**GEOPACIFIC RESOURCES NL**
**ACN 003 208 393 & controlled entities**

**ASX code; GPR**

# Annual Report
## for the year ended 31 December 2008

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## GEOPACIFIC RESOURCES NL

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

| | |
|---|---|
| **Directors in Office (as at the date of this Report)** | R J Fountain, Chairman<br>I J Pringle, Managing Director<br>W A Brook, Executive Director<br>I N A Simpson, Non-Executive Director<br>R H Probert, Non-Executive Director<br>C K McCabe (Alternate Director to Mr I N A Simpson) |
| **Registered Office** | 556 Crown Street, Surry Hills, NSW 2010, Australia |
| **Postal Address** | P.O. Box 477, Surry Hills, NSW 2010<br>Phone: 61 2 9699 7311, Fax: 61 2 9699 7322<br>E-mail: ianp@geopacific.com.au |
| **Company Secretary** | Mr Grahame Clegg |
| **Auditor** | K.S. Black & Co., Suite 2404, Level 24 MLC Centre,<br>19-21 Martin Place, Sydney, NSW, 2000, Australia |
| **Bankers** | Westpac Banking Corporation, 50 Pitt Street, Sydney, NSW |

## GEOPACIFIC LIMITED

(a private Company incorporated in Fiji in 1980)

| | |
|---|---|
| **Directors** | R H Probert (Chairman)<br>W A Brook (Managing Director)<br>I J Pringle<br>I N A Simpson |
| **Fiji Operations Office** | HLB House, Lot 3, Cruikshank Road, Nasoso, Nadi, Fiji<br>Tel: 679 6 727150 Fax: 679 6 727152<br>All mail to: P O Box 9975, Nadi Airport, Fiji<br>E-mail: gpl@connect.com.fj |
| **Company Secretary** | W A Brook, P. O. Box 9975, Nadi Airport, Fiji<br>Tel: 679 6 727150 Fax: 679 6 727152<br>E-mail: gpl@connect.com.fj |
| **Registered Office** | HLB House, Lot 3, Cruikshank Road, Nasoso, Nadi, Fiji |
| **Auditor** | Ernst & Young, Suva, Fiji |
| **Banker** | Westpac Banking Corporation, Main Street, Nadi, Fiji |

## BETA LIMITED
(a private company incorporated in Fiji)

| | |
|---|---|
| **Directors** | W A Brook<br>I J Pringle<br>I N A Simpson |
| **Company Secretary** | W A Brook, P.O. Box 9975, Nadi Airport, Fiji<br>Tel: 679 6 727150 Fax: 679 6 727152<br>E-mail: gpl@connect.com.fj |
| **Registered Office** | HLB House, Lot 3, Cruikshank Road, Nasoso, Nadi, Fiji |
| **Auditor** | Ernst & Young, Suva, Fiji |

## MILLENNIUM MINING (FIJI) LIMITED
(a private company incorporated in Fiji)

| | |
|---|---|
| **Directors** | W A Brook (Appointed 3 June 2008)<br>I J Pringle (Appointed 3 June 2008)<br>I N A Simpson (Appointed 3 June 2008)<br>R H Probert (Appointed 3 June 2008) |
| **Company Secretary** | I N A Simpson, P.O. Box 9975, Nadi Airport, Fiji<br>Tel: 679 6 727150 Fax: 679 6 727152<br>E-mail: gpl@connect.com.fj |
| **Registered Office** | HLB House, Lot 3, Cruikshank Road, Nasoso, Nadi, Fiji |
| **Auditor** | Ernst & Young, Suva, Fiji |

# Letter from the Chairman

Dear Shareholders

During 2008 Geopacific completed two years since listing on the ASX (9 May 2006, trading code GPR) and the results from the Company's exploration during the year have been highly encouraging.

The Company's objective to become a successful and profitable mining company was advanced with exploration successes at several projects. Using state of the art exploration, geology mapping, geochemical sampling and diamond core drill testing within the Company's tenements our exploration team led by Managing Director, Dr Ian Pringle has located several deposits of high-grade gold mineralisation. In particular, 'bonanza' gold grades were identified in surface gossans in the NE Gossan area of the Faddy's Gold Deposit where high grades of near-surface and coarse-grained visible gold may be amenable to fast-track development using gravity separation of the gold through a small transportable gold plant. This could provide Geopacific with cash flow and technology to enable development of a pipeline of small gold mines in Fiji.

***Early Success***

Drill testing of a several gold and base metal targets met with spectacular success at the Faddy's NE Gossan area where surface, gold mineralisation has dimensions of about 150 metres along strike, up to 50 metres wide and is open at depth (>200 metres). This discovery has considerably enhanced the economic viability of an open cut gold mine at the Faddy's Gold Deposit ("Faddy's"). Since mid-2008 drilling and trenching at Faddy's has found:

- Trench samples of gossan outcrop at the NE Gossan Zone with up to **233g/t Au (7.5 ounces/t Au)** in 1m channel samples and these occur within a **28m wide zone averaging 9.71g/t Au**. Other outcrop channel samples with high-grade and visible gold include; **2m of 37.5g/t Au, 1m of 19.4g/t Au and 1m of 66g/t Au.**

- Surface trenches within gossan show wide envelopes of low-grade oxidised gold mineralisation including **54m of 1.26g/t Au**.

- Drill results of near-surface gossan at Faddy's include 'bonanza' high-grade visible coarse gold ranging up to **138.3g/t gold (4.46oz/t Au)**.

- Deeper drilling beneath the gossan show the high gold grades extend to depth. Drill intervals include **20.5m from 73m of 4.27g/t Au** with **0.5m of 73.2g/t Au**.

***Fast track to Gold Production***

Geopacific is currently undertaking metallurgical testwork on the Faddy's gossan to define processing parameters for the high-grade oxide mineralization and this will form part of a scoping study for an open cut mining operation that will be capable of fully exploiting the high grades and coarse grain size of the gold in the deposit.
Geopacific is investigating the use of a small mobile processing plant which could provide the backbone for a pipeline of production options which may lead to a flow-on development of several of Geopacific's other oxidized and high-grade gold deposits. By using conventional gravity processing techniques the development and operating costs to produce a gold concentrate are expected to be low. Fast-track to gold production will also allow Geopacific to take advantage of the current high gold price (in mid March gold price was USD955/ounce or FJD1,700/ounce) and this will be assisted by the ongoing support from the Fiji Government and the local community.

Previous work at Faddy's by Climax Mining Ltd in 1991 estimated an Inferred Resource of 920,000 tonnes @ 4.9g/t Au (144,000 ounces). This mineralisation is open along trend and at depth and has been underestimated by poor sample recovery and the nuggetty nature of some of the gold. Geopacific's discovery of coarse, visible gold in surface gossan overlies, and is additional to this sulphide resource. Cash flow produced from an expedient open cut development of the high-grade gold in the gossan may lead into follow-on mining of the deeper sulphide mineralisation.
The location of Faddy's is excellent. Negligible current land use, sealed and gravel roads, bridges and proximity to Nadi town (15 kilometres) enables year-round access. There is ample fresh water and electrical power and nearby Nadi contains infrastructure and services which would be helpful support for mining.

***Other Projects (Figure 1)***

Geopacific's projects include a spectrum of deposit types ranging from small, high-grade gold deposits in weathered and oxidised surface zones such as the Location 13 and Mongoose Pit (Vuda) through epithermal type gold deposits such as 4300E, Tataiya and Qalau Prospects (RakiRaki), shear-hosted gold-base metal deposits (Faddy's deeper sulphide zone, FSM Prospect), through to larger skarn gold–base metal targets such as Wailoaloa (Nuku), Tau (Nabila) and very large, low-grade porphyry-copper-gold deposits such as the Togo Prospect (Nadi South) .

At the **Nabila Project** (100% Geopacific) Geopacific plans to investigate the fast-track mine development of gold in gossan at the Faddy's Gold Deposit with the intention to provide cash flow for further exploration, project advancement and company growth. Tau, FSM, Mistry and several other prospects in Nabila each has the potential to host an economic gold or base metal deposit.

The **Vuda and Vuda Sabeto Projects** (Geopacific option to purchase 80% and 100% respectively) include a large alteration system with numerous gold showings. Although subject to significant past exploration and drilling, the property has immediate targets of high-grade gold veins at the Natalau, Ista's, Location 13, Mongoose Pit and Teitei Prospects. Many areas have coarse gold in soils and weathered surface rock and several have been trench sampled during 2008 with very positive results. These could provide small, high-grade gold deposits to supplement any future operation at Faddy's.

**Raki Raki** (Geopacific 50% and Manager) contains a range of epithermal gold targets within large alteration areas and gold anomalous zones in a caldera setting analogous to the Vatukoula Gold Mine (>7.5m ounces Au) which is located 35 kilometres to the southwest. Geopacific drill testing has identified high-grade, near-surface gold at the Qalau, 4300E and the Tataiya Prospects and each of these has potential to host a large world-class gold deposit.

At **Nuku** (100% Geopacific) Geopacific has gold and base metal surface anomalies and drill intersections in a complex skarn environment with potential for several small to moderate tonnage gold and base metal deposits. Recent work has shown that the skarn deposits surround a porphyry Cu alteration system which has yet to be evaluated.

**Nadi South** (100% Geopacific) contains under-explored, outcropping porphyry style copper-gold mineralisation (Togo Porphyry Cu-Au Prospect) extending under younger cover, as well as peripheral epithermal style gold prospects (Red Hills, Tokara Vein) which have substantial anomalous gold values in surface outcrop.

***Operating in Fiji***

The prospectivity of Fiji for world class mineral deposits is underpinned by the Vatukoula Gold Mine which has seen almost continuous gold production since 1935 and total production plus reserves in excess of 7.5 million ounces of gold. In addition, the large but as yet undeveloped, Namosi porphyry copper (and gold) deposit is a world class deposit which is currently being assessed by Newcrest Mines Ltd. Despite this

strong endowment, there has been only limited exploration activity in Fiji during the last decade, with uncertainties relating to political events in the country serving to limit the ability of companies, including Geopacific, to raise operating capital.
The Interim Government has a policy of encouragement and support for new mining investment and is likely to provide numerous incentives to allow development to proceed without undue delay. Fiji's excellent infrastructure, experienced workforce and low labour costs will be an advantage.

It is with tremendous satisfaction for me to report that Geopacific's experienced and committed exploration team has made such excellent progress towards your Company's goal of locating and developing mineral deposits in Fiji.

During the year Geopacific has also continued with its awareness of its social and environmental obligations and will continue to uphold very high standards in these areas.

I applaud the hard work of all the Geopacific team members during 2008 and look forward to 2009 as a year in which Geopacific steps towards becoming a gold producer at Faddy's and continues to make new mineral discoveries.

On behalf of the Board of Directors I would like to thank shareholders for their support in what has been a very exciting and successful year for Geopacific.

Russell Fountain
Chairman

# Highlights

## Nabila Project

- Completion of the purchase of Millennium Mining (Fiji) Ltd, owner of the **Faddy's epithermal-type gold deposit ('Faddy's')**, where an Inferred Resource of 920,000t @ 4.9g/t Au (144,000 ounces of contained gold) was reported by Climax Mining Ltd in 1991.

- Drill results of near-surface gossan at Faddy's include 'bonanza' high-grade gold ranging up to **138.3g/t gold (4.46 ounces/t Au)**.

- Deeper drilling along the same section show this zone to extend at depth. Drill intervals include **20.5m from 73m of 4.27g/t Au** with **0.5m of 73.2g/t Au**.

- Trench samples of gossan outcrop at the **NE Gossan Zone** at Faddy's range up to **233g/t Au (7.5 ounces/t Au)** in 1m channel samples and these occur within a **28m wide zone averaging 9.71g/t Au**.

  Other outcrops at the NE Gossan Zone include channel samples with high-grade gold:
  - **2m of 37.5g/t Au**
  - **1m of 19.4g/t Au**
  - **1m of 66g/t Au**

- Surface trenches within gossan show wide envelopes of low-grade oxidised gold mineralisation including **54m of 1.26g/t Au**.

## Raki Raki Project

- Soil auger samples collected from the **Block C** area of the **Qalau grid** range up to 6.6g/t Au and define a north trending zone over 100 metres long.

- A new western vein was defined at the **Tataiya Prospect** where gold in soil auger samples range up to 2.1g/t Au over a strike length of 400 metres and high gold content (**up to 64g/t Au**) was returned for quartz vein fragments in soils.

## Vuda Project

- High surface gold values were recorded in trench samples at **Location 13** where channel composites include; **5m of 3.50g/t Au, 4m of 4.68g/t Au, 6m of 3.80g/t Au, 4m of 3.27 g/t Au and 4m of 2.40g/t Au**. Rock chip samples at Location 13 range to **52g/t Au**.

- At the **Sabeta Gold Prospect** stream sediment sampling identified an area of over 1 square kilometre with anomalous gold in stream sediment samples ranging up to 218 ppb Au.

- At the **Mongoose Prospect** deep trenching and sampling was undertaken across an area of high gold in soils.

## Nadi South Project

- Negotiations with other parties to fund joint venture activities.

## Nuku Project

- At the **Wailoaloa Prospect** drill results show a trend of increasing thickness and grade of copper mineralisation beneath a copper depleted surface zone with excellent potential for a significant copper-gold-zinc sulphide deposit.

## Corporate

- Placements totalling FJD$600,000 were approved by Shareholders and these funds were put towards exploration for near-surface gold at the **Faddy's Gold Deposit**.

- AUS$145,000, raised under Geopacific's Shareholder Purchase Plan, was used for working capital and to progress exploration activities.

# Project Review

**Nabila Project** SPL1216 - 100% Millennium Mining (Fiji) Ltd (subsidiary of GPR)
SPL1415 - 100% Millennium Mining (Fiji) Ltd (subsidiary of GPR)

During 2008 Geopacific identified the NE Gossan area of near-surface, high-grade gold with dimensions of over 100 metres along strike and more than 120 metres down dip. This discovery has considerably enhanced the economic viability of an open cut gold mine at the Faddy's Gold Deposit ("Faddy's") for which an Inferred Resource of 920,000t of 4.9g/t gold (144,000 ounces of contained gold) was estimated prior to Geopacific's work.

In the next few weeks Geopacific plans to undertake metallurgical testwork to evaluate the processing parameters for high-grade oxide mineralization and this will form part of a scoping study for a small, open cut mining operation that would be capable of fully exploiting the bonanza potential of the Faddy's deposit.

The location of Faddy's is excellent (Figure 1). Sealed and gravel roads, bridges and proximity to Nadi township enables year-round access. There is ample fresh water and electrical power and the nearby regional centre of Nadi contains infrastructure and services which would be helpful support for future mining operations.

## Drilling

Geopacific has completed 29 diamond drill holes at the north eastern portion of Faddy's (Figure 2, Table 1). Numerous trenches and surface rock chip samples within outcropping gossan above the drilled area were also mapped and sampled for gold (Table 2).

Gold mineralisation occurs within a zone of quartz-pyrite-sericite altered dolerite which dips towards the west (Figure 3). High gold values occur in vuggy quartz veins and silicified, pyritic dolerite which has trace galena and sphalerite mineralisation.

Exploration Drilling Services Pty Ltd undertook the drill programme. Uncut HQ3 size drill core was sampled (0.5m intervals) and logged over portions of visible mineralisation in FAD001-20 and sawn core (halved) was collected over 1m intervals for FAD021-28. For drill holes FAD001-20 core recovery was close to 100% as care was taken to reduce sample loss of mineralised intervals during core handling by sampling the triple tube whole core directly into PVC casing prior logging and collection into plastic bags. The drill core samples were crushed, split, pulverised and assayed for gold by fire assay techniques at Vatukoula Gold Mines Ltd analytical facility. Two-three separate assays were undertaken on all samples reporting over 0.5g/t Au and standard reference samples were included.

Intervals of vuggy quartz veins, breccia, silicified, pyritic or oxidised goerthitic dolerite and volcanic sediments (with trace galena and sphalerite mineralisation) occur in all of the holes. Assay results are summarised in Table 1 together with location data.

Assay data returned from drill hole FAD001 contains **73–93.5m (20.5 metres) of 4.27g/t Au (including 80.5 – 81.0m of 73.2g/t Au).** Shallow, up dip intersections of near-surface oxide mineralisation in hole FAD019 contain bonanza grade gold grades of 2 metres of **90.0g/t Au between 12-14m** within a 9m thick zone of 21g/t Au between 5-14 metres down hole (Figure 3).

High-grade diamond drill core intervals include:

- **0.5m of 73.2g/t Au** between 80.5-81m in FAD001
- **0.5m of 17.25g/t Au** between 65-65.5m in FAD002
- **0.5m 16.33g/t Au** between 16-16.5m in FAD008
- **0.5m of 28.33g/t Au** between 32-32.5m in FAD012
- **2m of 90.0g/t Au** between 12-14m in drill hole FAD019, including **0.5m of 138.3g/t Au**

Sampling of the bonanza grade interval in diamond hole FAD019 (12-14m of 90.0g/t gold) was by selection of whole, HQ size, triple tube drill core over 0.5m intervals. Three replicate assays were undertaken on two separate splits of pulp sample on each 0.5m sampled interval (Table 3) and the reported gold values are the averaged data of each of the six assays on individual 0.5m samples. Repeated assays are within expected variability for this type of deposit.

## Trenching

Twenty two trenches (FT1-FT22) were prepared by backhoe across outcropping gossan which represents the weathered surface outcrop of the deeper sulphide mineralised intersections of drill holes FAD001 and FAD002 and mapping and channel sampling of these was completed (Figure 2, Table 2). Although previous surface sampling of outcropping gossan has been limited (rock chip samples with over 14g/t Au were reported during exploration by other companies), the Geopacific trench sampling is the first detailed geochemical assessment of the oxidised and mineralised gossanous outcrops which can be traced along strike for several hundred metres. A typical trench (FT1) is shown as the front cover of this report.

Channel samples were collected along 0.5 -1.0 metre intervals by preparing 15cm wide, 3-4cm deep sampling cuts. For high grade mineralised zones both walls of the trenches were sampled by horizontal sampling cuts and vertical sample cuts were collected to define shallow dipping structures

Channel sampling of trenches located across the outcropping gossanous zone (Figure 2) was undertaken to determine the surface expression of the mineralisation where it occurs as oxidised, gossanous and iron-rich weathered outcrops. Assay results are summarised in Table 2 together with location data for the trench samples.

High-grade channel samples include;

- **1m of 66g/t Au** at 10m in trench FT1
- **1m of 14.1g/t Au** between 2-3m in FT1
- **0.8m of 24.7g/t Au** between 14.1-14.9m in FT2
- **4m of 71g/t Au** at the northern end of trench FT2,

  including **1m of 233g/t Au**
- **1m of 14.6g/t Au** at 12.5m in FT8
- **1m of 15.2g/t Au** between 9-10m in FT10
- **1m at 19.4g/t Au** between 2-3m in road cut A
- **2m of 37.5g/t Au** between 0-2m in road cut B
- **1m of 10.7g/t Au** between 3-4m in road cut C

Assays of core and channel samples from many of the new drill holes and trenches are in queue for assay and further anomalous gold values are expected to be returned during the first quarter of 2009. In addition to gold, silver and base metal assay data for some of the mineralisation will also be determined. Resources estimation of the high-grade, near-surface oxide mineralisation at NE Gossan is planned.

## Other Nabila Prospects

In addition to Faddy's other prospects within the Nabila Project host base metal skarn and epithermal gold mineralisation. Exploration results reported by other Companies include assays up to 25.0% Zn and 5.60% Cu in surface rock samples and widespread mineralised float rock at the **Tau** and **Kavukavu Prospects** as well as many other anomalies within SPL1415.

## Table 1. Drill Hole Summary, Faddy's Gold Deposit.

| Drill hole summary | | | | | | Drill core assay summary #3 | | | |
|---|---|---|---|---|---|---|---|---|---|
| drill hole | coordinates (local grid, magnetic) | | hole azimuth (grid) | hole dip (degrees) | hole depth (m) | down-hole #1 | | interval (meters) | gold (g/t) (#2) |
| | northing | easting | | | | from (m) | to (m) | | |
| FAD001 | 5150 | 3500 | 330 | 85 | 202.3 | 73 | 93.5 | 20.5 | 4.27 |
| | | | | | incl #4 | 77.5 | 82.5 | 5 | **12.25** |
| | | | | | incl #4 | 80 | 80.5 | 0.5 | **24.33** |
| | | | | | incl #4 | 80.5 | 81 | 0.5 | **73.20** |
| | | | | | incl #4 | 92 | 92 | 1 | 9.32 |
| FAD002 | 5150 | 3500 | 150 | 60 | 122.2 | 48.5 | 56.5 | 8 | 2.09 |
| | | | | | incl | 49 | 52 | 3 | 3.58 |
| | | | | | | 63 | 68.5 | 5.5 | 2.29 |
| | | | | | incl #4 | 65 | 65.5 | 0.5 | **17.25** |
| FAD003 | 5165 | 3580 | 150 | 45 | 35.2 | 25.5 | 27 | 1.5 | 3.18 |
| FAD004 | 5165 | 3580 | | 90 | 69.8 | 23 | 25 | 2 | 1.09 |
| FAD005 | 5150 | 3660 | 150 | 45 | 39.2 | all < 1g/t Au | | | |
| FAD006 | 5150 | 3660 | | 90 | 50 | 24 | 27 | 3 | 0.90 |
| FAD007 | 5150 | 3620 | 150 | 45 | 42.2 | all < 1g/t Au | | | |
| FAD008 | 5150 | 3620 | | 90 | 40.5 | 14 | 17.5 | 3.5 | 3.19 |
| | | | | | incl #4 | 16 | 16.5 | 0.5 | **16.33** |
| FAD009 | 5130 | 3540 | | 90 | 63.9 | 18 | 25 | 7 | 2.00 |
| | | | | | | 26.5 | 37 | 9.5 | 1.10 |
| | | | | | incl | 26.5 | 29.5 | 3 | 2.24 |
| | | | | | | 45 | 53.5 | 8.5 | 0.74 |
| FAD010 | 5130 | 3560 | | 90 | 65.4 | 22 | 23 | 1 | 2.18 |
| FAD011 | 5135 | 3580 | | 90 | 70 | 5 | 18 | 13 | 1.64 |
| | | | | | incl | 5 | 6 | 1 | 6.00 |
| FAD012 | 5100 | 3500 | | 90 | 65 | 25 | 27 | 2 | 1.08 |
| | | | | | | 31 | 35 | 4 | 6.85 |
| | | | | | incl #4 | 32 | 32.5 | 0.5 | **28.33** |
| | | | | | | 44 | 47.5 | 3.5 | 3.59 |
| FAD013 | 5130 | 3520 | | 90 | 75.9 | 13 | 14 | 1 | 3.67 |
| | | | | | | 34 | 36 | 2 | 5.35 |
| FAD014 | 5130 | 3580 | | 90 | 50.4 | 0 | 15 | 15 | 0.54 |
| | | | | | incl | 0 | 2 | 2 | 1.75 |
| FAD015 | 5100 | 3560 | | 90 | 40 | 0 | 2 | 2 | 2.46 |
| FAD016 | 5100 | 3540 | | 90 | 45.9 | 0 | 11.5 | 11.5 | 3.95 |
| | | | | | incl | 3 | 5 | 2 | **10.17** |
| | | | | | incl | 7.5 | 8.5 | 1 | 9.90 |
| | | | | | | 18.5 | 35 | 16.5 | 1.81 |
| | | | | | incl | 34 | 35 | 1 | **10.28** |
| FAD017 | 5100 | 3520 | | 90 | 17.4 | | | | #5 |
| FAD017A | 5100 | 3520 | | 90 | 45.9 | 0 | 10 | 10 | 1.40 |
| | | | | | | 13.5 | 15 | 1.5 | 1.56 |
| | | | | | | 17.5 | 19 | 1.5 | 1.24 |
| FAD018 | 5035 | 3520 | | 90 | 20.4 | all < 1g/t Au | | | |

*Continued….Table 1. Drill Hole Summary, Faddy's Gold Deposit.*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| FAD019 | 5084 | 3493 | | 90 | 36.4 | 5 | 14 | 9 | **21.0** |
| | | | | | incl | 12 | 14 | 2 | **90.0** |
| | | | | | incl #4 | 12 | 12.5 | 0.5 | **89.5** |
| | | | | | incl #4 | 12.5 | 13 | 0.5 | **94.3** |
| | | | | | incl #4 | 13 | 13.5 | 0.5 | **138.3** |
| | | | | | incl #4 | 13.5 | 14 | 0.5 | **37.8** |
| FAD020 | 5123 | 3466 | 150 | 60 | 60 | all < 1g/t Au | | | |
| FAD021 | 5084 | 3502 | | 90 | 25 | 0 | 12 | 12 | 1.63 |
| | | | | | incl | 7 | 11 | 4 | 3.02 |
| FAD022 | 5084 | 3495 | 150 | 45 | 37.2 | 0 | 9 | 9 | 1.43 |
| | | | | | | | | | |

#1 Down-hole depths/intervals may not be true thicknesses.

#2 Assays from selected core intersections only. Assays of some intervals are yet to be received and average values and mineralised intervals will change for each hole when these are at hand.

#3 Fire assays completed on drill core at Vatukoula Gold analytical laboratory (Fiji). All results >0.5g/t Au have been re-assayed. Internal and external controls including standard reference material have been analysed.

#4 Averages of samples of each 0.5m interval of whole drill core. Each was assayed in triplicate.

#5 Assays not yet received.

## Table 2. Trench Summary, Faddy's Gold Deposit.

| Trench summary | | | | | | Channel sample assay summary | | | |
|---|---|---|---|---|---|---|---|---|---|
| Trench number | start coordinates (local grid, magnetic) | | end coordinates (local grid, magnetic) | | trench length (m) | length | | composite interval (#1) | gold (g/t) #3 |
| | northing | easting | northing | easting | | from (m) | to (m) | | |
| FT01 | 5035 | 3545 | 5095 | 3525 | 61 | 2 | 3 | 1 | **14.1** |
| | | | | | | 7 | 61 | 54 | 1.26 |
| | | | | | incl | 26 | 33 | 7 | 2.81 |
| | | | | | incl | 30 | 31 | 1 | 9.41 |
| | | | | | incl | 47 | 53 | 6 | 2.98 |
| | | | | | incl | 10 | 10 | 1(V) | **66.0** |
| | | | | | | 9.75 | 10.05 | 0.3 | **48.0** |
| FT02 | 5045 | 3520 | 5085 | 3520 | 41 | 0 | 23 | 23(V) | 0.80 |
| | | | | | incl | 12 | 15 | 3(V) | 3.23 |
| | | | | | | 13 | 41 | 28 | 9.71 |
| | | | | | incl | 14.1 | 14.9 | 0.8 | **24.7** |
| | | | | | incl | 28 | 32 | 4 | **71.2** |
| | | | | | incl | 28 | 29 | 1 | **233.3** |
| FT03 | 5097 | 3580 | 5120 | 3580 | 23 | 0 | 22 | 22 | 1.00 |
| | | | | | incl | 13 | 14 | 1 | 7.06 |

*Continued….Table 2. Trench Summary, Faddy's Gold Deposit.*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| FT04 | 5110 | 3600 | 5133 | 3600 | 23 | | | | #2 |
| FT05 | 5110 | 3640 | 5126 | 3640 | 17 | | | | #2 |
| FT06 | 5072 | 3492 | 5078 | 3491 | 6 | 1.5 | 5.5 | 4 | 4.22 |
| | | | | | incl | 1.5 | 2.5 | 1 | 8.89 |
| FT07 | 5040 | 3440 | 5042 | 3444 | 6 | | | | #2 |
| FT08 | 4995 | 3517 | 4976 | 3516 | 16 | 12.5 | 12.5 | 1(V) | **14.6** |
| | | | | | | 12.1 | 13.3 | 1.2 | 8.60 |
| FT09 | 4991 | 3540 | 4985 | 3542 | 6 | 3 | 3 | 1(V) | 3.46 |
| FT10 | 5100 | 3550 | 5070 | 3575 | 31 | 0 | 30 | 30 | 1.50 |
| | | | | | incl | 0 | 11 | 11 | 3.05 |
| | | | | | incl | 10 | 11 | 1 | **12.4** |
| | | | | | east wall | 9 | 10 | 1 | **15.2** |
| FT11 | 5072 | 3563 | 5050 | 3560 | 22 | 3 | 9 | 6 | 4.44 |
| FT12 | 5085 | 3548 | 5052 | 3552 | 34 | 10 | 34 | 24 | 1.66 |
| | | | | | incl | 30 | 32 | 2 | 8.34 |
| FT13 | 5032 | 3589 | 5025 | 3570 | 18 | | | | #4 |
| FT14 | 5057 | 3588 | 5051 | 3588 | 6 | 0 | 4 | 4 | 1.53 |
| FT15 | 5056 | 3603 | 5048 | 3600 | 8 | 0 | 6 | 6 | 0.47 |
| FT16 | 5065 | 3530 | 5056 | 3532 | 9 | | | | #4 |
| FT19 | 5052 | 3488 | 5040 | 3480 | 12 | | | | #4 |
| FT21 | 5075 | 3453 | 5060 | 3459 | 15 | | | | #4 |
| FT22 | 5066 | 3440 | 5060 | 3442 | 7 | | | | #4 |
| roadcut A | 5072 | 3500 | 5080 | 3499 | 8 | 0 | 8 | 8 | 3.44 |
| | | | | | incl | 1 | 4 | 3 | 8.06 |
| | | | | | incl | 2 | 3 | 1 | **19.4** |
| roadcut B | 5075 | 3478 | 5070 | 3473 | 8 | 0 | 8 | 8 | **10.1** |
| | | | | | incl | 0 | 2 | 2 | **37.5** |
| roadcut C | 5038 | 3551 | 5034 | 3548 | 4 | 3 | 4 | 1 | **10.7** |

#1 Samples collected along horizontal intervals (1m) along base of wall of trench. V denotes samples collected by vertical channel sampling at 1m spacing.

#2 Assay results all less than 0.5g/t Au.

#3 Fire assays completed at Vatukoula Gold analytical laboratory (Fiji). All results >0.5g/t Au have been re-assayed.

#4 Assays not yet received.

**Table 3. Assay data for drill core samples of the 'bonanza' gold zone in FAD019.**

| *from* | *to* | *sample number* | *Replicate assays on split #1* | | | *Replicate assays on split #2* | | | *average* |
|---|---|---|---|---|---|---|---|---|---|
| *metres* | *metres* | | *grams per ton gold* | | | | | | |
| 12.00 | 12.50 | 14527 | 91.5 | 92.5 | 93.0 | 90.5 | 78.5 | 91.0 | **89.5** |
| 12.50 | 13.00 | 14528 | 94.0 | 96.0 | 96.0 | 93.5 | 91.5 | 95.0 | **94.3** |
| 13.00 | 13.50 | 14529 | 140.0 | 143.0 | 143.0 | 127.0 | 139.0 | 138.0 | **138.3** |
| 13.50 | 14.00 | 14530 | 38.0 | 38.5 | 38.5 | 37.0 | 37.0 | 37.5 | **37.8** |

**Vuda Project** SPL1368 Geopacific Ltd (subsidiary of GPR) has an option to purchase 80%
SPL1361 Geopacific Ltd (subsidiary of GPR) has an option to purchase 100%

Exploration at Vuda during 2008 focused on surface gold-in-soil anomalies which have potential to host small, high-grade gold deposits to provide oxidized ore which can be developed using a simple gravity circuit to produce a gold concentrate. Three areas were explored (Location 13, Mongoose Pit, Sabeto) and each showed excellent prospects for a significant surface gold resource.

## Location 13 Prospect

Mapping and sampling at the Location 13 Prospect has defined gold mineralized soils and weathered outcrop within an area covering 250mx150m (Figure ….). Remnants of gold prospecting during the early 1900's occur in the east of Location 13 where a shallow collapsed adit and small prospecting pits were located and exploration by other companies has identified a substantial gold anomaly. In the east of the Location 13 Prospect Freeport Mining Ltd completed drill hole RC48 in 1982 and reported an intersection 9m of 13g/t Au from surface. Soil auger drilling by Freeport included gold in soil values ranging to 11g/t Au.

Mapping and sampling by Geopacific in early 2008 defined high gold grades distributed in soil (up to 3.64g/t Au) and rock chip samples (up to 52g/t Au) throughout Location 13. Wide variability of repeated assays on many of these samples indicated that the gold is generally coarse and nuggetty.

Mapping and trench sampling in the western part of Location 13 defined NNE oriented mineralised zones which trend along strike for over 100m and appear to intersect in the SW portion of the prospect (Figure ….). This mineralisation was defined at surface by seven trenches and pits (T1W-T7W). Strongly weathered and clay altered rock within each trench was channel sampled (horizontal and some vertical samples) and gold assays were determined.

Significant gold intersections include:

| | | |
|---|---|---|
| Trenches; | T1W | 5m of 3.50g/t Au (vertical channel sampling) |
| | T2W | 4m of 2.40g/t Au |
| | T5W | 6m of 3.80g/t Au |
| | T6W | 4m of 3.27g/t Au |
| | T7W | 4m of 4.68g/t Au |
| Pit; | northern pit, 0.90m vertical interval of 3.63g/t Au | |

Drilling undertaken during previous exploration by other companies failed to define the NNE-trending, steeply dipping mineralised structures as many previous drill holes were vertical. Exceptions include RC35, located near the south end of the western mineralised trend, which intersected 3m of 4.2g/t Au and drill hole DDR13/5 which was drilled beneath a surface gold anomaly along the eastern trend and which intersected 6m of 4.0g/t Au close to Geopacific's trench T2W.

## Mongoose Pit Prospect

At the Mongoose Pit Prospect Geopacific completed three trenches (T1, T2 and T3) across a 20-30m wide, north trending anomaly (Figure …) where previous exploration in 1981 by Nullarbor Holdings Pty Ltd ('Nullarbor') first reported abundant gold in panned surface soil samples and thin veinlets of very high grade gold-zinc-lead-copper mineralisation.

Twelve auger drill holes undertaken by Nullarbor intersected gold mineralisation in soils with gold mineralised intervals including; 4m (0-4m) of 17.7g/t Au in auger hole #6 and 4m (0-4m) of 12.7g/t Au and 1.5m (4-5.5m) of 16.2g/t Au in auger hole #12. A summary of the Nullarbor assay data is given in Figure …..

A prospecting pit dug by Nullarbor (Mongoose Pit) close to auger hole #6 contained thin (<2mm wide) veinlets of sphalerite, galena and trace chalcopyrite with very high gold assays (up to 330g/t Au), 32% Zn, 10% Pb, 1.35% Cu and anomalous silver (75g/t Ag). The mineralised host rock was described as a phyllic altered shonshonite within a fault zone.

Volcanic rock exposed in the Geopacific trenches is strongly weathered and fractured. Near the Mongoose pit area of T2 mapping has identified a structural zone which dips towards the east at 60 degrees and this is most likely the structure which hosts the thin high-grade veinlets collected by Nullarbor in the Mongoose Pit. Near the eastern end of T3 a second structure has been recognised (E1 lode on Figure …) and this corresponds to a mineralised outcrop (1.9g/t Au) reported by Nullarbor. The E1 lode area also has traces of gold in surrounding panned soil samples and E1 may represent a separate parallel structure to the fault identified at Mongoose pit. At the southern end of the soil gold anomaly transported talus debris is widespread and covers insitu soil and bedrock. Deeper auger drilling will be required to determine if the soil gold anomaly extends to the south.

Planned follow-up during 2009 includes extension of the soil auger drilling coverage and trenching along the trend of the mineralised structures as well as deeper drill testing to establish the depth extent of the high grade surface samples.

## Sabeto Gold Prospect

Stream sediment sampling at the **Sabeta Gold Prospect** has identified an area of over 1 square kilometre which is shedding gold into streams (Figure …) and near the centre of the anomalous area the gold content of stream sediment samples ranges up to 218 ppb Au. The gold anomaly consists of soil covered, forested or grassy ridges and outcrop is rare. Some rock chip samples collected from transported boulders in the creeks draining the anomaly contain up to 1ppm Au although the source of the anomalous gold has yet to be identified.

Geopacific plans to establish a grid over the anomaly and undertake trenching and soil sampling across the circular topographic feature near the centre of the prospect.

**RakiRaki Project** SPL1231, SPL1373, SPL1436

50% Beta Ltd (subsidiary of GPR) - Operator
50% Peninsula Minerals Ltd

The RakiRaki Project is located in northern Viti Levu (Figure 1) and is a 50% joint venture between Peninsula Minerals Limited and Geopacific Resources NL. Geopacific is the manager of the joint venture.

## Qalau and 4300 Prospects

Soil auger drilling was undertaken at the Qalau Prospect (Block C Area) where bottom of the hole samples were collected from weathered bedrock by hand drilled auger holes. Anomalous gold assays ranging up to 6.60g/t Au have defined a north trending gold anomaly. Previous drilling at Qalau has been ineffective in testing this target.

Soil auger samples using a hand-held auger were collected from 1-3m depths at 5m spacing along 10m spaced grid lines at Grids A, B and C in the Qalau Prospect. Best results are from Block C which covers a 100m x 100m area surrounding diamond drill hole DDHQ002 which was drilled by Geopacific in 2006 (Figure …). A 1m interval of low grade mineralisation was intersected by DDHQ002 (1.24g/t Au between 9-10m) which was oriented towards the SSE at a 60 degree dip.

The anomalous soil data show that a narrow (10-25m wide), north trending zone of gold anomalous soils located to the west of the trace of DDHQ002 which was drilled parallel to the trend of the anomaly and was unlikely to have intersected the bedrock source of the anomaly which most likely has a vertical or steep west dip. The soil gold anomaly has not been closed to the north and south and further auger sampling is planned to in these directions. Follow-up drilling is proposed to further test the anomaly.

## Tataiya Prospect

Six traverse lines of soil auger holes were completed at the Tataiya Prospect where the Tataiya vein and associated mineralised structures and veins extend for a strike extent of over two kilometres (Figure …).

The soil auger sampling has confirmed the location of the previous gold in soil anomalies and has also defined a new gold vein zone several hundred metres to the west of the Tataiya vein. Soil auger samples at the new western vein range between 0.81-2.1g/t Au and the mineralisation appears to extend for at least 400m along trend.

Debris of small mineralised quartz vein fragments were collected from the northern end of the Tataiya Vein where previous Geopacific work has located mineralised vein material with up to 350g/t Au and 1.3% Cu. Repeat gold assays on these fragments range between 59-64g/t Au.

Previous exploration drilling at Tataiya has not adequately tested the vein systems since most veins appear to be dipping steeply towards the east and sub parallel to the direction of the drill holes.

### Other Prospects

Elsewhere in the RakiRaki Project stream sediment sampling has located other gold anomalies for follow-up. Among these, the **Nasava Ridge** area contains a 4 kilometre ridge line which is shedding anomalous gold values into creeks both to the north and south.

### Tenement renewal

Applications for renewal of SPL1231 and SPL1373 were lodged in late December 2008. The Fiji Mines Act requires that portions of each tenement are relinquished. Geopacific have applied to renew 3,360 hectares of SPL1231 (4,430 hectares or 56.9% of SPL1231 relinquished) and to renew 1,835 hectares of SPL1373 (1,606 hectares or 46.7 % of SPL 1371 relinquished). Exploration has shown that there is very limited potential for the occurrence of economic mineralisation in the relinquished areas.

## **Nadi South Project** SPL1434 – 100% Geopacific Ltd (subsidiary of GPR)

Discussions were conducted with several groups who expressed an interest in joint venture of the Nadi South project, in particular the **Togo Porphyry Cu-Au Prospect.** Site visits and data evaluations were undertaken and discussions are continuing.

Only limited field work was undertaken at Nadi South during 2008 but surface mapping and sampling is planned in the southern portion of the **Togo Porphyry Cu-Au Prospect** during 2009. This work will focus on potential surface gold oxide mineralisation at the **Red Hills Prospect** and at the **Tokara Vein Prospect**.

Any future high-grade gold discoveries at the Nadi South Project could be developed, mined and processed using joint facilities with the Faddy's Gold Project which is located less than 15 kilometres by formed road from the Nadi South area.

## **Nuku Project** SPL1368 - 100% Geopacific Ltd (subsidiary of GPR)
CX667 – 100% Geopacific Ltd (subsidiary of GPR)

Drilling in late 2007 at the **Wailoaloa Prospect** (diamond drill holes DDHNW001 and DDHN002), confirmed a south dipping (20-30 degrees) pro-grade skarn rock which contains magnetite, garnet, epidote and pyrite, with retrograde sulphide mineralisation containing copper, gold and zinc. *(a skarn is a metamorphosed calcareous sediment into which silica and other elements, often including metals, have been introduced from an adjoining intrusive body)*

Assay highlights from sawn core from the two diamond drill holes completed at Wailoaloa are;

DDHNW001; 25.35m @ 28.15% Fe (17.35 – 42.7m),

4.7m @ 0.14% Cu (37.1 – 41.8m),
3m @ 3.11% Zn (30.2 – 33.2m), and
0.8m @ 2.19% Zn (25.8 – 26.5m)

DDHNW002; 19.85m @ 35.69% Fe (44 – 63.85m),
9.6m @ 0.53% Cu (50 – 59.6m), and
11.8m @ 0.21 g/t Au (41.8 – 53.6m)

The drill results clearly show a trend of increasing thickness and grade of copper mineralisation beneath a copper depleted surface zone and show excellent potential for a significant copper-gold-zinc sulphide deposit at Wailoaloa.

Interpretation of the regional three dimensional heli-magmetic survey (Geopacific geophysical survey undertaken in 1997) and evaluation of the recent 2007 drill results at the Wailoaloa Prospect, indicate that there is excellent potential for large-tonnage skarn deposits at Nuku. The volume of Wailoaloa skarn rock has been estimated from the magnetic data and the area could have the potential for 120,000 tonnes of mineralisation per vertical metre. Magnetic models of the Wailoaloa skarn show that it extends to at least 500 metres deep and has the potential to host 60-80 million tonnes of skarn rock.

## Corporate

Extraordinary General Meeting

Shareholders of Geopacific Resources NL met for an Extraordinary General Meeting on 18 September 2008 to consider and approve the issue of a total of six million Geopacific shares and three million Geopacific options to fund exploration and further drill testing of the Faddy's Gold Deposit. The following resolutions were carried;

- *Resolution 1 - Issue of shares and options to Ian Simpson*

Shareholders approved the allotment and issue 5,000,000 ordinary shares at FJD$0.10 (approximately AUD$0.0697662) per share and the grant of 2,500,000 options exercisable at FJD$0.10 per share with an expiry date of 1 August 2013 to Mr Ian Simpson, a Director of Geopacific Resources NL.

- *Resolution 2 - Approval of issue of 1,000,000 shares and 500,000 options to Exploration Drilling Services (Fiji) Ltd*

Shareholders ratified and approved the allotment and issue of 1,000,000 ordinary shares at FJD$0.10 (approximately AUD $0.0697662) per share and the grant of 500,000 options exercisable at AUD$0.10 per share with an expiry date of 1 August 2013 to Exploration Drilling Services (Fiji) Ltd.

- *Special Resolution 3 - Appointment of Auditor*

Shareholders approved the appointment of KS Black & Co as Auditor of the Company.

Shareholder Purchase Plan

On 22 September, 2008 Shareholders were invited to participate in a voluntary Share Purchase Plan ("SPP") in which each eligible Shareholder was offered the opportunity to purchase Share parcels of either AUD$1,000 (a total of 18,450 Shares); AUD$3000 (a total of 55,350 Shares) or a AUD$5,000 (a total of 92,250 Shares) in Geopacific Resources NL for subscription of 5.42 cents (Australian) per Share. AUD$145,000 was raised under the SPP for the purchase of 2,675,250 new shares.

# DIRECTORS REPORT

## 1. Directors of Geopacific Resources NL

The Directors present their report together with the financial report of Geopacific Resources N.L. (“Geopacific”) (“the Company”) and of the Group, being the Company and its subsidiaries, Geopacific Limited (“GPL”) and Beta Limited (“Beta”), for the financial year ended 31 December 2008, and the auditors’ report thereon.

### DIRECTORS

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

**Russell John Fountain, B.Sc., Ph.D, F.A.I.G., Chairman**
Dr Fountain was appointed a Director and Chairman of the Company on 23 September, 2005. He is a Sydney-based consulting geologist with 41 years of international experience in all aspects of mineral exploration, project feasibility and mine development. Previous positions include President, Phelps Dodge Exploration Corporation; Exploration Manager, Nord Pacific Ltd and Chief Geologist, CSR Minerals. Russell has had global responsibility for corporate exploration programs with portfolios targeting copper, gold, nickel and mineral sands. He played a key role in the grassroots discovery of mines at Granny Smith (Au in WA), Osborne (Cu-Au in Qld) and Lerokis (Au-Cu in Indonesia) and the development of known prospects into mines at Girilambone (Cu in NSW) and Waihi (Au in NZ). Russell holds a PhD in Geology from the University of Sydney (awarded in 1973), with a thesis based on his work at the Panguna Mine (Cu-Au in PNG). He worked as a project geologist on the Namosi porphyry copper deposit in Fiji from 1972 to 1976. Russell is a Fellow of the Australian Institute of Geoscientists, and Executive Chairman of Finders Resources Ltd.

**Ian James Pringle, B.Sc. (Hons.), Ph.D, Managing Director**
Dr Pringle was appointed Managing Director of the Company on 23 September, 2005. He is a Sydney-based exploration geologist with over 23 years of specialist expertise in exploration for silver, gold, and copper within Australia and SE Asia. Ian gained a doctorate from the University of Otago in Dunedin, New Zealand in 1981 where he studied petrology, mineralogy and geochemistry of metamorphosed volcanic rocks and taught laboratory classes in economic geology. During his career, Ian has worked in mineral exploration programmes that have resulted in successful mineral discoveries;

- in Northern Australia with Elf Aquitaine,
- the Lerokis Au-Cu-Ag deposit, Indonesia with CSR Minerals,
- the Girilambone copper deposit, NSW with Nord Resources, and
- in Australia, the Philippines and Cyprus as Exploration Manager for Golden Shamrock Mines and Oxiana Ltd (Oz Minerals Ltd).

Ian coordinated due diligence studies on Sepon (Laos) for Oxiana and supervised resource drilling of the main gold and copper deposits. Ian’s recent and current work includes exploration and resource evaluation of the Bowdens Silver Deposit, near Mudgee, NSW, an epithermal-style mineralised system which contains over 80 million ounces of silver and which is owned by Silver Standard Resources Inc, one of the few publicly traded companies focused exclusively on the discovery and acquisition of silver-dominant projects. Ian is a director of Silver Standard Australia Pty. Ltd.

**Willie Anthony Brook, B.Sc., M.A.I.G., Executive Director**
Mr Brook has served two terms as Managing Director of the Company. He is a geologist with over 43 years experience in the industry, including senior positions with Australian and international exploration and mining companies.

Bill spent six years as a contract field geologist (1980-86) exploring for epithermal gold deposits in Papua New Guinea, Vanuatu and Fiji, which resulted in the discovery of several grassroots gold prospects. In 1986 he commenced geological work on behalf of GPL in Fiji and discovered the Tuvatu Gold Deposits, which were sold to Emperor Mines Ltd in 1997. He is a member of the Mining Council of Fiji, the Fiji Mining and Quarrying Wages Council and the Mining and Development Technical Committee; the latter two posts being Government appointments. Bill resides in Fiji and is responsible for maintaining and monitoring the Company's operations in Fiji and developing new projects. He is Managing Director of Geopacific Ltd and a Director of Beta Ltd and Millennium Mining Fiji Ltd.

**Ian Neville Aston Simpson, Non - Executive Director**
Mr Simpson was appointed a Director of the Company in March 2001. Ian recently retired as the Managing Director of Pacific Crown Aviation (Fiji) Ltd, which operates a helicopter service based out of Nadi Airport in Fiji. Ian received his training as a helicopter pilot and engineer in the Royal Navy, and as such has been involved with the exploration industry in Fiji since 1970. Ian has been associated with GPL since 1981 and has been a Director since 1994. He is also a Director of Beta Ltd and Millennium Mining Fiji Ltd. Mr Simpson is a citizen of Fiji.

**Craig Kingsley McCabe, B.Ec., F.A.I.B.F., A.I.M.M. -Alternate Director to Mr Simpson**.
Mr NcCabe has over 18 years experience in financial markets, having worked for banks and merchant banks in Australia, where he dealt in interest rates, securities and equities. During the last 14 years Craig has been engaged in managing his family businesses with interests in Australia and Fiji.

**Roger Harvie Probert, Non - Executive Director**
Mr Probert was elected chairman of GPL in 1997. In 1970-71 he served for one year as a field manager for Barringer Research in a mineral exploration programme in Fiji. In 1972 he joined The Fiji Gas Co. Ltd., and was appointed general manager and chief executive in 1983. He is also general manager and a Director of the associated companies, Fiji Chemicals Ltd and Tonga Gas Ltd. Harvie served as a Board member of the Civil Aviation Authority of Fiji, Capital Markets Development Authority, Fiji Islands Revenue and Customs Authority and chairman of Airports Fiji Ltd. He is also chairman of the Mining Council of Fiji and was president of the Fiji Institute of Management (1989-91) and the Fiji Employees Federation (1993-95). He is Chairman of Geopacific Ltd and a Director of Millennium Mining Fiji Ltd. Mr Probert is a citizen of Fiji.

## COMPANY SECRETARY

**Mr Grahame Clegg, JP, BCom., CA, ACIS., MAICD,FTIA, AFAIM, FNTAA, SAFin**.
Mr Clegg was appointed to the position of Company Secretary on 14 July 2006 and has over 36 years experience in audit, financial and corporate roles including 16 years in Company secretarial roles for ASX-listed companies. He is a director of Oakhill Hamilton Pty Ltd, and Taen Pty Ltd, companies which provide secretarial, accounting and corporate advisory services to a range of listed and unlisted companies.

## 2 Principal Activity

The principal activity of the Group is exploration for gold and gold-copper deposits in Fiji. There was no significant change in the nature of this activity of the Group during the financial year.

## 3 Operating and Financial Review

The loss of the Group for the year ended 31 December 2008 was $388,902 (2007: loss $419,737). Information on the operation and financial position of the Group and its business strategies and prospects are set out in the review of operations.

## 4 Dividends

The Directors do not recommend the payment of a dividend.

Dividends paid or declared since the end of the previous year were $Nil.

## 5 State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review, not otherwise disclosed in this report.

## 6 Events Subsequent to Reporting Date

Except for the acquisition of Millenium Mining (Fiji) Limited, including its assets, no matter or circumstance has arisen since 31 December 2008 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

## 7 Directors' Interests and Benefits

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

| | **Direct shares** | **Indirect shares** | **Options** |
|---|---|---|---|
| R J Fountain [1] | 10,000 | 30,000 | Nil |
| I J Pringle | 10,000 | 142,250 | 1,500,000 |
| W A Brook | 2,813,353 | 1,464,400 | Nil |
| I N A Simpson | 711,145 | 5,018,450 | 2,500,000 |
| R H Probert | 589,454 | Nil | Nil |
| C K McCabe (Alternate) | Nil | Nil | Nil |

(1) Russell Fountain is a director of Finders Resources Ltd which holds 5,900,000 shares.

## 8 Directors' Meetings

During the year ended 31 December 2008 a total of two Directors' Meetings were held. Directors' attendance record is tabulated below.

Record of Directors' Attendance at Meetings

| Director | Service | Attended * | Eligible to Attend | Leave of Absence |
|---|---|---|---|---|
| R J Fountain | All year | 2 | 2 | - |
| I J Pringle | All year | 2 | 2 | - |
| W A Brook | All year | 2 | 2 | - |
| I N A Simpson | All year | 2 | 2 | - |
| R H Probert | All year | 2 | 2 | - |
| C K McCabe (alt. to I. Simpson) | All year | - | - | - |

* Either in person, or by electronic means.

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

## 9 Likely Developments

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

## 10 Environment Regulations

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

## 11 Events occurring after the balance sheet date

The 14,286 partly paid shares which were forfeited during the year were auctioned on 31 January 2009 for a consideration of $143.

No other matters or circumstances have arisen since 31 December 2008 that have significantly affected or may significantly affect the Group's operations in future financial years, or the results of those operations in future financial years, or the Group's state of affairs in future financial years.

## 12 Share Options

*There are 9,950,000 options over unissued shares unexercised at 31 December 2008 ( 2007 – 1,900,000).*

***Issues in current year***

***Share placement***

Options have been issued to Ian NA Simpson, a director and others as free attaching options to shares issued under a share placement approved by the company in general meeting on the following terms and conditions:

The Optionholder is entitled on payment of the Exercise Price (being 10c per share) to be allotted one ordinary share in the Company for each Option exercised. The Options held by the Optionholder are exercisable in whole or in part, not later than 1 August 2013. Options not exercised before the expiry of the Exercise Period will lapse.

***Acquisition of Millenium Mining (Fiji) Ltd***

Options were issued to the former shareholders as part consideration for the acquisition of their shares on the following terms and conditions:

In respect of 4,000,000 options the Optionholder is entitled on payment of the Exercise Price (being 50c per share) to be allotted one ordinary share in the Company for each Option exercised. The Options held by the Optionholder are exercisable in whole or in part, not later than five years after the defining on Faddy's Gold Deposit of a JORC compliant ore reserve of over 200,000 ounces of contained gold.

In respect of 1,000,000 options the Optionholder is entitled on payment of the Exercise Price (being $1.00 per share) to be allotted one ordinary share in the Company for each Option exercised. The Options held by the Optionholder are exercisable in whole or in part, not later than ten years after the defining on Faddy's Gold Deposit of a JORC compliant ore reserve of over 1,000,000 ounces of contained gold. Options not exercised before the expiry of the Exercise Period will lapse.

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

The model inputs for the options granted during the year ended 31 December 2008 on the acquisition of Millenium Mining (Fiji) Ltd included:

| | | 2008 | 2008 |
|---|---|---|---|
| (a) | options are granted for no consideration | | |
| (b) | exercise price | $0.50 | $1.00 |
| (c) | grant date | 6.06.2008 | 6.06.2008 |
| (d) | vesting date | 6.06.2008 | 6.06.2008 |
| (d) | expiry date | 6.06.2015 | 6.06.2028 |
| (e) | share price at grant date | $0.14 | $0.14 |
| (f) | expected price volatility of the Company's shares | 90.0% | 90.0% |
| (g) | expected dividend yield | 0.0% | 0.0% |
| (h) | risk-free interest rate | 7.0% | 7.0% |

***Issues in prior year***

Options were issued to Ian J Pringle & Associates Pty Ltd, a Company controlled by Dr Pringle, were granted on the following terms and conditions:

(a) The Optionholder is entitled on payment of the Exercise Price (being 20c, 25c and 30c in respect of the three instalments each of 500,000 options respectively listed in paragraph (b) below) to be allotted one ordinary share in the Company for each Option exercised (subject to possible adjustments referred to below).

(b) The Options held by the Optionholder are exercisable in whole or in part as follows:

- as to 500,000 Options, within 5 years of the first anniversary of Listing;
- as to 500,000 Options, within 5 years of the second anniversary of Listing; and
- as to 500,000 Options, within 5 years of the third anniversary of Listing ("Exercise Period").

Options not exercised before the expiry of the Exercise Period will lapse. The Optionholder is not entitled to exercise the Options unless Dr Pringle continues to hold the position of Director of the Company until at least the first anniversary (and in the case of the remaining instalments each of 500,000 options, the second and third anniversaries respectively) of the date of listing the Company on the ASX.

## 13 Insurance of Officers

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

## 14 Auditor

KS Black & Co was appointed as auditor on 22 September 2008 and continues in office in accordance with section 327 of the *Corporations Act 2001.*

## 15 Non-audit Services

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

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

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

| | Consolidated | |
|---|---|---|
| | **2008** | 2007 |

| | | |
|---|---|---|
| *Assurance services* | **$** | $ |
| *1. Audit services* | | |
| KS Black & Co Australian firm: | | |
| Audit of the financial report and other audit work under the *Corporations Act 2001* | | |
| - Current year | **-** | - |
| ***Total remuneration for audit services*** | **-** | - |
| | | |
| ***BDO Kendalls Australian firm:*** | | |
| ***Audit of the financial report and other audit work under the Corporations Act 2001*** | | |
| ***- Review of the half-year financial report*** | **7,575** | - |
| ***Total remuneration for audit services*** | **7,575** | - |
| | | |
| ***Nexia Court & Co Australian firm:*** | | |
| ***Audit of the financial report and other audit work under the Corporations Act 2001*** | | |
| ***- Current year*** | **-** | 16,725 |
| ***- Prior year*** | **19,083** | 18,713 |
| ***- Review of the half-year financial report*** | **-** | 5,266 |
| ***Total remuneration for audit services*** | **19,083** | 40,704 |
| | | |
| *2. Other assurance services* | | |
| Ernst & Young Fijian firm: | | |
| Audit and review of financial reports | **6,247** | 9,507 |
| ***Total remuneration for other assurance services*** | **6,247** | 9,507 |
| ***Total remuneration for assurance services*** | **32,905** | 50,211 |
| | | |
| *Taxation services* | | |
| Nexia Court & Co Australian firm: | | |
| Tax compliance services, including review of Company income tax returns | **-** | 1,863 |
| ***Total remuneration for taxation services*** | **-** | **1,863** |

## 16 Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 44 and forms part of the Directors' report for the financial year ended 31 December 2008.

## 17 Remuneration Report (Audited)

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

A Principles used to determine the nature and amount of remuneration

B Details of remuneration
C Service agreements
D Share-based compensation

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited.

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

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

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

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

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to programme participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Remuneration of executive and non-executive directors is not related to the performance of the company.

**17 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. The Board reviews Non-executive Directors' fees and payments annually. The Board may from time to time seek the advice of independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive

Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

*Directors' fees*

The current base remuneration was last reviewed with effect from 1 January 2008 and will be reviewed in September 2009.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $200,000 per year in aggregate.

*Executive pay*

The executive pay and reward framework has four components:

- base pay and benefits;
- short-term performance incentives;
- long-term incentives through participation in the Geopacific Resources NL Employee Option Plan (Geopacific Resources Option Plan); and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

*Base pay*

Structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any senior executives' contracts.

*Geopacific Resources NL Employee Option Plan*

Information on the Geopacific Resources Option Plan is set out in note 25.

## 17 Remuneration Report (Audited) (continued)

### B Details of remuneration

Amounts of remuneration

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

The key management personnel of Geopacific Resources and the Group include the Directors:

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

| **2008** | Short-term benefits | | Post-employment benefits | Share-based payment | |
|---|---|---|---|---|---|
| Name | Directors' Fees $ | Consulting Fees $ | Superannuation $ | Options $ | Total $ |
| *Non-executive Directors* | | | | | |
| I N A Simpson | - | - | - | - | - |
| R J Fountain | - | 25,000 | - | - | 25,000 |
| R H Probert | - | - | - | - | - |
| C K McCabe (alt. to I. Simpson) | - | - | - | - | - |
| **Sub-total non-executive Directors** | **-** | **25,000** | **-** | **-** | **25,000** |
| *Executive Directors* | | | | | |
| I J Pringle | - | 123,115 | - | 18,507 | 141,622 |
| W A Brook | 20,000 | 110,079 | - | - | 130,079 |
| **Totals** | **20,000** | **258,194** | **-** | **18,507** | **296,701** |

| **2007** | | | | | |
|---|---|---|---|---|---|
| *Non-executive Directors* | | | | | |
| I N A Simpson | - | 24,000 | - | | 24,000 |
| R J Fountain | - | 50,000 | - | | 50,000 |
| R H Probert | - | 24,000 | - | | 24,000 |
| C K McCabe (alt. to I. Simpson) | - | 24,000 | - | | 24,000 |
| **Sub-total non-executive Directors** | **-** | **122,000** | | **-** | **122,000** |
| *Executive Directors* | | | | | |
| I J Pringle | - | 123,475 | - | 45,489 | 168,964 |
| W A Brook | - | 130,835 | - | - | 130,835 |
| **Totals** | **-** | **376,310** | **-** | **45,489** | **421,799** |

**17 Remuneration Report (Audited) (continued)**

**C Service agreements**

**(i) Mr Ian Pringle - Managing Director**

A Consultancy Agreement dated 16 February 2006 has been entered into between the Company and Ian J Pringle & Associates Pty Ltd ("Consultant"), being a Company controlled by Dr Pringle. The consulting services are to be provided by the Consultant making available the services of Dr Pringle for between 150 and 185 days per annum (or as otherwise agreed). The Agreement commenced on 1 March 2005 for an initial term of two years, with an option for the Company to extend the term for two further periods of two years each, unless the consultancy is terminated earlier in accordance with the agreement. The Consultant may terminate the agreement on not less than 4 months notice.

The Consultant may also terminate the agreement immediately without notice if the Company becomes insolvent or requires the Consultant to perform services outside the scope of the agreement for a period of more than 100 days in any year or if the Company fails to pay moneys due under the Agreement within 14 days of demand and the Company shall pay to the Consultant the termination payment referred to below. The Company may terminate the agreement immediately without notice for serious or persistent breach, bankruptcy, fraud or wilful neglect, total and permanent incapacitation or mental illness of the Consultant or Dr Pringle (as the case may be), and may terminate the agreement at any time on 1 months notice without disclosure of any reason, by payment of a lump sum termination payment equivalent to the amount which the Consultant would have received for providing the services for one half of the Term then remaining or 6 months, whichever is the greater. The consultancy fee is $400 per day (prior to Listing) and $800 per day (post Listing), plus bonuses and expenses and subject to annual review by the Company. Dr Pringle will receive fees for services rendered to the Company in his capacity as a contractor to Ian J Pringle & Associates Pty Ltd.

**(ii) Mr Willie Brook - Executive Director**

Mr Willie Brook entered into an employment agreement as Executive Director with the Company effective from the date of Listing, for an initial term of two years, with an option for the Company to extend the term for a further year, unless the employment is terminated earlier in accordance with the agreement.

Mr Brook may terminate the agreement on 3 months notice. The Company may terminate the agreement immediately without notice for serious breach, bankruptcy, fraud or wilful neglect, total and permanent incapacitation or mental illness of Mr Brook, and may terminate the agreement at any time on 6 months notice without disclosure of any reason, or at its discretion, by payment of the equivalent amount of remuneration in lieu of the notice period. The salary package is Fiji$100,000 per annum, including superannuation plus bonuses and expenses, subject to annual review by the Company. He is also entitled to the usual leave entitlements.

**(iii) Non-executive Directors**

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

### 17 Remuneration Report (Audited) (continued)

***Service agreements summary***

| | Start Date | Term of Agreement | Fees payable 2008 $ | Notice period for termination (months) | | Redundancy payment |
|---|---|---|---|---|---|---|
| **Director** | | | | **Company** | **Employee** | |
| I J Pringle | 1 March 2005 | 2 years with options to extend for 2 further terms of 2 years each | $800 per day | 1 | 4 | 6 months fees |
| W A Brook | 3 May 2007 | 2 years with option to extend for further terms of 1 year | $100,000 | 6 | 3 | 6 months salary |

### D Share-based compensation

*Options*

Options are granted on the recommendation of the Directors.

Options are granted for no consideration. Options are granted for a five year period, and are exercisable immediately after the vesting date. The options issued to Mr Ian Pringle vest on the first, second and third anniversaries of the listing date. The options issued on 1 December 2008 vested on that date.

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

| Grant date | Expiry date | Exercise price | Value per option at grant date | Date vesting |
|---|---|---|---|---|
| 8 May 2006 | 8 May 2012 | $0.20 | $0.0843 | 8 May 2008 |
| 8 May 2006 | 8 May 2013 | $0.25 | $0.0757 | 8 May 2009 |
| 8 May 2006 | 8 May 2014 | $0.30 | $0.0708 | 8 May 2010 |
| 1 December 2006 | 1 November 2009 | $0.50 | $0.4945 | 1 December 2007 |
| 1 December 2006 | 1 November 2009 | $0.70 | $0.4498 | 1 December 2007 |

Options granted carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the options are granted.

Details of options over ordinary shares in the Company provided as remuneration to each director of Geopacific Resources and each of the key management personnel of the Group are set out below. Further information on the options is set out in notes 17 and 25 to the financial statements.

**17 Remuneration Report (Audited) (continued)**

| | **Number of options granted during the year** | | **Number of options vested during the year** | |
|---|---|---|---|---|
| **Name** | **2008** | 2007 | **2008** | 2007 |
| ***Directors of Geopacific Resources*** | | | | |
| I J Pringle | - | - | 500,000 | 500,000 |
| W A Brook | - | - | - | - |
| I N A Simpson | 2,500,000 | | - | - |
| R J Fountain | - | - | - | - |
| R H Probert | - | - | - | - |
| C K McCabe | - | - | - | - |

The options issued to Mr INA Simpson during the year were issued pursuant to a share placement on terms given to all participants in the share placement and did not form part of his remuneration.

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

**Shares provided on exercise of remuneration options**

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

**17 Remuneration Report (Audited) (continued)**

**Share options granted to Directors and the most highly remunerated officers**

Options over unissued ordinary shares of the Company granted during or since the end of the financial year to the Directors and the most highly remunerated officers of the Company as part of their remuneration were as follows:

| Name | A<br>Remuneration consisting of options | B<br>Value at vesting date<br>$ | C<br>Value at exercise date<br>$ | D<br>Value at lapse date<br>$ | E<br>Total of columns B-D<br>$ |
|---|---|---|---|---|---|
| ***Directors of Geopacific Resources NL*** | | | | | |
| I J Pringle | 13.07% | $18,507 | - | - | $18,507 |
| W A Brook | - | - | - | - | - |
| I N A Simpson | - | - | - | - | - |
| R J Fountain | - | - | - | - | - |
| R H Probert | - | - | - | - | - |
| C K McCabe | - | - | - | - | - |

A = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.

B = The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

**Shares issued on the exercise of options**

No ordinary shares of the Company were issued during the year ended 31 December 2008 on the exercise of options granted. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

**Signed in accordance with a resolution of the Directors:**

**Dr R J Fountain**
*Chairman*

**Dr I J Pringle**
*Managing Director*

**Sydney, Australia**
**Dated:** *31 March 2009*

**LEAD AUDITOR'S INDEPENDENCE DECLARATION**
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To the Directors of Geopacific Resources NL and controlled entities:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

- no contraventions of any applicable code of professional conduct in relation to the audit.

Stuart H. Cameron

**KS Black & Co**
*Chartered Accountants*

**Stuart Cameron**
*Partner*

**Sydney, Australia**
**Dated:** *31 March 2009*

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
GEOPACIFIC RESOURCES NL**

## Report on the financial report

We have audited the accompanying financial report of Geopacific Resources NL, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes (1 to 31), and the directors' declaration (set out on pages 47 to 86), of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the Directors' report. As permitted by the *Corporations Regulations 2001*, the Company has disclosed information about the remuneration of Directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration Report" in pages 37 to 43 of the Directors' report and not in the financial report.

*Directors' responsibility for the financial report and the AASB 124 remuneration disclosure contained in the Directors' report*

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report of the Group and the Company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The Directors of the Company are also responsible for the remuneration disclosures contained in the Directors' Report in accordance with the Corporations Regulations 2001.

*Auditors' responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the Directors Report comply with Australian Accounting Standard AASB124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report 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.

**INDEPENDENT AUDITORS' REPORT**
**TO THE MEMBERS OF**
**GEOPACIFIC RESOURCES NL**

**(Continued)**

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the Directors' report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

**Auditors' opinion on the financial report**
In our opinion:

**a** the financial report of Geopacific Resources NL is in accordance with the *Corporations Act 2001*, including:

**i** giving a true and fair view of the Company's and the Group's financial position as at 31 December 2008 and of their performance for the year ended on that date; and

**ii** complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

**b** the financial report of the Group and Company also comply with International Financial Reporting Standards as disclosed in note 1.

**Auditors' opinion on the AASB 124 remuneration disclosures contained in the directors' report**
In our opinion, the remuneration disclosures that are contained in pages 37 to 43 of the Directors' report comply with Australian Accounting Standard AASB 124.

Stuart H. Cameron

**KS Black & Co**
*Chartered Accountants*

**Stuart Cameron**
*Partner*

**Sydney, Australia**
**Dated:** *31 March 2009*

## DIRECTORS' DECLARATION

---

The Directors of Geopacific Resources NL declare that, in their opinion:

**a** the financial statements and notes, set out on pages 48 to 86 are in accordance with the Corporations Act 2001, including:

  **i** giving a true and fair view of the Company's and the Group's financial position as at 31 December 2008, and of their performance, for the financial year ended on that date; and

  **ii** complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

**b** the financial report also complies 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; and

**d** the remuneration disclosures set out in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

The Directors have been given the declarations by the Managing Director and Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001 for the financial year ended on 31 December 2008.

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

**Dr R J Fountain**
*Chairman*

**Dr I J Pringle**
*Managing Director*

**Sydney, Australia**
**Dated:** *31 March 2009*

# GEOPACIFIC RESOURCES NL

*ACN 003 208 393*
*and Controlled Entities*

## INCOME STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2008

| | Note | Consolidated 2008 $ | Consolidated 2007 $ | Parent 2008 $ | Parent 2007 $ |
|---|---|---|---|---|---|
| Continuing operations | 4 | **22,262** | 63,887 | **900,323** | 99,727 |
| Administration expenses | | **(223,556)** | (206,002) | **(205,574)** | (206,002) |
| Consultancy expense | | **(62,078)** | (80,404) | **(107,078)** | (80,404) |
| Depreciation expense | 5 | **(2,727)** | (111) | **(812)** | (111) |
| Employee benefits expense | 5 | **(73,615)** | (167,489) | **(18,507)** | (167,489) |
| Impairment loss recognised in respect of loans to subsidiaries | 5 | **-** | - | **(461,728)** | 113,004 |
| Occupancy Expenses | | **(39,447)** | - | **(19,136)** | - |
| Other expenses | | **(9,741)** | (29,619) | **(7,472)** | (29,618) |
| | | **(411,164)** | (483,624) | **(820,307)** | (370,621) |
| **(LOSS) PROFIT BEFORE INCOME TAX** | | **(388,902)** | (419,737) | **80,016** | (270,894) |
| Income tax expense | 7 | **-** | - | **-** | - |
| **(LOSS) PROFIT FOR THE YEAR** | | **(388,902)** | (419,737) | **80,016** | (270,894) |
| Basic loss per share | 28 | **(0.88)** | (1.08) | | |
| Diluted loss per share | 28 | **(0.88)** | (1.08) | | |

**The above income statements should be read in conjunction with the accompanying notes.**

# GEOPACIFIC RESOURCES NL

*ACN 003 208 393*
*and Controlled Entities*

## BALANCE SHEETS
## AS AT 31 DECEMBER 2008

| | Note | Consolidated 2008 $ | Consolidated 2007 $ | Parent 2008 $ | Parent 2007 $ |
|---|---|---|---|---|---|
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | 8 | **428,971** | 794,535 | **143,836** | 648,120 |
| Trade and other receivables | 9 | **117,464** | 259,603 | **3,327** | 3,809 |
| Other assets | 10 | **-** | 19,802 | **-** | 19,802 |
| **TOTAL CURRENT ASSETS** | | **546,435** | 1,073,940 | **147,163** | 671,731 |
| **NON-CURRENT ASSETS** | | | | | |
| Other receivables | 11 | **-** | - | **4,655,474** | 3,128,122 |
| Exploration expenditure | 12 | **7,077,487** | 3,462,093 | **539,573** | 565,053 |
| Property, plant and equipment | 13 | **28,626** | 19,424 | **5,558** | 6,370 |
| Financial Assets | 14 | **-** | - | **684,907** | - |
| **TOTAL NON-CURRENT ASSETS** | | **7,106,113** | 3,481,517 | **5,885,512** | 3,699,545 |
| **TOTAL ASSETS** | | **7,652,548** | 4,555,457 | **6,032,675** | 4,371,276 |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables | 15 | **93,717** | 201,110 | **40,447** | 16,929 |
| **TOTAL CURRENT LIABILITIES** | | **93,717** | 201,110 | **40,447** | 16,929 |
| **TOTAL LIABILITIES** | | **93,717** | 201,110 | **40,447** | 16,929 |
| **NET ASSETS** | | **7,558,831** | 4,354,347 | **5,992,228** | 4,354,347 |
| **EQUITY** | | | | | |
| Contributed equity | 16 | **9,428,218** | 8,015,267 | **9,428,218** | 8,015,267 |
| Reserves | 18 | **2,488,001** | 307,566 | **429,704** | 284,790 |
| Accumulated losses | 19 | **(4,357,388)** | (3,968,486) | **(3,865,694)** | (3,945,710) |
| **TOTAL EQUITY** | | **7,558,831** | 4,354,347 | **5,992,228** | 4,354,347 |

**The above balance sheets should be read in conjunction with the accompanying notes.**

# GEOPACIFIC RESOURCES NL
*ACN 003 208 393*
*and Controlled Entities*

**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEAR ENDING 31 DECEMBER 2008**

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | **2008** | 2007 | **2008** | 2007 |
| | Notes | **$** | $ | **$** | $ |
| **TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR** | | **4,354,347** | 2,986,288 | **4,354,347** | 2,876,481 |
| **Net income recognised directly in equity** | | **-** | - | **-** | - |
| **Profit (Loss) for the year** | | **(388,902)** | (419,737) | **80,016** | (270,894) |
| **Transactions with equity holders in their capacity as equity holders:** | | | | | |
| Contributions of equity, net of transaction costs | 16 | **1,412,951** | 1,703,271 | **1,412,951** | 1,703,271 |
| Employee share options recognised in share based payments reserve | 18 | **18,507** | 45,489 | **18,507** | 45,489 |
| Share options issued on acquisition of Millenium Mining (Fiji) Ltd recognised in share based payments reserve | 18 | **124,907** | - | **124,907** | - |
| Additions to forfeited shares reserve | 18 | **1,500** | - | **1,500** | - |
| Additions to foreign currency translation reserve | 18 | **2,035,521** | 39,036 | **-** | - |
| | | **3,593,386** | 1,787,796 | **1,557,865** | 1,748,760 |
| **TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR** | | **7,558,831** | 4,354,347 | **5,992,228** | 4,354,347 |

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

# GEOPACIFIC RESOURCES NL

*ACN 003 208 393*

*and Controlled Entities*

## CASH FLOW STATEMENTS
## FOR THE YEAR ENDING 31 DECEMBER 2008

| | Note | Consolidated 2008 $ | Consolidated 2007 $ | Parent 2008 $ | Parent 2007 $ |
|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Cash receipts in the course of operations | | **-** | - | **-** | - |
| Cash payments in the course of operations | | **(317,468)** | (607,145) | **(295,559)** | (368,452) |
| Interest received | | **12,075** | 63,887 | **8,496** | 63,887 |
| **Net Cash from Operating Activities** | 31(c) | **(305,393)** | (543,258) | **(287,063)** | (304,565) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Payments for plant and equipment | | **(11,929)** | (11,150) | **-** | (6,481) |
| Payments for security deposits | | **(8,735)** | - | **-** | - |
| Loans advanced / repaid to related parties | | **(7,727)** | - | **(366,718)** | (1,611,856) |
| Exploration expenditure | | **(730,412)** | (1,611,496) | **(303,533)** | (395,318) |
| Cash acquired on acquisition of subsidiary | | **35** | - | **-** | - |
| Recoveries from JV parties | | **245,567** | - | **-** | - |
| **Net Cash from Investing Activities** | | **(513,201)** | (1,622,646) | **(670,251)** | (2,013,655) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Proceeds from share issue | | **465,074** | 1,821,858 | **465,074** | 1,821,858 |
| Share issue costs | | **(12,044)** | (118,387) | **(12,044)** | (118,387) |
| **Net Cash from Financing Activities** | | **453,030** | 1,703,471 | **453,030** | 1,703,471 |
| **NET (DECREASE)/INCREASE IN CASH HELD** | | **(365,564)** | (462,433) | **(504,284)** | (614.749) |
| Cash and Cash Equivalents at the Beginning of the Financial Year | | **794,535** | 1,256,968 | **648,120** | 1,262,869 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR** | 31(a) | **428,971** | 794,535 | **143,836** | 648,120 |

**The above cash flow statements should be read in conjunction with the accompanying notes.**

**Contents of the notes to the financial statements**

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## 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Geopacific Resources NL as an individual entity and the Group consisting of Geopacific Resources NL and its subsidiaries.

### Basis of preparation

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

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

These financial statements have been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### Significant accounting policies

Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

**(a) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred.

**(b) Borrowing costs**

Borrowing costs are expensed as incurred.

**(c) Cash and cash equivalents**

For cash flow statement presentation purposes, cash and cash equivalents includes cash at bank.

**(d) Contributed equity**

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.

**(e) Employee benefits**

*(i) Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Long service leave*

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

## 1 Summary of significant accounting policies (continued)

### (e) Employee benefits (continued)

*(iii) Share-based payments*

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

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

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

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

### (f) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

### (g) Financial Instruments

***Recognition and measurement***

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are recognised initially at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit and loss immediately.

**1 Summary of significant accounting policies (continued)**

**(g) Financial Instruments (continued)**

***Derecognition***

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

***Classification and subsequent measurement***

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

***(i) Financial assets at fair value through profit or loss***

Financial assets classified as held for trading are included in the category “financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the balance sheet.

***(ii) Held-to-maturity investments***

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

***(iii) Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method.

***(iv) Available-for-sale securities***

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

***(v) Financial liabilities***

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

***Fair values***

Fair values are determined by reference to market bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities including recent arm's length market transactions, reference to the current market value of similar instruments and option pricing models.

***Impairment***

At each reporting date the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the financial instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

## 1 Summary of significant accounting policies (continued)

### (h) Foreign currency translation

*(i) Functional and presentation currency*

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

*(ii) Transactions and balances*

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

### (i) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST 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.

### (j) Impairment of assets

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

### (k) Income tax

The income tax expense or revenue for the period is the tax payable on the current period'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.

## 1 Summary of significant accounting policies (continued)

### (k) Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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

### (l) Loss per share

*(i) Basic loss per share*

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

*(ii) Diluted loss per share*

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

### (m) Mineral Tenements and Deferred Mineral Exploration Expenditure

The Group has adopted the area of interest method for capitalising the costs of procurement, exploration and evaluation of areas where applications have been made for Prospecting Licences.

The ultimate recoupment of such costs is dependent on sale of the tenement(s) or successful development and commercial exploitation of the areas. Amortisation charges are to be made over the life of the areas of interest and will be determined on a basis so that the rate of amortisation shall not lag behind the rate of depletion of the economically recoverable reserves in the areas of interest.

The areas of interest are each of the Special Prospecting Licences in which companies in the Group have an interest. Where exploration expenditure has been incurred during the period, it will be carried forward in the Balance Sheet together with procurement costs as deferred mineral exploration expenditure until the Directors are of the opinion that a tenement should be abandoned as it shows no potential for recovery of expenditure incurred, in which case the said expenditure is written off in the Income Statements.

## 1 Summary of significant accounting policies (continued)

### (n) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 income statement during the financial period in which they are incurred.

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

- Plant, vehicles and equipment 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 (note 1(i)).

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

### (o) Principles of consolidation

*(i) Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Geopacific Resources NL (" the Company") as at 31 December 2008 and the results of all subsidiaries for the year then ended. Geopacific Resources NL and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Geopacific Resources NL.

**1 Summary of significant accounting policies (continued)**

**(o) Principles of consolidation (continued)**

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of subsidiaries is contained in note 22.

**Business combinations**

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities as at the acquisition date, being the date on which control is obtained. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Goodwill is recognised initially as the excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

**(p) Revenue recognition**

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

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

*(ii) Interest Income*

Interest income is recognised on an accrual basis.

*(iii) Other Income*

Other income is recognised on receipt.

*(iv) General*

All revenue is stated net of goods and services tax (GST).

## 1 Summary of significant accounting policies (continued)

### (q) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

### (r) Trade receivables

Trade receivables are recognised initially at fair value.

### (s) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### (q) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 31 December 2008, but have not been applied in preparing these consolidated financial statements:

. Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's 31 December 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures.

. Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 31 December 2010 financial statements and is not expected to have any effect on the financial report.

## 2 Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

*(a) Foreign exchange risk*

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

## 2 Financial risk management (Continued)

*(b) Credit risk*

There is negligible credit risk on financial assets of the Group since there is no exposure to individual customers or countries and the economic entity's exposure is limited to the amount of cash, short term deposits and receivables which have been recognised in the balance sheet and is minimised by using recognised financial intermediaries as counterparties.

*(c) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed finance facilities.

*(d) Cash flow and fair value interest rate risk*

The Group is exposed to a risk of changes to cash flows due to changes in interest rates.

## 3 Critical accounting estimates and judgements

Estimates and judgements 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. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

| | **Consolidated** | | **Parent** | |
|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** |
| **4 Revenue** | **$** | **$** | **$** | **$** |
| Interest income | **12,075** | 63,887 | **8,496** | 63,887 |
| Other income | **10,187** | - | **-** | - |
| Unrealised foreign exchange gain | **-** | - | **891,827** | 35,840 |
| | **22,262** | 63,887 | **900,323** | 99,727 |
| **5 Expenses** | | | | |
| Employee benefits expense | | | | |
| Wages and salaries | **55,108** | 122,000 | **-** | 122,000 |
| Share based payments | **18,507** | 45,489 | **18,507** | 45,489 |
| | **73,615** | 167,489 | **18,507** | 167,489 |
| Depreciation | **2,727** | 111 | **812** | 111 |
| Impairment loss recognised in respect of loans to subsidiaries | **-** | - | **461,728** | (113,004) |

| | Consolidated 2008 $ | Consolidated 2007 $ | Parent 2008 $ | Parent 2007 $ |
|---|---|---|---|---|
| ***6* Remuneration of Auditors** | | | | |
| *Assurance services* | | | | |
| *A. Audit services* | | | | |
| **KS Black & Co Australian firm:** | | | | |
| Audit of the financial report and other audit work under the *Corporations Act 2001* | | | | |
| - Current year | - | - | - | - |
| - Prior year | - | - | - | - |
| Review of the half-year financial report | - | - | - | - |
| *Total remuneration for audit services* | - | - | - | - |
| **BDO Kendalls Australian firm:** | | | | |
| Audit of the financial report and other audit work under the Corporations Act 2001 | | | | |
| - Current year | - | - | - | - |
| - Prior year | - | - | - | - |
| Review of the half-year financial report | **7,575** | - | **7,575** | - |
| *Total remuneration for audit services* | **7,575** | - | **7,575** | - |
| **Nexia Court & Co Australian firm:** | | | | |
| Audit of the financial report and other audit work under the Corporations Act 2001 | | | | |
| - Current year | - | 16,725 | - | 16,725 |
| - Prior year | **19,083** | 18,713 | **19,083** | 18,713 |
| Review of the half-year financial report | - | 5,266 | - | 5,266 |
| Total remuneration for audit services | **19,083** | 40,704 | **19,083** | 40,704 |
| ***B. Other assurance services*** | | | | |
| **Ernst & Young Fijian firm:** | | | | |
| Audit and review of financial reports | **6,247** | 9,507 | - | - |
| *Total remuneration for other assurance services* | **6,247** | 9,507 | - | - |
| ***Total remuneration for assurance services*** | **32,905** | 50,211 | **26,658** | 40,704 |
| *Taxation services* | | | | |
| **Nexia Court & Co Australian firm:** | | | | |
| Tax compliance services, including review of Company income tax returns | - | 1,863 | - | 1,863 |
| *Total remuneration for taxation services* | - | 1,863 | - | 1,863 |

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | **2008** | **2007** | **2008** | **2007** |
| **7** | **Income tax** | **$** | **$** | **$** | **$** |
| **a** | **Income tax expense** | | | | |
| | Prima facie income tax benefit calculated at 30% on the loss / (profit) from ordinary activities | **(116,671)** | (125,921) | **24,005** | (81,268) |
| | Decrease in income tax benefit due to: | | | | |
| | Tax benefit on losses not recognised | **116,671** | 125,921 | **(24,005)** | 81,268 |
| | **Income tax expense** | **-** | - | **-** | - |
| **b** | **Deferred tax assets** | | | | |
| | ***Future income tax benefit not taken into account*** | | | | |
| | The potential future income tax benefit arising from tax losses and temporary differences has not been recognised as an asset because recovery of tax assets is not probable. | | | | |
| | Tax losses carried forward | **696,737** | 471,421 | **696,737** | 471,421 |
| | Temporary differences | **84,236** | - | **1,945,107** | 1,425,602 |
| | | **780,973** | 471,421 | **2,641,884** | 1,897,023 |

The potential future income tax benefit will only be obtained if:

i. the Group and the Company derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
ii. the Group and the Company continue to comply with the conditions for deductibility imposed by the law; and
iii. no changes in tax legislation adversely affect the realising of the benefit.

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | **2008** | **2007** | **2008** | **2007** |
| | | **$** | **$** | **$** | **$** |
| **8** | **Cash and cash equivalents** | | | | |
| | **Current** | | | | |
| | Cash at bank | **428,971** | 794,535 | **143,836** | 648,120 |

* The average effective interest rate for 2008 was 4.50% (2007 5.25%).

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | 2008<br>$ | 2007<br>$ | 2008<br>$ | 2007<br>$ |
| **9** | **Trade and other receivables** | | | | |
| | **Current** | | | | |
| | Security deposits | **39,530** | 30,795 | **-** | - |
| | Sundry debtors | **30,252** | 121,230 | **-** | - |
| | GST receivable | **47,682** | 107,578 | **3,327** | 3,809 |
| | | **117,464** | 259,603 | **3,327** | 3,809 |
| **10** | **Other current assets** | | | | |
| | **Current** | | | | |
| | Prepayments | **-** | 19,802 | **-** | 19,802 |
| **11** | **Other receivables** | | | | |
| | **Non-current** | | | | |
| | Amount owing by Geopacific Limited | - | - | **3,919,221** | 2,887,284 |
| | Provision for impairment loss | - | - | **(76,117)** | (26,651) |
| | | - | - | **3,843,104** | 2,860,633 |
| | Amount owing by Beta Limited | - | - | **2,992,246** | 2,569,569 |
| | Provision for impairment loss | - | - | **(2,613,965)** | (2,302,080) |
| | | - | - | **378,281** | 267,489 |
| | Amount owing by Millenium Mining (Fiji) Limited | - | - | **2,070,087** | - |
| | Provision for impairment loss | - | - | **(1,635,998)** | - |
| | | - | - | **434,089** | - |
| | Total other receivables | - | - | **4,655,474** | 3,128,122 |

## 12 Exploration expenditure

**Non-Current**

Costs carried forward in respect of areas of interest in Fiji in exploration and evaluation phase are:

| Tenement | Beneficial Interest of the Group | Consolidated 2008 $ | Consolidated 2007 $ | Parent 2008 $ | Parent 2007 $ |
|---|---|---|---|---|---|
| SPL 1216 Nabila | 100% | **1,784,998** | 13,000 | **69,401** | 13,001 |
| SPL 1361 Sabeto | 100% | **123,941** | 58,852 | **18,867** | 16,035 |
| SPL 1368 Vuda | 80% | **1,173,358** | 818,133 | **237,655** | 189,914 |
| SPL 1377 Nuku | 100% | **876,057** | 673,717 | **117,258** | 83,732 |
| SPL 1415 Kavukavu | 100% | **498,294** | - | **-** | - |
| SPL 1434 Nadi South | 100% | **1,261,981** | 991,819 | **93,592** | 81,006 |
| CX 667 Nadovu | 100% | **13,021** | 9,620 | **2,800** | - |
| Millenium | 100% | **624,555** | 896 | **-** | - |
| | | **6,356,205** | 2,566,037 | **539,573** | 383,688 |
| Rakiraki Joint Venture (SPL 1231, 1373, 1436) | 50% | **721,282** | 896,056 | **-** | 181,365 |
| | | **7,077,487** | 3,462,093 | **539,573** | 565,053 |
| **Movement** | | | | | |
| Carrying value – beginning of year | | **3,462,093** | 1,796,828 | **565,052** | 169,735 |
| Additions | | **1,159,964** | 1,758,552 | **303,533** | 395,318 |
| Acquisition of controlled entity | | **2,221,340** | - | **-** | - |
| Exchange rate variations | | **663,678** | (93,287) | **-** | - |
| Recoveries from joint venture parties | | **(429,588)** | - | **(329,012)** | - |
| Amounts written off | | **-** | - | **-** | - |
| Carrying value – end of year | | **7,077,487** | 3,462,093 | **539,573** | 565,053 |

## 13 Property, plant and equipment

**Non-Current**

| | Consolidated 2008 $ | Consolidated 2007 $ | Parent 2008 $ | Parent 2007 $ |
|---|---|---|---|---|
| Plant, vehicles and equipment | | | | |
| At Directors' valuation of market value at 1 January 1999 | **9,639** | 9,639 | **-** | - |
| At Cost | **28,433** | 14,659 | **6,481** | 6,481 |
| ***Less:*** Provision for depreciation | **(9,446)** | (4,874) | **(923)** | (111) |
| | **28,626** | 19,424 | **5,558** | 6,370 |
| **Movement** | | | | |
| Carrying value – beginning of year | **19,424** | 8,385 | **6,370** | - |
| Additions | **13,774** | 14,659 | **-** | 6,481 |
| Depreciation (included in exploration expenditure) | **(1,845)** | (3,509) | **-** | - |
| Depreciation (included in profit and loss) | **(2,727)** | (111) | **(812)** | (111) |
| Carrying value – end of year | **28,626** | 19,424 | **5,558** | 6,370 |

| | Consolidated | | Parent | |
|---|---|---|---|---|
| **14 Financial Assets** | **2008** | **2007** | **2008** | **2007** |
| **Non-current available-for-sale assets** | | | | |
| *Investments in Unlisted Securities* | **$** | **$** | **$** | **$** |
| . Shares in Beta Limited | **-** | - | **15,372** | 15,372 |
| . Shares in Geopacific Limited | **-** | - | **1,866,993** | 1,866,993 |
| . Shares in Millenium Mining (Fiji) Ltd | **-** | - | **684,907** | - |
| Provision for loss on investment | **-** | - | **(1,882,365)** | (1,882,365) |
| | **-** | - | **684,907** | - |

Available for sale financial assets comprise investments in the ordinary issued capital of controlled entities. There are no fixed returns or fixed maturity date in relation to these assets.

The fair value of available for sale unlisted financial assets can not be reliably measured as variability in the range of reasonable fair value estimates is significant. Management has determined that the best estimate of the fair values of the available for sale investments in controlled entities approximates the net assets of the entity concerned and has made provision for impairment based on those estimated fair values.

There is no intention to dispose of any available for sale financial assets at 31 December 2008.

| | | | | |
|---|---|---|---|---|
| **15 Trade and other payables** | | | | |
| **Current** | | | | |
| Trade creditors and accruals | **83,024** | 182,690 | **40,447** | 16,929 |
| Directors loans | **10,693** | 18,420 | **-** | - |
| | **93,717** | 201,110 | **40,447** | 16,929 |

| | | | | |
|---|---|---|---|---|
| **16 Contributed equity** | | | | |
| ***Issued Capital*** | | | | |
| Balance as at 1 January 56,775,146 (2007 – 39,135,782) fully paid ordinary shares, and Nil (2007 – 14,286) contributing shares paid to $0.105. | **8,015,267** | 6,311,996 | **8,015,267** | 6,311,996 |
| Issues during period: | | | | |
| 6,100,000 (2007 – Nil) shares issued at 7.35 cents pursuant to a placement | **448,519** | - | **448,519** | - |
| 4,000,000 (2007 – Nil) issued at 14.0 cents on acquisition of Millenium Mining (Fiji) Ltd | **560,000** | - | **560,000** | - |
| 2,675,250 (2007 – Nil) shares issued at 5.34 cents under Share Purchase Plan | **142,962** | - | **142,962** | - |
| 4,864,114 (2007 – Nil) shares issued at 5.65 cents in lieu of payment for services rendered | **275,014** | - | **275,014** | - |
| Nil (2007 - 3,373,440) shares issued under prospectus | **-** | 1,821,658 | **-** | 1,821,658 |
| 14,286 (2007 – Nil) partly paid shares forfeited | **(1,500)** | - | **(1,500)** | - |
| Less share issue costs | **(12,044)** | (118,387) | **(12,044)** | (118,387) |
| Balance as at 31 December | **9,428,218** | 8,015,267 | **9,428,218** | 8,015,267 |

## 17 Options

**Consolidated and company 2008**

| Issue Date | Expiry Date | Exercise Price | Number on issue 31 December 2007 | Granted during year | Lapsed during year | Exercised during year | Number on issue 31 December 2008 |
|---|---|---|---|---|---|---|---|
| 01.12.2006 | 01.11.2009 | $0.50 | 200,000 | - | - | - | 200,000 |
| 01.12.2006 | 01.11.2009 | $0.70 | 200,000 | - | - | - | 200,000 |
| 08.05.2006 | 08.05.2012 | $0.20 | 500,000 | - | - | - | 500,000 |
| 08.05.2006 | 08.05.2013 | $0.25 | 500,000 | - | - | - | 500,000 |
| 18.09.2008 | 01.08.2013 | $0.10 | - | 3,050,000 | - | - | 3,050,000 |
| 08.05.2006 | 08.05.2014 | $0.30 | 500,000 | - | - | - | 500,000 |
| 06.06.2008 | (a) | $0.50 | - | 4,000,000 | - | - | 4,000,000 |
| 06.06.2008 | (b) | $1.00 | - | 1,000,000 | - | - | 1,000,000 |
| Total Options on issue | | | 1,900,000 | 8,050,000 | - | - | 9,950,000 |

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

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

## 18 Reserves

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| **(a) Reserves** | **$** | $ | **$** | $ |
| Forfeited share reserve | **4,623** | 3,123 | **4,623** | 3,123 |
| Foreign currency translation reserve | **2,058,297** | 22,776 | **-** | - |
| Share-based payments reserve | **425,081** | 281,667 | **425,081** | 281,667 |
| | **2,488,001** | 307,566 | **429,704** | 284,790 |
| **(b) Movements** | | | | |
| *Share-based payments reserve* | | | | |
| Balance 1 January | **281,667** | 236,178 | **281,667** | 236,178 |
| Option expense | **18,507** | 45,489 | **18,507** | 45,489 |
| Cost of investment | **124,907** | 45,489 | **124,907** | 45,489 |
| Balance 31 December | **425,081** | 281,667 | **425,081** | 281,667 |
| *Foreign currency translation reserve* | | | | |
| Balance 1 January | **22,776** | (16,260) | **-** | - |
| Exchange gains (losses) during year | **2,035,521** | 39,036 | | |
| Balance 31 December | **2,058,297** | 22,776 | **-** | - |
| *Forfeited share reserve* | | | | |
| Balance 1 January | **3,123** | 3,123 | **3,123** | 3,123 |
| Shares forfeited during year | **1,500** | - | **1,500** | - |
| Balance 31 December | **4,623** | 3,123 | **4,623** | 3,123 |
| Total reserves | **2,488,001** | 307,566 | **429,704** | 284,790 |

## 18 Reserves (continued)

### (c) Nature and purpose of reserves

*Share-based payments reserve*

The share-based payments reserve records the value of options issued to employees and Directors which have been taken to expenses and the value of options issued on acquisition of Millenium Mining (Fiji) Ltd.

*Foreign currency translation reserve*

The foreign currency translation reserve records unrealised exchange gains and losses during the year.

*Forfeited shares reserve*

The forfeited shares reserve records the amount of paid up capital received on shares which have been forfeited due to non payment of calls.

## 19 Accumulated losses

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **$** | $ | **$** | $ |
| Accumulated losses at the beginning of the year | **(3,968,486)** | (3,548,749) | **(3,945,710)** | (3,674,816) |
| Profit (loss) for the year | **(388,902)** | (419,737) | **80,016** | (270,894) |
| Accumulated losses at the end of the year | **(4,357,388)** | (3,968,486) | **(3,865,694)** | (3,945,710) |

## 20 Contingent liabilities

*Option acquisition payments*

| Tenement | Due Date | Payment | Comments |
|---|---|---|---|
| SPL 1361 | on or before 4 July 2009 | F$200,000 less option payments | Payment required for GPL to purchase 100% SPL 1361 |
| SPL 1368 | on or before 22 July 2009 | A$512,000 less option payments | Payment required for GPL to purchase 80% SPL 1368 |

## 21 Commitments

*Tenement Commitments*

Entities in the Group are committed for expenditure by way of cash expenditure to retain their interest in areas over which Special Prospecting Licenses are held.

The following expenditure proposals for 2009 are being considered and these are contingent on additional funding during 2009 as well as the successful acquisition of Millennium Mining (Fiji) Ltd.

| Tenement | Renewal Application lodged to | Expenditure $F | Comments |
|---|---|---|---|
| SPL1216 | 31 December, 2009 | 125,000 | |
| SPL 1231/1373 | 31 December, 2009 | 25,000 | 50% to be met by JV partner Imperial Mining (Fiji) Ltd |
| SPL 1361 | 31 December, 2009 | 20,000 | |
| SPL 1368 | 31 December, 2009 | 25,000 | |
| SPL 1377 | 31 December, 2009 | 15,000 | |
| SPL 1415 | Kavukavu Project | 15,000 | |
| SPL 1434 | 16 March 2009 | 25,000 | |
| SPL 1436 | 16 March 2009 | 15,000 | 50% to be met by JV partner Imperial Mining (Fiji) Ltd |
| SPL application CX 667 (enclosing SPL 1377) | First 12 month period after granting | - | It is expected that CX 667 will be granted in 2009 |

## 22 Particulars relating to controlled entities

| | Class of Share | Holding Company 2008 % | Holding Company 2007 % | Amount of Investment 2008 $ | Amount of Investment 2007 $ |
|---|---|---|---|---|---|
| Beta Limited | Ordinary | 100 | 100 | **15,372** | 15,372 |
| Geopacific Limited | Ordinary | 100 | 100 | **1,866,993** | 1,866,993 |
| Millenium Mining (Fiji) Limited | Ordinary | 100 | Nil | **684,907** | - |
| | | | | **2,567,272** | 1,882,365 |

Geopacific Limited , Beta Limited and Millenium Mining (Fiji) Limited are companies incorporated and carrying on business in Fiji.
Details of the acquisition of Millenium Mining (Fiji) Limited are contained in note 30.

## 23 Key management personnel disclosures

### (a) Directors

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

I J Pringle
R J Fountain
W A Brook
R H Probert
I N A Simpson
C K McCabe (alternate for INA Simpson)

### (b) Other key management personnel

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

There are no other staff that meet the definition of key management personnel.

### (c) Key management personnel compensation

| | **Consolidated** | | **Parent** | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **$** | $ | **$** | $ |
| Short-term employee benefits | **278,194** | 376,310 | **178,379** | 245,475 |
| Post-employment benefits | **-** | - | **-** | - |
| Share-based payments | **18,507** | 45,489 | **18,507** | 45,489 |
| | **296,701** | 421,799 | **196,886** | 290,964 |

The Company has taken advantage of the relief provided by the Corporations Regulations and has transferred the detailed remuneration disclosures to the Directors’ Report. The relevant information can be found in sections A-D of the remuneration report included in the Directors Report.

### (d) Key management personnel Loans

| | **2008** | 2007 |
|---|---|---|
| | **$** | $ |
| **Director** | | |
| W A Brook | **10,693** | 18,420 |

This loan is non-interest bearing.

## 23 Key management personnel disclosures (continued)

### (e) Equity instrument disclosures relating to key management personnel

*(i) Options provided as remuneration and shares issued on exercise of such options*

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report included in the Directors Report.

*(ii) Option holdings*

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

| **2008** Name | Balance at the start of the year | Granted during the year as compensation | Exercised during the year | Other changes during the year | Balance at the end of the year | Vested and exercisable at the end of the year |
|---|---|---|---|---|---|---|
| ***Directors of Geopacific Resources Ltd*** | | | | | | |
| I J Pringle | 1,500,000 | - | - | - | 1,500,000 | 1,000,000 |
| W A Brook | - | - | - | - | - | - |
| I N A Simpson | - | - | - | 2,500,000 | 2,500,000 | 2,500,000 |
| R J Fountain | - | - | - | - | - | - |
| R H Probert | - | - | - | - | - | - |
| C K McCabe | - | - | - | - | - | - |

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

| **2007** Name | Balance at the start of the year | Granted during the year as compensation | Exercised during the year | Other changes during the year | Balance at the end of the year | Vested and exercisable at the end of the year |
|---|---|---|---|---|---|---|
| ***Directors of Geopacific Resources Ltd*** | | | | | | |
| I J Pringle | - | 1,500,000 | - | - | 1,500,000 | 500,000 |
| W A Brook | - | - | - | - | - | - |
| I N A Simpson | - | - | - | - | - | - |
| R J Fountain | - | - | - | - | - | - |
| R H Probert | - | - | - | - | - | - |
| C K McCabe | - | - | - | - | - | - |

## 23 Key management personnel disclosures (continued)

### (e) Equity instrument disclosures relating to key management personnel (continued)

*(iii) Share holdings*

The numbers of shares in the Company held at the end of the financial year by each Director of the Company and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

| **2008**<br>Name | Balance at the start of the year | Received during the year on the exercise of options | Other changes during the year | Balance at the end of the year |
|---|---|---|---|---|
| *Ordinary shares* | | | | |
| ***Directors of Geopacific Resources Ltd*** | | | | |
| I J Pringle | 60,000 | - | 92,250 | 152,250 |
| W A Brook | 4,591,083 | - | (313,330) | 4,277,753 |
| I N A Simpson | 692,695 | - | 5,036,900 | 5,729,595 |
| R J Fountain | 40,000 | - | - | 40,000 |
| R H Probert | 589,454 | - | - | 589,454 |
| C K McCabe | - | - | - | - |
| **2007**<br>Name | Balance at the start of the year | Received during the year on the exercise of options | Other changes during the year | Balance at the end of the year |
| *Ordinary shares* | | | | |
| ***Directors of Geopacific Resources Ltd*** | | | | |
| I J Pringle | 60,000 | - | - | 60,000 |
| W A Brook | 4,591,083 | - | - | 4,591,083 |
| I N A Simpson | 692,695 | - | - | 692,695 |
| R J Fountain | 40,000 | - | - | 40,000 |
| R H Probert | 589,454 | - | - | 589,454 |
| C K McCabe | - | - | - | - |

## 24 Related party transactions

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

**Consolidated**

| | **2008** **$** | 2007 $ |
|---|---:|---:|
| REPAYMENT OF LOANS | | |
| A controlled entity, Geopacific Limited, repaid loans from a director, Mr WA Brook. | **7,727** | - |
| RENTAL INCOME | | |
| A controlled entity, Geopacific Limited, subleases office and storage space to companies associated with a director, Mr WA Brook. | **601** | - |
| INTERCOMPANY LOANS | | |
| The Holding Company, Geopacific Resources NL, advanced funds to controlled entities for exploration expenditure incurred on the company's tenements. | | |
| - Geopacific Limited | **616,916** | 1,394,464 |
| - Beta Limited | **29,702** | 2,569,568 |
| - Millenium Mining (Fiji) Limited | **191,245** | - |
| INTERCOMPANY LOAN BALANCES | | |
| The balance of loans advanced to controlled entities at the end of the year are: | | |
| - Geopacific Limited | **3,919,221** | 2,887,884 |
| - Beta Limited | **2,992,246** | 2,569,568 |
| - Millenium Mining (Fiji) Limited | **2,070,087** | - |

These balances are eliminated on consolidation.

## 25 Share-based payments

(a) Employee Option Plan

The establishment of the Geopacific Resources NL Employee Option Plan was approved by shareholders at the 2001 annual general meeting.  All staff and consultants are eligible to participate in the plan.

Options are granted under the plan for no consideration.  Options are granted for a five year period.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

The exercise price of options is based on the weighted average price at which the Company’s shares are traded on the Australian Stock Exchange during the five trading days immediately before the options are granted.

Set out below are summaries of options granted under the plan:

## 25 Share-based payments (continued)

| Grant date | Expiry date | Exercise price | Value per option at grant date | Date vesting |
|---|---|---|---|---|
| 8 May 2006 | 8 May 2012 | $0.20 | $0.0843 | 8 May 2008 |
| 8 May 2006 | 8 May 2013 | $0.25 | $0.0757 | 8 May 2009 |
| 8 May 2006 | 8 May 2014 | $0.30 | $0.0708 | 8 May 2010 |
| 1 December 2006 | 1 November 2009 | $0.50 | $04945 | 1 December 2007 |
| 1 December 2006 | 1 November 2009 | $0.70 | $0.4498 | 1 December 2007 |

No options were exercised or forfeited during the periods covered by the above tables.

The weighted average remaining contractual life of share options outstanding at the end of the period was 5.75 years (2007 – 4.62 years).

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

The model inputs for the options granted during the year ended 31 December 2008 on the acquisition of Millenium Mining (Fiji) Ltd included:

| | | 2008 | 2008 |
|---|---|---|---|
| (a) | options are granted for no consideration | | |
| (b) | exercise price | $0.50 | $1.00 |
| (c) | grant date | 6.06.2008 | 6.06.2008 |
| (d) | vesting date | 6.06.2008 | 6.06.2008 |
| (d) | expiry date | 6.06.2015 | 6.06.2028 |
| (e) | share price at grant date | $0.14 | $0.14 |
| (f) | expected price volatility of the Company's shares | 90.0% | 90.0% |
| (g) | expected dividend yield | 0.0% | 0.0% |
| (h) | risk-free interest rate | 7.0% | 7.0% |

## 26 Events occurring after the balance sheet date

The 14,286 partly paid shares which were forfeited during the year were auctioned on 31 January 2009 for a consideration of $143.

No other matters or circumstances have arisen since 31 December 2008 that have significantly affected or may significantly affect the Group's operations in future financial years, or the results of those operations in future financial years, or the Group's state of affairs in future financial years.

## 27 Segment information

The Group operates in one business segment being mineral exploration in Fiji.

## 28 Loss per share

| | Consolidated | |
|---|---|---|
| | **2008** | 2007 |
| | **Cents** | Cents |
| **(a) Basic loss per share** | | |
| Loss attributable to the ordinary equity holders of the Company | **(0.88)** | (1.08) |
| **(b) Diluted loss per share** | | |
| Loss attributable to the ordinary equity holders of the Company | **(0.88)** | (1.08) |

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

| | Consolidated | |
|---|---|---|
| | **2008** | 2007 |
| | **$** | $ |
| *Basic loss per share* | | |
| Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share | **(388,902)** | (419,737) |
| *Diluted loss per share* | | |
| Loss attributable to the ordinary equity holders of the Company used in calculating diluted loss per share | **(388,902)** | (419,737) |

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

| | Consolidated | |
|---|---|---|
| | **2008** | 2007 |
| | **Number** | Number |
| *Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share* | **44,208,306** | 38,856,771 |

*The options on issue as stated in note 17 have not been taken into account for dilution purposes as they are not considered to be dilutive due to the exercise prices being in excess of the current share price.*

## 29 Financial Instruments Disclosures

**(a)** ***Capital management***

The Group considers its capital to comprise its ordinary share capital and accumulated retained earnings.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

**29 Financial Instruments Disclosures (Continued)**

**(a) *Capital management (continued)***

It is the Group's policy to maintain its gearing ratio within the range of 0-25% (2007: 0-25%). The Group's gearing ratio at the balance sheet date is shown below:

| | Consolidated | |
|---|---|---|
| | **2008** | **2007** |
| | $ | $ |
| Cash and cash equivalents | **428,971** | 794,535 |
| Loans | **(10,693)** | (18,420) |
| Net debt | **419,279** | 776,115 |
| | | |
| Share capital | **9,428,218** | 8,015,267 |
| Reserves | **2,488,001** | 307,566 |
| Accumulated losses | **(4,357,388)** | (3,968,486) |
| Total capital | **7,558,831** | 4,354,347 |
| | | |
| Gearing ratio | **0.00%** | 0.00% |

**(b) *Financial instrument risk exposure and management***

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

**(c) *Principal financial instruments***

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

other receivables;
cash at bank; and
trade and other payables.

## 29 Financial Instruments Disclosures (Continued)

### (d) *General objectives, policies and processes*

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

#### *(i) Credit risk*

Credit risk arises principally from the Group's trade receivables and investments in corporate bonds. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

*Other receivables*
Other receivables comprise GST receivable, security deposits and sundry receivables. Credit worthiness of debtors is undertaken when appropriate.

The maximum exposure to credit risk at balance date is as follows :

| | **Consolidated** | | **Parent** | |
|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** |
| | **$** | **$** | **$** | **$** |
| Security Deposits | 39,530 | 30,795 | - | - |
| Other receivables | 30,252 | 121,230 | - | - |
| GST receivables | 47,682 | 107,578 | 3,327 | 3,809 |
| Amounts due from wholly owned controlled entities | - | - | 4,655,474 | 3,128,122 |
| | 117,464 | 259,603 | 4,658,801 | 3,131,931 |

## 29 Financial Instruments Disclosures (Continued)

### *(ii) Liquidity risk (continued)*

The Board receives cash flow projections on a quarterly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g., trade receivables). These assets are considered in the Group's overall liquidity risk.

| | Carrying Amount $ | Contractual Cash flows $ | < 6 mths $ | 6- 12 mths $ | 1-3 years $ | > 3 years $ |
|---|---|---|---|---|---|---|
| ***Maturity Analysis - Consolidated - 2008*** | | | | | | |
| *Financial Liabilities* | | | | | | |
| Trade Creditors | 83,024 | 83,024 | 83,024 | - | - | - |
| Loans | 10,693 | 10,693 | 10,693 | - | - | - |
| TOTAL | 93,717 | 93,717 | 93,717 | - | - | - |
| | | | | | | |
| ***Maturity Analysis - Consolidated - 2007*** | | | | | | |
| *Financial Liabilities* | | | | | | |
| Trade Creditors | 182,690 | 182,690 | 182,690 | - | - | - |
| Loans | 18,420 | 18,420 | 18,420 | - | - | - |
| TOTAL | 201,110 | 201,110 | 201,110 | - | - | - |

### *(ii) Liquidity risk (continued)*

| | | | | | | |
|---|---|---|---|---|---|---|
| ***Maturity Analysis - Parent - 2008*** | | | | | | |
| *Financial Liabilities* | | | | - | - | - |
| Trade Creditors | 40,447 | 40,447 | 40,447 | - | - | - |
| TOTAL | 40,447 | 40,447 | 40,447 | - | - | - |
| | | | | | | |
| ***Maturity Analysis - Parent - 2007*** | | | | | - | - |
| *Financial Liabilities* | | | | - | - | - |
| Trade Creditors | 16,929 | 16,929 | 16,929 | - | - | - |
| TOTAL | 16,929 | 16,929 | 16,929 | - | - | - |

### *(iii) Market risk*

Market risk does not arise as the Group does not use interest bearing, tradable and foreign currency financial instruments.

## 29 Financial Instruments Disclosures (Continued)

### (d) *General objectives, policies and processes (Continued)*

#### *(iv) Interest rate risk*

The Group does not have any exposure to fluctuations in interest rates that are inherent in financial markets. The Board makes investment decisions after considering advice received from professional advisors.

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

| 2008 | Note | Floating Interest Rate | Fixed interest rate maturing in: 1 Year or Less | Over 1 to 5 years | More than 5 years | Non-interest bearing | Total |
|---|---|---|---|---|---|---|---|
| **Financial assets:** | | | | | | | |
| Cash assets | 8 | 428,971 | - | - | - | - | 428,971 |
| Receivables | 9 | - | - | - | - | 117,464 | 117,464 |
| | | 428,971 | - | - | - | 117,464 | 546,435 |
| Weighted average interest rate | | 4.50% | | | | | |
| **Financial liabilities:** | | | | | | | |
| Payables | 15 | - | - | - | - | (93,717) | (93,717) |
| | | - | - | - | - | (93,717) | (93,717) |
| Net financial assets (liabilities) | | 428,971 | - | - | - | 23,747 | 452,718 |

| 2007 | Note | Floating Interest Rate | 1 Year or Less | Over 1 to 5 years | More than 5 years | Non-interest bearing | Total |
|---|---|---|---|---|---|---|---|
| **Financial assets:** | | | | | | | |
| Cash assets | 8 | 794,535 | - | - | - | - | 794,535 |
| Receivables | 9 | - | - | - | - | 259,603 | 259,603 |
| | | 794,535 | - | - | - | 259,603 | 1,054,138 |
| Weighted average interest rate | | 5.25% | | | | | |
| **Financial liabilities:** | | | | | | | |
| Payables | 15 | - | - | - | - | (201,110) | (201,110) |
| | | - | - | - | - | (201,110) | (201,110) |
| Net financial assets (liabilities) | | 794,535 | - | - | - | 6,620 | 801,155 |

**29 Financial Instruments Disclosures (Continued)**

**(d) *General objectives, policies and processes (continued)***

***(iv) Interest rate risk (continued)***

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The analysis assumes all other variables remain constant.

***Sensitivity Analysis***

| | | **Consolidated** | | | **Parent** | |
|---|---|---|---|---|---|---|
| **2008** | Carrying amount | +2% interest rate Profit & Loss | -2% interest rate Profit & Loss | Carrying amount | +2% interest rate Profit & Loss | -2% interest rate Profit & Loss |
| Cash assets | 428,971 | 8,579 | (8,579) | 143,836 | 2,877 | (2,877) |
| | 428,971 | 8,579 | (8,579) | 143,836 | 2,877 | (2,877) |
| Tax charge of 30% | | (2,574) | 2,574 | | (863) | 863 |
| Post tax profit increase / (decrease) | | 6,005 | (6,005) | | 2,014 | (2,014) |
| **2007** | | | | | | |
| Cash assets | 794,535 | 15,891 | (15,891) | 648,120 | 12,962 | (12,962) |
| | 794,535 | 15,891 | (15,891) | 648,120 | 12,962 | (12,962) |
| Tax charge of 30% | | (4,767) | 4,767 | | (3,889) | 3,889 |
| Post tax profit increase / (decrease) | | 11,124 | (11,124) | | 9,073 | (9,073) |

***(v) Currency risk***

The Group’s policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency (AUD) with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere.

The Group’s exposure to foreign currency risk is as follows:

| | **Consolidated** | | **Parent** | |
|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** |
| | **$FJ** | **$FJ** | **$FJ** | **$FJ** |
| Cash at bank | 343,589 | 171,593 | - | - |
| Loans | (12,929) | (7,430) | - | - |
| Intercompany loans | - | - | 10,767,382 | 7,404,141 |
| Net Exposure | 330,660 | 164,163 | 10,767,382 | 7,404,141 |

## 29 Financial Instruments Disclosures (Continued)

### (d) *General objectives, policies and processes (continued)*

### *(v) Currency risk (continued)*

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the balance sheet date.

The below analysis assumes all other variables remain constant.

| *Sensitivity Analysis* | **Consolidated** | | | **Parent** | | |
|---|---|---|---|---|---|---|
| **2008** | Carrying amount **$FJ** | +10% FJD/AUD Profit & Loss AUD$ | -10% FJD/AUD Profit & Loss AUD$ | Carrying amount **$FJ** | +10% FJD/AUD Profit & Loss AUD$ | -10% FJD/AUD Profit & Loss AUD$ |
| Cash at bank | 343,589 | 28,832 | (28,832) | - | - | - |
| Loans | (12,929) | (1,069) | 1,069 | - | - | - |
| Intercompany loans | - | - | - | 10,767,382 | 890,750 | (890,750) |
| | 330,660 | 27,763 | (27,763) | 10,767,382 | 890,750 | (890,750) |
| Tax charge of 30% | | (8,329) | 8,329 | | (267,225) | 267,225 |
| Post tax profit increase / (decrease) | | 19,434 | (19,434) | | 623,525 | (623,525) |
| **2007** | | | | | | |
| Cash at bank | 171,593 | 12,646 | (12,646) | - | - | - |
| Loans | (7,430) | (548) | 548 | - | - | - |
| Intercompany loans | - | - | - | 7,404,141 | 545,685 | (545,685) |
| | 164,163 | 12,098 | (12,098) | 7,404,141 | 545,685 | (545,685) |
| Tax charge of 30% | | ( 3,629) | 3,629 | | (163,706) | 163,706 |
| Post tax profit increase / (decrease) | | 8,469 | (8,469) | | 381,979 | (381,979) |

### *(vi) Sovereign risk*

Country or sovereign risk relates to the likelihood that changes in the business environment will occur that reduce the profitability of doing business in a country. These changes can adversely affect operating profits as well as the value of assets. Types of country risk include;

**29 Financial Instruments Disclosures (Continued)**

**(d) *General objectives, policies and processes (continued)***

***(vi) Sovereign risk (continued)***

**Political changes.** Governments may change economic policies. Changes in the ruling party in Australia or Fiji (brought about by elections, coups or wars) may result in major policy changes. This could result in expropriation of the Company's exploration leases, inability to repatriate future profits, higher taxes, higher tariffs and import costs, elimination of FDI incentives, domestic ownership requirements and local content requirements.

**Macroeconomic mismanagement.** The Australian and Fiji g**o**vernments may pursue unsound monetary and fiscal policies which may lead to inflation, higher interest rates, recession and hard currency shortage.

Other types of country risk include war and labour unrest which could result in higher costs and work stoppages.

The Group has maintained a working policy of keeping all relevant Government offices informed and updated on activities to allow clear avenues of communication with Government authorities and an understanding of any policy changes and any affects that they may have on the Group's work. Regular meetings, field visits and discussion Groups are held with staff of the Mineral Resources Department of Fiji and these include Ministerial and senior management briefings.

**(e) Accounting policies**

***(i) Financial assets***

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. The Group does not use derivative financial instruments in economic hedges of currency or interest rate risk. The Group has not classified any of its financial assets as held to maturity.
Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

*Other receivables*
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally though the sale of assets and GST receivable. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material.

**29 Financial Instruments Disclosures (Continued)**

**(e) Accounting policies *(continued)***

***(i) Financial assets (continued)***

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

*Available for sale*

Non-derivative financial assets not included in the above categories are classified as available for sale. They are carried at fair value with changes in fair value recognised directly in the available for sale reserve. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously charged to equity, is recognised in the income statement. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available for sale reserve. On sale, the amount held in the available for sale reserve associated with that asset is removed from equity and recognised in the income statement. Interest on corporate bonds classified as available for sale is calculated using the effective interest method and is recognised in finance income in the income statement.

***(ii) Financial liabilities***

The Group classifies its financial liabilities as measured at amortised cost. The Group does not use derivative financial instruments in economic hedges of currency or interest rate risk.

Unless otherwise indicated, the carrying amounts of the Groups financial liabilities are a reasonable approximation of their fair values.

These financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

***(iii) Share capital***

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Groups ordinary shares are classified as equity instruments.

For the purposes of these disclosures, the Group considers its capital to comprise its ordinary share capital, and accumulated retained earnings. Neither the available for sale reserve nor the translation reserve is considered as capital. There have been no changes in what the Group considers to be capital since the previous period.

The Group is not subject to any externally imposed capital requirements.

## 30 Information Relating To Acquisition Of Subsidiaries

| **Consolidated** | **2008** | **2007** |
|---|---|---|
| **Acquisitions** | $ | $ |
| On 6 June 2008 the company acquired all of the issued shares of Millenium Mining (Fiji) Ltd | | |
| **Consideration** | | |
| Cash paid | - | - |
| Shares in GPR issued | **560,000** | - |
| Options issued | **124,907** | - |
| | **684,907** | - |
| Less fair value of net assets acquired | **60,352** | - |
| Goodwill on consolidation | **624,555** | - |
| **Details of consideration** | | |
| ***Shares in GPR issued*** | - | - |
| Number of shares in GPR issued | **4,000,000** | - |
| Share price on date of acquisition | **$0.14** | - |
| Value of shares issued | **560,000** | - |
| ***Options in GPR issued*** | - | - |
| Number of shares in GPR issued | **4,000,000** | - |
| Option value on date of acquisition | **$0.031** | - |
| Value of options issued | **124,907** | - |

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

The model inputs for the options granted during the year ended 31 December 2008 on the acquisition of Millenium Mining (Fiji) Ltd included:

| | | **2008** | **2008** |
|---|---|---|---|
| (a) | options are granted for no consideration | | |
| (b) | exercise price | $0.50 | $1.00 |
| (c) | grant date | 6.06.2008 | 6.06.2008 |
| (d) | vesting date | 6.06.2008 | 6.06.2008 |
| (d) | expiry date | 6.06.2015 | 6.06.2028 |
| (e) | share price at grant date | $0.14 | $0.14 |
| (f) | expected price volatility of the Company’s shares | 90.0% | 90.0% |
| (g) | expected dividend yield | 0.0% | 0.0% |
| (h) | risk-free interest rate | 7.0% | 7.0% |

## 30 Information Relating To Acquisition Of Subsidiaries (continued)

| The carrying amounts of assets and liabilities immediately before the combination is the same as that recognised on acquisition, shown below by major class, are: | Acquiree's carrying amount | Fair value |
|---|---|---|
| | $ | $ |
| Cash at bank | 35 | 35 |
| Exploration expenditure | 1,595,882 | 1,595,882 |
| Less loan accounts | (1,535,565) | (1,535,565) |
| **Net assets of entities acquired** | 60,352 | 60,352 |

| | 2008 |
|---|---|
| | $ |
| **Inflow of cash on acquisition of subsidiaries** | - |
| Cash balance acquired | 35 |
| **Net inflow of cash on acquisition of subsidiaries** | 35 |
| **Loss since acquisition of acquired business** | 43,591 |

**Contingent liabilities acquired**

No contingent liabilities were acquired.

## 31 Notes to the cash flow statements

**(a)** For the purpose of the Cash Flow Statements, cash and cash equivalents includes cash at bank.

Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statements is reconciled to the related items in the Balance Sheets as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $ | $ | $ | $ |
| Cash at Bank | **428,971** | 794,535 | **143,836** | 648,120 |

**(b) Non Cash Financing**

| | Consolidated 2008 $ | Consolidated 2007 $ | Parent 2008 $ | Parent 2007 $ |
|---|---|---|---|---|
| **Shares and options issued as payment for the acquisition of Millenium Mining (Fiji) Ltd** | **684,907** | - | **684,907** | - |
| Shares issued in lieu of payment for services rendered | **275,014** | - | **275,014** | - |
| Exchange rate fluctuations in exploration expenditure | **663,678** | - | - | - |
| Exchange rate fluctuations in intercompany loans | - | - | **891,827** | - |
| Exploration expenditure acquired on acquisition of Millenium Mining (Fiji) Ltd | **2,221,341** | - | - | - |
| Intercompany loans acquired on acquisition of Millenium Mining (Fiji) Ltd | - | - | **1,535,621** | - |

**(c) Reconciliation of Cash Flows from Operating Activities**

| | Consolidated 2008 $ | Consolidated 2007 $ | Parent 2008 $ | Parent 2007 $ |
|---|---|---|---|---|
| **Profit (loss) for the year** | **(388,902)** | (419,737) | **80,016** | (270,894) |
| Depreciation | **2,727** | 111 | **812** | 111 |
| Impairment loss | - | - | **461,728** | (113,004) |
| Options expense | **18,507** | 45,489 | **18,507** | 45,489 |
| Unrealised exchange gains | - | - | **(891,927)** | - |
| ***Changes in Assets and Liabilities:*** | | | | |
| (Decrease)/increase in receivables | **142,139** | (92,296) | **482** | 3,928 |
| Decrease in other assets | **19,801** | (2,139) | **19,801** | (2,140) |
| (Decrease)/increase in payables | **(99,665)** | (74,686) | **23,518** | 31,945 |
| **Net Cash from Operating Activities** | **(305,393)** | (543,258) | **(287,063)** | (304,565) |

**CORPORATE GOVERNANCE STATEMENT**

The Board of Directors is responsible for the corporate governance of the Company including its strategic development, and has adopted the following principles:

**Accountability** - The Board is accountable to the Company Shareholders for the performance of the Company and will have overall responsibility for its operations. Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives is delegated by the Board to the Managing Director.

**Board Composition** - The Directors consider the size and composition of the Board is appropriate given the size and status of the Company. However, the Company's constitution provides that at every annual general meeting, one third of the Directors shall retire from office but may stand for re-election.

**Conflicts of Interest** - In accordance with the Corporations Act and the Company's constitution, the Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company.

**Director and Senior Management Dealings in Company Securities -** The Company's constitution permits the Directors to acquire securities in the Company. However, the Company policy prohibits Directors and senior management from trading the Company's securities at any time whilst in possession of price sensitive information, and for 24 hours after any major announcements, the release of the Company's annual financial results to the ASX or the annual general meeting.

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

**Continuous Disclosure** - The Company has a policy that all the Company shareholders and investors have equal access to the Company's information and that shareholders will be informed of all major developments affecting the Company's state of affairs. The Chairman of the Board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. The Company secretary has primary responsibility for all communications with the ASX.

**Code of Ethics** - The Directors, management and staff are expected to perform their duties for the Company in a professional manner and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

**Share Based Payments** - The Company has and intends to issue options to Directors and senior staff as an incentive in relation to performance of their duties.

The shareholder information set out below was applicable as at 24 March 2009.

**A. Distribution of equity securities**

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

| | | | Class of equity security Ordinary shares | |
|---|---|---|---|---|
| | | | **Number** | **Shares** |
| 1 | - | 1000 | 10 | 5,614 |
| 1,001 | - | 5,000 | 49 | 167,420 |
| 5,001 | - | 10,000 | 134 | 1,269,201 |
| 10,001 | - | 100,000 | 207 | 7,768,737 |
| 100,001 and over | | | 75 | 47,578,460 |
| Total | | | 475 | 56,789,432 |

There were 196 holders of less than a marketable parcel of 11,111 ordinary shares.

**B. Equity security holders**

*Twenty largest quoted equity security holders*

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

| **Name** | **Ordinary shares** | |
|---|---|---|
| | **Number held** | **Percentage of issued shares** |
| Finders Capital Ltd | 5,900,000 | 10.389 |
| Mr I Simpson | 5,692,695 | 10.024 |
| Exploration Drilling Services (Fiji) Ltd | 5,172,212 | 9.108 |
| Mr W A Brook | 2,758,003 | 4.857 |
| Yarraandoo Pty Ltd (Yarraandoo Super Fund A/C) | 1,962,600 | 3.456 |
| Otter Gold Mines Ltd | 1,808,451 | 3.184 |
| Exploration Drilling Services (Fiji) Ltd | 1,600,000 | 2.817 |
| Mrs S K Brook | 1,409,050 | 2.481 |
| L Anderson Investments Pty Ltd <Leslie Anderson S/Fund A/C> | 1,100,000 | 1.937 |
| Kurraba Investments Pty Ltd | 1,092,250 | 1.923 |
| Exploration Drilling Services (Fiji) Ltd | 1,000,000 | 1.761 |
| Sheila Anderson Investments Pty Ltd <Sheila Anderson S/Fund A/C> | 900,000 | 1.761 |
| Romadak Pty Ltd | 750,000 | 1.321 |
| Mr O L Hegarty | 750,000 | 1.321 |
| Mr R & Miss K F Jansen | 613,258 | 1.080 |
| Graham Jull & Associates Ltd | 595,894 | 1.049 |
| Pacific Western Enterprises Pty Ltd | 595,238 | 1.048 |
| Mr R H Probert | 589,454 | 1.038 |
| UBS Nominees Pty Ltd <Tp00014 15 A/C> | 529,240 | 0.932 |
| Moondance Ventures Ltd | 502,008 | 0.884 |
| **Total of Top 20 share holdings** | 35,320,353 | 62.195 |
| **Other shareholders** | 21,469,079 | 37.805 |
| **Total ordinary shares** | **56,789,432** | **100.000%** |

### C. Substantial holders

Substantial holders in the Company are set out below:

| **Substantial Shareholder (extracts from Substantial Shareholder Register)** | **Shareholding** | |
|---|---|---|
| **Ordinary shares** | **Number held** | **Percentage** |
| Exploration Drilling Services (Fiji) Ltd | 8,872,212 | 15.623 |
| Finders Capital Ltd | 5,900,000 | 10.389 |
| Mr INA Simpson | 5,692,695 | 10.024 |
| Mr W A Brook | 4,167,053 | 7.338 |

### D. Voting rights

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

(a) Fully paid Ordinary shares

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

(b) Partly 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 in proportion to the amount paid up on the shares.

(c) There are no voting rights attaching to options.

**E Summary of options issued**

| | No of options | No of holders | Options held | % Options Issued |
|---|---|---|---|---|
| **Options expiring 8 May 2012 with an exercise price of $0.20** | **500,000** | **1** | | |
| **Option holders with more than 20% of class** | | | | |
| Ian Pringle | | | 500,000 | 100.00% |
| **Options expiring 8 May 2013 with an exercise price of $0.25** | **500,000** | **1** | | |
| Ian Pringle | | | 500,000 | 100.00% |
| **Options expiring 8 May 2014 with an exercise price of $0.30** | **500,000** | **1** | | |
| **Option holders with more than 20% of class** | | | | |
| Ian Pringle | | | 500,000 | 100.00% |
| **Options expiring 1 November 2009 with an exercise price of $0.50** | **200,000** | **2** | | |
| **Option holders with more than 20% of class** | | | | |
| Simon Yardley | | | 100,000 | 50.00% |
| Roman Leslie | | | 100,000 | 50.00% |
| **Options expiring 1 November 2009 with an exercise price of $0.70** | **200,000** | **2** | | |
| **Option holders with more than 20% of class** | | | | |
| Simon Yardley | | | 100,000 | 50.00% |
| Roman Leslie | | | 100,000 | 50.00% |
| **Options expiring 1 August 2013 with an exercise price of $0.10** | **3,050,000** | **3** | | |
| **Option holders with more than 20% of class** | | | | |
| Ian NA Simpson | | | 2,500,000 | 81.97% |
| **Options expiring not later than five years after the defining on Faddy's Gold Deposit of a JORC compliant ore reserve of over 200,000 ounces of contained gold with an exercise price of $0.50** | **4,000,000** | **5** | | |
| **Option holders with more than 20% of class** | | | | |
| Exploration Drilling Services (Fiji) Ltd | | | 1,600,000 | 40.00% |
| L Anderson Investments Pty Ltd | | | 1,100,000 | 27.50% |
| Sheila Anderson Investments Pty Ltd | | | 900,000 | 22.50% |
| **Options expiring not later than ten years after the defining on Faddy's Gold Deposit of a JORC compliant ore reserve of over 1,000,000 ounces of contained gold with an exercise price of $1.00** | **1,000,000** | **5** | | |
| **Option holders with more than 20% of class** | | | | |
| Exploration Drilling Services (Fiji) Ltd | | | 400,000 | 40.00% |
| L Anderson Investments Pty Ltd | | | 275,000 | 27.50% |
| Sheila Anderson Investments Pty Ltd | | | 225,000 | 22.50% |

## Tenement Schedule

| Tenement | Location | Area | Status | Anticipated Expenditure |
|---|---|---|---|---|
| SPL 1377 NUKU<br>100% GPL | 50 km NNW of Suva | 2,370 ha | Granted on 15 August 1996 to GPL. Proposed expenditure was exceeded in 2008 and an application for a 12 month renewal to 31 December 2009 has been lodged with MRD. | F$50,000 is proposed.<br><br>Costs 100% GPL |
| SPL 1434<br>NADI SOUTH<br>100% GPL | 7 km<br>SE of Nadi | 7,450 ha | Granted on 9 June 2005 to GPL for an initial 12 month period which was renewed to 16 March 2008. Proposed expenditure was exceeded in 2007 and an application for a 12 month renewal to 16 March 2009 has been lodged with MRD. | F$50,000 is proposed.<br><br>Costs 100% GPL |
| SPL 1231<br>RAKI RAKI<br>50% Beta<br>50% Peninsula Minerals | Raki Raki | Approx. 7,790 ha. | Granted on 6 November 1985 to Beta. Peninsula Minerals has earned 50.0%. Proposed expenditure was exceeded in 2008 and an application for a 12 month renewal to 31 December 2009 has been lodged with MRD. | F$100,000 is proposed.<br><br>Costs 50% Beta. |
| SPL 1373<br>QALAU<br>50% Beta<br>50% Peninsula Minerals | Raki Raki | Approx. 3,440 ha. | Granted on 6 July 1995 to Beta. Peninsula Minerals has earned 50.0%. Proposed expenditure was exceeded in 2008 and an application for a 12 month renewal to 31 December 2009 has been lodged with MRD. | F$25,000 is proposed.<br><br>Costs 50% Beta. |

**SCHEDULE OF TENEMENTS**

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| SPL 1436<br>TABUKA<br>50% Beta<br>50% Peninsula Minerals | Raki Raki | Approx.<br>2,500 ha | Granted on 9 June 2005 to Beta. Peninsula Minerals has 50% interest. 2007 expenditure of $23,066 was slightly less than the proposed $30,000. An application for a 12 month renewal to 16 March 2009 has been lodged with MRD. | F$25,000 is proposed.<br><br>Costs 50% Beta. |
| CX 667<br>NADOVU<br>SPL application.<br><br>100% GPL | Nuku | Approx.<br>7,300 ha | Application was lodged on 16 March 2005. Notices appeared in local newspapers and in the Government Gazette in August 2005. No objections were received by the MRD and granting of CX 667 is expected during 2009. | F$50,000 is proposed for first 12 month period after granting.<br><br>Costs 100% GPL |
| SPL 1368<br>VUDA<br>GPL has option to purchase 80% by GPL by 22 February 2008 and this has been extended to ….. | 15 km NNE of Nadi | 9,510 ha | Granted on 18 October 1994. Ministerial approval for a 3 year option to purchase 80% was granted on 2 February 2005. Agreement signed 22 February 2005. Proposed expenditure was exceeded in 2008 and an application for a 12 month renewal to 31 December 2009 has been lodged with MRD. | Proposed expenditure of F$50,000.<br><br>Costs 100% GPL. |
| SPL 1361<br>SABETO<br>GPL had a three year option to purchase 100% of SPL 1361 by 4 April 2008 and this has been extended to….. | 16 km NE of Nadi | 3,850 ha | Granted on 6 October 1999. Ministerial approval for a 3 year option to purchase 100% granted 21 March 2005. Agreement signed 4 April 2005. Proposed expenditure was exceeded in 2008 and an application for a 12 month renewal to 31 December 2009 has been lodged with MRD. | Proposed expenditure of F$50,000.<br><br>Costs 100% GPL. |

**SCHEDULE OF TENEMENTS**

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| SPL 1216 NABILA GPR completed purchase (100%) of Millennium Mining (Fiji) Ltd (MMF) which owns SPL1216 on 3 June 2008 | SW Nadi | All approvals for purchase of MMF have been obtained. | Proposed Expenditure of $300,000 to include scoping studies, metallurgical wok and Mining title approvals.<br><br>Costs 100% MMF. |
| SPL 1415 KAVUKAVU GPR completed purchase (100%) of Millennium Mining (Fiji) Ltd (MMF) which owns SPL1216 on 3 June 2008 | SW Nadi | All approvals for purchase of MMF have been obtained. | Proposed Expenditure of $50,000.<br><br>Costs 100% MMF. |