

## GOLD PROJECT ACQUISITION

The Board of Geopacific Resources Limited (Geopacific) is pleased to announce that it has entered into a project-level, earn-in agreement with Kula Gold Limited (Kula) to acquire an interest in the Woodlark Island Gold Project (Woodlark) in Papua New Guinea (PNG).

11 July 2016

**GEOPACIFIC RESOURCES LIMITED**  
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**ASX Code: GPR**

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### DIRECTORS

Chairman: Milan Jerkovic  
Managing Director: Ron Heeks  
Non-Exec Director: Mark Bojanjac  
Company Secretary: John Lewis

### PROJECTS

CAMBODIA:  
Kou Sa Copper

FIJI:  
Nabila Gold  
Rakiraki Gold  
Sabeto Gold-Copper  
Vuda Gold-Copper  
Cakaudrove Gold-Silver

PAPUA NEW GUINEA:  
Woodlark Island Gold

## HIGHLIGHTS

- **Geopacific to earn a 75% interest at a cost of \$US20/ reserve oz gold, with potential to increase interest to 80% by raising development finance**
- **No vendor payments – all funds to advance project**
- **2.1Moz Au resource including 766,000oz Au reserve**
- **Immediate goal to increase reserve base to 1.2Moz Au by converting existing resources**
- **Woodlark is one of the last multi-million ounce, fully permitted, unmined gold projects in the world – no legacy issues**

Geopacific's strategy is clear – a gold and copper company with a portfolio of assets in the Asia-Pacific region and its sights set firmly on production. As an advanced gold asset, Woodlark adds considerable value to Geopacific's portfolio.

### Geopacific Managing Director Ron Heeks said:

*"This is a game changer for Geopacific. Earning into Woodlark on these terms allows Geopacific to gain an immediate, achievable path to production with a modest outlay and considerable potential rewards."*

*"Timing couldn't be better – with the gold price achieving record highs."*

Geopacific's team has significant experience in developing assets from exploration through to production. The success and experience of the team has attracted strong financial support, with the likes of Resource Capital Funds (RCF) and Tembo Capital represented on the share register.

Geopacific undertook a gap analysis, which highlighted the potential to increase the reserve-life of Woodlark and enhance its economics, which will allow the project to be funded into production. This is a simple task, which can be achieved by rebasing the project's CAPEX and OPEX and conducting a selected drilling program to move existing inferred and indicated resources into proven and probable categories.

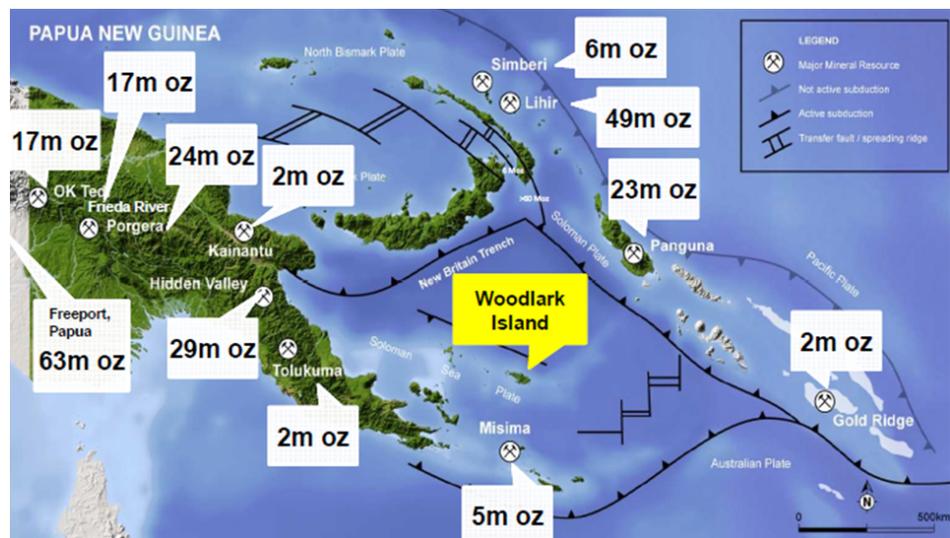


Woodlark Island Gold Project information summary	
Name	Woodlark Island Gold Project (Woodlark).
Location	Woodlark Island, 600 km east of Port Moresby in the Milne Bay Province of PNG.
Ownership	100% by Kula Gold Limited (ASX:KGD) through its subsidiary Woodlark Mining Limited (WML). The PNG Government has agreed to a 5% participating interest, which is yet to be assigned.
Mineralisation	Epithermal gold.
JORC	Resource of 2.1Moz Au at 1.5g/t, including a reserve of 766Koz Au at 2.2g/t.
DFS (completed 2012)	1.8Mtpa gravity and carbon in leach plant to produce 100koz Au/pa. Fully permitted – Mining Lease and Environmental Permit granted.
Historic spend	Circa \$150M prior to transaction with Geopacific.

## Location

Woodlark is in good company, surrounded by multi-million ounce gold deposits and mines. Exploration upside potential is considerable.

**Figure 1:** Major mineral resources located around the Woodlark Island Gold Project in Papua New Guinea.



## The task

The task is simple – prove up a reserve base of 1.2 million ounces of gold. This will provide sufficient scale and longevity to attract development funding, within the framework of Woodlark’s current permits.

Geopacific aims to convert between 450,000 – 500,000 ounces of gold from the current resource into the reserve category.

Resource conversion		
Method	Work	Why is this possible?
Selected drilling	Geopacific will undertake selected drilling in order to move existing inferred and indicated resources into the measured and indicated categories.	The resource base is primarily contained within or near economic pits and readily amenable to conversion.
Improved economic inputs	Geopacific will undertake studies to reduce OPEX. Lower OPEX allows a lower economic cut-off grade to be used, meaning that additional mineralisation within current pit designs can be captured, reducing the waste and achieving a lower strip ratio.	The DFS was undertaken in 2012, at the height of the capital cycle and a high cost environment for OPEX.

## Indication of resources available for conversion to reserve

One example of the resource conversion potential can be seen at the Kulumadau area. The open-cut pits are designed around the measured and indicated resources (red). The inferred resources (blue) fall clearly within and around current pit designs making them readily amenable to conversion. The position of the inferred resources also highlight that most zones are open along strike.

Measured and indicated resources (red) in the pit are, 8.2 million tonnes at 2.6g/t gold for 680,000 ounces of gold at a 1g/t lower cut-off grade. The **inferred resources (blue) around the pit are, 4 million tonnes at 2.9g/t gold for 397,000 ounces of gold** at 0.5g/t lower cut-off grade. Inferred resources cannot be directly converted to reserves.

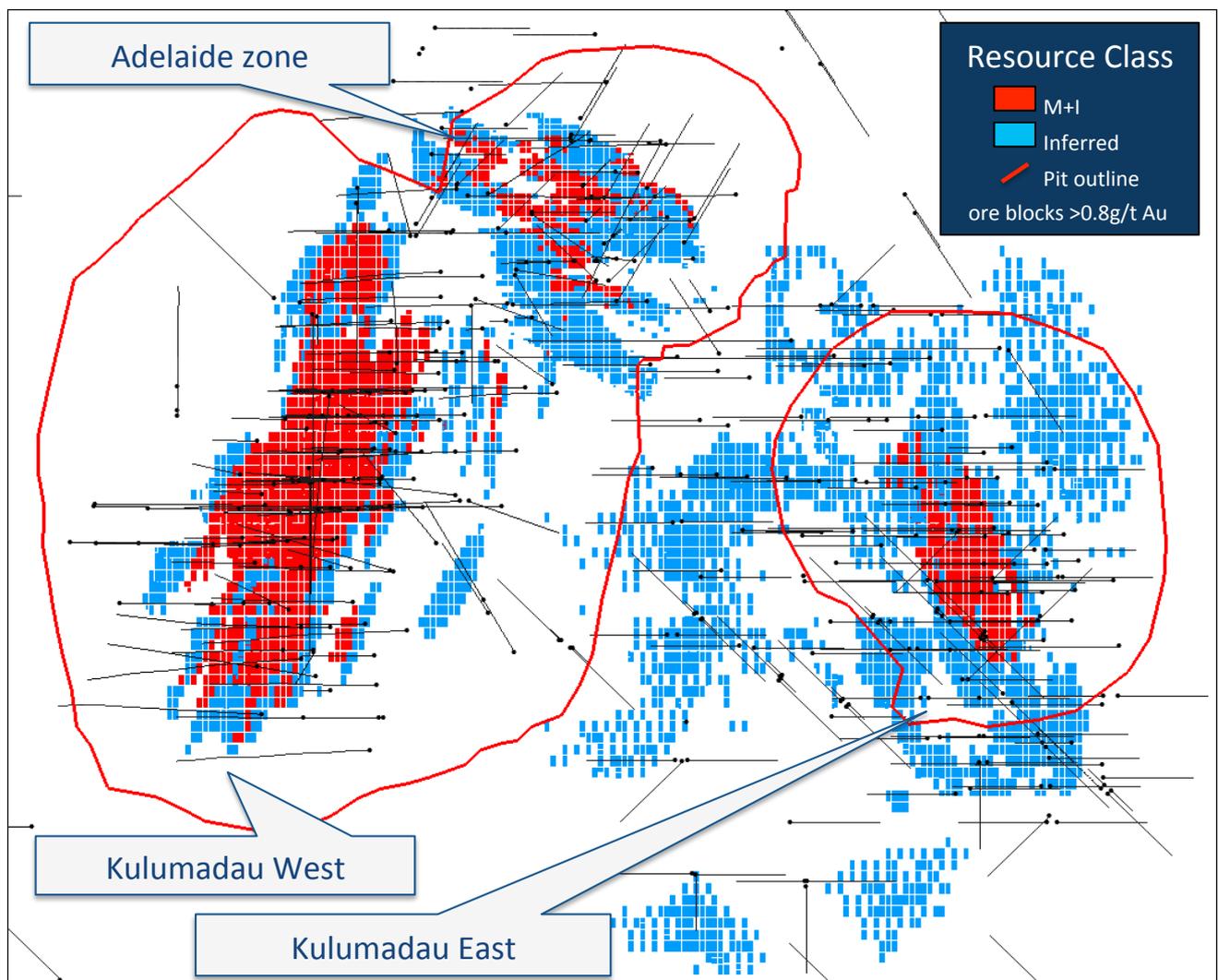


Figure 2: Resources at the Kulumadau area of the Woodlark Island Gold Project

## CAPEX

The CAPEX costs for the DFS were estimated at the height of the mining boom and there is considerable potential to rebase these costs. Geopacific will undertake cost studies to reduce the CAPEX, aiming to achieve a CAPEX that can be repaid in less than 18 months. Geopacific has current and valuable expertise in this regard – the benefits of building and operating a mine in South-East Asia have been highlighted repeatedly as cost studies on Geopacific’s Kou Sa Project have progressed.

## Why Geopacific’s team can pull this off

The task is simple and clearly defined.

Geopacific’s board has successfully built and operated mines in remote areas and on small islands.

The board and senior management team have built eight mines in six countries, most of which were in physically or socio-economically challenging jurisdictions including China, Indonesia, Mongolia and West Africa. They also have experience in managing large portfolios of projects with impressive results.

This expertise is demonstrated in just one of Managing Director, Ron Heeks’ previous roles. He was the Technical Manger of Straits Asia, responsible for:

- the restart of the Mount Muro gold mine. This included two new gold discoveries, developing them into viable deposits and then starting mining operations;
- re-evaluating the exploration strategy at the Sebuk coal operation and subsequently enabling an increase of resources and reserves to over 300 million tons. This is the project that became the first mining company listed on Singapore Stock Exchange, with a float of more than \$400 million; and
- simultaneously managing more than 1,000 employees, exploration programs with ten helicopter-supported drilling rigs and mining operations covering five open-cut pits and two commodities.

Chairman, Milan Jerkovic was the CEO of Straits Resources and Chairman of Straits Asia during this period. Milan and Ron’s shared personal and professional history spans decades. Ron was the Chief Technical Officer alongside Mark Bojanjac when he was the CEO of Adamus Resources, which built a gold operation in Ghana. Mark held various senior roles at gold projects in Mongolia, China and Australia.



**Figure 3:**

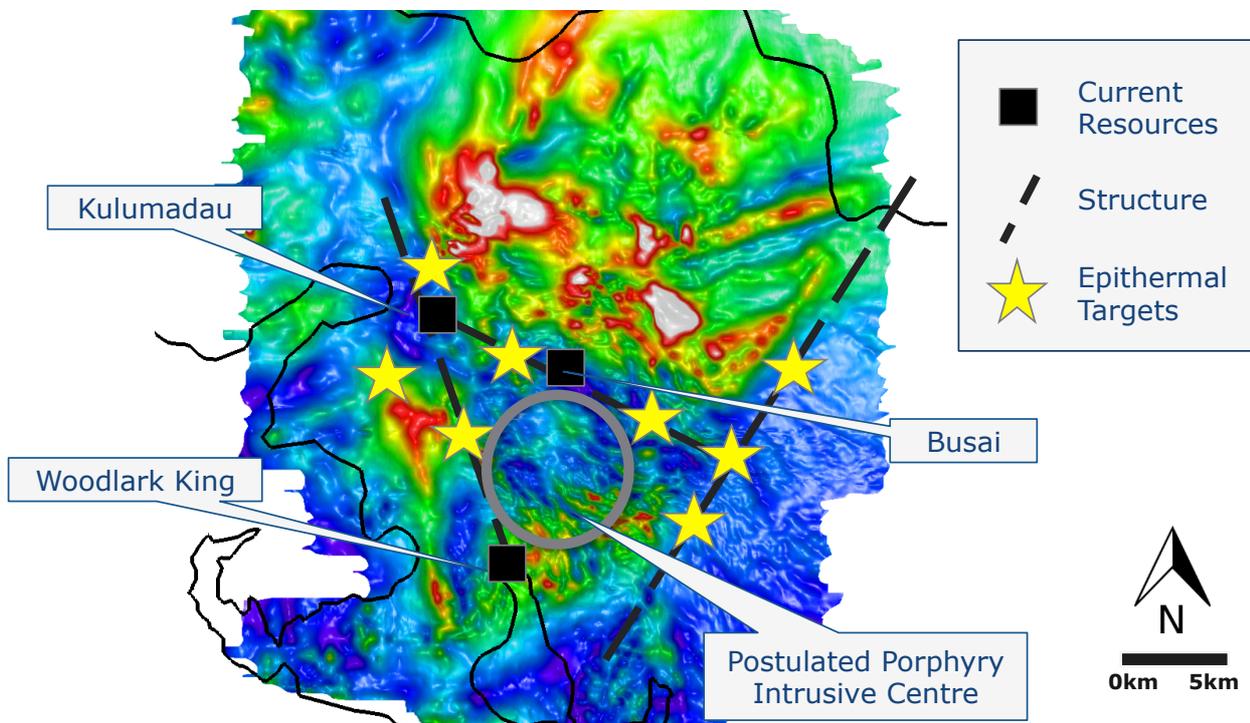
**Woodlark Island gold project**

## Exploration potential

The Woodlark project has had more than 220,000m of exploration drilling, much of which is in areas outside the current resource area. This drilling has highlighted the large extent of the mineralising system and the potential for it to produce a multi-million ounce goldfield.

Numerous satellite targets have been identified as a result of drilling across the project area. These hold potential to significantly increase the resource base of the project and require follow-up drilling. Examples of these are included as yellow stars in the figure below.

A recent aeromagnetic geophysical survey has greatly assisted with the understanding of the geology of the Woodlark Island, identifying many targets on the project. This technique has provided a solution to identifying targets that lie under the thin coral veneer, which covers a portion of the island.



**Figure 4: Aeromagnetics with current resource areas and epithermal gold exploration targets**

## Structure of the transaction

The transaction is structured as a project level earn-in with an incentive target, to be followed by a contributing joint venture. The Project is wholly owned by Kula's 100% PNG subsidiary, Woodlark Mining Limited (WML) which holds all the Project assets, including in particular the mining lease and exploration licences. WML will therefore become the joint venture company.

Geopacific will spend up to \$18.65 million over three Tranches in order to earn an interest of up to 75% in WML, with Kula retaining a 25% interest. Prior to the transaction, the PNG Government agreed to take a 5% participating interest in WML, which it will purchase for a proportionate share of the sunk costs. As this 5% interest will be assigned from Kula's interest, Kula will receive the amount payable for it. Kula has the right to raise its share of Project development finance. Should this not happen, Geopacific has the right to arrange Kula's share of the Project development finance, allowing it to earn a further 5% and taking Geopacific's total interest in WML to 80%.

All amounts below are in Australian dollars.

**Tranche 1:** Geopacific will spend up to \$650,000 in less than six months to complete due diligence and establish the optimal work program required to deliver the incentive target of an aggregate Ore Reserve for the Project of 1.2Moz gold.

- For completing this work and committing to proceed to Tranche 2, Geopacific will earn a 5% interest in WML (Kula will hold 95% including 5% for the PNG Government).

**Tranche 2:** Geopacific will spend up to \$8 million in 24 months undertaking the work program developed in Tranche 1:

- If Geopacific spends the full \$8 million within the 24 months without achieving the incentive target of a 1.2Moz gold reserve for the Project, it will earn an additional 35% interest in WML giving it a total of 40% (Kula will hold 60% including 5% for the PNG Government);

or alternatively —

- If Geopacific achieves the incentive target of a 1.2Moz gold reserve for the Project within the allocated spend and time frame, Geopacific will earn an additional 46% interest in WML giving it a total of 51% (Kula will hold 49% including 5% for the PNG Government).

**Tranche 3:** Geopacific will spend up to \$10 million undertaking the work program developed in Tranche 1, which it aims to do in 12 months:

- If Geopacific reaches the full spend without attaining the incentive target of a 1.2Moz gold reserve for the Project and without achieving 'bankable' status for the Project, it will earn an additional 20% interest in WML giving it a total of 60% (Kula will hold 40% including 5% for the PNG Government);

or alternatively —

- If Geopacific achieves the incentive target of a 1.2Moz gold reserve for the Project and achieves 'bankable' status for the Project within the allocated spend, it will earn an additional 15% interest in WML giving it a total of 75% (Kula will hold 25% including 5% for the PNG Government).

'Bankable' status means that economic, engineering and geotechnical inputs to the Project have been completed to a degree sufficient so that the Project can secure the required development capital and achieve financial close.

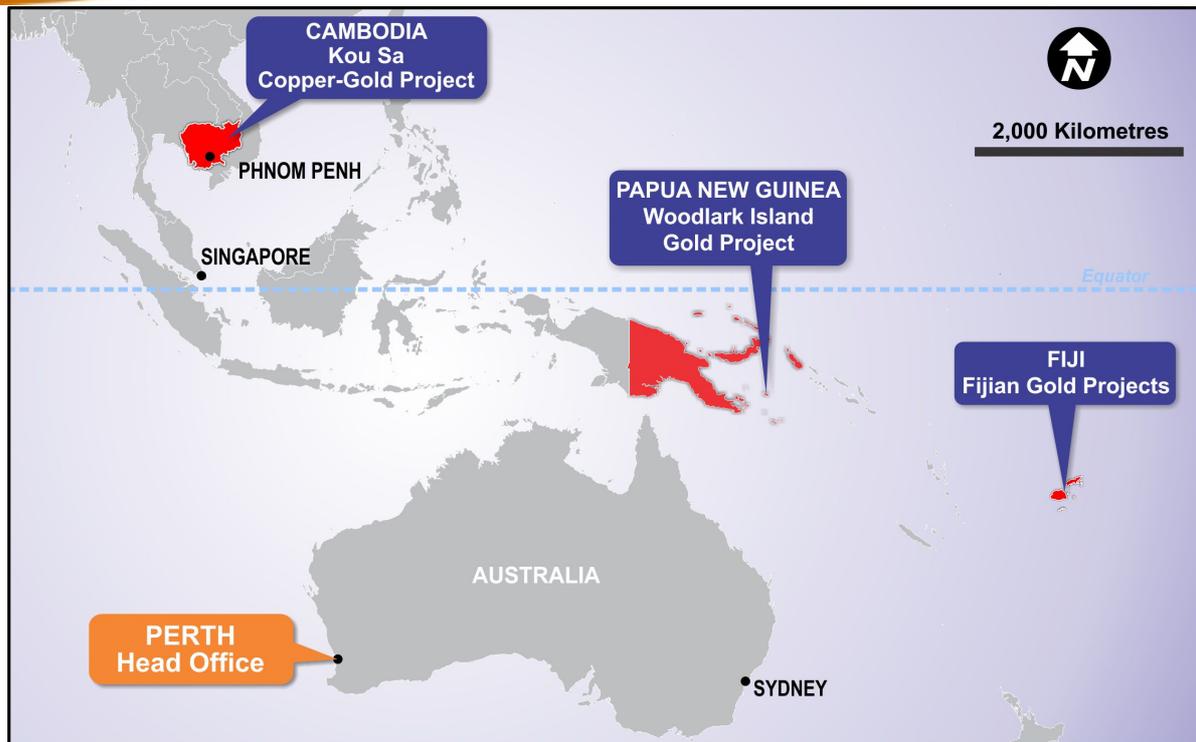
Once the 'bankable' status is reached, Kula has the right to raise its share of the development finance proportionate to its interest in Woodlark. Should Kula be unable to, or elect not to, raise its share of development finance then Geopacific will have the right to arrange Kula's share of the development finance and thereby earn an additional 5% interest in WML, taking its total interest to 80%.

## What does the acquisition mean for Geopacific's other projects?

Geopacific's strategy is clear – a gold and copper company with a portfolio of assets in the Asia Pacific Region and sights set firmly on production.

Geopacific has a substantial portfolio of exploration projects in Cambodia and Fiji. Woodlark is a good fit with the existing portfolio – location, commodity and stage of development are all complimentary. The addition of Woodlark, an advanced project with a clear path to production improves Geopacific's portfolio.

Work in Cambodia and Fiji will continue in tandem with the Woodlark project.



**Figure 5: Geographic location of Geopacific’s portfolio of gold and copper-gold projects in South-East Asia**

## Impact of the acquisition on Geopacific’s projects

### Kou Sa, Cambodia

Exploration, the scoping study, environmental and social studies, plant design, mining studies, CAPEX and OPEX studies will all continue.

Geopacific has defined an initial resource at the Prospect 150 and 160 areas a measure to gauge initial inventory of mineralisation at Kou Sa. With the knowledge that the mineralisation drilled in other prospects is yet to be moved into the resource base, Geopacific will move focus to the “bigger picture” by targeting new areas and significant, deeper-source mineralisation. Potential to expand the initial resource into a considerably larger project exists. Developing the recently discovered epithermal gold zone at Prospect 190 Gold, is encouraging in this regard.

The very ‘clean’ concentrate that Kou Sa is set to produce, is highly sought after by downstream processors. Geopacific intends to take it to market.

### Fijian gold projects

Faddy’s Prospect at the Nabila Project holds the prospect of near-term cash flow, with the potential to process ore at Lion One Limited’s proposed Tuvatu plant. In order to leverage the potential at Faddy’s Prospect, Geopacific has reviewed the existing geological and metallurgical information from two perspectives; short-term commercialisation through toll milling, and long-term development of a stand-alone mine. Diamond drilling will recommence shortly.

Trenching and sampling are underway at the Rakiraki gold project which has the potential to host significant epithermal gold mineralisation.

News of exploration in Fiji will be shared as it becomes available.

## **CONTACT**

For further information on this update or the Company generally, please visit our website at [www.geopacific.com.au](http://www.geopacific.com.au) or contact:

### **Mr Ron Heeks**

#### **Managing Director**

#### **Competent Person's Statement**

The information in this announcement 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 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 Exploration Results from the Woodlark project are based on information compiled by Mr. Lee Spencer. Mr Spencer was the CEO of Kula Gold Limited until 1 July 2013 and remains on the Kula Gold Board as a Non-executive director. Mr. Spencer is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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. Spencer consents to the inclusion in the report of these matters based on information in the form and context in which it appears.

The information in this announcement that relates to the Mineral Resource estimates for Kulumadau, Busai and Woodlark King is based on information compiled by Mr. John Doepel, Principal Geologist for Continental Resource Management Pty Limited (Resource Report, Woodlark Island). CRM has acted as independent consulting geologist to WML since 2005 and has undertaken several visits to the island and to the sample preparation facilities. Mr. Doepel is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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. Doepel consents to the inclusion in this announcement of these matters based on information in the form and context in which it appears.

The information in this announcement that relates to Ore Reserves is based on information compiled by Mr. Linton Putland, Principal of LJ Putland & Associates and a consultant to Kula Gold's 100% subsidiary, Woodlark Mining Limited. Mr. Putland is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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. Putland consents to the inclusion in this announcement of these matters based on 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. Kula Gold 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 Island Gold Project Mineral Resources**  
 Report as per JORC2004  
 As of July 2012 at a 0.5g/t Au lower cutoff

Deposit	Category	Resource (Mt)	Grade (Cut) (g/t Gold)	Gold (Cut) (Oz)
Kulumadau	Measured	5.0	1.78	285,000
Kulumadau	Indicated	4.4	1.75	245,000
Kulumadau	Inferred	8.6	1.4	375,000
Kulumadau	Totals	18.0	1.6	910,000
Busai	Measured	3.9	1.54	190,000
Busai	Indicated	10.4	1.4	480,000
Busai	Inferred	8.8	1.3	370,000
Busai	Total	23.1	1.4	1,040,000
Boniavat	Indicated	3.0	1.2	115,000
Boniavat	Inferred	1.0	1.8	60,000
Boniavat	Total	4.0	1.4	175,000
All	Measured	8.9	1.67	480,000
All	Indicated	17.8	1.5	840,000
All	Inferred	18.5	1.4	800,000
<b>Totals*</b>		<b>45.1</b>	<b>1.5</b>	<b>2,120,000</b>

Note 1: Totals may appear incorrect due to rounding  
 Note 2: The Busai Indicated Resource includes 0.4Mt @ 1.4t Au for 20,000oz from overlying alluvial mineralisation.  
 Note 3: The Busai Inferred Resource includes 0.4Mt @ 1.2t Au for 15,000oz from overlying alluvial mineralisation and 3.9Mt @ 0.9g/t Au for 110,000oz from Munasi (2km southeast of Busai).  
 Note 4: The Boniavat Inferred Resource includes 0.3Mt @ 3.0g/t for 30,000oz Au from Watou (1.5km south of Woodlark King).  
 Note 5: All Resources based on a 0.5g/t gold cut-off grade  
 Note 6: There have been no material changes to the reported Resources from what was previously reported under the 2004 JORC code

**Woodlark Island Gold Project Mineral Resources**  
 Report as per JORC2004  
 As of July 2012 at a 1g/t Au lower cutoff

Totals may appear incorrect due to rounding

Resource Category	Resource (Mt)	Au Cut (g/t)	Au Oz Cut
Measured	5.1	2.34	385,000
Indicated	7.6	2.5	615,000
Inferred	7.0	2.4	545,000
<b>Totals</b>	<b>19.7</b>	<b>2.45</b>	<b>1,550,000</b>

**Woodlark Island Gold Project Ore Reserves**  
 Report as per JORC2004  
 As of July 2012 at variable lower cutoffs

Totals may appear incorrect due to rounding

Deposit	Proved			Probable			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Busai	3,283,000	2.2	233,000	2,811,000	1.9	175,000	6,094,000	2.1	408,000
Kulumadau	3,144,000	2.2	223,000	751,000	2.4	59,000	3,865,000	2.3	282,000
Woodlark King				704,000	1.7	39,000	704,000	1.7	39,000
Kulumadau East				330,000	3.7	37,000	330,000	3.7	37,000
<b>Total</b>	<b>6,427,000</b>	<b>2.2</b>	<b>456,000</b>	<b>4,596,000</b>	<b>2.1</b>	<b>310,000</b>	<b>10,991,000</b>	<b>2.2</b>	<b>766,000</b>

The information in the three tables above was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

There has been no change to previously reported gold resources and reserves and all underlying assumptions remain unchanged. Please refer to Appendix 1 on the ASX announcement by Kula Gold Ltd on 23 March 2016 entitled "Kulumadau Gold Deposit part of Larger System".