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**GEOPACIFIC RESOURCES LIMITED**  
ACN 003 208 393

**ASX Code: GPR**

info@geopacific.com.au  
www.geopacific.com.au

**AUSTRALIAN OFFICE**

Level 1, 278 Stirling Highway  
Claremont, WA 6010.  
PO Box 439,  
Claremont, WA 6910.  
T +61 8 6143 1823

**FIJI OFFICE**

PO Box 9975  
Nadi Airport  
Nadi  
T +679 6 72 7150  
F +679 6 72 7152

**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

## WOODLARK – ELECTION TO PROCEED

The Board of Geopacific Resources Limited (Geopacific) is pleased to announce its election to proceed to Tranche 2 of the Earn-In Agreement with Kula Gold Limited to acquire up to 80% of the Woodlark Gold Project (Woodlark). The extensive review and due diligence undertaken during Tranche 1 has highlighted the potential of the Project.

Geopacific's focus is to maximise the development potential of Woodlark in the shortest possible timeframe, after which it will look toward further exploration potential. The current resource for Woodlark is **45.1 million tonnes @ 1.50g/t of gold for 2.12 million ounces**, including **26.7 million tonnes for 1.32 million ounces of Measured and Indicated** mineralisation (Table 1).

## Woodlark on a path to production

Geopacific's next target is to deliver a 1.2 million ounce gold reserve by spending a maximum of \$8 million, which will see it earn 51% of Woodlark. This is expected to be a relatively simple task, which will be achieved through a development plan combining:

### A selective development drillout

Limited infill drilling will be undertaken to convert a portion of the current Inferred mineralisation of **800,000 ounces** (Table 1) into Measured and Indicated categories at the Busai and Kulumadau deposits. This will focus on infilling wider spaced drilling and extend the known mineralisation to depth and along strike in both areas.

### Rebasing CAPEX and OPEX costs and improving pit designs

This will aim to convert a high proportion of Measured and Indicated mineralisation into reserves, reduce the build costs and shorten the construction period.

The recent placement raising \$15 million ensures that Geopacific is funded to deliver the development plan.

## HIGHLIGHTS

- Election to proceed 3 months ahead of schedule
- Geopacific entitled to 5% of Woodlark
- Preparing to mobilise 3 drill rigs to site
- Development drillout program to commence November 2016
- Economic studies to rebase CAPEX and OPEX costs underway
- Funded to deliver

Drilling will commence in November with two rigs, one diamond and one RC. A third rig will be added to the drill program in January 2017.

**Geopacific Managing Director Ron Heeks said:**

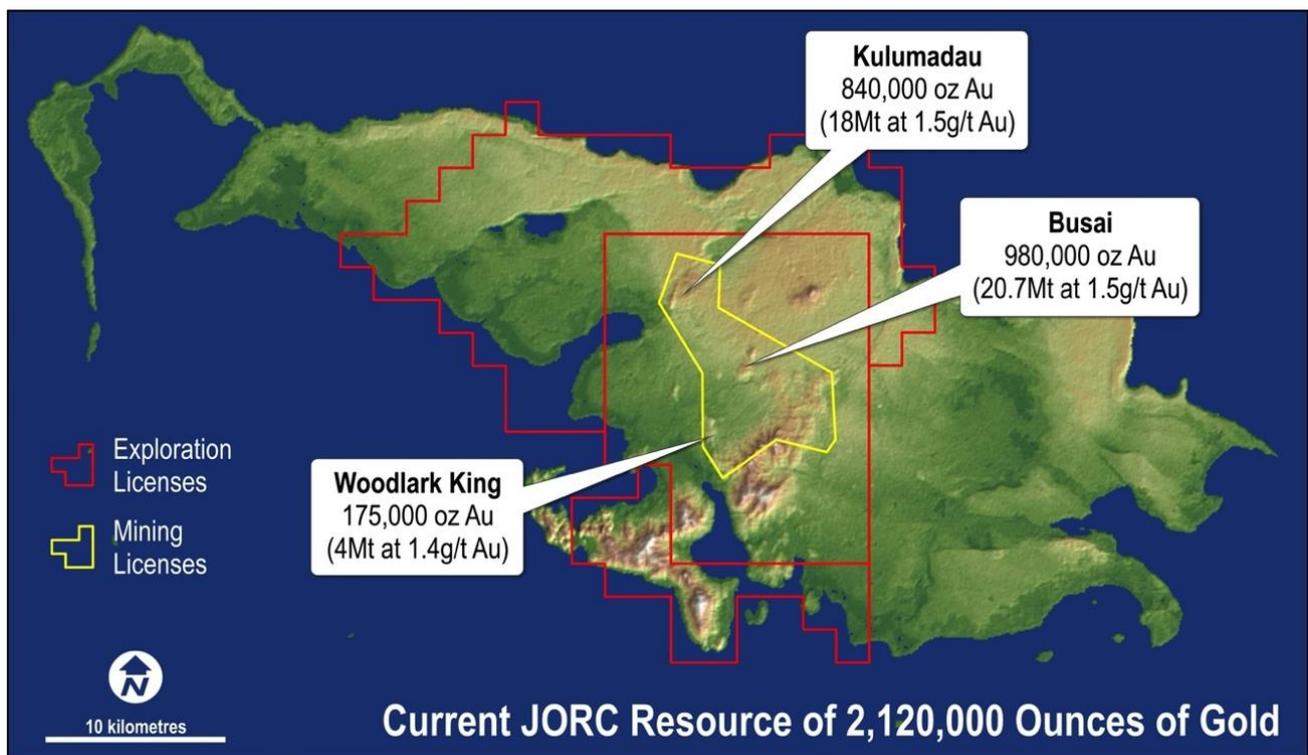
*“It’s great to be involved in an advanced project that holds the kind of multi-million ounce potential that Woodlark does. The massive upside of the project became more evident on my recent trip to the Island.*

*“Everything about the trip was positive and we’ve had nothing but “support from government and community members that we’ve dealt with in PNG and on Woodlark.*

*“We look forward to commencing development drilling and delivering Woodlark along the development path into production.”*

The decision to proceed entitles Geopacific to 5% of Woodlark, which will be issued on execution of the formal agreements that are in the process of being finalised. The Binding Term Sheet remains in place with no changes to the transaction.

**Woodlark Island Gold Project**



**Figure 1: Topographic map of Woodlark Island showing the resources at the Woodlark Gold Project**

Woodlark Gold Project information summary	
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. Following completion of Tranche 1 and the decision to proceed, Geopacific is entitled to 5%, which reduces Kula's interest to 95%.
Mineralisation	Epithermal gold.
JORC	Resource of 2.1Moz Au at 1.5g/t.
DFS (completed 2012)	1.8Mtpa gravity and carbon in leach plant to produce 100koz Au/pa. Permitted – mining Lease, tailings and environmental permits granted.
Historic spend	Circa \$150M prior to transaction with Geopacific, including 265,000 metres of RC and diamond drilling.

## Structure of the transaction

The transaction was [announced on 11 July 2016](#).

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%.

## **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 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 the announcement 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 fully permitted fully by the PNG Government, subject to meeting the conditions of the licence.

## Appendix 1 – Table 1

Report as per JORC2012  
 As of July 2012 at 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
	Indicated	4.4	1.75	245,000
	Inferred	8.6	1.4	375,000
	<b>Totals</b>	<b>18.0</b>	<b>1.6</b>	<b>910,000</b>
Busai	Measured	3.9	1.54	190,000
	Indicated	10.4	1.4	480,000
	Inferred	8.8	1.3	370,000
	<b>Totals</b>	<b>23.1</b>	<b>1.4</b>	<b>1,040,000</b>
Woodlark King	Indicated	3.0	1.2	115,000
	Inferred	1.0	1.8	60,000
	<b>Totals</b>	<b>4.0</b>	<b>1.4</b>	<b>175,000</b>
All	Measured	8.9	1.67	480,000
	Indicated	17.8	1.5	840,000
	Inferred	18.5	1.4	800,000
<b>Totals</b>	<b>All</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 @ 1.4/t Au for 20,000oz from overlying alluvial mineralisation.

Note 3: The Busai Inferred Resources includes 0.4Mt @ 1.2/Au for 15,000oz from overlying alluvial mineralisation and 3.9Mt @ 0.9g/t Au for 110,000oz from Munsai (2km southeast of Busai)

Note 4: The Bonivat Inferred Resource includes 0.3Mt @ 3.0g/t for 30,000oz Au form Watou (1.5km south of Woodlark King)

Note 5: All Resources based on 0.5g/t gold cut-off grade