GEOPACIFIC
RESOURCES LIMITED

2016 ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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CORPORATE DIRECTORY

Geopacific Resources Limited
Public listed Company incorporated in
New South Wales in 1986

Australian Business Number (ABN)
57 003 208 393

Directors & Secretaries in Office
Milan Jerkovic - Non-Executive Chairman
Ron Heeks - Managing Director
Philippa Leggat - Executive Director – Corporate
Mark Bojanjac - Non-Executive Director
Ian Clyne - Non-Executive Director
Matthew Smith - Company Secretary

Registered Office
Level 1
278 Stirling Highway
Claremont WA 6010

Auditor
Greenwich & Co Audit Pty Ltd
Level 2, 35 Outram Street
West Perth WA 6005

Share Registry
Boardroom Pty Ltd
Grosvenor Place
Level 12, 225 George Street

Postal Address
PO Box 439
Claremont WA 6910

Banker
ANZ Banking Group Ltd
Corner of Hay Street & Outram Street
West Perth WA 6005

Stock Exchange
ASX Limited
Level 4, Central Park
152-158 St Georges Terrace
Perth WA 6000
ASX Code: GPR
Sydney NSW 2000

Fiji Operations Office
1 Cawa Street
Martintar Nadi Fiji
Tel: 679 6 727150
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PO Box 9975
Nadi Airport Fiji

Dear Shareholder,

Geopacific had a productive and transformational 2016. Progress was made on our Kou Sa pre-development project in Cambodia and exploration projects in Fiji. Towards the end of 2016 Geopacific entered into a Joint Venture arrangement to earn up to 80% of the Woodlark Gold Project (Woodlark) subject to defined deliverables and expenditure.

Woodlark is an exciting pre-development project with significant Resources, Reserves, high-level engineering studies and granted development approvals. The Project is a subset of a sizable, regional, geological footprint that provides significant exploration upside to the currently defined system.

On finalising the commercial arrangements for Woodlark, Geopacific's team moved rapidly to re-establish full camp facilities and mobilised three rigs to commence drilling on multiple deposits to upgrade the existing JORC Resources. Engineering and commercial studies have commenced with a focus on lowering capital and operating costs and improving project economics. The aim of this work is to maximise conversion of known Resources into Reserves to extend the minelife of the Project. Near-project lateral and depth extensions are expected to feed further potential volume towards our target of increase current Reserves. Numerous exploration targets have also been identified, evaluated and prioritised. Stakeholder and government engagement has been positive and we have had full support of the community and government at all levels in Papua New Guinea (PNG).

A multi-rig drill program continued at Kou Sa. The Company released a maiden mineral Resource for Prospects 150 and 160, with a new gold discovery being made at Prospect 190. Work onsite continues, with the aim of defining extensions to current mineralisation and identifying new prospect areas to add to the current Resource base.

A geological review and ranking was completed on all of our Fijian prospects. Drilling was undertaken at Tataiya and Faddys projects.

On the corporate front, the transformational transaction for Geopacific to earn up to 80% of Woodlark was successfully completed, raising Geopacific from exploration to pre-development status. The Company also re-negotiated the Kou Sa acquisition terms and transfer of ownership on more favourable terms. An oversubscribed capital raising for $15 million was completed in the second half of the year. To match the work load on the Woodlark project the board and management was bolstered. We welcomed Ian Clyne as a Non-Executive Director and Philippa Leggat joing the Board in January, as Executive Director Corporate. The executive team was strengthened with the appointment of Matthew Smith (CFO and Company Secretary), Jim Kerr (General Manager Geology), Glenn Zamudio (General Manager Projects) and Warrick Clent (Geology Manager Woodlark).

Woodlark is an exciting pre-development project with significant Resources, Reserves, high-level engineering studies and granted development approvals.

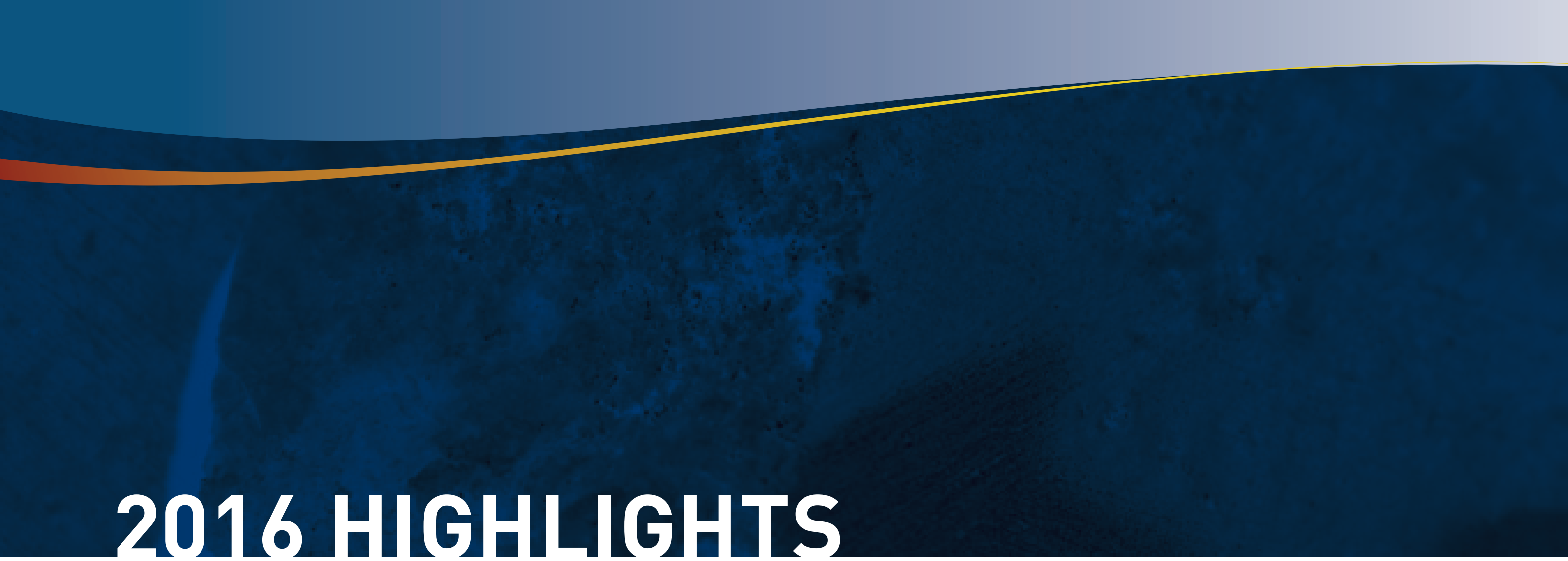
We start the New Year with an exciting, well-funded, advanced pre-development project and a strong team with all the skills required to aggressively progress Woodlark towards a decision to mine, financing and project development.

We continue to be thankful for all the ongoing support from our shareholders. We are hopeful of rewarding that support as we progress Woodlark towards a development decision and continue to demonstrate value in our exploration work in Cambodia and Fiji.

Geopacific's team has made significant progress towards becoming a project developer and mine operator and I look forward to keep you all informed of progress in the New Year.

Milan Jerkovic

Milan Jerkovic
Chairman



2016 HIGHLIGHTS

Woodlark Gold Project, PNG

- Camp re-established and three drill rigs mobilised to site
- Drilling commenced at Busai and Kulumadau Deposits
- Engineering studies commenced
- Significant potential to increase Reserves with development drilling and improved economics
- Numerous exploration targets identified

Kou Sa Project, Cambodia

- Maiden mineral Resource of 51,000t Cu Eq at Prospects 150 and 160
- New gold discovery at Prospect 190
- 7.35m @ 12.39g/t Au Eq including 4.55m at 19.47g/t Au Eq

Fiji Projects

- Geological review of all projects undertaken
- Drilling undertaken at Tataiya Project targeting down-dip of Tataiya Gold Vein
- Faddy's Project drilling intersects mineralisation targeting extensions

Corporate

- Joint venture to earn up to 80% of the Woodlark Gold Project elevates Geopacific to pre-development status
- Successful renegotiation of acquisition terms for the Kou Sa Project
- Oversubscribed capital raising injects $15 million into Geopacific
- Board and management team bolstered

EXPLORATION & DEVELOPMENT ACTIVITIES

Woodlark Gold Project, Papua New Guinea

The 2016 financial year was a transformational year for Geopacific, seeing it elevated to pre-development status after entering into the joint-venture transaction with Kula Gold Limited on the Woodlark Gold Project (Woodlark). The transaction allows Geopacific to earn up to 80% of Woodlark by completing a bankable feasibility study for a spend of under A$18.6 million.

Woodlark is a fully-permitted gold project situated on an Island in Papua New Guinea. It is viewed as one of the last multi-million ounce, permitted, unmined gold projects in the world.

Geopacific completed the first earn-in tranche, including preparation of a development plan and elected to proceed with the transaction in October. The development plan defines how Geopacific intends to increase minelife and improve project economics through a combination of a development drilling programme with economic studies to rebase capital and operating expenditure. Geopacific identified opportunities to reduce costs in relation to the original definitive feasibility study which was undertaken at the height of the mining cost cycle in 2012.

Geopacific moved to re-establish the camp and begin a dedicated three-rig, development-drilling program in November. The drilling programme is designed to upgrade approximately 450,000 ounces of mineralisation from Inferred into Measured and Indicated Resource categories. This, in conjunction with rebased economics is expected to allow Geopacific to deliver a 1.2-million-ounce Reserve.

Work undertaken to date is encouraging, highlighting substantial potential to increase Reserves at both major deposits, being Kulumadau and Busai. Drilling results began to flow in late January 2017, confirming expectations and Geopacific's re-evaluated geological models.

The exploration potential of Woodlark is considered significant, typical of gold mines in the region. Scout drilling, geophysics and airborne magnetics have all successfully identified numerous targets that require follow-up exploration. These areas will be prioritised and developed as the project progresses.

Geopacific's focus is to deliver Woodlark into production on the most effective path, after which the Company will turn its attention to exploration potential.

Kou Sa Project, Cambodia

The Kou Sa Project is located in northern Cambodia's Chep District. Kou Sa was identified as having potential for discoveries of deposits with economic grade and tonnage. This was confirmed with the release of Geopacific's maiden Resource in July 2016.

Geopacific's work programme aimed to complete a Resource and scoping study sufficient to take Kou Sa into production. As a measure to gauge initial inventory of mineralisation at Kou Sa, Geopacific completed the Resource estimate on the mineralisation at the Prospect 150 and 160 areas, delivering the 2012 JORC Code

compliant Resource of 51,000 tonnes of copper equivalent. The majority of the Resource is less than 70 metres from surface. Economic studies conducted indicated the viability of a low-grade cut-off and attractive, low-cost building and operational environment.

The Kou Sa Project has been explored by Geopacific since 2013 and has continually shown discovery potential for polymetallic deposits. Drilling has produced zones of high-grade, near-surface mineralisation including; 5m at 128.64 g/t Au and 4.01% Cu. Exploration techniques including systematic geochemistry and geophysics have been used to effectively outline numerous mineral targets. Exploration at Kou Sa continues.

Fijian Gold Projects

Geopacific has five Projects located on the two main islands of Fiji – Viti Levu and Vanua Levu. The Nabila, Rakiraki, Sabeto and Vuda Projects are in the highly-prospective north-east trending zone that also hosts the world-class Vatukoula and Mt Kasi gold mines.

These projects are at various stages of exploration from early to advanced, with the presence of deeper mineralised systems being identified in areas.

Exploration to date has provided evidence for porphyry and/or epithermal systems at all projects. There remains potential to expand the already identified gold mineralisation at Faddy's Prospect on the Nabila Project, which is the most advanced prospect at the Fijian projects.

The Rakiraki Project (50% owned in JV with Peninsula Energy Ltd)

The Rakiraki Project area covers three known Prospects; Tataiya, Qalau and 4300. Gold mineralisation across these areas forms part of a low sulphidation epithermal system, which is locally associated with quartz veining and dilational structures.

All of the Rakiraki prospects require further drilling to expand upon the initial and encouraging trench and drilling results. All zones identified are open to depth and along strike. The high grades, as well as the high gold-to-silver ratios achieved, suggest the presence of high-grade epithermal mineralisation.

Vuda and Sabeto Projects

The Vuda and Sabeto Projects are adjacent, sharing a common border. Both are situated on a bitumen highway, 10 kilometres from the international airport and 15 kilometres from the town of Nadi. The Vuda and Sabeto projects are interpreted to be part of the same system.

At Vuda, geochemistry, geophysics, a large alteration system and significant epithermal gold mineralisation in historic drilling around the upper rim of the 1.5 kilometre wide system point to a potential world-class, gold-copper porphyry target at depth.

At Sabeto, geochemistry and initial drilling have identified a sanidine porphyry that has anomalous mineralisation associated with it. High ratios of gold to copper and the style of mineralisation, are similar to other alkalic porphyry systems like Cadia. Drilling has only tested the upper regions of the system.

Together these Projects form part of a larger porphyry system with the epithermal upper levels of the system present at Vuda and an adjacent deeper part of the system present at the nearby Sabeto Project. The high-grade, near-surface epithermal mineralisation typical of the Vuda Project has the potential to be exploited along with the deeper porphyry mineralisation. Sabeto is below the epithermal zone but does have the gold to copper ratios typical of an alkali porphyry system.

CORPORATE

Woodlark Gold Project joint venture transaction

The joint venture transaction with Kula on Woodlark was announced in July 2016. In October, after completing due diligence on Woodlark Geopacific elected to proceed to tranche 2 of the joint venture transaction to earn up to 80% of the Project. The election was made three months ahead of schedule which allowed Geopacific to mobilise its team to take the camp at Woodlark out of care and maintenance, mobilise drill rigs on the ground and begin delivering the development plan.

Board and management changes

Geopacific has bolstered the team in preparation for ramping up Company activities at Woodlark to ensure effective delivery of the development plan and in preparation for raising development finance to take the Project into production.

During the year, Ian Clyne joined the Board as a Non-Executive Director, bringing expertise in international banking and strong working knowledge of operating in Papua New Guinea. Matthew Smith joined the Company as Chief Financial Officer and Company Secretary, bringing experience in raising development finance and managing the financial aspects of operating mines.

Post year-end, Philippa Leggat joined the Board as Executive Director Corporate having worked with Geopacific for over 18 months and playing in integral role in negotiating the Woodlark joint venture bringing negotiation, strategy and corporate finance skills.

Successful renegotiation of acquisition terms for the Kou Sa Project

Geopacific engaged in negotiations with the vendors of the Kou Sa project with the intention of a revision to the acquisition terms that would enable the Company to conserve cash and redirect resources to exploration, rather than vendor payments.

Under the renegotiated terms, the final payment of US$6.3 million payable to the vendors of Kou Sa was deferred and linked to the achievement of two project development milestones; which are the receipt of financial closure of the bankable feasibility study (BFS) and production targets milestones.

Geopacific will now pay the vendors of the Kou Sa Project US$1.575 million upon the receipt of financial closure of the BFS. The Company will also pay the vendors a 2% royalty on production capped at US$8.425 million. These renegotiated terms will assist the company to conserve capital, which can now be spent 'in the ground' at Kou Sa. They also align the future payments to the vendors with achieving successful milestones of the project.

Oversubscribed Capital Raising – $15 million

Towards the end of the year, Geopacific successfully completed a share placement to raise a total of $15 million, which included the addition of a number of new, high-calibre, institutional investors joining the register. The placement was oversubscribed and was structured over two tranches. The funds raised from the placement provide the Company with a platform to deliver on its strategy and move towards production at the Woodlark Project.

Share buyback of unmarketable parcels completed

Geopacific completed a voluntary share buyback of all unmarketable parcels during the reporting period. The offer was made to shareholders giving them the opportunity to realise the value held in their unmarketable parcels, while enabling the Company to tighten its share register.

FINANCIAL REVIEW

The Group recorded a net loss after tax for the year ended 31 December 2016 of $4,144,977 (2015: $2,000,637). The increase over the 2015 financial year mainly relates to the tax expense on the recognition of deferred tax liabilities associated with exploration and evaluation expenditure.

At 31 December 2016, the Group's total assets were $60,714,745 (2015: $48,233,948) and net assets were $57,912,542 (2015: $47,143,679). Continued investment in exploration across the Group's tenement holdings was the primary driver of the increase in Total Assets for the period, with a further $12,140,869 (2015: $15,787,417 including prepayments) spent on exploration and evaluation activities.

At reporting date, the Group's Total Liabilities were $2,802,203 (2015: $1,090,269) which represents a $1,711,934 increase during the reporting period. This was primarily driven by the recognition of a deferred tax liability relating to exploration and evaluation expenditure partially offset by a reduction in trade creditors.

	2012	2013	2014	2015	2016
	$	$	$	$	$
Net Profit/(Loss) After Tax	(2,672,619)	(1,364,336)	(1,636,029)	(2,000,637)	(4,144,977)
Earnings / (Loss) Per Share (Cents)	(6.34)	(1.26)	(0.67)	(0.25)	(0.45)
Cash and Cash Equivalents	696,841	3,258,776	4,165,516	12,589,002	11,469,015
Exploration Expenditure	1,310,836	1,486,557	5,529,505	15,787,417	12,140,869
Total Assets	7,974,451	17,223,875	23,617,573	48,233,948	60,714,745
Net Assets	7,964,753	16,670,970	22,778,317	47,143,679	57,912,542

MINERAL RESOURCES

Kou Sa Project Mineral Resource – Prospects 150 & 160

As at 31 December 2016 the total Mineral Resource for the Kou Sa Project was 3.84 million tonnes at 0.77% Cu, 0.66g/t Au and 5.27g/t Ag for 51.2k tonnes of Cu equivalent. The Mineral Resource for Prospects 150 and 160 at the Kou Sa Project estimated at 0.4% CuEq lower cut-off are detailed in the table below:

There were no Mineral Resources reported at 31 December 2015 for comparison.

Category	Mt	Cu	Au	Ag	CuEq	Cu	Au	Ag	CuEq
		%	g/t	g/t	%	kt	koz	koz	kt
Indicated	3.49	0.78	0.71	5.37	1.38	27.1	79.2	602	48.1
Inferred	0.35	0.70	0.20	4.30	0.90	2.30	2.7	48	3.1
Total	**3.84**	**0.77**	**0.66**	**5.27**	**1.33**	**29.5**	**81.8**	**651**	**51.2**

Competent Persons Statement

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

The information in this report that relates to exploration results is based on information compiled by or under the supervision of Ron Heeks, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and Managing Director of Geopacific. Mr Heeks has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Heeks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

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

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

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

DIRECTORS' REPORT

The Directors present their report together with the financial report of the Geopacific Group, being Geopacific Resources Limited ("Geopacific") ("the Company") and its controlled entities for the financial year ended 31 December 2016, and the auditors' report thereon.

1 DIRECTORS

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

Name, Position Held & Qualification	Experience, Special Responsibilities & Other Directorships
Milan Jerkovic	
Non-Executive Chairman Appointed: 23 April 2013 B. App. Sc (Geology) Fellow of AusIMM Member of AICD Post Graduate Diploma in Mineral Economics Post Graduate Diploma in Mining	Mr Milan Jerkovic is a qualified geologist with postgraduate qualifications in Mining & Mineral Economics with over 30 years of experience in the mining industry involving resource evaluation, operations, financing, acquisition, project development and general management. Mr Jerkovic was most recently the Chief Executive Officer of Straits Resources Limited and has held positions with WMC, BHP, Nord Pacific, Hargraves, Tritton and Straits Asia. Mr Jerkovic was the founding Chairman of Straits Asia Resources and is currently Chairman of Blackham Resources Limited. Mr Jerkovic was appointed Chairman of the Company on 1 August 2013 and is also a member of the Audit and Risk Committee. Mr Jerkovic has the following interest in Shares in the Company as at the date of this report – 10,418,899 ordinary shares.
Ron Heeks	
Managing Director Appointed: 28 March 2013 B. App. Sc (Geology) Member of AusIMM	With nearly 30 years' mining industry experience, Mr Heeks was a founder of Exploration and Mining Consultants and has had previous experience with WMC, Newcrest, Newmont (US) and RSG Consulting. Mr Heeks has held senior roles in both mine management and exploration and is a Former General Manager – Technical for Straits Asia Indonesian Operations and Chief Technical Officer for Adamus Resources Southern Ashanti Gold Operation. He has lived and worked in various countries around the world gaining extensive experience in South-East Asia and Indonesia in particular. Mr Heeks was appointed Managing Director of the Company on 28 March 2013 after the Takeover of Worldwide Mining Projects Ltd. Mr Heeks has the following interest in Shares in the Company as at the date of this report – 7,523,757 ordinary shares.
Mark Bojanjac	
Non-Executive Director Appointed: 28 March 2013 B. Com Member of ICAA	Mr Bojanjac is a Chartered Accountant with over 20 years' experience in developing resource companies. Mr Bojanjac was a founding director of Gilt-Edged Mining Limited which discovered one of Australia's highest grade gold mines and was managing director of a public company which successfully developed and financed a 2.4m oz gold resource in Mongolia. He also co-founded a 3million oz gold project in China. Mr Bojanjac was most recently Chief Executive Officer of Adamus Resources Limited and oversaw its advancement from an early stage exploration project through its definitive feasibility studies, and managed the debt and equity financing of its successful Ghanaian gold mine. Mr Bojanjac was appointed a Director of the Company on 28 March 2013 after the Takeover of Worldwide Mining Projects Ltd. He serves as Non-Executive Chairman of Canadian explorer, Coventry Resources. Mr Bojanjac is also the Chairman of the Audit and Risk Committee. Mr Bojanjac has the following interest in Shares in the Company as at the date of this report – 3,416,666 ordinary shares.

Name, Position Held & Qualification	Experience, Special Responsibilities & Other Directorships
Ian Clyne	
Non-Executive Director Appointed: 6 October 2016	Mr Clyne has over 35 years' experience in international banking having worked in senior executive positions in ten countries in Asia, Oceania, Australia and Europe. He has specialised in emerging markets and has held roles of President, Director, Managing Director and Chief Executive Officer with universal banking operations that have extensive branch networks and large employee bases. Mr Clyne has successfully re-engineered banks in Indonesia, Italy, Poland and PNG. Mr Clyne held the role of Managing Director and Group CEO of Bank South Pacific (BSP), based in Port Moresby (2008 – 2013). He undertook a major transformation program changing BSP from a typical emerging economy banking institution into an innovative, technology driven, modern bank. Under his leadership, the bank grew from having 400,000 accounts in PNG to over 1 million in PNG and 1.5 million across the Pacific, including Fiji and the Solomon Islands, with a market capitalisation of $1.7 billion at the end of his term. Mr Clyne is also a member of the Audit and Risk Committee. Mr Clyne is currently a Non-Executive Director of Union Bank of Nigeria. Mr Clyne held no interest in Shares in the Company as at the date of this report.
Philippa Leggat	
Executive Director – Corporate Appointed: 13 January 2017 B. Com (Finance, Risk & Strategic Management) Member of AICD	Ms Leggat has extensive experience in corporate mining roles and also brings a new perspective to the Board having worked in several other industries where she has achieved successful corporate outcomes. Clients in the resource sector include MMG, Anglo-Gold Ashanti, Anglo Platinum and Xstrata. Ms Leggat is a corporate advisor and company director with over 15 years' experience in assisting international organisations that operate in Africa, Asia, Australia and Europe. She has a strong background in corporate governance and finance and a practical understanding of the issues faced by developed-world businesses operating in emerging economies. Ms Leggat's experience covers; negotiations, mergers and acquisitions, fund raising, defining and executing business improvement strategies. Ms Leggat was previously a Non-Executive Director of Parker Resources NL. Ms Leggat held no interest in Shares in the Company as at the date of this report.
Matthew Smith	
Company Secretary Appointed: 1 December 2016 B. Com (Accounting) Member of ICAA	Mr Smith has over 14 years' experience in the resource industry across a broad range of commodities including precious metals, industrials and bulk commodities. Mr Smith has worked for a range of companies operating in the Asia Pacific region and most recently held the role of Chief Financial Officer at ASX listed Kingsrose Mining Limited, with gold operations in Indonesia. Mr Smith is a Chartered Accountant with relevant industry experience on a array of financing transactions across debt and equity markets. Mr Smith also brings specialist knowledge in the areas of international taxation, corporate structuring, accounting and corporate governance. Mr Smith has previously held the role of Company Secretary at Straits Resources Limited. Mr Smith held no interest in Shares in the Company as at the date of this report.

2 PRINCIPAL ACTIVITY

The principal activity of the Group is mineral development and exploration focussed on gold and copper deposits in Papua New Guinea, Cambodia and Fiji.

There were no significant changes in the nature of this activity of the Group during the financial year.

3 OPERATING AND FINANCIAL REVIEW

A review of the operations and financial position of the Company during the year ended 31 December 2016, including details of the results of operations, changes to the state of affairs, and likely developments in the operation of the Company in subsequent financial years are set out in the Operations Review.

4 DIVIDENDS

No dividends were paid or declared during the financial year.

5 STATE OF AFFAIRS

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

6 EVENTS SUBSEQUENT TO REPORTING DATE

On 13 January 2017, the Board appointed Philippa Leggat to the position of Executive Director Corporate. Ms Leggat had been advising the Company since May 2015 and played an integral role in structuring and negotiating the earn-in Joint Venture of the Woodlark Gold Project with Kula Gold Limited. Ms Leggat has extensive experience in corporate mining roles and brings a new perspective to the Board having worked in several other industries where she has achieved successful corporate outcomes.

On 25 January 2017, the Company executed the Earn-in agreement with Kula Gold Limited to acquire up to 80% of the Woodlark Gold Project (Woodlark) replacing the Binding Term Sheet. The decision to proceed to the second tranche of the transaction entitled Geopacific to 5% of Woodlark Mining Limited (WML), the company in Papua New Guinea that holds the licences for Woodlark. The Company's focus is to maximise the development potential of Woodlark in the shortest possible timeframe, after which it will look toward further exploration potential.

7 DIRECTORS' INTERESTS AND BENEFITS

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

	Direct		Indirect	
NAME	Shares	Options	Shares	Options
M Jerkovic	1,000,000	–	9,418,899	–
M Bojanjac	916,666	–	2,500,000	–
I Clyne	–	–	–	–
R Heeks	4,000,000	–	3,523,757	–

There were no unvested Performance Rights on issue to the Directors of the Company at the date of this report.

8 DIRECTORS' MEETINGS

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

	Directors Meetings		Audit Committee Meetings	
Name	Attended*	Eligible to Attend	Attended*	Eligible to Attend
M Jerkovic	6	6	2	2
M Bojanjac	6	6	2	2
I Clyne	2	2	–	–
R Heeks	6	6	2	2

*Either in person, or by electronic means.

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

9 LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

10 ENVIRONMENT REGULATIONS

Entities in the Group are subject to normal environmental regulations in areas of operations in Papua New Guinea, Cambodia and 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.

11 SHARE OPTIONS

There were 2,688,768 Options over unissued shares unexercised at 31 December 2016 (2015 – 2,688,768). During the financial year, the Company did not cancel any unlisted Options over unissued shares or issue any shares on the exercise of unlisted Options. Since the end of the financial year, no unlisted Options have been cancelled or exercised.

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

Options on Issue	Exercise Price	Expiry Date
800,000	$2.50	Not later than 5-years after defining a JORC compliant ore reserve of over 200,000oz Au on the Faddy's Gold Deposit
200,000	$5.00	Not later than 10-years after defining a JORC compliant ore reserve of over 1,000,000oz Au on the Faddy's Gold Deposit
1,688,768	$0.07452	5 July 2017

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

12 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.

13 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 be half 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*.

14 AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 31 December 2016 is set out on page 20.

15 AUDITOR

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

Audit Services	Consolidated	
	2016	2015
	$	$
Greenwich & Co		
Audit and review of the financial report and other audit work under the *Corporations Act 2001*	37,131	–
Tax related services	4,000	–
Total	**41,131**	**–**
Somes Cooke		
Audit and review of the financial report and other audit work under the *Corporations Act 2001*	–	28,500
Total	**–**	**28,500**

16 NON-AUDIT SERVICES

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

17 REMUNERATION REPORT (AUDITED)

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

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

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

NAME		POSITION
Non-Executive Directors		
Milan Jerkovic		Non-Executive Chairman
Mark Bojanjac		Non-Executive Director
Ian Clyne	*commenced 6 October 2016*	Non-Executive Director
Executives		
Ron Heeks		Managing Director
Philippa Leggat	*commenced 1 December 2016* *commenced 13 January 2017*	General Manager - Corporate Executive Director - Corporate
Matthew Smith	*commenced 1 December 2016*	Chief Financial Officer & Company Secretary
Glenn Zamudio	*commenced 1 December 2016*	General Manager - Projects
James Kerr	*commenced 15 November 2016*	General Manager - Geology
John Lewis	*ceased 30 November 2016*	Chief Financial Officer & Company Secretary

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

Remuneration Governance

Due to the size and structure of the Board the Company does not have a separate Remuneration Committee. Remuneration matters are dealt with by the full Board, with Directors excluded from individual discussions as required. The Board will continue to assess the Company's circumstances in determining whether the establishment of a separate Remuneration Committee is required.

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

Remuneration Consultants

During the reporting period, the Board did not employ the services of a remuneration consultant to provide recommendations as defined in section 9B of the *Corporations Act 2001*. The Board has subsequently engaged BDO Chartered Accountants to complete a detailed review of the Company's remuneration framework including the formulation of a revised incentive scheme.

17 REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration Overview and Strategy

The objective of the Group's remuneration framework is to support the delivery of sustained shareholder value and to ensure rewards accurately reflect achievements in line with general market conditions. The strategy is designed to attract, motivate and retain high calibre individuals through the provision of remuneration packages that incorporate a balance of fixed and variable remuneration. In accordance with sound corporate governance practices, the structure of Non-Executive and Executive remuneration is separate and distinct.

Executive Remuneration Framework

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

Fixed remuneration for Executives consists of base salary, superannuation and other non-cash benefits. It is designed to provide a base level of remuneration which is appropriate for the Executives position, reflecting the individuals' skills, level of experience and responsibilities.

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

Non-Executive Directors

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

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

Directors' fees

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

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.

17 REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration

The tables below set of the details of the remuneration of the Groups' KMP, pursuant to *AASB 124 Related Party Disclosures.*

31 December 2016	Short Term Benefits	Post Employment Benefits		Share Based Payments		Share Based Payments as a Percentage of Remuneration
	Salaries & Fees	Superannuation	Termination Payments	Rights	Total	
	$	$	$	$	$	%
Non-Executive Directors						
M Jerkovic	78,333	7,442	–	11,900	97,675	12
M Bojanjac	43,333	4,117	–	8,925	56,375	16
I Clyne (i)	12,769	1,213	–	–	13,982	–
NED Sub-total	**134,435**	**12,772**	**–**	**20,825**	**168,032**	
Executive Directors						
R Heeks	262,500	–	–	47,600	310,100	15
Directors Sub-total	**396,935**	**12,772**	**–**	**68,425**	**478,132**	
Other KMP						
J Lewis (ii)	220,000	–	60,000	35,700	315,700	11
S Whitehead (iii)	125,382	10,517	–	8,925	144,824	6
M Smith (iv)	15,000	1,425	–	–	16,425	–
P Leggat (v)	15,000	1,425	–	–	16,425	–
G Zamudio (vi)	15,000	1,425	–	–	16,425	–
J Kerr (vii)	21,923	2,083	–	–	24,006	–
Other KMP Sub-total	**412,305**	**16,875**	**60,000**	**44,625**	**533,805**	
TOTAL	**809,240**	**29,647**	**60,000**	**113,050**	**1,011,937**	

(i) Mr I Clyne commenced 6 October 2016

(ii) Mr J Lewis resigned 30 November 2016

(iii) Mr S Whitehead resigned 30 November 2016

(iv) Mr M Smith commenced 1 December 2016

(v) Ms P Leggat commenced 1 December 2016

(vi) Mr G Zamudio commenced 1 December 2016

(vii) Mr J Kerr commenced 15 November 2016

17 REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration (continued)

31 December 2015	Short Term Benefits	Post Employment Benefits		Share Based Payments		Share Based Payments as a Percentage of Remuneration
	Salaries & Fees	Superannuation	Termination Payments	Rights	Total	
	$	$	$	$	$	%
Non-Executive Directors						
R Fountain (i)	53,030	–	–	17,850	70,880	25
M Jerkovic	75,000	7,125	–	23,800	105,925	22
M Bojanjac	40,000	3,800	–	17,850	61,650	29
NED Sub-total	**168,030**	**10,925**	**–**	**59,500**	**238,455**	
Executive Directors						
R Heeks	240,000	–	–	95,200	335,200	28
Directors Sub-total	**408,030**	**10,925**	**–**	**154,700**	**573,655**	
Other KMP						
J Lewis	240,000	–	–	71,400	311,400	23
S Whitehead	119,266	11,330	–	17,850	148,446	12
Other KMP Sub-total	**359,266**	**11,330**	**–**	**89,250**	**459,846**	
TOTAL	**767,296**	**22,255**	**–**	**243,950**	**1,033,501**	

(i) R Fountain resigned on 18 August 2015

Service Agreements

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

Milan Jerkovic — Non-Executive Chairman

- Directors Fees of $95,000 per annum, (increased from $75,000 per annum on 1 November 2016);
- Statutory superannuation contributions;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- No Notice Period.

Mark Bojanjac — Non-Executive Director

- Directors Fees of $60,000 per annum (increased from $40,000 per annum on 1 November 2016);
- Statutory superannuation contributions;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- No Notice Period.

Ian Clyne — Non-Executive Director

- Directors Fees of $60,000 per annum (increased from $40,000 per annum on 1 November 2016);
- Statutory superannuation contributions;
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- No Notice Period.

Ron Heeks — Managing Director

- Consulting Fees of $330,000 per annum (increased from $240,000 per annum on 1 October 2016);
- Eligible to participate in the long-term incentive schemes offered by the Company; and
- Six months plus an additional one month for each year of service.

17 REMUNERATION REPORT (AUDITED) (CONTINUED)

Short-term Incentives

No bonus payments were made to Directors of the Company or other KMP of the Group during the period.

Long-term Incentives - Share-based Compensation

The Geopacific Resources Limited Employee Performance Rights and Option Plans were approved by shareholders at the Annual General Meeting held on 31 May 2012. All employees are eligible to participate.

Performance Rights and Options are granted under the plans for no consideration. Performance Rights and Options granted under the plan carry no dividend or voting rights. When exercisable, each Performance Right or Option is convertible into one ordinary share.

Options

No Options over ordinary shares in the Company were provided as remuneration to Directors of the Company or KMP of the Group during the period.

Performance Rights

No Performance Rights over ordinary shares in the Company were granted as remuneration to Directors of the Company or KMP of the Group during the year. The following table outlines the Performance Rights were granted or that vested to the Directors of the Company and other KMP of the Group during the period.

Name	Performance Rights Granted During the Year		Performance Rights Vested During the Year	
	2016	2015	2016	2015
Directors				
R Fountain (i)	–	–	–	375,000
M Jerkovic	–	–	500,000	500,000
M Bojanjac	–	–	375,000	375,000
I Clyne	–	–	–	–
R Heeks	–	–	2,000,000	2,000,000
Subtotal	**–**	**–**	**2,875,000**	**3,250,000**
Other KMP				
J Lewis	–	–	1,500,000	1,500,000
S Whitehead	–	–	375,000	375,000
M Smith	–	–	–	–
P Leggat	–	–	–	–
G Zamudio	–	–	–	–
J Kerr	–	–	–	–
Subtotal	**–**	**–**	**1,875,000**	**1,875,000**
TOTAL	**–**	**–**	**4,750,000**	**5,125,000**

(i) R Fountain resigned on 18 August 2015

17 REMUNERATION REPORT (AUDITED) (CONTINUED)

The fair value of the Performance Rights is measured at grant date and allocated equally over the period from grant date to vesting date. This allocation is reflected in the Share Based Payments column of the remuneration tables.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account:

- the exercise price of the Performance Right;
- the term of the Performance Right;
- the impact of dilution;
- the share price at grant date;
- the expected price volatility of the underlying share;
- the expected dividend yield; and
- the risk free interest rate for the term of the Performance Right.

The conditions that must be met in order for the Performance Rights to vest to the eligible employees were as follows:

- 50% to vest upon completion of 12-months continuous service from 1 July 2014; and
- 50% to vest upon completion of 24-months continuous service from 1 July 2014.

Equity Instrument Disclosures Relating to KMP

Options

There were no Options over Ordinary Shares in the Company held during the financial year by Directors of the Company or other KMP of the Group.

Performance Rights

The number of Performance Rights over Ordinary Shares in the Company held during the financial year by each Director of the Company and other KMP of the Group, including their personally related parties, are as follows.

31 December 2016	Opening Balance 1 January 2016	Granted During the Year	Vested During the Year	Closing Balance 31 December 2016
Directors				
M Jerkovic	500,000	–	500,000	–
M Bojanjac	375,000	–	375,000	–
I Clyne	–	–	–	–
R Heeks	2,000,000	–	2,000,000	–
Subtotal	**2,875,000**	**–**	**2,875,000**	**–**
Other KMP				
J Lewis	1,500,000	–	1,500,000	–
S Whitehead	375,000	–	375,000	–
M Smith	–	–	–	–
P Leggat	–	–	–	–
G Zamudio	–	–	–	–
J Kerr	–	–	–	–
Subtotal	**1,875,000**	**–**	**1,875,000**	**–**
TOTAL	**4,750,000**	**–**	**4,750,000**	**–**

17 REMUNERATION REPORT (AUDITED) (CONTINUED)

31 December 2015	Opening Balance 1 January 2015	Granted During the Year	Vested During the Year	Closing Balance 31 December 2015
Directors				
R Fountain (i)	750,000	–	375,000	375,000
M Jerkovic	1,000,000	–	500,000	500,000
M Bojanjac	750,000	–	375,000	375,000
R Heeks	4,000,000	–	2,000,000	2,000,000
Subtotal	**6,500,000**	–	**3,250,000**	**3,250,000**
Other KMP				
J Lewis	3,000,000	–	1,500,000	1,500,000
S Whitehead	750,000	–	375,000	375,000
Subtotal	**3,750,000**	**–**	**1,875,000**	**1,875,000**
TOTAL	**10,250,000**	**–**	**5,125,000**	**5,125,000**

(i) R Fountain resigned on 18 August 2015.

Ordinary Shares

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

31 December 2016	Opening Balance 1 January 2016	Issued on Vesting of Performance Rights	Shares Acquired on Market	Held at Resignation	Closing Balance 31 December 2016
Directors					
M Jerkovic	8,756,108	500,000	1,162,791	–	10,418,899
M Bojanjac	3,041,666	375,000	–	–	3,416,666
I Clyne	–	–	–	–	–
R Heeks	5,523,757	2,000,000	–	–	7,523,757
Subtotal	**17,321,531**	**2,875,000**	**1,162,791**	**–**	**21,359,322**
Other KMP					
J Lewis	4,548,814	1,500,000	–	6,048,814	–
S Whitehead	375,000	375,000	–	750,000	–
M Smith	–	–	–	–	–
P Leggat	–	–	–	–	–
G Zamudio (i)	–	–	1,000,000	–	1,000,000
J Kerr	–	–	–	–	–
Subtotal	**4,923,814**	**1,875,000**	**1,000,000**	**6,798,814**	**1,000,000**
TOTAL	**22,245,345**	**4,750,000**	**2,162,791**	**6,798,814**	**22,359,322**

(i) G Zamudio – represents shares held at commencement of employment on 1 December 2016.

17 REMUNERATION REPORT (AUDITED) (CONTINUED)

31 December 2015	Opening Balance 1 January 2015	Issued on Vesting of Performance Rights	Shares Acquired on Market	Held at Resignation	Closing Balance 31 December 2015
Directors					
R Fountain	166,000	375,000	–	541,000	–
M Jerkovic	8,256,108	500,000	–	–	8,756,108
M Bojanjac	2,666,666	375,000	–	–	3,041,666
R Heeks	3,523,757	2,000,000	–	–	5,523,757
Subtotal	**14,612,531**	**3,250,000**	**–**	**541,000**	**17,321,531**
Other KMP					
J Lewis	3,030,633	1,500,000	18,181	–	4,548,814
S Whitehead	–	375,000	–	–	375,000
Subtotal	**3,030,633**	**1,875,000**	**18,181**	**–**	**4,923,814**
TOTAL	**17,643,164**	**5,125,000**	**18,181**	**541,000**	**22,245,345**

END OF REMUNERATION REPORT

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

Ron Heeks
Managing Director

Perth, Australia
16 March 2017

Greenwich & Co

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Auditor's Independence Declaration

As auditor for the audit of Geopacific Resources Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

I) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

16 March 2017
Perth

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Independent Auditor's Report
To the members of Geopacific Resources Limited

Opinion

We have audited the financial report of Geopacific Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1 to the financial report, which describes that the ability of the Group to continue as a going concern is dependent on successful mining and exploration, and further equity issues to the market. As a result, there is material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Exploration and Evaluation Expenditures

The Group has incurred significant exploration and evaluation expenditures which have been capitalised. As the carrying value of exploration and evaluation expenditures represents a significant asset of the Group, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of this asset may exceed its recoverable amount. As a result, the asset was required to be assessed for impairment.

In doing so, we carried out the following work in accordance with the guidance set out in AASB 6 *Exploration for and Evaluation of Mineral Resources*:

- We obtained evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditures by obtaining independent searches of a sample of the group's tenement holdings;
- We enquired with management and reviewed budgets to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the Group's areas of interest were planned;
- We enquired with management, reviewed announcements made and reviewed minutes of directors' meetings to ensure that the Group had not decided to discontinue activities in any of its areas of interest;
- We enquired with management to ensure that the Group had not decided to proceed with development of a specific area of interest, to ensure the classification as exploration was appropriate.

Notes 1.k) and 11 to the financial statements contain the accounting policy and disclosures in relation to exploration and evaluation expenditures.

Deferred Tax

Deferred tax was significant to our audit because the income tax assessment process is complex, spread across several international jurisdictions, and the amounts involved are material to the financial statements. The Group has significant deferred tax assets, in relation to historical tax losses, and deferred tax liabilities, relating to timing differences on deferred exploration and evaluation expenditure. The recognition criteria for deferred tax assets are a judgemental area, and hence warranted greater audit focus.

In completing our testing in this area, we carried out the following procedures:

- We obtained the newly completed 2014 and 2015 tax returns for all Group companies, and the deferred tax calculations for the year ended 2016 as prepared by management, to test the tax calculations completed and ensure all tax sensitive items had been considered;
- We evaluated the recognition conditions in accordance with AASB 112 *Income Taxes* to ensure the appropriate amounts were recognised in the statement of profit or loss and other comprehensive income, and were offset in accordance with the provisions of AASB 112.
- We cross checked the usability of brought forward losses against same-business and other relevant criteria, to ensure deferred tax assets under evaluation were not over-stated;

- We re-tested the calculations performed by management to ensure that the balances included were accurate.

Notes 1.i) and 8 to the financial statements contain the accounting policy and disclosures in relation to deferred taxation.

Other Information

The directors are responsible for the other information. The other information comprises the Review of Operations and Directors Report and other information included in the Group's annual report for the year ended 31 December 2016 but does not include the financial report and our auditor's report thereon.

The other information obtained at the date of this auditor's report is included in the annual report, (but does not include the financial report and our auditor's report thereon).

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 12 to 19 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Geopacific Resources Limited for the year ended 31 December 2016, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director
Perth
16 March 2017

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

1. In the opinion of the Directors:

   (a) the financial statements and notes, of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the year ended on that date; and

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

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

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

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295 of the *Corporations Act 2001* for the financial year ended 31 December 2016.

On behalf of the Board

Ron Heeks

Ron Heeks
Managing Director

Perth, Australia
16 March 2017

		Consolidated	
	Note	2016 $	2015 $
Revenue from continuing operations	5	50,648	50,502
Administration expenses		(162,580)	(119,255)
Consultancy expense		(936,589)	(649,568)
Depreciation expense		(61,142)	(105,661)
Employee benefits expense		(654,522)	(1,035,988)
Occupancy Expenses		(161,895)	(140,667)
		(1,976,728)	(2,051,139)
Loss before income tax	6	(1,926,080)	(2,000,637)
Income tax	8	(2,218,897)	–
Loss for the year attributable to members of the parent company		(4,144,977)	(2,000,637)
Other comprehensive income-items that may be reclassified to profit or loss:			
Exchange differences on translating foreign controlled entities		195,410	642,769
Other comprehensive income for the year, net of tax		195,410	642,769
Total comprehensive loss for the year attributable to members of the parent entity		(3,949,567)	(1,357,868)
Basic loss per share (cents)	25	(0.45)	(0.25)
Diluted loss per share (cents)	25	(0.45)	(0.25)

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

	Note	Consolidated 2016 $	Consolidated 2015 $
Current Assets			
Cash and cash equivalents	9	11,469,015	12,589,002
Trade and other receivables	10	2,265,486	754,788
Total Current Assets		13,734,501	13,343,790
Non-Current Assets			
Exploration and evaluation expenditure	11(a)	33,200,336	26,157,372
Prepayment	11(b)	13,679,845	8,581,940
Plant and equipment	13	100,063	150,846
Total Non-Current Assets		46,980,244	34,890,158
TOTAL ASSETS		60,714,745	48,233,948
Current Liabilities			
Trade and other payables	14	573,122	1,072,935
Provisions	15	10,184	14,881
Financial liabilities	16	–	2,453
Total Current Liabilities		583,306	1,090,269
Non-Current Liabilities			
Deferred tax liabilities	8	2,218,897	–
Total Non-Current Liabilities		2,218,897	–
TOTAL LIABILITIES		2,802,203	1,090,269
NET ASSETS		57,912,542	47,143,679
Equity			
Issued capital	17	74,671,129	60,099,072
Reserves	18	1,427,070	1,085,287
Accumulated losses		(18,185,657)	(14,040,680)
TOTAL EQUITY		57,912,542	47,143,679

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

Consolidated	Issued Capital $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
At 1 January 2016	60,099,072	643,465	441,822	(14,040,680)	47,143,679
Transactions with owners in their capacity as owners	–	–	–	–	–
Shares issued during the year	15,050,000	–	–	–	15,050,000
Share issue costs	(477,943)	–	–	–	(477,943)
Performance rights vested	–	146,373	–	–	146,373
Options expired	–	–	–	–	–
Other Comprehensive loss for the year	–	–	195,410	(4,144,977)	(3,949,567)
At 31 December 2016	**74,671,129**	**789,838**	**637,232**	**(18,185,657)**	**57,912,542**
At 1 January 2015	34,686,214	602,469	(200,947)	(12,309,419)	22,778,317
Transactions with owners in their capacity as owners	–	–	–	–	–
Shares issued during the year	26,090,485	–	–	–	26,090,485
Share issue costs	(677,627)	–	–	–	(677,627)
Options issued	–	310,372	–	–	310,372
Options expired	–	(269,376)	–	269,376	–
Other Comprehensive loss for the year	–	–	642,769	(2,000,637)	(1,357,868)
At 31 December 2015	**60,099,072**	**643,465**	**441,822**	**(14,040,680)**	**47,143,679**

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

	Note	Consolidated 2016 $	Consolidated 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		–	19,474
Payments to suppliers and employees		(3,591,465)	(1,711,271)
Interest received		50,651	31,027
Net Cash Used In Operating Activities	29(c)	(3,540,814)	(1,660,770)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(10,359)	(46,827)
Exploration expenditure		(12,140,870)	(10,756,795)
Deposits paid for acquisition of Subsidiary		–	(5,030,622)
Net Cash Used In Investing Activities		(12,151,229)	(15,834,244)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues (net of costs)		14,572,057	25,415,454
Finance lease payments		–	(24,587)
Loans to related parties		–	(115,136)
Net Cash From Financing Activities		14,572,057	25,275,731
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,119,986)	7,780,717
Effect of exchange rates on cash held in foreign currencies		–	642,769
Cash and Cash Equivalents at beginning of the financial year		12,589,002	4,165,516
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		11,469,016	12,589,002

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Geopacific Resources Limited ('the Company') is a listed public company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 31 December 2016 comprises the Company and its controlled entities (together referred to as the 'Group').

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

The financial report was authorised for issue by the directors on 16 March 2017.

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 there to 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

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

During the year ended 31 December 2016, the Group incurred a net loss after tax of $4,144,977. At 31 December 2016, the Group had cash and cash equivalents of $11,469,015, net assets of $57,912,542 and a working capital surplus of $13,151,195.

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

- The Group's ability to raise funds from external sources to meet ongoing development, exploration and working capital requirements; and
- The Group's ability to manage the timing of cash flows to meet the obligations of the business as and when they fall due.

However, should the Company be unable to obtain sufficient funding as advised above, there is a material uncertainty which may cast doubt as to whether or not the Company will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The Group has adopted all applicable new and revised Standards and Interpretations in the current year and these standards have not significantly impacted the recognition, measurement and disclosure of the Group and its consolidated financial statements for the financial year ended 31 December 2016.

New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. These standards and interpretations will not materially impact on the Group's financial statements.

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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Cash and cash equivalents

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

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

(b) Share Capital

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

(c) Employee benefits

Wages, salaries and annual leave

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

Long service leave

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

Share-based payments

The fair value of performance rights and 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 right or option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right or option.

The fair value of the options 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.

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) Financial Instruments

Initial recognition and measurement

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions of 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.

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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Instruments (continued)

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.

(i) 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 amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

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

(iii) Convertible Notes

The component parts of compound instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

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

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

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

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency transactions and balances

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

- assets and liabilities are translated at year-end exchange rates prevailing at reporting date;
- 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 changes in equity. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed of.

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

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

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

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

(g) Impairment of 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 (cashgenerating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required. Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The consolidated group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the consolidated group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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. 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

Basic loss per share

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

Diluted loss per share

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

(k) Mineral Tenements and Deferred Mineral Exploration Expenditure

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

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

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

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are 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 statement of comprehensive income.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Plant and equipment

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

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

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

- Plant and equipment 5% – 37.5%
- Computer software 25%
- Motor vehicles 25%
- Furniture and fittings 7% – 20%

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

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

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

Any gains or loss on the derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the statement of comprehensive income in the period the item is derecognised. When revalued assets are derecognised, amounts recorded in other reserves in respect of those assets are transferred to retained earnings.

(m) Principles of consolidation

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

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

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

Non-controlling interests are allocated their share of net profit or loss after tax in the income statement and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

(n) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of other assets is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured.

Interest Revenue

Revenue is recognised as the interest accrues using the effective interest method.

Rental Income

Rental Income is recognised on a straight-line basis over the lease term.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 statement of comprehensive income 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 settle 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 have the overall responsibility for the risk management framework.

(a) Credit risk

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

Trade and other receivables

The Group has no listed investments and the current nature of the business activity does not result in trading receivables. The receivables that the Group recognises through the 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 the ANZ Banking Group. 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 has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for 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.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

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

Foreign exchange risk

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

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

Interest rate risk

The Group has significant interest bearing assets and 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. No financial instruments have been used to mitigate risk (Note 28 – 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 policy in relation to the accounting for exploration and evaluation expenditure is stated in Note 1(k). There is judgment involved in determining the treatment of exploration and evaluation expenditure, more specifically, in determining whether it should be carried forward as capitalised exploration, or written off to the income statement.

The Board and management give due consideration to the areas of interest relating to the exploration and evaluation expenditure on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation. In the year ended 31 December 2016, no exploration and evaluation expenditure was written off (2015: Nil).

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 24 for details of estimates and assumptions used.

4 PARENT COMPANY INFORMATION

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

	Parent 2016 $	Parent 2015 $
STATEMENT OF FINANCIAL POSITION		
Assets		
Current Assets	11,307,015	11,444,245
Non-Current Assets	52,066,718	36,271,249
Total Assets	63,373,733	47,715,494
Liabilities		
Current Liabilities	472,751	292,895
Total Liabilities	472,751	292,895
Equity		
Issued capital	74,671,129	60,166,622
Share based payments reserve	789,838	429,547
Accumulated losses	(12,559,985)	(13,173,570)
Total Equity	62,900,982	47,422,599
STATEMENT OF COMPREHENSIVE INCOME		
Total profit/(loss)	759,957	(2,315,067)
TOTAL COMPREHENSIVE LOSS	759,957	(2,315,067)

Guarantees

Geopacific Resources Limited has not entered into any guarantees, in relation to the debts of its subsidiaries.

Contingent liabilities

At 31 December 2016, Geopacific Resources Limited had no contingent liabilities (2015: Nil).

Contractual commitments

At 31 December 2016, Geopacific Resources Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2015: Nil).

5 REVENUE

	Consolidated 2016 $	Consolidated 2015 $
Rental income	–	17,041
Interest income – financial institutions	50,648	19,907
Other income	–	13,554
	50,648	50,502

6 LOSS BEFORE INCOME TAX

	Consolidated 2016 $	Consolidated 2015 $
Loss before income tax includes the following specific expenses:		
Contributions to defined superannuation funds	58,135	23,655

7 REMUNERATION OF AUDITORS

The Auditor of Geopacific Resources Limited is Greenwich and Co Audit Pty Ltd (formerly Somes Cooke).

	Consolidated 2016 $	Consolidated 2015 $
Amounts received or receivable - Greenwich & Co Audit Pty Ltd for:		
- An audit or review of the financial report	37,131	–
- Tax Services	4,000	–
	41,131	–
Amounts received or receivable - Somes Cooke for:		
- An audit or review of the financial report	–	28,500
	–	28,500
Total	41,131	28,500

8 INCOME TAX

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

	Consolidated 2016 $	Consolidated 2015 $
Current tax	–	–
Deferred tax	2,218,897	–
Total tax expense / (benefit)	2,218,897	–

8 INCOME TAX (CONTINUED)

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

	Consolidated 2016 $	Consolidated 2015 $
Net Profit / (Loss) before tax	(1,926,080)	(2,000,637)
Prima facie tax at 30%	(577,824)	(600,191)
Adjusted for the tax effect of:		
Non-deductible share based payments	43,911	89,597
Exploration costs	–	(4,770,625)
Other non-deductible expenses	958	49,863
Effect of current year tax losses not recognised	787,069	–
Deferred tax assets not brought to account	–	5,316,481
Effect of prior period deferred tax recognised	1,964,783	–
Other deductible expenses	–	(85,125)
	2,218,897	–

(c) Deferred tax:

	Consolidated 2016 $	Consolidated 2015 $
Deferred tax assets:		
Business related costs	339,714	203,262
Employee entitlements	3,055	(4,464)
Tax losses	–	6,920,300
Total before offset	342,769	7,119,098
Offset by deferred tax liabilities	(342,769)	(7,119,098)
Total deferred tax assets after offset	–	–
Deferred tax liabilities:		
Exploration and evaluation expenditure	2,561,666	7,847,212
Total before offset	2,561,666	7,847,212
Offset by deferred tax assets	(342,769)	(7,119,098)
Total deferred tax liabilities after offset	2,218,897	728,114

(d) Deferred tax assets not recognised:

	Consolidated 2016 $	Consolidated 2015 $
Deferred tax assets not recognised		
Tax losses - current year	789,069	–
Tax losses - prior years	3,826,814	6,920,300
Total tax expense / (benefit)	4,615,883	6,920,300

Deferred tax assets relating to tax losses have not been recognised in the current period because the Directors do not believe it is appropriate to regard the realisation of the deferred tax assets relating to the tax losses as probable at this time.

9 CASH AND CASH EQUIVALENTS

	Consolidated	
	2016 $	2015 $
Current		
Cash at bank	11,469,015	12,589,002
Total Cash and Cash Equivalents	11,469,015	12,589,002

10 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2016 $	2015 $
Current		
Security deposits	125,391	123,862
Sundry debtors	24,823	3,891
Other receivables	1,402,668	238,742
GST receivable	712,604	388,293
Total Trade and Other Receivables	2,265,486	754,788

Other receivables of $1,402,668 includes funds advanced in respect of the Woodlark project.

11 EXPLORATION EXPENDITURE

	Consolidated	
	2016 $	2015 $
(a) Non-Current		
Capitalised exploration expenditure carried forward	33,200,336	26,157,372
Movement during the year		
Carrying value - beginning of the year	26,157,372	18,951,895
Additions	7,042,964	7,205,477
Carrying value - end of the year	33,200,336	26,157,372

During the year, the Company did not expense any previously capitalised exploration expenditure (2015: nil).

	Consolidated	
	2016 $	2015 $
(b) Non-Current		
Prepayment	13,679,845	8,581,940
Movement during the year		
Carrying value - beginning of the year	8,581,940	–
Additions	5,097,905	8,581,940
Carrying value - end of the year	13,679,845	8,581,940

In January 2015, the Company's subsidiary, Royal Australia Resources Ltd, entered into an agreement to acquire 100% of the Issued Capital of Golden Resource Development Co Ltd for $US14.0 million plus interest payments of US$1,275,750.

11 EXPLORATION EXPENDITURE (CONTINUED)

Under the terms of the Agreement, payments of principle and interest will be made over time until 31 July 2016. The following payments of principle were made:

- US$1.40 million on 31 January 2015;
- US$3.15 million on 31 July 2015; and
- US$3.15 million on 31 January 2016.

The Company renegotiated the payment schedule with the Vendors in January 2016. Under the revised terms, one final payment of US$1.575 million is due at completion of a bankable feasibility study for the Kou Sa Project, along with a 2% royalty on production capped at $8.425 million.

12 JOINT ARRANGEMENTS

	Consolidated	
	2016 $	2015 $
Interest in Joint Operations:		
RakiRaki (Fiji) Joint Venture		
Geopacific Resources Limited has a 50% interest in Joint Venture with Peninsula Energy Limited.		
Non-Current Assets		
Exploration and evaluation expenditure	985,661	567,331
Total	985,661	567,331

13 PLANT AND EQUIPMENT

	Consolidated	
	2016 $	2015 $
Non-Current		
Plant, vehicles and equipment at cost	476,589	397,172
Less: accumulated depreciation	(376,526)	(246,326)
Total plant and equipment	100,063	150,846

Plant & Equipment Movement 2016	Plant & Equipment $	Computer software $	Motor Vehicle $	Lease Vehicle $	Furniture & Fittings $	Total $
Balance at 1 January 2016	95,075	19,363	18,606	–	17,802	150,846
Additions	18,186	1,769	–	–	1,369	21,324
Disposals	(7,366)	–	–	–	–	(7,366)
Transfers	–	–	(8,998)	–	8,998	–
Depreciation	(37,042)	(7,914)	(3,519)	–	(12,667)	(61,142)
Foreign exchange fluctuation	2,416	5	(6,089)	–	69	(3,598)
Balance at 31 December 2016	71,269	13,223	–	–	15,571	100,063

13 PLANT AND EQUIPMENT (CONTINUED)

Plant & Equipment Movement 2015	Plant & Equipment $	Computer software $	Motor Vehicle $	Lease Vehicle $	Furniture & Fittings $	Total $
Balance at 1 January 2015	141,929	27,414	–	8,515	31,824	**209,682**
Additions	18,193	9,991	30,619	–	–	**58,803**
Disposals	(46,496)	–	(2,569)	–	(3,849)	**(52,914)**
Transfers	–	–	–	–	–	**–**
Depreciation	(50,428)	(20,120)	(20,810)	(8,515)	(5,789)	**(105,662)**
Foreign exchange fluctuation	31,877	2,078	11,366	–	(4,384)	**40,937**
Balance at 31 December 2015	**95,075**	**19,363**	**18,606**	**–**	**17,802**	**150,846**

14 TRADE AND OTHER PAYABLES

	Consolidated 2016 $	Consolidated 2015 $
Current		
Trade creditors and accrued expenses	**573,122**	1,072,935
Total	**573,122**	1,072,935

15 PROVISIONS

	Consolidated 2016 $	Consolidated 2015 $
Current		
Provisions	**10,184**	14,881
Total	**10,184**	14,881

16 FINANCIAL LIABILITIES

	Consolidated 2016 $	Consolidated 2015 $
Current		
Lease liabilities	–	2,453
Total	–	2,453

17 ISSUED CAPITAL

	Consolidated 2016 $	Consolidated 2015 $
Issued Capital	**74,671,129**	60,099,072

Reconciliation of movements in Issued Capital during the period:

	2016 Shares	2016 $	2015 Shares	2015 $
Balance at 1 January	799,593,584	60,099,072	334,410,848	34,686,214
Shares issued pursuant to a Placement	350,000,000	15,050,000	–	–
Shares issued on conversion of Performance Rights	6,150,000	–	–	–
Shares issued pursuant to a Rights Issue	–	–	52,631,579	3,000,000
Shares issued pursuant to a Placement	–	–	150,000,000	9,000,000
Shares issued pursuant to Rights Issue	–	–	255,734,490	14,065,397
Shares issued to consultants in lieu of cash	–	–	416,667	25,000
Shares issued on conversion of Performance Rights	–	–	6,400,000	–
Less: share issue costs	–	(477,943)	–	(677,539)
Balance at 31 December	**1,155,743,584**	**74,671,129**	799,593,584	60,099,072

18 RESERVES

	Consolidated 2016 $	Consolidated 2015 $
(a) Reserves		
Foreign currency translation reserve	**637,232**	441,822
Share-based payments reserve	**789,838**	643,465
Total	**1,427,070**	1,085,287
(b) Movements		
Share-based payments reserve		
Opening Balance 1 January	**643,465**	602,469
Rights/Option expense	**146,373**	310,372
Options expired	**–**	(269,376)
Closing Balance 31 December	**789,838**	643,465
Foreign currency translation reserve		
Balance 1 January	**441,822**	(200,947)
Exchange gains during year	**195,410**	642,769
Balance 31 December	**637,232**	441,822
Total reserves	**1,427,070**	1,085,287

18 RESERVES (CONTINUED)

(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; and
- the value of Performance Rights which have vested.

Foreign currency translation reserve

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

19 CONTINGENT LIABILITIES

Kou Sa – Revised Repayment Schedule

As outlined in Note 11(b), the Company renegotiated the payment schedule with the Vendors in January 2016. Under the revised terms, one final payment of US$1.575 million is due at completion of a bankable feasibility study for the Kou Sa Project, along with a 2% royalty on production capped at $8.425 million. The Group did not have any contingent liabilities at the end of the reporting period (2015: nil).

20 COMMITMENTS

(a) Tenement Commitments

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

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

Tenement	Tenement Renewed to	Annual Expenditure FJ$	Comments
SPL 1231/1373	29-Nov-18	75,000	50% to be met by JV partner Peninsula Energy Ltd. Annual expenditure is budgeted amount lodged.
SPL 1436	29-Nov-18	50,000	50% to be met by JV partner Peninsula Energy Ltd. Annual expenditure is budgeted amount.
SPL 1415	12-Feb-19	75,000	Licence renewed for 3 years, final year expenditure of FJD$150,000
SPL 1493	29-Nov-18	50,000	Annual expenditure is budgeted amount.

Pending licence renewals in Fiji, the Group would be committed to spend a further FJ$600,000 of annual expenditure not shown in the table above.

The Group is also committed to spend US$474,000 in aggregate in the 2017 and 2018 calendar years on the Kou Sa project in Cambodia subject to pending licence renewals.

20 COMMITMENTS (CONTINUED)

(b) Finance Lease Commitments

	Consolidated 2016 $	Consolidated 2015 $
Payable – minimum lease payments:		
Payable not later than one year	–	2,453
Payable later than one year, but not later than five years	–	–
Minimum lease payments	–	2,453
Less: future finance charge	–	(106)
Present value of minimum lease payments	–	2,347

(c) Operating Lease Commitments

	Consolidated 2016 $	Consolidated 2015 $
Payable – minimum lease payments:		
Payable not later than one year	108,627	130,311
Payable later than one year, but not later than five years	6,738	238,904
Total	115,365	369,215

21 PARTICULARS RELATING TO CONTROLLED ENTITIES

	Class of Share	Ownership Percentage 2016 %	Ownership Percentage 2015 %
Worldwide Mining Projects Pty Ltd	Ordinary	100	100
Eastkal Pte Ltd	Ordinary	100	100
PT IAR Indonesia Ltd	Ordinary	100	100
Beta Limited	Ordinary	100	100
Royal Australia Resources Ltd	Ordinary	85	85
Geopacific Limited	Ordinary	100	100
Millennium Mining (Fiji) Limited	Ordinary	100	100

Worldwide Mining Projects Limited is a company incorporated and carrying on business in Australia.

Eastkal Pte Ltd is a company incorporated and carrying on business in Singapore.

PT IAR Indonesia is a company incorporated and carrying on business in Indonesia.

Royal Australia Resources Ltd is a company incorporated and carrying on business in Cambodia. Petrochemicals (Cambodia) Refinery Ltd holds a 15% minority interest in Royal Australia Resources Ltd.

Worldwide Mining Projects Pty Ltd and Petrochemicals (Cambodia) Refinery Ltd entered into a Shareholders Agreement in December 2012 to explore, develop and hold the Kou Sa project. Petrochemicals (Cambodia) Refinery Ltd will be a free carried joint venture partner until a decision to mine on the Kou Sa project area is made.

Following a decision to mine, Petrochemicals (Cambodia) Refinery Ltd will be granted an option to purchase further shares in Royal Australia Resources Ltd at fair market value to increase its percentage shareholding to 20%; and contribute to all costs, expenses and liabilities incurred or sustained in proportion to its shareholding interest in Royal Australia Resources Ltd.

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

22 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

All Directors of the Company are identified as Key Management Personnel under AASB 124 *"Related Party Disclosures"*. Details of each person holding the position of Director of the Company during the reporting period are outlined in the table below:

Name		Position
Non-Executive Directors		
Milan Jerkovic		Non-Executive Chairman
Mark Bojanjac		Non-Executive Director
Ian Clyne	*commenced 6 October 2016*	Non-Executive Director
Executive Directors		
Ron Heeks		Managing Director

(b) Other Key Management Personnel (KMP)

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

Name		Position
Executives		
Philippa Leggat	*commenced 1 December 2016* *commenced 13 January 2017*	General Manager - Corporate Executive Director - Corporate
Matthew Smith	*commenced 1 December 2016*	Chief Financial Officer & Company Secretary
Glenn Zamudio	*commenced 1 December 2016*	General Manager - Projects
James Kerr	*commenced 15 November 2016*	General Manager - Geology
John Lewis	*ceased 30 November 2016*	Chief Financial Officer & Company Secretary

(c) KMP Compensation

	Consolidated 2016 $	Consolidated 2015 $
Key Management Personnel Compensation:		
Short term benefits	809,240	767,296
Post-employment benefits	29,647	22,255
Share based payments	113,050	243,950
Termination payments	60,000	–
Total	1,011,937	1,033,501

Please refer to the Remuneration Report in the Directors' Report for further details on the remuneration paid or payable to each member of KMP for the reporting period.

23 RELATED PARTY TRANSACTIONS

	Consolidated	
	2016	2015
	$	$
Transactions with Key Management Personnel:		
Xavier Group Pty Ltd – Consulting Services	28,218	493,103
Total	28,218	493,103

Xavier Group Pty Ltd is an entity in which the Company's Non-Executive Chairman, Mr M Jerkovic, is a Director and shareholder. Xavier Group Pty Ltd has been utilised to provide corporate consulting services to the Company. All transactions with related parties are on normal commercial terms.

24 SHARE-BASED PAYMENTS

(a) Employee Option Plan

The Company's 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.

Options are granted under the plan are issued for no consideration, carry no dividend or voting rights and when exercised convert into ordinary shares. During the reporting period, no options were granted under the plan.

(b) Services

During the reporting period, the Company did not issue any shares as payment for services (2015: $416,667).

(c) Unlisted Options Issued

During the reporting period, no options over unissued shares were granted or exercised (2015: nil) and no options were cancelled or lapsed (2015: 2,000,000). There were 2,688,768 Options over unissued shares unexercised at reporting date (2015 – 2,688,768). Since the end of the financial year, no unlisted Options have been cancelled or exercised.

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

		Exercise Price	Number on Issue	Movement During the Year		Number on Issue
Issue Date	Expiry Date	$	1-Jan-16	Granted	Lapsed	31-Dec-16
6-Jun-09	Note (a)	2.50	800,000	–	–	800,000
6-Jun-09	Note (b)	5.00	200,000	–	–	200,000
5-Aug-14	5-Aug-17	0.07	1,688,768	–	–	1,688,768
			2,688,768	–	–	2,688,768

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

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

24 SHARE-BASED PAYMENTS (CONTINUED)

(d) Performance Rights Issued

During the reporting period, no performance rights over ordinary shares in the Company were granted (2015: nil). Details of the Performance Rights as at the date of this report are outlined in the table below:

Year	Issue Date	Exercise Price $	Number on Issue 1-Jan	Movement During the Year Granted	Movement During the Year Exercised/Lapsed	Number on Issue 31-Dec
31-Dec-16	1-Jul-14	nil	6,150,000	–	(6,150,000)	–
31-Dec-15	1-Jul-14	nil	12,550,000	–	(6,400,000)	6,150,000

During the period, 6,150,000 performance rights vested and converted into ordinary shares (2015: 6,400,000).

The conditions that were required to be met in order for the Performance Rights to vest to the eligible employees are as follows:

- 50% to vest upon completion of 12-months continuous service from 1 July 2014; and
- 50% to vest upon completion of 24-months continuous service from 1 July 2014.

25 LOSS PER SHARE

(a) Basic and Diluted Loss Per Share

	Consolidated 2016 cents	Consolidated 2015 cents
Basic loss attributable to ordinary equity holders of the Company	**(0.45)**	(0.25)
Diluted loss attributable to ordinary equity holders of the Company	**(0.45)**	(0.25)

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

	Consolidated 2016 $	Consolidated 2015 $
Basic and Diluted Loss Per Share:		
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	**(4,144,977)**	(2,000,637)

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

	Consolidated 2016 No. of Shares	Consolidated 2015 No. of Shares
Weighted average number of ordinary share used as the denominator in calculating basic and diluted loss per share	**911,111,545**	792,776,917

26 EVENTS OCCURRING AFTER BALANCE DATE

On 13 January 2017, the Board appointed Philippa Leggat to the position of Executive Director Corporate. Ms Leggat had been advising the Company since May 2015 and played an integral role in structuring and negotiating the earn-in Joint Venture of the Woodlark Gold Project with Kula Gold Limited. Ms Leggat has extensive experience in corporate mining roles and brings a new perspective to the Board having worked in several other industries where she has achieved successful corporate outcomes.

On 25 January 2017, the Company executed the Earn-in agreement with Kula Gold Limited to acquire up to 80% of the Woodlark Gold Project (Woodlark) replacing the Binding Term Sheet. The decision to proceed to the second tranche of the transaction entitled Geopacific to 5% of Woodlark Mining Limited (WML), the company in Papua New Guinea that holds the licences for Woodlark. The Company's focus is to maximise the development potential of Woodlark in the shortest possible timeframe, after which it will look toward further exploration potential.

27 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 three operating segments based on geographical locations, which involves mineral exploration and development in Cambodia and Fiji. All other corporate expenses are disclosed as "Others" within this segment report. The Group's principal activities are interrelated and the Group has no revenue from operations.

All significant operating decisions are based on analysis of the Group as three segments. The financial results of these segments 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.

Revenue by Geographical Location:

	Consolidated	
	2016	2015
	$	$
Cambodia	59	38,754
Fiji	–	107
Other	50,592	11,641
Total	50,651	50,502

Net Loss Before Income Tax by Geographical Location:

	Consolidated	
	2016	2015
	$	$
Cambodia	(101,234)	(84,910)
Fiji	(87,262)	(116,989)
Other	(1,737,584)	(1,798,738)
Total	(1,926,080)	(2,000,637)

Assets by Geographical Location:

	Consolidated	
	2016	2015
	$	$
Cambodia	31,471,352	27,908,164
Fiji	6,098,360	7,714,890
Other	23,145,033	12,610,894
Total	60,714,745	48,233,948

Liabilities by Geographical Location:

	Consolidated	
	2016	2015
	$	$
Cambodia	103,400	770,364
Fiji	453,509	990
Other	2,245,294	318,915
Total	2,802,203	1,090,269

28 FINANCIAL INSTRUMENTS DISCLOSURES

Credit Risk

The Directors do not consider that the Group's financial assets are subject to a material level of credit risk. Therefore, 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 or impairment charge has been recorded during the reporting period.

Liquidity Risk

Liquidity risk arises from the financial liabilities of the Group and the Group's ability to meet their obligations to repay their financial liabilities as and when they fall due. The Group monitors rolling forecasts of liquidity on a regular basis.

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

Consolidated 2016	Carrying amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $
Financial Assets - Cash Flows Realisable					
Cash and cash equivalents	11,469,015	11,469,015	11,469,015	–	–
Trade and other receivables	2,265,486	2,265,486	2,265,486	–	–
Total anticipated inflows	**13,734,501**	**13,734,501**	**13,734,501**	**–**	**–**
Financial Liabilities - Due for Payment					
Trade and other payables	573,122	573,122	573,122	–	–
Other financial liabilities	–	–	–	–	–
Total expected outflows	**573,122**	**573,122**	**573,122**	**–**	**–**
Net inflow/(outflow) on financial instruments	**13,161,380**	**13,161,380**	**13,161,380**	**–**	**–**

Consolidated 2015	Carrying amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $
Financial Assets - Cash Flows Realisable					
Cash and cash equivalents	12,589,002	12,589,002	12,589,002	–	–
Trade and other receivables	754,788	754,788	754,788	–	–
Total anticipated inflows	**13,343,790**	**13,343,790**	**13,343,790**	**–**	**–**
Financial Liabilities - Due for Payment					
Trade and other payables	1,072,935	1,072,935	1,072,935	–	–
Other financial liabilities	2,453	2,453	2,453	–	–
Total expected outflows	**1,075,388**	**1,075,388**	**1,075,388**	**–**	**–**
Net inflow/(outflow) on financial instruments	**12,268,402**	**12,268,402**	**12,268,402**	**–**	**–**

At 31 December 2016, the Group had no interest-bearing liabilities. The weighted average interest rate for the interest-bearing liabilities in 2015 was 12%.

28 FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

Currency risk

The Group is exposed to foreign currency on expenditures that are denominated in a currency other than Australian Dollars. The United States and Fiji Dollars are the currencies that primarily give rise to the Group's currency risk.

Interest rate risk

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

	Consolidated	
	2016	2015
	$	$
Fixed rate instruments:		
Financial liabilities	–	2,453
Total	–	2,453
Variable rate instruments:		
Financial assets	11,469,015	12,589,002
Total	11,469,015	12,589,002

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 comprehensive income by the amounts shown below. The analysis assumes that all other variables remain constant.

	Profit and Loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	$	$	$	$
2016 - Variable rate instruments	114,690	(114,690)	114,690	(114,690)
2015 - Variable rate instruments	125,890	(125,890)	125,890	(125,890)

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.

29 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash and Cash Equivalents

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

	Consolidated	
	2016	2015
	$	$
Cash at Bank	11,469,015	12,589,002

29 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) Non-Cash Financing

	Consolidated 2016 $	Consolidated 2015 $
Share Based Payments - Note 24(d)	146,370	310,372

(c) Reconciliation of Cash Flows from Operating Activities

	Consolidated 2016 $	Consolidated 2015 $
Net Profit / (Loss) after income tax	(4,144,977)	(2,000,637)
Adjustments for Non-cash Items:		
Depreciation	61,142	105,663
Share based payments	146,370	310,372
Unrealised net foreign exchange (gain) / loss	195,410	–
Changes in Assets & Liabilities		
(Increase) / Decrease in trade and other receivables	(1,510,698)	(300,416)
Increase / (Decrease) in trade and other payables	(499,813)	273,002
Increase / (Decrease) in provisions	(4,697)	(48,754)
Increase / (Decrease) in other liabilities	(2,448)	–
Increase / (Decrease) in deferred tax liabilities	2,218,897	–
Net Cash Used in Operating Activities	(3,540,814)	(1,660,770)

The shareholder information set out below was applicable as at 13 March 2017.

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

	Class of Equity Security Ordinary Shares	
	Number	Shares
Analysis of numbers of equity security holders by size holding:		
1 - 1,000	29	5,312
1,001 - 5,000	21	64,233
5,001 - 10,000	36	323,154
10,001 - 100,000	442	18,808,374
100,001 and over	299	1,136,542,511
Total	**827**	**1,155,743,584**

(b) Equity security holders – ordinary shares

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

	Ordinary Shares	
	Number Held	% of Issued Shares
MERRILL LYNCH (AUSTRALIA)	398,455,620	34.48
NDOVU CAPITAL IV B V	314,039,174	27.17
J P MORGAN NOMINEES AUSTRALIA	35,174,907	3.04
HOME IDEAS SHOW PTY LTD	29,581,427	2.56
ORION MINE FINANCE FUND II LP	29,069,768	2.52
WASHINGTON H SOUL PATTINSON	27,945,098	2.42
HSBC CUSTODY NOMINEES	19,929,897	1.72
HOME IDEAS SHOW PTY LTD	11,627,907	1.01
MR DANIEL MCDONAGH	10,320,425	0.89
MR CRAIG GRAEME CHAPMAN	10,130,544	0.88
GWYNVILL TRADING PTY LTD	10,000,000	0.87
BRAZIL FARMING PTY LTD	8,000,000	0.69
LAGUNA BAY CAPITAL PTY LTD	7,500,000	0.65
CITICORP NOMINEES PTY LIMITED	7,250,242	0.63
MR MILAN JERKOVIC &	6,352,942	0.55
IDZAN PTY LTD	5,641,176	0.49
MR ANTHONY WILLIAM OLDING &	4,850,000	0.42
SPRINGTIDE CAPITAL PTY LTD	4,669,123	0.40
METECH SUPER PTY LTD	4,600,000	0.40
MR WILLIAM EDWARD ALASTAIR	4,089,918	0.35
TOP 20 SHAREHOLDERS	**949,228,168**	**82.13**
OTHER SHAREHOLDERS	206,515,416	17.87
TOTAL ORDINARY SHAREHOLDERS	**1,155,743,584**	**100.00**

(c) Substantial holders

	Shareholding	
	Number Held	% of Issued Shares
Extracts from substantial shareholder register:		
Merrill Lynch (Australia)	398,455,620	34.48
Ndovu Capital IV B V	314,039,174	27.17

(d) Voting rights

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

Fully paid Ordinary Shares

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

Options – listed and unlisted

There are no voting rights attached to options.

(e) Summary of unlisted options issued

	Number of Options	Number of Holders	Options Held	% of Options Issued
Options expiring not later than five years after the defining on Faddy's Gold Deposit of a JORC complaint Ore Reserve of over 200,000 oz of contained Au with an exercise price of $2.50	800,000	5		
Option holder with more than 20% of class				
Exploration Drilling Services (Fiji) Ltd			320,000	40.0
L Andreson Investments Pty Ltd			220,000	27.5
Sheila Anderson Investments			180,000	22.5
Options expiring not later than ten years after the defining on Faddy's Gold Deposit of a JORC compliant Ore Reserve of over 1,000,000 oz of contained Au with an exercise price of $5.00	200,000	5		
Option holder with more than 20% of class				
Exploration Drilling Services (Fiji) Ltd			80,000	40.0
L Andreson Investments Pty Ltd			55,000	27.5
Sheila Anderson Investments			45,000	22.5
Options expiring 5 August 2017 with an exercise price of $0.07425	1,688,768	1		
Option holder with more than 20% of class				
BBY Ltd			1,688,768	100.0

Tenement	Location	Area	Status
SPL 1231 RAKI RAKI 50% Beta, 50% Peninsula Minerals	Raki Raki NE Viti Levu	Approx. 3,330 ha	Granted on 6 November 1985 to Beta Peninsula Minerals has 50% interest Renewed for three years on 29 November 2016
SPL 1373 QALAU 50% Beta, 50% Peninsula Minerals	Raki Raki NE Viti Levu	Approx. 1,843 ha	Granted on 6 July 1995 to Beta Peninsula Minerals has 50% interest Renewed for three years on 29 November 2016
SPL 1436 TABUKA 50% Beta, 50% Peninsula Minerals	Raki Raki NE Viti Levu	Approx. 2,500 ha	Granted on 17 March 2005 to Beta Peninsula Minerals has 50% interest Renewed for three years on 29 November 2016
SPL 1368 VUDA 100% GPL	15 km NNE of Nadi, Viti Levu	3,210 ha	Granted on 18 October 1994. Renewed for 3 years on 10 December 2013 Current renewal application currently being processed
SPL 1493 CAKAUDROVE 100% GPL	Cakaudrove 55km ENE Savusavu Vanua Levu	Approx. 41,900 ha	Granted on 31 January 2012 Renewed for three years on 29 November 2016
SPL 1361 SABETO 100% GPL	16 km NE of Nadi, Viti Levu	1,800ha	Granted on 6 October 1993 Renewed for 3 years on 10 December 2013 Current renewal application is being processed
SPL 1216 NABILA GPR purchased (100%) of Millennium Mining (Fiji) Ltd	20km SW Nadi, Viti Levu	2,830 ha	Granted on 1 April 1984 Renewed for 3 years on 22 January 2014 Current renewal application is being processed
SPL 1415 KAVUKAVU GPR purchased (100%) of Millennium Mining (Fiji) Ltd which owns SPL1216	28km SSW of Nadi, Viti Levu	5,400 ha	Granted on 17 March 2000 Renewed for 3 years on 8 November 2013 Current renewal application is being processed