

Quarterly report – December 2018

The [Board](#) of Geopacific Resources Ltd (Geopacific **ASX: GPR**) is pleased to provide the December 2018 quarterly report. A significant milestone was reached for the Woodlark Gold Project (Woodlark or the Project) with the delivery of the [November 2018 Definitive Feasibility Study \(DFS\)](#)¹ confirming an economic and compelling development option.

Highlights

Woodlark Gold Project, Papua New Guinea

- Delivery of the Woodlark DFS confirming a high margin development project. Project highlights:
 - **High margin** - AISC as low as A\$866/oz (Yr 1-5) and A\$1,033/oz (LOM) due to shallow pits, low waste to ore ratio, flat terrain and outcropping soft ore.
 - **Strong cash flow** – upfront operating cash flow generates rapid 2.2 year payback period.
 - **Robust production profile** – simple process route with gold production averaging 100Koz pa (Yr 1-5), 967Koz (LOM) (incl. 41.koz Au Inferred).
 - **+1Moz** – Reserve 28.9Mt @ 1.12g/t Au for 1,037,600oz of gold.²
Resource 47Mt @ 1.04g/t Au for 1.57Moz of gold.³
 - **Licence to operate** – operating permits granted in proven mining investment jurisdiction with a supportive local community.
 - **Exploration upside** – immediate near-pit resource growth potential & highly prospective regional exploration portfolio.
- Completion of a major regional soil sampling and geological mapping program over the Island.

Corporate activities

- Indicative non-binding term sheet received for Woodlark project development funding.
- No fatal flaws were identified in the Independent Technical Expert's Fatal Flaws Review.
- An EPC lump sum turnkey solution for the plant build has been received.
- Focus on cost reduction initiatives across the Company during the project financing period.

Kou Sa Project, Cambodia

- Completion of a ground IP survey.

Managing Director, Ron Heeks commented

“The completion of the DFS represents a significant milestone supporting development of the +1Moz Woodlark Gold Project. The Study demonstrates a high margin, long life, shovel-ready operation with an enviable exploration upside. The compelling development option is validated further by the receipt of a non-binding term sheet and the fact that no fatal flaws were identified by an Independent Technical Expert Review.

During the project financing period activities will be reduced significantly across the Company and its projects to conserve cash and allow for the Geopacific team to focus on obtaining commercially attractive project financing terms to existing shareholders.

We look forward to progressing the Project that is underpinned by its robust production schedule and the proven and attractive mining jurisdiction in which it operates in. This is demonstrated by the achievements of other operating mines in the vicinity of Woodlark. The financial model for Woodlark was completed at ~A\$150 below the current gold price which presents a considerable revenue upside.”

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

² Refer to Appendix for a breakdown of the Ore Reserve Estimate announced on 7 November 2018.

³ Refer to Appendix for a breakdown of the Mineral Resource Estimate.

OCCUPATIONAL HEALTH & SAFETY

There were no Lost Time Injuries (LTIs) recorded during the quarter.

Corporate news

Project Financing

During the quarter positive progress was made in the development of the Woodlark Gold Project including:

- The receipt of an indicative non-binding term sheet for the debt component of the build which is currently being evaluated.
- Independent Technical Experts (ITE), SRK Consulting (SRK) completed an initial Fatal Flaws Review identifying there were no fatal flaws with the Project.
- An EPC lump sum turnkey solution for the plant build was received below the cost assumptions used in the DFS.

During the project financing period the company is focussed on:

- Securing the equity component of the financing package to ensure an appropriate debt to equity mix is obtained on terms attractive to existing shareholders. This will be actioned prior to SRK undertaking any additional ITE studies.
- Cost reduction initiatives across the Company and its projects to conserve cash.
- Working with engineering firms to provide a turnkey solution for the plant and infrastructure build. Further quotes are expected in the March quarter with the suitability of the offers to be evaluated.

Other

Managing Director, Ron Heeks purchased a further 499,002 fully paid ordinary shares during the quarter.

The maturity date for the loan facility provided to Kula Gold Limited was extended to 19 February 2019.

Development activities

Woodlark Gold Project – Papua New Guinea

Definitive Feasibility Study

Work for the quarter was focussed on completion of the Woodlark DFS, completed by Lycopodium Pty Ltd in conjunction with the Company. The DFS demonstrates a 13-year gold project with a compelling development option, both from a technical and financial perspective. The Project generates A\$626 million of operating cashflow and a rapid 2.2 year project payback period. Its feasibility is driven by low costs, a positive operating environment and a simple process route.

High margins and strong upfront cashflows are the result of low all-in sustaining costs (AISC) at A\$866/oz in the first 5 years. Low AISC's are possible due to wide, near surface ore zones which allows for a competitive waste : ore stripping ratio averaging 2.7:1 in the first 2 years driving maximum upfront cashflow. A conventional Carbon in Leach (CIL) processing plant combined with free milling, fast leaching and soft ore provides for strong cash generation. These factors, coupled with a simple mining and processing route, de-risk the Project and provide a rapid payback period due to high margins generated.

Table 1 below presents a key information summary covering the operational physicals, key inputs, cashflow, unit costs and financials.

Table 1: Key information summary

OPERATIONAL PHYSICALS	Unit	First 5 Yrs of Production *	Life of Mine
Strip Ratio	(x)	3.2	3.9
Total Material Mined	(kt)	77,601	149,189
Ore Mined	(kt)	18,404	30,304
Grade Mined	(g/t Au)	1.16	1.11
Contained Gold	(oz Au)	688,948	1,083,291
Ore Processed	(kt)	11,804	30,304
Grade	(g/t Au)	1.52	1.11
Recovery	(%)	90.2%	88.8%
Gold Produced	(oz)	522,034	967,117

* Excludes pre-strip period

KEY INPUTS	Unit	Life of Mine US\$	Life of Mine A\$
Gold Price	/oz Au	1,237	1,650
Foreign Exchange	A\$: US\$	1.33	0.75
Mining Cost	/t mined	1.88	2.51
Processing Cost	/t processed	10.33	13.77
General & Admin Cost	/t processed	3.35	4.47

CASHFLOW		Life of Mine US\$	Life of Mine A\$
Cashflow from Operations	Million (M)	469	626
Less: Capital Expenditure	Million (M)	(152)	(202)
Free Cashflow (Pre-tax)	Million (M)	318	424
Less: Income Tax	Million (M)	(60)	(80)
Free Cashflow (Post-tax)	Million (M)	257	343

UNIT COSTS - C1 & AISC		Life of Mine US\$	Life of Mine A\$
Mining	/oz Au	281	374
Processing	/oz Au	324	431
G&A	/oz Au	105	140
Refining Costs	/oz Au	5	6
Total C1 Costs	/oz Au	714	952
Royalties	/oz Au	28	37
Sustaining Capital	/oz Au	13	18
Corporate Overheads	/oz Au	20	26
Total AISC	/oz Au	775	1,033

FINANCIAL METRICS - POST-TAX		Life of Mine US\$M	Life of Mine A\$M
NPV @ 8%		148	197
IRR		29%	29%
Project Payback		2.2 Years	2.2 Years

Figure 1 highlights the short payback period generated by a strong, upfront post-tax cashflow of A\$343M. Resource growth and new discovery opportunities present a significant upside potential.

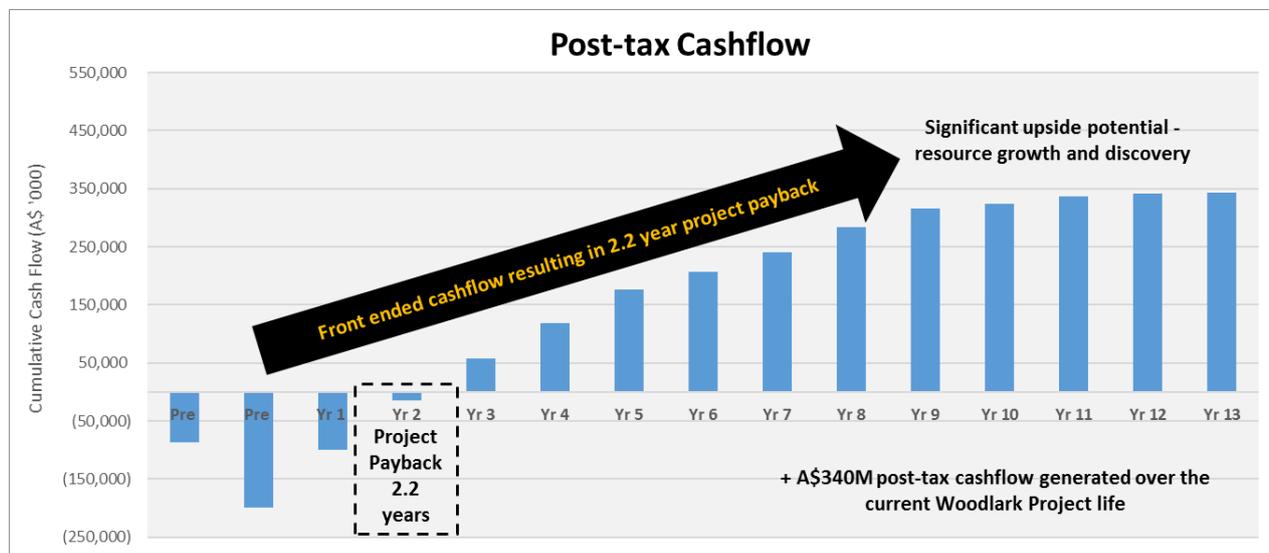


Figure 1: Post-tax cashflow

For further information on the Woodlark DFS, refer to the links provided below:

- [Woodlark Gold Project - Executive Summary – Lycopodium Pty Ltd](#)
- [Woodlark DFS Confirms High Margin Development Project – ASX Announcement](#)
- [Woodlark DFS Confirms High Margin Development Project – Investor Presentation](#)

Reserve Update

The DFS identified a more cost effective and simplified processing route for ore treatment and as a result mineralisation below 0.4g/t Au was removed from the Ore Reserve estimate. The revised Ore Reserve stands at **28.9Mt @ 1.12g/t Au for 1,037,600 oz of gold**. The revised Ore Reserve table is appended to this report.

Exploration Activities

Regional exploration activities include the completion of the first comprehensive geochemical and geological surveys of Woodlark Island. The soil geochemistry survey was successful in identifying 29 discrete high-grade gold anomalies (Figure 2). Both surveys were designed to cover outcropping volcanic and basement lithologies. Geological mapping was undertaken to expand and enhance the understanding of the geological framework of the Island (Figure 3). Geochemical soil and rock chip sampling was also undertaken to define the geochemical characteristics of outcropping geology and search for anomalous gold and copper occurrences.

Exploration activities have since ceased and staffing levels scaled back to reduce costs during the project financing period.

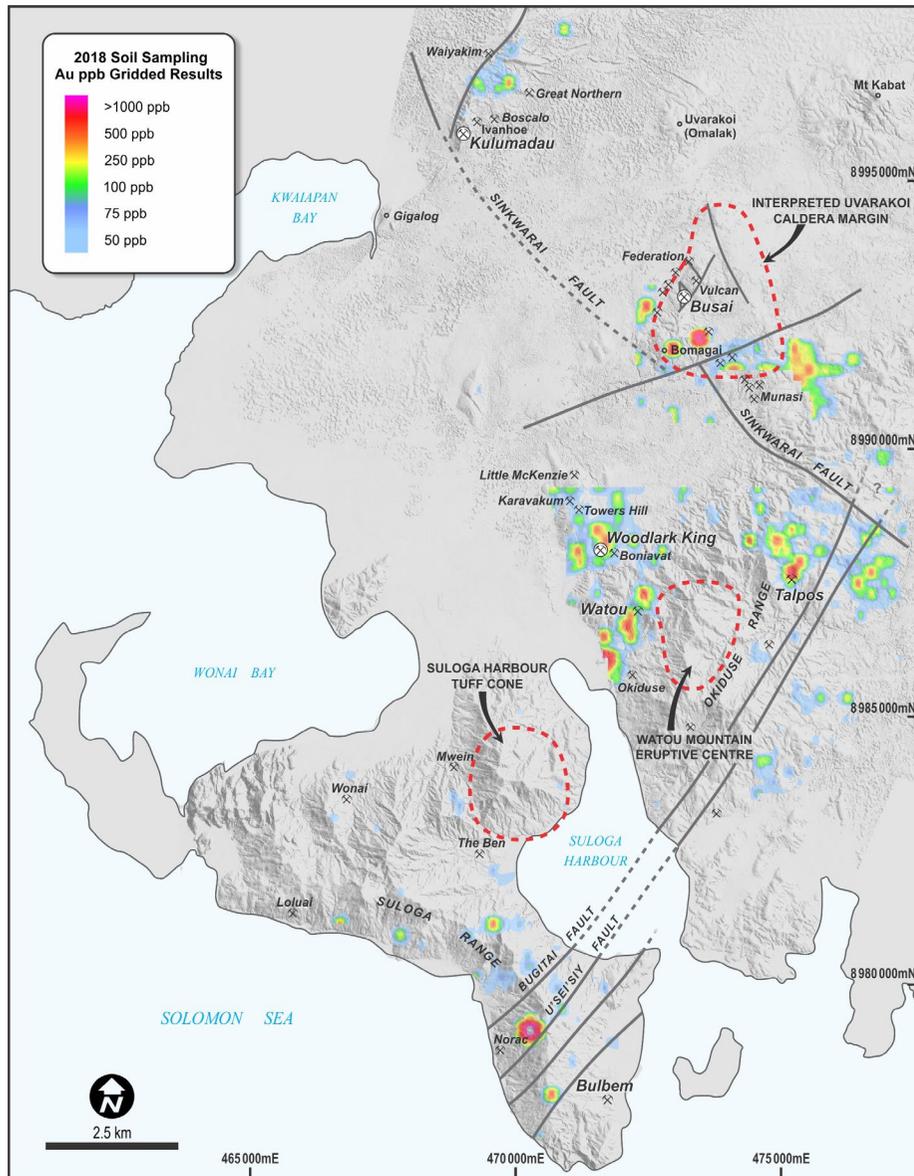


Figure 2: Regional soil gold anomalies

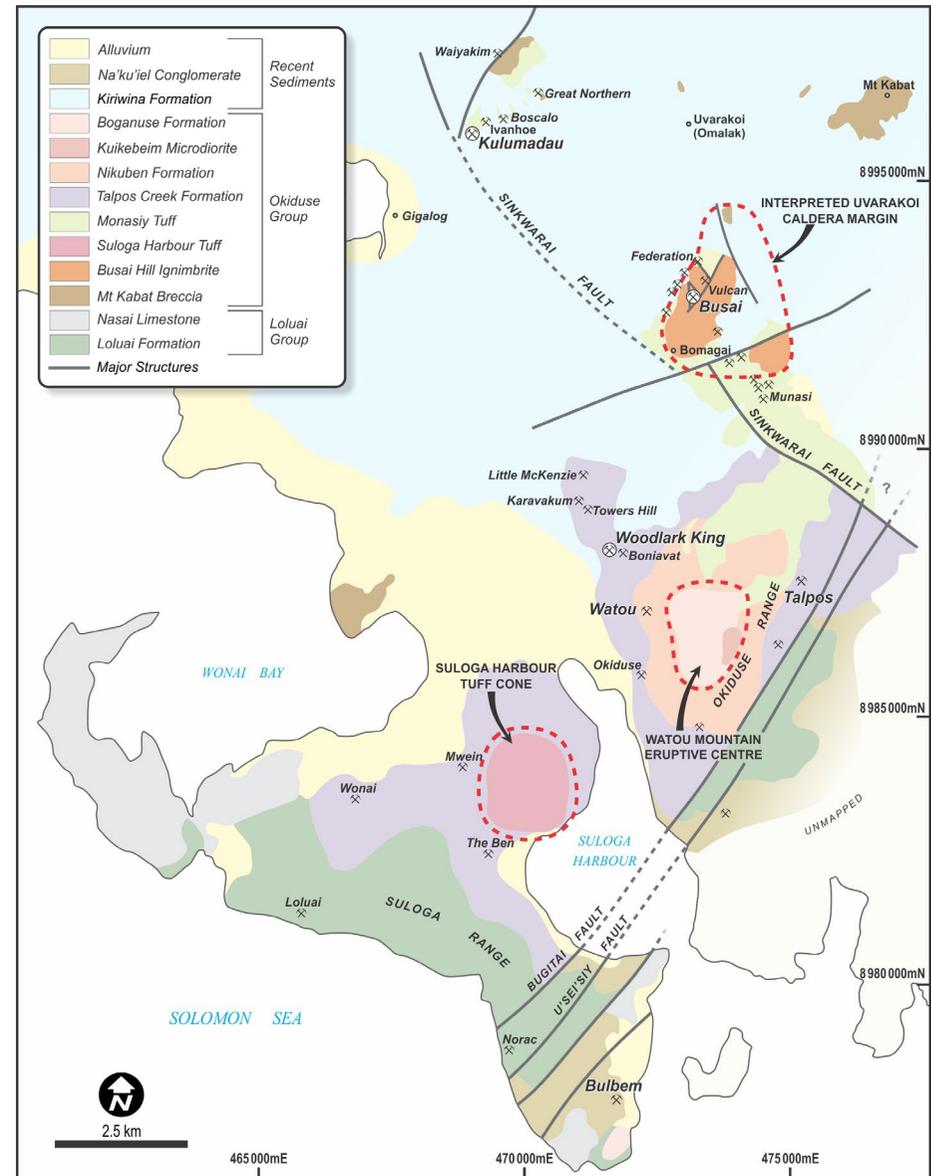


Figure 3: Simplified regional geology of the Suloga Peninsula

Kou Sa project – Cambodia

Field activities include trenching of selected soil geochemistry anomalies and the completion of a ground IP geophysical survey at Prospect 181.

Exploration activities have ceased and staffing levels have been reduced to a minimal level to conserve cash during the project financing period.

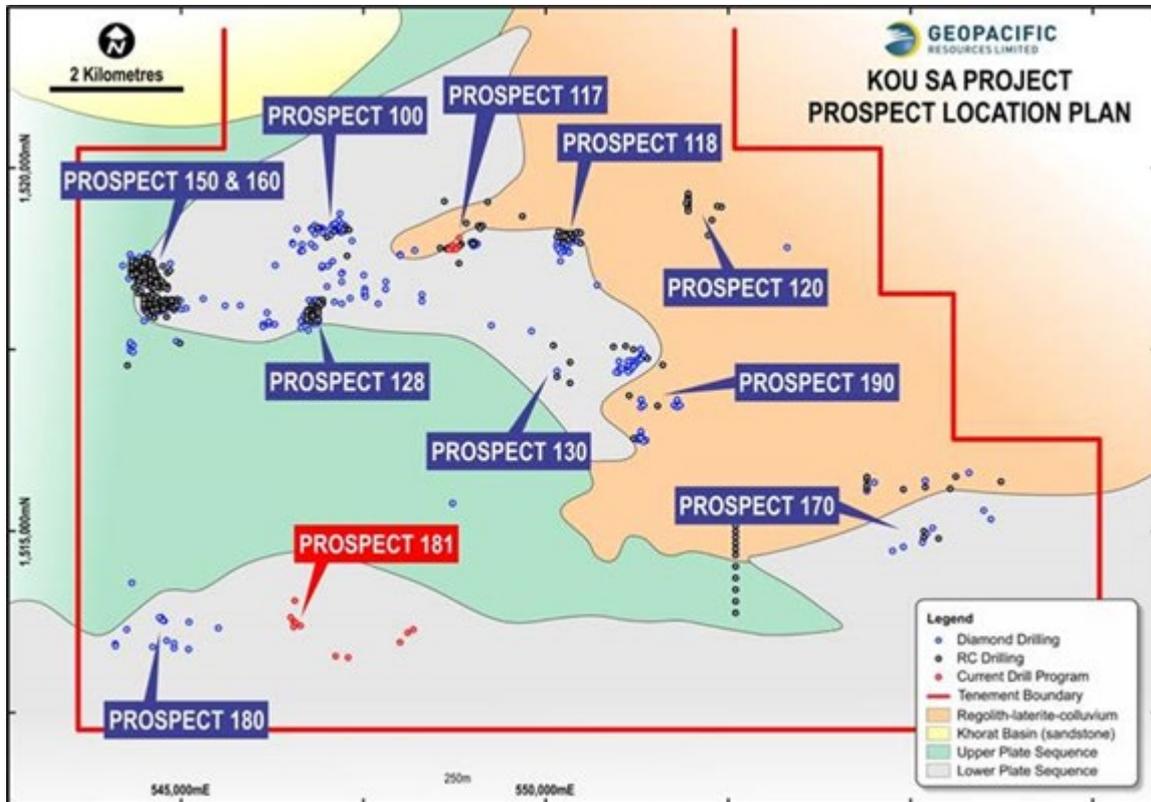


Figure 4: Kou Sa, Prospect location plan

Fiji Assests

No significant exploration activities were undertaken during the quarter.

Contact

For further information on this update or the Company generally, please visit www.geopacific.com.au or contact Mr. Ron Heeks, Managing Director.

Company details	Board	Projects
<p>Geopacific Resources Limited ACN 003 208 393 ASX Code: GPR info@geopacific.com.au http://www.geopacific.com.au T +61 8 6143 1820 HEAD OFFICE Level 1, 278 Stirling Highway, Claremont WA 6010. PO Box 439, Claremont WA 6910.</p>	<p>Milan Jerkovic Chairman Ron Heeks Managing Director Mark Bojanjac Non-Exec Director Ian Clyne Non-Exec Director Colin Gilligan Non-Exec Director Matthew Smith Company Secretary</p>	<p>PAPUA NEW GUINEA Woodlark Island Gold CAMBODIA Kou Sa Copper FIJI Nabila Gold, Rakiraki Gold, Sabeto Gold-Copper, Vuda Gold-Copper, Cakaudrove Gold-Silver</p>

Competent Person's Statement

The information in this announcement that relates to exploration results and exploration targets is based on information compiled by or under the supervision of James Kerr, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and General Manager, Geology for Geopacific. Mr Kerr 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 Kerr consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Woodlark Mineral Resources is based on information compiled and reviewed by Mr Nicholas Johnson, a Competent Person who is a Member of the Australian Institute of Geoscientists and a full-time employee of MPR Geological Consultants Pty Ltd. Mr Johnson has sufficient experience which is relevant to the style of mineralization and type of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and is a qualified person for the purposes of NI43-101. Mr Johnson has no economic, financial or pecuniary interest in the company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Woodlark Mineral Reserves is based on information compiled and reviewed by Mr John Battista, a Competent Person who is a Member and Chartered Professional of the Australian Institute of Mining and Metallurgy (AusIMM) and a full-time employee of Mining Plus Pty Ltd. Mr Battista has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and is a qualified person for the purposes of NI43-101. Mr Battista has no economic, financial or pecuniary interest in the company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

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

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

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

Woodlark Global Resources

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

Woodlark Ore Reserves

Total by deposit	Category (>0.3g/t lower cut)	Tonnes (Mt)	Grade (g/t Au)	Ounces (oz)
Busai	Proven	9.3	1.03	307,300
	Probable	4.3	0.87	120,900
Kulumadau	Proven	7.4	1.37	324,700
	Probable	5.2	1.17	196,900
Woodlark King	Proven	1.9	1.06	65,000
	Probable	0.8	0.84	22,800
Total Ore Reserve	Proven	18.6	1.17	697,000
	Probable	10.4	1.02	340,600
	Total	28.9	1.12	1,037,600

Woodlark exploration and DFS results

For detailed information on the DFS results, please refer to ASX releases:

- Woodlark Ore Reserve update: <https://www.asx.com.au/asxpdf/20181107/pdf/4402bfvmkp7v50.pdf>
- Woodlark DFS Confirms High Margin Development Project: <https://www.asx.com.au/asxpdf/20181107/pdf/4402bp8hr9fyv8.pdf>

Schedule of Tenements

Mining tenements held by Geopacific Resources Limited and its subsidiaries at the end of the quarter, including tenements acquired and disposed of during the quarter:

Tenement Reference	Country	Location	Interest Acquired During Quarter	Interest Disposed During Quarter	Interest at end of Quarter
SPL 1231	Fiji	NE Viti Levu	-	-	50%
SPL 1373	Fiji	NE Viti Levu	-	-	50%
SPL 1436	Fiji	NE Viti Levu	-	-	50%
SPL 1368	Fiji	Nadi, Viti Levu	-	-	100%
SPL 1493	Fiji	Vanua Levu	-	-	100%
SPL 1361	Fiji	Nadi, Viti Levu	-	-	100%
SPL 1216	Fiji	Nadi, Viti Levu	-	-	100%
SPL 1415	Fiji	Nadi, Viti Levu	-	-	100%
Kou Sa Project	Cambodia	Preah Vihear Province	-	-	85%
EL 1172	Papua New Guinea	Woodlark Island	-	-	93%
EL 1279	Papua New Guinea	Woodlark Island	-	-	93%
EL 1465	Papua New Guinea	Woodlark Island	-	-	93%
LMP 89	Papua New Guinea	Woodlark Island	-	-	93%
LMP 90	Papua New Guinea	Woodlark Island	-	-	93%
LMP 91	Papua New Guinea	Woodlark Island	-	-	93%
LMP 92	Papua New Guinea	Woodlark Island	-	-	93%
LMP 93	Papua New Guinea	Woodlark Island	-	-	93%
ME 85	Papua New Guinea	Woodlark Island	-	-	93%
ME 86	Papua New Guinea	Woodlark Island	-	-	93%
ML 508	Papua New Guinea	Woodlark Island	-	-	93%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Geopacific Resources Limited

ABN

57 003 208 393

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12-months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2,112)	(10,260)
(b) development	-	-
(c) production	-	-
(d) staff costs	(340)	(1,521)
(e) administration and corporate costs	(307)	(1,267)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	63
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	(24)	(90)
1.9 Net cash from / (used in) operating activities	(2,782)	(13,075)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(182)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12-months) \$A'000
2.2 Proceeds from the disposal of:	-	-
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(5)	(182)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	10,080
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(397)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	9,683

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	5,978	6,765
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,782)	(13,075)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(5)	(182)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	9,683
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	3,191	3,191

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	3,059	5,978
5.2 Call deposits	132	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,191	5,978

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
158
-

Payment of director's remuneration.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	772
9.2 Development	-
9.3 Production	-
9.4 Staff costs	498
9.5 Administration and corporate costs	246
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,516

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 31 January 2019

Print name: Matthew Smith

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.