a JORC compliant ore reserve of over 200,000oz Au on the Faddy's Gold Deposit
(b) Not later than 10 years after defining a JORC compliant ore reserve of over 1,000,000oz Au on the Faddy's Gold Deposit

2019

Issue Date	Expiry Date	Exercise Price ⁽ⁱ⁾	Number on Issue	Movement During the Year			Number on Issue
				Granted	Lapsed	Adjusted for share consolidation	
		\$	1-Jan-19				31-Dec-19
6-Jun-09	Note (a)	62.50	800,000	-	-	(768,000)	32,000
6-Jun-09	Note (b)	125.00	200,000	-	-	(192,000)	8,000
			1,000,000	-	-	(960,000)	40,000

- (i) The exercise price has been updated to reflect the 25:1 share consolidation conducted in December 2019
(a) Not later than 5 years after defining a JORC compliant ore reserve of over 200,000oz Au on the Faddy's Gold Deposit
(b) Not later than 10 years after defining a JORC compliant ore reserve of over 1,000,000oz Au on the Faddy's Gold Deposit

(c) Services

During the reporting period, the Company did not issue any shares as payment for services (2019: nil).

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

26 LOSS PER SHARE

(a) Basic and Diluted Loss per Share

	Consolidated	
	2020 Cents	2019 Cents
Basic loss per share:		
From continuing operations attributable to the ordinary equity holders of the company	(2.59)	(6.43)
	(2.59)	(6.43)
Diluted loss per share:		
From continuing operations attributable to the ordinary equity holders of the company	(2.59)	(6.43)
	(2.59)	(6.43)

(b) Reconciliation of Loss Used in Calculating Loss Per Share

	Consolidated	
	2020 \$	2019 \$
Basic and Diluted Loss Per Share:		
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share:		
From continuing operations	(4,567,311)	(7,276,365)
	(4,567,311)	(7,276,365)

(c) Weighted Average Number of Shares Used as the Denominator

	Consolidated	
	2020 No. of Shares	2019 No. of Shares ⁽ⁱ⁾
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	176,404,229	113,152,082

⁽ⁱ⁾ The weighted average number of ordinary shares is reflective of the 25:1 share consolidation conducted in December 2019

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

27 EVENTS OCCURRING AFTER BALANCE DATE

The financial statements have been prepared based upon conditions existing at 31 December 2020 and due consideration has been given to events that have occurred subsequent to 31 December 2020 that provide evidence of conditions that existed at the end of the reporting period.

In December 2020, the Company announced 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 and 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 Resource Lending and its affiliates, along with members of the Geopacific Board and Management.

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

The Placement consisted of two tranches at an Issue Price of \$0.42 per share which comprised the issue of 333.3 million shares:

- Tranche 1: 43.7 million shares issued in December 2020 to raise \$18.4 million pursuant to the Company's placement capacity under Listing Rule 7.1 and Listing Rule 7.1A; and
- Tranche 2: 289.6 million shares issued in February to raise \$121.6 million.

Tranche 2 of the Placement was subject to shareholder approval under Listing Rules 7.1 and 10.11 which was obtained in February 2021 at an Extraordinary General Meeting of the Company.

The Company also extended an SPP Offer to existing eligible shareholders to acquire up to \$30,000 worth of Geopacific shares at \$0.42 per share, the same price as the Placement, with a cap of \$10 million. The SPP Offer closed on 10 February 2021 and raised a further \$1.87million (4,461,821 Shares).

Other than the matter discussed above, no other matters or circumstances have arisen since the end of the financial period year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

28 OPERATING SEGMENTS

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

For management purposes in the 2020 reporting period the Group was organised into two operating segments based on geographical locations, which involve mineral exploration and development in Papua New Guinea and all other segments, which incorporates the minor activities conducted during the period in Cambodia and Fiji. 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 two 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
2020	\$	\$	\$	\$
Other income	-	63	282,360	282,423
Net Loss for the year	344,796	(101,311)	(4,810,796)	(4,567,311)
Segment Assets	115,610	50,792,747	34,782,529	85,690,886
Segment Liabilities	998,273	3,577,948	2,613,707	7,189,928

	Cambodia	Papua New Guinea	Corporate	Fiji	Total
2019	\$	\$	\$	\$	\$
Other income	-	61,232	32,518	-	93,750
Net Loss for the year	(2,309,309)	(749,861)	(4,160,065)	(118,479)	(7,337,714)
Segment Assets	6,289,629	36,937,466	37,169,475	122,122	80,518,692
Segment Liabilities	8,170,401	1,250,510	619,406	-	10,040,317

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

29 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash and Cash Equivalents

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

	Consolidated	
	2020	2019
	\$	\$
Cash at bank	34,639,855	37,505,067
Total	34,639,855	37,505,067

(b) Reconciliation of Cash Flows from Operating Activities

	Consolidated	
	2020	2019
	\$	\$
Net loss after income tax	(4,567,311)	(7,337,714)
Adjustments for Non-cash Items:		
Depreciation	141,634	199,355
Share based payments	1,120,281	1,374,119
Impairment write downs	20,448	75,473
Finance costs	830,927	1,443,017
Foreign currency revaluation	(401,346)	-
Gain on derecognition of Kou Sa Project	(1,884,834)	-
Proceeds from disposal of plant and equipment	-	(61,232)
Changes in Assets & Liabilities		
Increase in trade and other receivables	(770,068)	(302,748)
(Increase) in inventory	-	(96,821)
Increase in trade and other payables	528,015	553,320
Increase/(Decrease) in provisions	55,972	(61,781)
Net Cash Used in Operating Activities	(4,926,282)	(4,215,012)

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

29 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(c) Non-cash investing and financing activities

	Consolidated	
	2020	2019
	\$	\$
Gain on derecognition of Kou Sa Project ⁽ⁱ⁾	(1,884,834)	-
Shares issued as part of the Kula transaction ⁽ⁱⁱ⁾	-	2,850,000

⁽ⁱ⁾ The Company derecognised the Kou Sa Project. See Note 6 for further information

⁽ⁱⁱ⁾ Acquisition of the remaining interest in Woodlark Mining Limited was settled by the issue of 150,000,000 shares in Geopacific to Kula Gold Limited at a share price of \$0.019 per share

30 REMUNERATION OF AUDITORS

The Auditor of Geopacific is Ernst & Young.

	Consolidated	
	2020	2019
	\$	\$
Amounts received or receivable - Ernst & Young for:		
- An audit or review of the financial report	65,100	57,500
Total	65,100	57,500

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 28 March 2021.

(a) Analysis of numbers of equity security holders by size of holding:

	Class of Equity Security	
	Ordinary Shares	
	Number	Shares
Analysis of numbers of equity security holders by size holding:		
1 - 1,000	294	141,254
1,001 - 5,000	537	1,414,278
5,001 - 10,000	243	1,817,451
10,001 - 100,000	602	20,925,596
100,001 and over	189	488,542,467
Total	1,865	512,841,046

(b) Equity security holders – ordinary shares

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

	Ordinary Shares	
	Number Held	% of Issued Shares
HSBC CUSTODY NOMINEES	113,602,310	22.15
NDOVU CAPITAL IV B V	63,453,391	12.37
J P MORGAN NOMINEES AUSTRALIA	53,017,644	10.34
DELPHI UNTERNEHMENBERATUNG	51,045,958	9.95
CITICORP NOMINEES PTY LIMITED	47,270,363	9.22
NATIONAL NOMINEES LIMITED	15,535,540	3.03
SPARTA AG	12,904,762	2.52
DEUTSCHE BALATON	11,904,762	2.32
BROADGATE INVESTMENTS PTY LTD	10,196,816	1.99
CS THIRD NOMINEES PTY LIMITED	8,050,369	1.57
HOME IDEAS SHOW PTY LTD	6,900,000	1.34
BNP PARIBAS NOMS PTY LTD	5,784,086	1.13
UBS NOMINEES PTY LTD	4,711,782	0.92
HENDERSON INTERNATIONAL PTY	4,472,224	0.87
MR CRAIG GRAEME CHAPMAN	4,200,000	0.82
NERO RESOURCE FUND PTY LTD	3,571,429	0.70
SPARTA AG	3,449,265	0.67
BNP PARIBAS NOMINEES PTY LTD	3,309,501	0.65
DIXSON TRUST PTY LIMITED	2,545,000	0.50
BNP PARIBAS NOMINEES PTY LTD	2,380,952	0.46
TOP 20 SHAREHOLDERS	428,306,154	83.52
OTHER SHAREHOLDERS	84,534,892	16.48
TOTAL ORDINARY SHAREHOLDERS	512,841,046	100.00

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
SHAREHOLDER INFORMATION

(c) Substantial holders

Extracts from substantial shareholder register:

	Shareholding	
	Number Held	% of Issued Shares
SPARTA AG	77,418,482	15.10
NDOVU CAPITAL IV B V	64,086,031	12.60
SPHERIA ASSET MANAGEMENT	62,782,986	12.24

The above holdings are based on the most recent Notice of Change of Interests of Substantial Holder statements lodged by each substantial holder.

(d) Voting rights

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

Fully paid Ordinary Shares

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

Options – listed and unlisted

There are no voting rights attached to options.

(e) Summary of unlisted options issued

	Number of Options	Number of Holders	Options Held	% of Options Issued
Options expiring not later than five years after the defining on Faddy's Gold Deposit of a JORC compliant Ore Reserve of over 200,000 oz of contained Au with an exercise price of \$62.50	32,000	5		
Option holder with more than 20% of class				
Exploration Drilling Services (Fiji) Ltd			12,800	40.0
L Anderson Investments Pty Ltd			8,800	27.5
Sheila Anderson Investments			7,200	22.5
Options expiring not later than ten years after the defining on Faddy's Gold Deposit of a JORC compliant Ore Reserve of over 1,000,000 oz of contained Au with an exercise price of \$125.00	8,000	5		
Option holder with more than 20% of class				
Exploration Drilling Services (Fiji) Ltd			3,200	40.0
L Anderson Investments Pty Ltd			2,200	27.5
Sheila Anderson Investments			1,800	22.5

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
SHAREHOLDER INFORMATION

(e) Summary of unlisted options issued (continued)

	Number of Options	Number of Holders	Options Held	% of Options Issued
Zero exercise price options expiring three years from the issue date on 10 July 2021 Option holder with more than 20% of class R Heeks	970,638	6	220,875	22.8
Premium exercise price options expiring four years from the issue date on 10 July 2022 Option holder with more than 20% of class R Heeks	808,740	6	195,300	24.1
Share appreciation rights expiring four years from the issue date on 10 July 2022 Option holder with more than 20% of class R Heeks	894,605	6	193,529	21.6
Zero exercise price options expiring 13 years from the issue date on 19 July 2022 Option holder with more than 20% of class R Heeks	1,296,965	5	366,993	28.3
Premium exercise price options expiring four years from the issue date on 19 July 2023 Option holder with more than 20% of class R Heeks	1,063,850	5	318,060	29.9
Share appreciation rights expiring four years from the issue date on 19 July 2023 Option holder with more than 20% of class R Heeks	1,129,101	5	304,808	27.0
Zero exercise price options expiring one year from the issue date on 21 August 2021 Option holder with more than 20% of class M Smith G Zamudio	30,307	3	12,538 12,538	41.4 41.4
Zero exercise price options expiring three years from the issue date on 21 August 2023 Option holder with more than 20% of class R Heeks M Smith G Zamudio	526,262	3	244,662 168,960 112,640	46.5 32.1 21.4

GEOPACIFIC RESOURCES LIMITED
and Controlled Entities
SHAREHOLDER INFORMATION

(e) Summary of unlisted options issued (continued)

	Number of Options	Number of Holders	Options Held	% of Options Issued
Premium exercise price options expiring four years from the issue date on 21 August 2024	376,546	3		
Option holder with more than 20% of class				
R Heeks			182,344	48.4
M Smith			116,521	31.0
G Zamudio			77,681	20.6
Share appreciation rights expiring four years from the issue date on 21 August 2024	407,016	3		
Option holder with more than 20% of class				
R Heeks			182,656	44.9
M Smith			134,616	33.1
G Zamudio			89,744	22.0

GEOPACIFIC RESOURCES LIMITED

and Controlled Entities

TENEMENT DETAILS

Current interest in tenements held by Geopacific and its subsidiaries, as at 31 December 2020 are listed below:

Country	Location	Tenement	Interest
Papua New Guinea	Woodlark Island	EL 1172	100%
Papua New Guinea	Woodlark Island	EL 1279	100%
Papua New Guinea	Woodlark Island	EL 1465	100%
Papua New Guinea	Woodlark Island	LMP 89	100%
Papua New Guinea	Woodlark Island	LMP 90	100%
Papua New Guinea	Woodlark Island	LMP 91	100%
Papua New Guinea	Woodlark Island	LMP 92	100%
Papua New Guinea	Woodlark Island	LMP 93	100%
Papua New Guinea	Woodlark Island	ME 85	100%
Papua New Guinea	Woodlark Island	ME 105	100%
Papua New Guinea	Woodlark Island	ME 111	100%
Papua New Guinea	Woodlark Island	ML 508	100%