GEOPACIFIC RESOURCES NL

ACN 003 208 393
and controlled entities

ASX code: GPR

Financial Statements

for the year ended 31 December 2012

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GEOPACIFIC RESOURCES NL
and Controlled Entities

CORPORATE DIRECTORY

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)	S T Biggs, Non-Executive Chairman C B Bass, Managing Director I N A Simpson, Non-Executive Director R J Fountain Non-Executive Director R H Probert, (Alternate Director to Mr I N A Simpson)
Registered Office	Suite 6, 125 Melville Parade, Como, WA 6152, Australia
Postal Address	P.O. Box 111, South Perth, WA 6152
Company Secretary	Mr Mark Pitts
Auditor	William Buck, Level 3, 15 Labouchere Road, (corner Mill Point Road) South Perth, WA 6151, Australia
Bankers	Westpac Banking Corporation, 50 Pitt Street, Sydney, NSW
Fiji Operations Office	3 Brewer Street, Martintar, Nadi, Fiji Tel: 679 6 727150 Fax: 679 6 727152 All mail to: P O Box 9975, Nadi Airport, Fiji E-mail: gpl@connect.com.fi

The Directors present their report together with the financial report of the Geopacific Group, being Geopacific Resources NL ("Geopacific") ("the Company") and its controlled entities for the financial year ended 31 December 2012, and the auditors' report thereon.

1 DIRECTORS

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

Stephen Timothy Biggs, ADSA – Chairman,

Tim Biggs has been involved in the financing of listed companies in Australia since 1993.

Tim commenced his career with Pembroke Josephson Wright stockbrokers in Brisbane, Australia – the firm specialised in raising equity capital for natural resource companies. In 1997 Tim moved to Sydney to work for Robert Fleming and Company and subsequently for Credit Suisse First Boston (CSFB) gaining valuable experience in equity derivatives, convertible and Equity capital markets functions.

Since departing CSFB in 2003, Tim has worked privately investing in junior and mid-cap listed companies.

Mr Biggs is the Chairman of the Board of Directors and a member of the audit committee.

Mr Biggs has held no other directorships of listed companies in the last 3 years.

Charles Bennett Bass, B.Sc(Geol), M.Sc(Mining & Mineral Processing), FAusIMM, FAIG, FAICD, Executive Director

Charles Bass has well over 35 years of experience in mineral exploration, development and production in Australia, Canada and the United States. He has been actively involved as executive and director of several publicly listed companies since the early 1990's.

In March 2001, Mr Bass co-founded Australian-listed Aquila Resources Limited (AQA:ASX), and remains as a director and substantial shareholder in the multi-billion dollar market capitalisation coal and iron ore company.

Between 1993 and 1997, Mr. Bass was co-founder, substantial shareholder and a Managing Director of Eagle Mining Corporation Pty Ltd. Under Mr Bass, Eagle discovered, developed and built the Nimary gold mine and plant in Western Australia. The mine and plant were built in a record four months from ground breaking to first pour, and produced at over 100,000 oz/yr. Nimary was one of Australia's highest grade and lowest cost producers of its time.

Mr Bass is also currently the CEO and an executive director of an unlisted Canadian-based exploration company, Exploration Syndicate Inc. which has a major VMS Cu/Zn/Pb/Au discovery in the Flin Flon district of Manitoba/Saskatchewan, Canada, Mr Bass has a B.Sc. Geology from Michigan Technological University and a M.Sc. Mining Engineering from Queen's University, Canada. He is a Fellow of the Institute of Geoscientists and the AusIMM. He is also a member of the Australian Institute of Company Directors

Mr Bass is a Non-Executive Director on the Board of Aquila Resources Limited (appointed March 2000)

Ian Neville Aston Simpson, Non – 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.

Mr Simpson is a member of the audit committee.

Mr Simpson has held no other directorships of listed companies in the last 3 years.

Russell John Fountain, BSc, PhD, FAIG, Non-executive Director

Dr Fountain was appointed a Director and Chairman of the Company on 23 September, 2005. Russell is a Sydney-based consulting geologist with 42 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.

Russell has 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 (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 Non-Executive Chairman of Finders Resources Ltd.

Mr Fountain is the Chairman of the audit committee.

Dr Fountain has held no other directorships of listed companies in the last 3 years.

Roger Harvie Probert, - Alternate Director to Mr Simpson

Harvie Probert was elected chairman of Geopacific Limited 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.

Harvie Probert has held no other directorships of listed companies in the last 3 years.

COMPANY SECRETARY

Mr Mark Pitts (appointed 17 February 2012)
Mr Pitts was appointed to the position of Company Secretary on 17 February 2012.

Mr Pitts is a Fellow of the Institute of Chartered Accountants with more than 25 years experience in statutory reporting and business administration. He has been directly involved with, and consulted to a number of public companies holding senior financial management positions.

He is a Partner in the corporate advisory firm Endeavour Corporate providing company secretarial support; corporate and compliance advice to a number of ASX listed public 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 Results and Financial Review

The loss for the Group for the year ended 31 December 2012 was $2,672,619 (2011: loss $1,723,299). Included in the loss for the year is expensed and written off exploration and evaluation expenditure of $1,464,577 (2011: $1,275,080).

Review of Operations

Exploration activity during the year was primarily focussed on drill testing ZTEM anomalies at Nabila and Sabeto, and geochemical testing of the Cakaudrove and Kavukavu prospects. A summary of the main exploration activities

Nabila

Diamond drilling testing a ZTEM anomaly target at Nabila was completed to a depth of approximately 846 metres early in the year. The identified ZTEM anomaly was consistent with a change in alteration and an increase in sulphide mineralisation.

Mineralisation identified by the drilling reflects that of a major hydrothermal alteration system, the source of the intrusive yet to be identified.

Following a technical review of the project area, high gold values were noted in unsampled intervals of several historic drill holes in the Mistry mine area, approximately 2km south of the Faddy's prospect. Subsequent trench sampling of the southern 400 metres of the 2km arcuate geochemically anomalous trend identified various zones of anomalous gold mineralisation.

Sabeto

Drill testing of the ZTEM anomaly commenced during the first half of the year, with the 2 hole diamond drill program intersecting a 32 metre zone of gold and copper anomalism within a sanidine porphyry intrusive, plus epithermal gold-base metal mineralisation.

A third diamond hole intersected a wide zone of strong chlorite-pyrite alteration overprinting weak early biotite-magnetite alteration and minor gold-copper mineralisation. Separate stream sediment testing has identified copper anomalism extending southeast of the current drilling.

The work carried confirms the prospectivity of Sabeto for disseminated porphyry related gold copper mineralisation and low temperature epithermal vein style gold-base metal deposits.

Cakaudrove

This prospect was initially identified with the initial ZTEM survey and was subsequently re-interpreted using the Mira 3D inversion. Following the licence grant early in the year the Company carried out a broad stream sampling program at the Cakaudrove prospect, identifying four distinct geochemically gold-copper anomalous zones.

Kavukavu

During the year the Company commenced geochemical mapping and sampling of its new Kavukavu prospect, located about 10km south of Nabila. Assays from the soil sampling program have highlighted three zones of anomalism for Au-Ag-As-Hg-Mo-Sb. Geological mapping has identified a number of skarn outcrops associated with Cu-Zn-Fe mineralisation. In addition, gold mineralisation within rock chips is spatially associated with radiometric highs.

RakiRaki JV

A 15 metre wide zone of gold mineralisation, hosted within quartz veining, was identified from assaying trenching at the JV project over a 200 metre strike length. Similar mineralisation has been noted, slightly offset, to the south of the trenching and follow up trenching will be conducted to test this potential extension.

A ground magnetic survey has been completed aimed at identifying the structural framework of the prospect area – this data will be compiled in 2013.

Competent Persons Statement

The review of exploration activities and results contained in this report are based on information compiled by Dr Russell Fountain, B.Sc., Ph.D, F.A.I.G., a director of the Company. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Russell John Fountain has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

4 Financial Position

At the end of the financial year the Group had $696,841 (2011: $1,687,834) in cash and cash equivalent. Capitalised exploration and evaluation expenditure was $6,980,234 (2011: $7,133,975).

Expenditure on exploration of tenements during the year was $1,310,836 (2011: $900,051).

5 Dividends

The Directors do not recommend the payment of a dividend.

No dividends have been paid or declared since the end of the previous year.

6 State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year except for the following:

- During the year, the Company completed a placement of 5,461,364 ordinary fully paid shares at 22 cents each to raise $1,201,500 before capital raising costs. The placement shares were issued with a free attaching option on the basis of one (1) free option for every two (2) shares subscribed for pursuant to the placement. This resulted in 2,730,682 listed options being issued exercisable at 35 cents each on or before 19 January 2013.

7 Events Subsequent to Reporting Date

Other than the following, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

- On 3 January 2013, the Company announced that it had entered into an agreement with unlisted public company World Wide Mining Projects Limited ("WWM") to undertake an off-market, target board-recommended 1:1 scrip takeover bid for 100% of WWM's issued capital by issuing of up to 53,700,000 GPR shares. A successful takeover will result in GPR having the option to take an 85% interest in the Kou Sa Copper Project.

  On 7 February 2013 a Bidder Statement was lodged with ASIC and ASX, and a Supplementary Bidder Statement lodged on 26 February 2013.

  On 11 March 2013 the Company announced that the takeover offer had been extended to 2 April 2013.

  On 18 March 2013 the Company advised WWM that it had received acceptances from WWM shareholders amounting to 92.5% of total WWM shares on issue.

- On 10 January 2013 the company announced the issue of 700,000 ordinary shares to consultants in lieu of cash consideration for their services.
- On 19 January 2013 21,657,951 listed options exercisable at 35 cents each expired in accordance with their terms.
- On 20 February 2013, the Company announced a placement of 4,250,000 ordinary fully paid shares at 10 cents each, raising $425,000 before costs.

Other matters

No other matter or circumstance has arisen since 31 December 2012 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.

8 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		Indirect	
	Shares	**Options**	**Shares**	**Options**
R J Fountain	4,000	Nil	62,000	Nil
I N A Simpson	718,539	500,000	36,380	Nil
R H Probert (Alternate)	647,545	Nil	Nil	Nil
C B Bass	Nil	Nil	4,152,117	2,000,000
S T Biggs	Nil	Nil	5,632,417	Nil

9 Directors' Meetings

During the year ended 31 December 2012 a total of four Directors' Meetings and two Audit Committee Meetings were held. Directors' attendance record is tabulated below.

Record of Directors' Attendance at Meetings

		Directors Meetings		Audit Committee Meetings	
Director	**Service**	**Attended ***	**Eligible to Attend**	**Attended ***	**Eligible to Attend**
S T Biggs	All year	4	4	2	2
C B Bass	All year	4	4	-	-
R J Fountain	All year	3	4	2	2
I N A Simpson	All year	4	4	2	2
R H Probert (alternate to I. Simpson)	All year	2	4	-	-

* 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 Executive 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 Committees. The Board seeks independent professional advice as necessary in carrying out its duties and responsibilities.

10 Likely Developments, Prospects and Business Strategies

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

11 Environment Regulations

Entities in the Group are subject to normal environmental regulations in areas of operations In Fiji. 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.

12 Share Options

There were 26,367,951 options over unissued shares unexercised at 31 December 2012 (2011 – 2,310,000).

Issues in current year

Listed options
18,927,269 bonus options exercisable at 35 cents and expiring on 19th January 2013 were issued to existing shareholders on 3rd February 2012.

During the year 2,730,682 listed options exercisable at 35 cents each and expiring on 19 January 2013, were issued under a share placement agreement.

Unlisted Options
During the financial year the Company granted the following unlisted options over unissued shares:

Number of Options Issued	Date of Issue	Exercise Price	Expiry Date
250,000	7 September 2012	$0.35	30 November 2015
2,000,000	5 April 2012	$0.30	5 April 2015
250,000	5 April 2012	$0.30	30 September 2014

The Company did not issue any ordinary shares during the financial year on the exercise of unlisted options.
Since the end of the financial year, no unlisted options have been exercised.
As at the date of this report unlisted options over unissued shares in the Company are:

Number of Options on Issue	Exercise Price	Expiry Date
250,000	$0.35	30 November 2015
2,000,000	$0.30	5 April 2015
250,000	$0.30	30 September 2014
610,000	$0.50	1 August 2013
100,000	$1.50	8 May 2013
800,000	$2.50	(i)
200,000	$5.00	(ii)

(i) The Options 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.

(ii) The Options 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.

Subsequent to the end of the financial year

21,657,951 listed options exercisable at 35 cents each expired on 19 January 2013.

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

There have been no unissued shares or interests under option of any controlled entity within the Group during or since the end of the reporting period.

13 Insurance of Officers

The Company has 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 Proceedings on behalf of Company

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

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

15 Lead Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2012 is set out on page 17.

16 Auditor

KS Black & Co resigned as auditor on 31 May 2012 and William Buck Audit (WA) Pty Ltd was appointed as auditor on 31 May 2012.

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

	Consolidated	
	2012	2011
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	**-**	**34,450**
William Buck Audit (WA) Pty Ltd:		
Audit and review of the financial report and other audit work under the *Corporations Act 2001*		
- Current year	**34,225**	**-**
Total remuneration for audit services	**34,225**	**34,450**

17 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.

No non-audit services were provided by the external auditors in respect of the current or preceding financial year.

18 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

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 executive directors' 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.

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

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.

A Director may also be paid fees or other amounts as the Directors determine, if a Director performs special duties or otherwise performs duties outside the scope of normal duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Geopacific Resources NL Employee Option Plan

Information on the Geopacific Resources Option Plan is set out in note 22.

B Details of remuneration

Details of the remuneration of 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 comprises of the Directors and the Exploration Manager.

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

2012	Short-term benefits		Post-employment benefits		Share-based payments		
Name	Salaries and Fees $	Other $	Super-annuation $	Termination Payments $	Options $	Total $	Share based payments as % of remuneration
Non-executive Directors							
S T Biggs	-	-	-	-	-	-	-
I N A Simpson	24,000	-	-	-	-	24,000	-
R J Fountain	54,000	-	-	-	-	54,000	-
R H Probert (alt. to I. Simpson)	24,000		-	-	-	24,000	-
Sub-total non-executive Directors	**102,000**	**-**	**-**	**-**	**-**	**102,000**	
Executive Directors							
C B Bass	-	-	-	-	114,639	114,639	100%
Total directors	**102,000**	**-**	**-**	**-**	**114,639**	**216,639**	
Other Key management Personnel							
S Whitehead	109,327	-	9,840	-	22,280	141,447	15.75%
Totals	**211,327**		**9,840**	**-**	**136,919**	**358,086**	

2011	Short-term benefits		Post-employment benefits		Share-based payments		
Name	Salaries and Fees $	Other $	Super-annuation $	Termination Payments (note 2) $	Options $	Total $	Share based payments as % of remuneration
Non-executive Directors							
S T Biggs	-	-	-	-	-	-	-
I N A Simpson	42,000	-	-	-	-	42,000	-
R J Fountain	67,000	-	-	-	-	67,000	-
R H Probert (alt. to I. Simpson)	42,000	-	-	-	-	42,000	-
Sub-total non-executive Directors	**151,000**	**-**	**-**	**-**	**-**	**151,000**	**-**
Executive Directors							
I J Pringle (resigned 15.9.11)	75,000	-	-	-	-	75,000	-
C B Bass	-	-	-	-	-		-
Total directors	**226,000**	**-**	**-**	**-**	**-**	**226,000**	
Other Key management Personnel							
S Whitehead	76,367	-	-	-	7,046	83,413	8.44%
Totals	**302,367**	**-**	**-**	**-**	**7,046**	**309,413**	

C Service agreements

At the date of this report the Company has not entered into any service agreement with Directors.

D Share-based compensation

Options

Options are granted on the recommendation of the Board.

Options are granted for no consideration.

Options granted carry no dividend or voting rights.

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

2,000,000 options over ordinary shares in the Company were provided as remuneration to one of the directors of Geopacific Resources as set out below. Further information on the options is set out in notes 16 and 22 to the financial statements.

During the year 2,000,000 options were granted at an exercise price of 30 cents and an expiry date of 5 April 2015 to Mr Bass.

Directors of Geopacific Resources NL	**Number of options granted during the year**		**Number of options vested during the year**	
Name	**2012**	**2011**	**2012**	2011
S T Biggs	-	-	-	-
I N A Simpson	-	-	-	-
R J Fountain	-	-	-	-
R H Probert	-	-	-	-
C B Bass	2,000,000	-	333,333	-
Other Key management Personnel				
S Whitehead	-	500,000	83,333	-

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 below. 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.

D Share-based compensation (continued)

Options (continued)

(i) Options issued to Mr Charles Bass

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	Number of Options	Exercise price	Value per option at grant date	Date vesting
5 April 2012	5 April 2015	333,333	$0.30	$0.1347	15 September 2012
5 April 2012	5 April 2015	333,333	$0.30	$0.1347	15 September 2013
5 April 2012	5 April 2015	333,334	$0.30	$0.1347	15 September 2014
5 April 2012	5 April 2015	1,000,000	$0.30	$0.1347	N/A[1]

[1] Options vest after successful exploration results arising from the ZTEM geophysics, such success deemed in the Board's discretion or a corporate transaction benefitting the Company has been successfully negotiated.

(ii) Options issued to Mr Steven Whitehead

The options issued to Mr Steven Whitehead vest on the first, second and third anniversaries of the commencement of his engagement.

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	Number of Options	Exercise price	Value per option at grant date	Date vesting
30 September 2011	30 September 2014	83,333	$0.30	$0.1029	1 July 2012
30 September 2011	30 September 2014	83,333	$0.30	$0.1029	1 July 2013
30 September 2011	30 September 2014	83,334	$0.30	$0.1029	1 July 2014
30 September 2011	30 September 2014	250,000	$0.30	$0.1029	N/A[2]

[2] Options vest after successful exploration results as a consequence of his direct management of the exploration efforts, such success deemed in the Board's discretion.

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.

Shares issued on the exercise of options

No ordinary shares of the Company were issued during the year ended 31 December 2012 on the exercise of options granted to key management personnel under the Employee Share Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

REMUNERATION REPORT

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

C B Bass
Executive Director
Perth, Australia
Dated: *22nd March 2013*

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF GEOPACIFIC RESOURCES NL AND ITS CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2012 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.

William Buck

William Buck Audit (WA) Pty Ltd
Registered Company Auditor No: 339150
ABN 67 125 012 124

Stephen K. Breihl

Stephen K. Breihl
Director
Dated this 22 day of March, 2013

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEOPACIFIC RESOURCES NL AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report comprising of Geopacific Resources NL (the Company) and the entities it controlled at year's end or from time to time during the financial year (the Consolidated Entity). The consolidated financial report comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives and true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. 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.

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.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEOPACIFIC RESOURCES NL AND CONTROLLED ENTITIES (CONT)

Auditor's Opinion

In our opinion:

a) the financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its 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; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion expressed above, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred net losses before income tax of $2,672,619 and a net operating cash outflow of $635,535 during the year ended 31 December 2012. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's and Consolidated Entity's ability to continue as going concerns and therefore, the Company and Consolidated Entity may be unable to realise their assets and extinguish their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report for the year ended 31 December 2012. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Geopacific Resources NL for the year ended 31 December 2012, complies with section 300A of the Corporations Act 2001.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Geopacific Resources NL for the year ended 31 December 2012 included on Geopacific Resources NL's web site. The company's directors are responsible for the integrity of the Geopacific Resources NL's web site. We have not been engaged to report on the integrity of the Geopacific Resources NL's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

William Buck Audit (WA) Pty Ltd
ABN: 67 125 012 124
Registered Company Auditor No: 339150

Stephen K. Breihl

Stephen K. Breihl
Director
Dated this 22 day of March, 2013

DIRECTORS' DECLARATION

The Directors of Geopacific Resources NL declare that:

a) the financial statements and notes, set out on pages 21 to 60 are in accordance with the Corporations Act 2001, including:

   i. complying with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   ii. giving a true and fair view of the Group's financial position as at 31 December 2012 and of their performance for the year then ended; and

   iii. complying with International Financial Reporting Standards as disclosed in Note 1.

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2012.

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

C B Bass
Executive Director

Perth, Australia
Dated: *22nd March 2013*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Consolidated 2012 $	2011 $
Revenue from continuing operations	5	**48,994**	93,533
Administration expenses		**(352,818)**	(198,329)
Consultancy expense		**(30,000)**	(77,556)
Depreciation expense		**(48,487)**	(27,176)
Employee benefits expense		**(215,912)**	(137,442)
Equity based payments		**(148,491)**	(7,046)
Exploration expenditure written off		**(1,464,577)**	(1,275,080)
Occupancy Expenses		**(69,578)**	(46,367)
Provision for VAT expense		**(282,004)**	-
Other expenses		**(109,746)**	(47,835)
		(2,721,613)	(1,816,831)
(Loss) before income tax	6	**(2,672,619)**	(1,723,299)
Income tax expense	8	**-**	-
(Loss) for the year attributable to members of the parent company		**(2,672,619)**	(1,723,299)
Other comprehensive income:			
Exchange differences on translating foreign controlled entities		**(10,743)**	(35,079)
Other comprehensive income for the year, net of tax		**(10,743)**	(35,079)
Total comprehensive income for the year attributable to members of the parent entity		**(2,683,362)**	(1,758,378)
Basic loss per share	23	**(6.34)**	(4.78)
Diluted loss per share	23	**(6.34)**	(4.78)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

GEOPACIFIC RESOURCES NL

and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	Consolidated 2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	9	**696,841**	1,687,834
Trade and other receivables	10	**99,582**	194,754
TOTAL CURRENT ASSETS		**796,423**	1,882,588
NON-CURRENT ASSETS			
Exploration expenditure	11	**6,980,234**	7,133,975
Plant and equipment	12	**197,794**	154,217
TOTAL NON-CURRENT ASSETS		**7,178,028**	7,288,192
TOTAL ASSETS		**7,974,451**	9,170,780
CURRENT LIABILITIES			
Trade and other payables	13	**253,385**	65,741
Financial liabilities	14	**6,990**	-
TOTAL CURRENT LIABILITIES		**260,375**	65,741
NON-CURRENT LIABILITIES			
Financial liabilities	14	**19,323**	-
TOTAL NON-CURRENT LIABILITIES		**19,323**	-
TOTAL LIABILITIES		**279,698**	65,741
NET ASSETS		**7,694,753**	9,105,039
EQUITY			
Issued capital	15	**17,050,141**	15,925,556
Reserves	16	**(46,334)**	89,441
Accumulated losses		**(9,309,054)**	(6,909,958)
TOTAL EQUITY		**7,694,753**	9,105,039

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

GEOPACIFIC RESOURCES NL
and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING 31 DECEMBER 2012

Consolidated	Issued Capital	Forfeited Shares Reserve	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$	$
At 1 January 2011	15,215,954	4,623	429,217	(316,366)	(5,186,659)	10,146,769
Transactions with owners in their capacity as owners						
Shares issued during the year	709,602		-	-	-	709,602
Share based payments	-		7,046	-	-	7,046
	15,925,556	4,623	436,263	(316,366)	(5,186,659)	10,864,317
Other Comprehensive loss for the year	-	-	-	(35,079)	(1,723,299)	(1,758,378)
At 31 December 2011	15,925,556	4,623	436,263	(351,445)	(6,909,958)	9,105,039
At 1 January 2012	**15,925,556**	**4,623**	**436,263**	**(351,445)**	**(6,909,958)**	**9,105,039**
Transactions with owners in their capacity as owners						
Shares issued during the year	**1,201,500**	**-**	**-**	**-**	**-**	**1,201,500**
Share issue costs	**(76,915)**	**-**	**-**	**-**	**-**	**(76,915)**
Options issued	**-**	**-**	**148,491**	**-**		**148,491**
Options expired	**-**	**-**	**(268,900)**	**-**	**268,900**	**-**
Transfer of forfeited shares reserve	**-**	**(4,623)**	**-**	**-**	**4,623**	**-**
	17,050,141	**-**	**315,854**	**(351,445)**	**(6,636,435)**	**10,378,115**
Other Comprehensive loss for the year	**-**	**-**	**-**	**(10,743)**	**(2,672,619)**	**(2,683,362)**
At 31 December 2012	**17,050,141**	**-**	**315,854**	**(362,188)**	**(9,309,054)**	**7,694,753**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 31 DECEMBER 2012

	Note	Consolidated 2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments in the course of operations		**(684,529)**	(323,695)
Interest received		**47,716**	89,559
Other income		**1,278**	3,973
Net Cash used in Operating Activities	27(c)	**(635,535)**	(230,163)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(104,934)**	(68,230)
Proceed from disposal of plant and equipment		**14,845**	-
Exploration expenditure		**(1,373,382)**	(900,051)
Net Cash used in Investing Activities		**(1,463,471)**	(968,281)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		**1,201,500**	709,602
Share issue costs		**(76,915)**	-
Net Cash from Financing Activities		**1,124,585**	709,602
NET (DECREASE IN CASH AND CASH EQUIVALENTS		**(974,421)**	(488,842)
Effect of exchange rates on cash held in foreign currencies		**(16,572)**	3,417
Cash and Cash Equivalents at the Beginning of the Financial Year		**1,687,834**	2,173,259
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	27(a)	**696,841**	1,687,834

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

Contents of the notes to the financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Geopacific Resources NL ('the Company') is a listed public company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 31 December 2012 comprises the Company and its controlled entities (together referred to as the 'Group').

The separate financial statements of the parent entity, Geopacific Resources NL, have not been presented within this financial report as permitted by the Corporation Act 2001.

The financial report was authorized for issue by the directors on 21 March 2012.

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.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern basis for preparation of financial statements

During the year the Company incurred a net loss of $2,672,619 (2011: $1,723,299) and net operating cash outflows of $635,535 (2011: $230,163).

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The ability of the Group to continue to adopt the going concern assumption will depend on future successful capital raisings, the successful exploration and subsequent exploitation of the Group's tenements and/or sale of non-core assets.

Should the Group not be successful in raising additional funding by capital raisings or other alternative funding arrangements fail to eventuate, there is a material uncertainty as to whether the Group will be able to continue as a going concern. If the Group is unable to continue as a going concern, it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that may be different to those stated in the final report

The Directors are cognisant of the fact that future exploration and administration activities may be constrained by available cash assets, and believe that the current cash reserves of the Group and proposed future fund raisings will be sufficient to fund forecast exploration.

Subsequent to the end of financial year, the Group completed a share placement raising $425,000 by issuing 4,250,000 ordinary fully paid shares at 10 cents each.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods

In the year ended 31 December 2012, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

  These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. This amendment is a consequence of the deferral of IFRS 9 to allow the IASB to complete its revision of that Standard. In light of this change of mandatory effective date, the Group is expected to adopt AASB 9 and AASB

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods (continued)

2010–7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact particularly considering the changes that are expected to be made to IFRS 9 in the future.

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. This standard is not expected to have significant impact on the Group's financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to significantly impact the Group's financial statements.

AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods (continued)

AASB 2011–4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
- AASB 2011–4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011–4.
- AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - (i) service cost and net interest expense in profit or loss; and
  - (ii) remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2012–2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods (continued)

AASB 2012–2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009–2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies

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

(a) Cash and cash equivalents

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

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

(b) Share Capital

Ordinary shares are classified as equity.

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

(c) Employee benefits

(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.

(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 year end, the Company revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Employee benefits (continued)

(iii) Share-based payments (continued)

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.

(d) 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.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified ‘at fair value through profit or loss’, in which case transaction costs are expensed to profit or loss immediately.

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 instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(e) Financial Instruments (continued)

(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 being measured at fair value are classified as current assets in the statement of financial position.

(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. Gain or losses are recognized in profit or loss through the amortization process and when the financial asset is derecognised.

(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. Gain or losses are recognized in profit or loss through the amortization process and when the financial asset is derecognised.

(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. Gain or losses are recognized in profit or loss through the amortization process and when the financial asset is derecognised.

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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments (continued)

Impairment

At each reporting date the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

(f) Foreign currency transactions and balances

(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 statement of comprehensive income.

(iii) Group companies

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of comprehensive income. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed of.

(g) 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 statement of financial position.

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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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.

(i) Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on 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.

(j) 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Mineral Tenements and Deferred Mineral Exploration Expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

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

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

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted cash basis, of restoration and depreciating over the useful life of the asset. The unwinding of the effect of the discounting on the provision is recorded as a finance cost in the income statement.

(l) Plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year 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 and equipment	5% to 37.5%
- Computer software	25%
- Motor vehicles	25%
- Furniture and fittings	7% to 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end.

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(h)).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Plant and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gain and losses are included in the statement of comprehensive income. 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.

(m) Principles of consolidation

(i) Controlled entities

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Geopacific Resources NL ("the Company") as at 31 December 2012 and the results of all controlled entities for the year then ended. Geopacific Resources NL and its controlled entities together are referred to in this financial report as the Group.

Controlled entities 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.

Controlled entities 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 controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of controlled entities is contained in note 19.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(m) Principles of consolidation (continued)

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest; and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the consolidated statement of comprehensive income.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). The Group determines which method to adopt for each acquisition.

Under the full goodwill method, the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of controlled entities is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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 using the effective interest method.

(iii) General

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

(o) Comparative figures

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

(p) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(q) Provisions

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

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

2 FINANCIAL RISK MANAGEMENT

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

(a) Credit risk

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

Trade and other receivables

The Group has no investments and the current nature of the business activity does not result in trading receivables. The receivables that the Group recognises through its normal course of business are short term in nature and the most significant (in quantity) is the receivable from security deposits for tenements. The risk of non recovery of receivables from this source is considered to be negligible.

Cash deposits

The Group's primary banker is Westpac. At balance date all operating accounts and funds held on deposit are with this bank. The Directors believe any risk associated with the use of only one bank is mitigated by its size and reputation. Except for this matter the Group currently has no significant concentrations of credit risk.

(b) Liquidity risk

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

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

(c) Market risk

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

Foreign exchange risk

The Group and the parent entity operated in Fiji and are exposed to foreign exchange risks arising from the fluctuations between the exchange rates of the Australian and Fijian Dollar. The Group does not have any further material foreign currency dealings other than the above.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Group's functional currency. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements.

Interest rate risk
As the Group has significant interest bearing assets, the Group's income and operating cash flows are materially exposed to changes in market interest rates. The assets are short term interest bearing deposits, and no financial instruments are employed to mitigate risk (Note 26 – Financial Instruments).

(d) Capital management

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

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

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its controlled entities are subject to externally imposed capital requirements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Key judgments

Exploration and evaluation expenditure

The Company's accounting policy is stated at Note 1(k). There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure, however the Board and management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation. In the year ended 31 December 2012 an amount of $1,464,577 has been written off (2011: $1,275,080)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Key Estimates

Share based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model. Refer Note 22 for details of estimates and assumptions used

4. Parent Information

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

	2012 **$**	2011 $
<u>STATEMENT OF FINANCIAL POSITION</u>		
ASSETS		
Current assets	**714,939**	1,691,975
Non current assets	**6,992,170**	6,319,162
TOTAL ASSETS	**7,707,109**	8,011,137
LIABILITIES		
Current liabilities	**103,698**	57,402
TOTAL LIABILITIES	**103,698**	57,402
EQUITY		
Issued capital	**17,050,141**	15,925,556
Forfeited shares reserve	**-**	4,623
Share based payments reserve	**315,854**	436,263
Accumulated losses	**(9,762,584)**	(8,412,707)
TOTAL EQUITY	**7,603,411**	7,953,735
<u>STATEMENT OF COMPREHENSIVE INCOME</u>		
Total loss	**(1,623,399)**	(1,756,614)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(1,623,399)**	(1,756,614)

Guarantees

Geopacific Resources NL has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent liabilities

At 31 December 2012, Geopacific Resources NL had no contingent liabilities. (2011: Nil)

Contractual commitments

At 31 December 2012, Geopacific Resources NL had not entered into any contractual commitments for the acquisition of property, plant and equipment. (2011: Nil)

	Consolidated	
	2012	2011
5 REVENUE	**$**	$
Interest income – other persons	**47,716**	89,559
Management Fees Raki Raki Joint Venture	**-**	2,691
Other income	**1,278**	1,283
	48,994	93,533

6 LOSS BEFORE INCOME TAX

Loss before income tax includes the following specific expenses:

Rental expenses	**69,478**	46,081
Contributions to defined superannuation funds	**15,344**	-

7 REMUNERATION OF AUDITORS

Assurance services

A. Audit services

Audit or review of the financial report		
William Buck Audit (WA) Pty Ltd:		
- Current year	**34,225**	-
KS Black & Co Australian firm:		
- Prior year	**-**	34,450
Total remuneration for audit services	**34,225**	34,450

8 INCOME TAX

	Consolidated 2012 $	2011 $
(a) Reconciliation of income tax expense/(benefit) to prima facie tax payable		
Loss from continuing operations before income tax expense/(benefit)	**(2,672,619)**	(1,723,229)
Tax at the Australian rate of 30% (2011 – 30%)	**(801,786)**	(516,990)
Tax effect of:		
Non-deductible share based payment	**44,547**	-
Exploration costs	**46,122**	(54,233)
Capital raising costs	**(25,948)**	(30,086)
Other non-deductible expenses	**29,378**	(147,027)
Deferred tax assets not brought to account	**707,687**	748,336
Income tax expense	**-**	-

	Consolidated 2012 $	2011 $
(b) Deferred tax – Consolidated Statement of Financial Position		
Deferred Tax Liabilities		
Capitalised Exploration and Evaluation expenditure	**(2,094,070)**	(2,140,193)
	(2,094,070)	(2,140,193)
Less: Deferred Tax Assets		
Accrued expenses	**27,638**	19,262
Interest bearing liabilities	**3,934**	-
Deductible equity raising costs	**50,220**	76,168
Tax losses available to offset against future taxable income	**2,224,923**	2,625,684
	2,306,715	2,721,114
Net Deferred tax assets not recognised	**212,645**	580,921

The deferred tax assets of tax losses not brought to account will only be obtained if:

(i) the company and the consolidated entity derive further assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;

(ii) the company and the consolidated entity continue to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the company's and the consolidated entity's ability in realising the benefit from the deductions.

9 CASH AND CASH EQUIVALENTS

	2012	2011
Current		
Cash at bank	**696,841**	**1,687,834**

	Consolidated	
	2012	2011
	$	$
10 TRADE AND OTHER RECEIVABLES		
Current		
Security deposits	**82,487**	19,444
Sundry debtors	**8,989**	41,141
GST receivable	**8,106**	134,169
	99,582	194,754
11 EXPLORATION EXPENDITURE		
Non-Current		
Capitalised exploration expenditure carried forward	**6,980,234**	7,133,975
Movement during year		
Carrying value – beginning of year	**7,133,975**	7,547,611
Additions	**1,310,836**	900,051
Exchange rate variations	**-**	(11,817)
Recoveries from joint venture parties	**-**	(26,790)
Amounts written off	**(1,464,577)**	(1,275,080)
Carrying value – end of year	**6,980,234**	7,133,975

During the year the Company expensed previously capitalized exploration expenditure amounting to $1,464,577 (2011: 1,275,080) on the relinquishment of the Nuku tenement SPL 1377, CX 735 and Nadovu tenement CX667.

12 PLANT AND EQUIPMENT		
Non-Current		
Plant, vehicles and equipment		
At Cost	**288,657**	**201,297**
Less: Accumulated depreciation	**(90,863)**	**(47,080)**
Total plant and equipment	**197,794**	**154,217**

Movement

	Plant & Equipment	**Computer software**	**Motor Vehicle**	**Lease Vehicle**	**Furniture and Fittings**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Carrying value – beginning of year	119,019	6,101	26,232	-	2,865	154,217
Additions	32,359	35,894	-	33,683	2,998	104,934
Disposals	(1,273)	-	(11,597)	-	-	(12,870)
Depreciation (included in profit and loss)	(26,863)	(9,405)	(6,177)	(5,491)	(551)	(48,487)
Carrying value – end of year	23,242	32,590	8,458	28,192	5,312	197,794

At 31 December 2012, a motor vehicle with a carrying amount of $28,192 (2011: Nil) is secured under a finance lease arrangement.

	Consolidated	
	2012	2011
	$	$
13 TRADE AND OTHER PAYABLES		
Current		
Sundry creditors and accruals	**253,385**	65,741
14 FINANCIAL LIABILITIES		
CURRENT		
Lease liabilities	**6,990**	-
NON-CURRENT		
Lease liabilities	**19,323**	-

Lease liabilities are secured by underlying leased assets with a carrying amount of $28,192 as at year end.

15 ISSUED CAPITAL

	2012	2011
Issued Capital	**17,050,141**	15,925,556

Reconciliation of movements during the period:

	2012		2011	
	No. of Shares	**$**	**No. of Shares**	$
Balance as at 1 January	**37,854,463**	**15,925,556**	**36,033,957**	**15,215,954**
Shares issued on exercise of options at 30 cents per share	**-**	**-**	**1,275,672**	**382,702**
Shares issued pursuant to shortfall underwriting agreement in regard to the 2010 Share Purchase Plan at 60 cents	**-**	**-**	**544,834**	**326,900**
Shares issued pursuant to a placement at 22 cents	**5,461,364**	**1,201,500**	**-**	**-**
Less share issue costs	**-**	**(76,915)**		**-**
Balance as at 31 December	**43,315,827**	**17,050,141**	**37,854,463**	**15,925,556**

16 RESERVES

(a) Reserves

	Consolidated	
	2012	2011
	$	$
Foreign currency translation reserve	**(362,188)**	(351,445)
Forfeited share reserve	**-**	4,623
Share-based payments reserve	**315,854**	436,263
	(46,334)	89,441

(b) Movements

	2012	2011
Share-based payments reserve		
Balance 1 January	**436,263**	429,217
Option expense	**148,491**	7,046
Options expired	**(268,900)**	-
Balance 31 December	**315,854**	436,263
Foreign currency translation reserve		
Balance 1 January	**(351,445)**	(316,366)
Exchange gains (losses) during year	**(10,743)**	(35,079)
Balance 31 December	**(362,188)**	(351,445)
Forfeited share reserve		
Balance 1 January	**4,623**	4,623
Transfer to accumulated losses	**(4,623)**	-
Balance 31 December	**-**	4,623
Total reserves	**(46,334)**	89,441

(c) Nature and purpose of reserves

Share-based payments reserve
The share-based payments reserve records the value of unexercised options issued to employees and Directors which have been taken to expenses, the value of options issued on acquisition of Millennium Mining (Fiji) Ltd, the value of unexercised options granted pursuant to the Employee Share Option Plan.

Foreign currency translation reserve
The foreign currency translation reserve records unrealised exchange gains and losses on translation of controlled entities accounts during the year.

17 CONTINGENT LIABILITIES

The Group does not have any contingent liabilities at the end of the reporting period.

18 COMMITMENTS

(a) 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 for 2013 is required.

Tenement	Tenement Renewed to	Expenditure $F	Comments
SPL1216	02 May 2013	300,000	
SPL 1231/1373	01 June, 2013	200,000	50% to be met by JV partner Imperial Mining (Fiji) Ltd
SPL 1436	01 June, 2013	50,000	50% to be met by JV partner Imperial Mining (Fiji) Ltd

(b) Option acquisition commitments

The company has entered into an agreement with a landowner to acquire the following tenement:
SP1368 Vuda for AUD353,669 plus interest, to be paid by payments of AUD40,000 per quarter.
The remaining commitment as at year end is as follows:

	Consolidated	
	2012	2011
	$	$
Payable not later than one year	**35,122**	151,756
Payable later than one year, but not later than two years	**-**	71,893
	35,122	223,649

(c) Finance lease commitments

Payable – minimum lease payments:	**$**	$
Payable not later than one year	**8,607**	-
Payable later than one year, but not later than five years	**20,744**	-
Minimum lease payments	**29,351**	-
Less future finance charge	**(3,038)**	-
Present value of minimum lease payments	**26,313**	-

The Group's lease vehicle under a finance lease agreement for a period of 36 months ending May 2015.

19 PARTICULARS RELATING TO CONTROLLE ENTITIES

	Class of Share	Holding Company 2012	2011
		%	%
Beta Limited	Ordinary	100	100
Geopacific Limited	Ordinary	100	100
Millennium Mining (Fiji) Limited	Ordinary	100	100

Geopacific Limited, Beta Limited and Millennium Mining (Fiji) Limited are companies incorporated and carrying on business in Fiji.

20 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:

S T Biggs
C B Bass

R J Fountain
I N A Simpson
R H Probert (alternate for I N A Simpson)

(b) Other key management personnel

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

The Acting Exploration Manager, S Whitehead, also meets the definition of key management personnel.

(c) Key management personnel compensation

	Consolidated 2012	2011
	$	$
Short-term employee benefits	**211,327**	302,367
Post-employment benefits	**9,840**	-
Share-based payments	**136,919**	7,046
Total KMP compensation	**358,086**	309,413

Further details on the remuneration can be found in the remuneration report included in the Directors Report.

(d) 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 the remuneration report included in the Directors Report.

20 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

***(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.

2012 Name	Balance at the start of the year(1)	Granted during the year as compensation	Other changes during the year[1]	Exercised during the year	**Lapsed during the year**	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Geopacific Resources NL							
C B Bass	-	2,000,000	2,476,059	-	-	4,476,059	-
S T Biggs	-	-	2,798,709	-	-	2,798,709	-
R J Fountain	-	-	33,000	-	-	33,000	-
R H Probert	-	-	323,773	-	-	323,773	-
I N A Simpson	500,000	-	377,460	-	-	877,460	500,000
Other Key management Personnel							
S Whitehead	500,000	-	-	-	-	500,000	83,333

1 Bonus issue of options

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

2011 Name	Balance at the start of the year(1)	Granted during the year as compensation	Other changes during the year	Exercised during the year	**Lapsed during the year**	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Geopacific Resources NL							
C B Bass	833,334	-	-	(833,334)	-	-	-
S T Biggs	2,000,000	-	-	(300,000)	(1,700,000)	-	-
R J Fountain	4,000	-	-	-	(4,000)	-	-
R H Probert	5,800	-	-	-	(5,800)	-	-
I N A Simpson	562,845	-	-	(60,000)	(2,845)	500,000	500,000
Other Key management Personnel							
S Whitehead	-	500,000	-	-	-	500,000	-

20 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Equity instrument disclosures relating to key management personnel (continued)

(iii) Share holdings

2012 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year[2]	Balance at the end of the year
I N A Simpson	754,919	-	-	754,919
R J Fountain	66,000	-	-	66,000
R H Probert	647,545	-	-	647,545
C B Bass	2,815,753	-	1,336,364	4,152,117
S T Biggs	5,597,417	-	35,000	5,632,417
Other Key management Personnel				
S Whitehead	-	-	-	-

2 Shares placement

2011 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
I N A Simpson	694,919	60,000	-	754,919
R J Fountain	66,000	-	-	66,000
R H Probert	647,545	-	-	647,545
C B Bass	1,680,002	833,334	302,417	2,815,753
S T Biggs	5,025,000	300,000	272,417	5,597,417
Other Key management Personnel				
S Whitehead	-	-	-	-

21 RELATED PARTY TRANSACTIONS

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

	Consolidated	
	2012	2011
	$	$

(a) Transactions with directors and associates of directors

The Bass Group Pty Ltd, a Company in which Mr Bass is a Director and shareholder, is utilised to provide services in relation to Geopacific Resources NL:		
Office Rental	**40,218**	**13,144**
Exsolution Pty Ltd, a Company in which Dr Russell Fountain is a director and shareholder, is utilized to provide services in relation to Geopacific Resources NL:		
Director's fee	**24,000**	**-**
Consultant fee and claims	**30,000**	**-**
Dr Ian Pringle provided office services in relation to Geopacific Resources NL:		
Office Rental	**-**	**9,018**

22 SHARE-BASED PAYMENTS

(a) Employee Option Plan

Geopacific Resources NL Employee Option Plan was approved by shareholders at the annual general meeting held on 31 May 2012. All employees are eligible to participate in the plan.

Plan options are granted under the plan for no consideration.

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

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

Number of options	**Grant date**	**Expiry date**	**Exercise price**	**Value per option at grant date**	**Date vesting**
83,333	6 September 2012	30 November 2015	$0.35	$0.0422	1 July 2013
83,333	6 September 2012	30 November 2015	$0.35	$0.0422	1 July 2014
83,333	6 September 2012	30 November 2015	$0.35	$0.0422	1 July 2015

No plan options were exercised or forfeited during the periods.

The weighted average remaining contractual life of share options outstanding at the end of the period was 3.2 years (2011 – Nil).

22 SHARE-BASED PAYMENTS (CONTINUED)

The assessed fair value at grant date of plan options granted to the individuals is allocated equally over the period from grant date to vesting date. 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 weighted average fair value of the plan options granted during the year was 4.22 cents (2011: Nil). The price was calculated by using the Black-Scholes option pricing model applying the following inputs:

	Consolidated	
	2012	2011
Weighted average exercise price (cents)	**35.00**	-
Weighted average life of the option (years)	**3.2**	-
Weighted average underlying share price (cents)	**14.00**	-
Expected share price volatility	**75.72%**	-
Weighted average risk free interest rate	**2.49%**	-

Historical volatility of the company has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

(b) Unlisted options issued

During the financial year the Company granted non-plan options over unissued shares as follows for share-based payments in lieu of cash consideration for services provided to the Company:

Number of Options Granted	Exercise Price	Expiry Date
2,000,000	30 cents	5 April 2015
250,000	30 cents	30 September 2014

During the year, no options over unissued shares were exercised (2011: Nil). During the year, no options were cancelled or lapsed unexpired (2011: Nil).

The weighted average fair value of the options granted during the year was 13.35 cents (2011: Nil). The price was calculated by using the Black-Scholes option pricing model applying the following inputs:

	Consolidated	
	2012	2011
Weighted average exercise price (cents)	**30.00**	-
Weighted average life of the option (years)	**2.75**	-
Weighted average underlying share price (cents)	**20.00**	-
Expected share price volatility	**124.04%**	-
Weighted average risk free interest rate	**3.56%**	-

Historical volatility of the company has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

22 SHARE-BASED PAYMENTS (CONTINUED)

Issue Date	Expiry Date	Exercise Price	Number on issue 1 January 2012	Granted during year	Lapsed during year	Exercised during year	Number on issue 31 December 2012
08.05.2006	08.05.2012	$1.25	100,000	-	(100,000)	-	-
18.09.2009	01.08.2013	$0.50	610,000	-	-	-	610,000
08.05.2006	08.05.2013	$1.50	100,000	-	-	-	100,000
30.09.2011	30.09.2014	$0.30	500,000	-	-	-	500,000
05.04.2012	30.09.2014	$0.30	-	250,000	-	-	250,000
05.04.2012	05.04.2015	$0.30	-	2,000,000	-	-	2,000,000
07.09.2012	30.11.2015	$0.35	-	250,000	-	-	250,000
06.06.2009	(a)	$2.50	800,000	-	-	-	800,000
06.06.2009	(b)	$5.00	200,000	-	-	-	200,000
			2,310,000	2,500,000	(100,000)	-	4,710,000

(a) The Options 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 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.

23 LOSS PER SHARE

	Consolidated 2012 Cents	2011 Cents
(a) Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the Company	**(6. 34)**	(4.78)

(b) Reconciliation of loss used in calculating loss per share

Basic and diluted loss per share	**2012 $**	2011 $
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	**(2,672,619)**	(**1,723,299**)

(c) Weighted average number of shares used as the denominator

	2012 Number	2011 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share.	**42,140,111**	**36,079,978**

The options on issue as stated in note 22 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.

24 EVENTS OCCURRING AFTER THE YEAR END

Other than the following, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

- On 3 January 2013, the Company announced that it had entered into an agreement with unlisted public company World Wide Mining Projects Limited ("WWM") to undertake an off-market, target board-recommended 1:1 scrip takeover bid for 100% of WWM's issued capital by issuing of up to 53,700,000 GPR shares. A successful takeover will result in GPR having option to take an 85% interest in the Kou Sa Copper Project.

  On 7 February 2013 a Bidder Statement was lodged with ASIC and ASX, and a Supplementary Bidder Statement lodged on 26 February 2013.

  On 11 March 2013 the Company announced that the takeover offer had been extended to 2 April 2013.

  On 18 March 2013 the Company advised WWM that it had received acceptances from WWM shareholders amounting to 92.5% of total WWM shares on issue.
- On 10 January 2013 the company announced the issue of 700,000 ordinary shares to consultants in lieu of cash consideration for their services.
- 21,657,951 listed options exercisable at 35 cents each expired on 19 January 2013 in accordance with their terms.
- On 20 February 2013, the Company announced a placement of 4,250,000 ordinary fully paid shares at 10 cents each, raising $425,000 before costs.

Other matters

No other matters or circumstances have arisen since 31 December 2012 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.

25 OPERATING SEGMENTS

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

For management purposes the Group is organised into one operating segment, which involves mineral exploration and development in Fiji. The Group's principal activities are interrelated and the Group has no revenue from operations.

All significant operating decisions are based upon analysis of the Company as one segment. The financial results of this segment are equivalent to the financial statements of the Company as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in preparation of the financial statements.

25 OPERATING SEGMENTS (CONTINUED)

Revenue by geographical region

The Group has not generated revenue from operations, other than other revenue as below.

	2012	2011
	$	$
Australia	**47,716**	89,316
Fiji	**1,278**	4,216
Total Other Revenue	**48,994**	93,533

Assets by geographical region

The location of segment assets is disclosed below by geographical location of the assets.

	2012	2011
	$	$
Australia	**817,412**	909,166
Fiji	**7,157,039**	8,260,914
Total Assets	**7,974,451**	9,170,080

26 FINANCIAL INSTRUMENTS DISCLOSURES

Credit risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made. Refer to Note 2(a).

Impairment losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period.

26 FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. Refer to Note 2(b):

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
	$	$	$	$	$	$	$
Consolidated							
2012							
Financial assets – cash flows realisable							
Cash and cash equivalents	**696,841**	**696,841**	**696,841**	**-**	**-**	**-**	**-**
Trade and other receivables	**99,582**	**99,582**	**99,582**	**-**	**-**	**-**	**-**
Total anticipated inflows	**796,423**	**796,423**	**796,423**	**-**	**-**	**-**	**-**
Financial liabilities due for payment							
Trade and other payables	**253,385**	**253,385**	**253,385**	**-**	**-**	**-**	**-**
Other financial liabilities	**26,313**	**26,313**	**-**	**6,990**	**19,323**		
Total expected outflows	**279,698**	**279,698**	**253,385**	**6,990**	**19,323**		
Net inflow/(outflow) on financial instruments	**516,725**	**516,725**	**543,038**	**(6,990)**	**(19,323)**	**-**	**-**

26 FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

2011

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
	$	$	$	$	$	$	$
Financial assets – cash flows realisable							
Cash and cash equivalents	1,687,834	1,687,834	1,687,834	-	-	-	-
Trade and other receivables	194,754	194,754	194,754	-	-	-	-
Total anticipated inflows	1,882,588	1,882,588	1,882,588	-	-	-	-
Trade and other payables	65,741	65,741	65,741	-	-	-	-
Total expected outflows	65,741	65,741	65,741	-	-	-	-
Net inflow on financial instruments	1,816,847	1,816,847	1,816,847	-	-	-	-

The weighted average interest rate for the interest bearing liabilities is 6.99% (2011:Nil).

Currency risk

The Group is exposed to foreign currency on expenditures that are dominated in a currency other than Australian Dollars. The currency giving rise to this risk is primarily Fiji Dollars. Refer note 2 (c).

Interest rate risk

At the reporting date the interest profile of the Group's interest-bearing financial instruments were:

	Consolidated	
	2012	2011
	$	$
Fixed rate instruments:		
Financial liabilities	**26,313**	-
	26,313	-
Variable rate instruments:		
Financial assets	**696,841**	1,687,834
	696,841	1,687,834

Fair value sensitivity analysis for fixed rate investments

26 FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit and Loss		**Equity**	
	100bp increase	**100bp decrease**	**100bp increase**	**100bp decrease**
	$	$	$	$
2012				
Variable rate instruments	**6,968**	**(6,968)**	**6,968**	**(6,968)**
2011				
Variable rate instruments	16,878	(16,878)	16,878	(16,878)

Fair values

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

27 NOTES TO THE STATEMENT OF CASH FLOWS

(a) For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash at bank.

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

	Consolidated	
	2012 $	2011 $
Cash at Bank	**696,841**	1,687,834

(b) Non Cash Financing		
Exchange rate fluctuations in exploration expenditure	**-**	(11,817)
Share based payments	**148,491**	7,046

(c) Reconciliation of Cash Flows from Operating Activities

Profit (loss) for the year	**(2,672,619)**	(1,723,299)
Non-cash items:		
Depreciation	**48,487**	27,176
Options expense	**148,491**	7,046
Exploration expenditure written off	**1,464,577**	1,275,080
Changes in Assets and Liabilities:		
Decrease in receivables	**161,372**	163,706
Increase in payables	**214,157**	20,128
Net Cash used in Operating Activities	**(635,535)**	(230,163)