

DECEMBER 2017 QUARTERLY REPORT

31 December 2017

ASX Code: GPR

GEOPACIFIC RESOURCES LIMITED
ACN 003 208 393

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www.geopacific.com.au

PROJECTS

PNG

- Woodlark Gold

CAMBODIA

- Kou Sa Copper/ Gold

FIJI:

- Sabeto & Vuda Gold-Copper
- Rakiraki Gold
- Nabila Copper-Gold

HEAD OFFICE

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BOARD

Chairman:

Milan Jerkovic

Managing Director:

Ron Heeks

Executive Director:

Philippa Leggat

Non-Exec Director:

Mark Bojanjac

Non-Exec Director:

Ian Clyne

Company Secretary:

Matthew Smith

The [Board](#) of Geopacific Resources Ltd (Geopacific) is pleased to provide this Quarterly Report for the three months ending 31st December 2017. The quarter was an exciting one for Geopacific which saw the company take control of the Woodlark gold project and complete resource drilling in the lead up to the release of new Resource and Reserve estimates in March 2018.

HIGHLIGHTS

Woodlark Gold Project, Papua New Guinea

- On schedule to deliver new Resource and Reserve estimates in March 2018
- Resource drilling completed
- New gold discovery at Boscalo confirmed
- Grade continuity confirmed for Kulumadau and Busai deposits
- Twin drillhole programme completed
- Plant site sterilisation drilling completed
- Geotechnical drilling commenced, completed in January 2018
- Metallurgical testwork on schedule for Q1 2018 completion
- DFS on schedule for completion in mid 2018, ready for release in Q3 2018
- Evaluation of considerable exploration upside begins

Kou Sa Project, Cambodia

- Mapping and soil sampling program identified gold-silver anomalies
- Reconnaissance drilling program at Prospects 181 and 117 commenced, post quarter results deliver a new gold-silver discovery

Corporate activities

- Project ownership secured

Managing Director, Ron Heeks said

“The thorough work completed on Woodlark’s key technical aspects during the December quarter will reward us in 2018 as we deliver new Resources, Reserves and a robust DFS. Importantly, these milestones are being delivered on a granted mining lease for a fully permitted operation.

“With Key parameters reaching development-ready status, we have begun to look at the significant exploration potential that exists across the entire project area. This is a true regional goldfield.

“While our focus remains on Woodlark, a small exploration program in the December quarter produced yet another new discovery at Kou Sa, again highlighting the Project’s exploration potential beyond its existing defined gold and copper resource.”

OCCUPATIONAL HEALTH & SAFETY

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

POST QUARTER HIGHLIGHTS

Geopacific announced the discovery of a new zone of gold-silver mineralisation at the Kou Sa project in Cambodia.

DEVELOPMENT ACTIVITIES

WOODLARK GOLD PROJECT – PAPUA NEW GUINEA

Geopacific's aim to deliver a new, robust feasibility study for Woodlark has driven the Company to focus on increasing the Project's Mineable Reserve inventory. A combination of engineering studies and a geological development program has delivered results which will support the release of new Resource and Reserve estimates in March 2018.

Geology and development drilling

Geopacific's primary focus was to infill and upgrade areas of inferred resources while extending mineralisation. Geopacific, with assistance from independent resource consultant, MPR Geological Consultants, has undertaken an extensive review and validation process to determine the veracity of the historical geological data at Woodlark. The validation process identified that in some historical RC drilling, outdated drilling methods may have resulted in downhole contamination and would not pass modern QAQC (quality assurance and control) standards. Conversely, in some historical diamond drilling, sample loss due to bit-flushing and non-use of triple tube drilling methodology may have caused gold fines to be washed out, resulting in an under reporting of gold values. To ensure that drilling data used in resource calculations is of the highest quality, a program of replacement diamond and RC drilling was completed this quarter to ensure geological modelling meets JORC 2012 standards.

The program required a series of 'twin' and replacement holes, which have now been completed. Results received to date are generally better than previously indicated and are consistent with the grades and mineralisation expected.

In addition to the confirmation program, Geopacific undertook a geological reinterpretation of over 275,000 metres of previous drilling, re-assaying selected core at independent laboratories and combining this with over 28,000 metres of new drilling to improve the quality of the geological database. The database contains a high proportion of diamond drilling relative to RC drilling. Geopacific has also introduced the use of best-practice methods for data capture and QAQC monitoring. Geopacific's rigorous approach is expected to enhance the Company's ability to mine the deposits effectively.

A total of 24 holes for 3,227 metres of drilling were completed in the confirmation program, which included 13 twin drill holes and 11 replacement drill holes at the Kulumadai, Busai and Woodlark King deposits.

This programme of drilling has resulted in improved definition. This rigorous approach to resource definition will deliver a more accurate representation of the gold mineralisation at Woodlark.

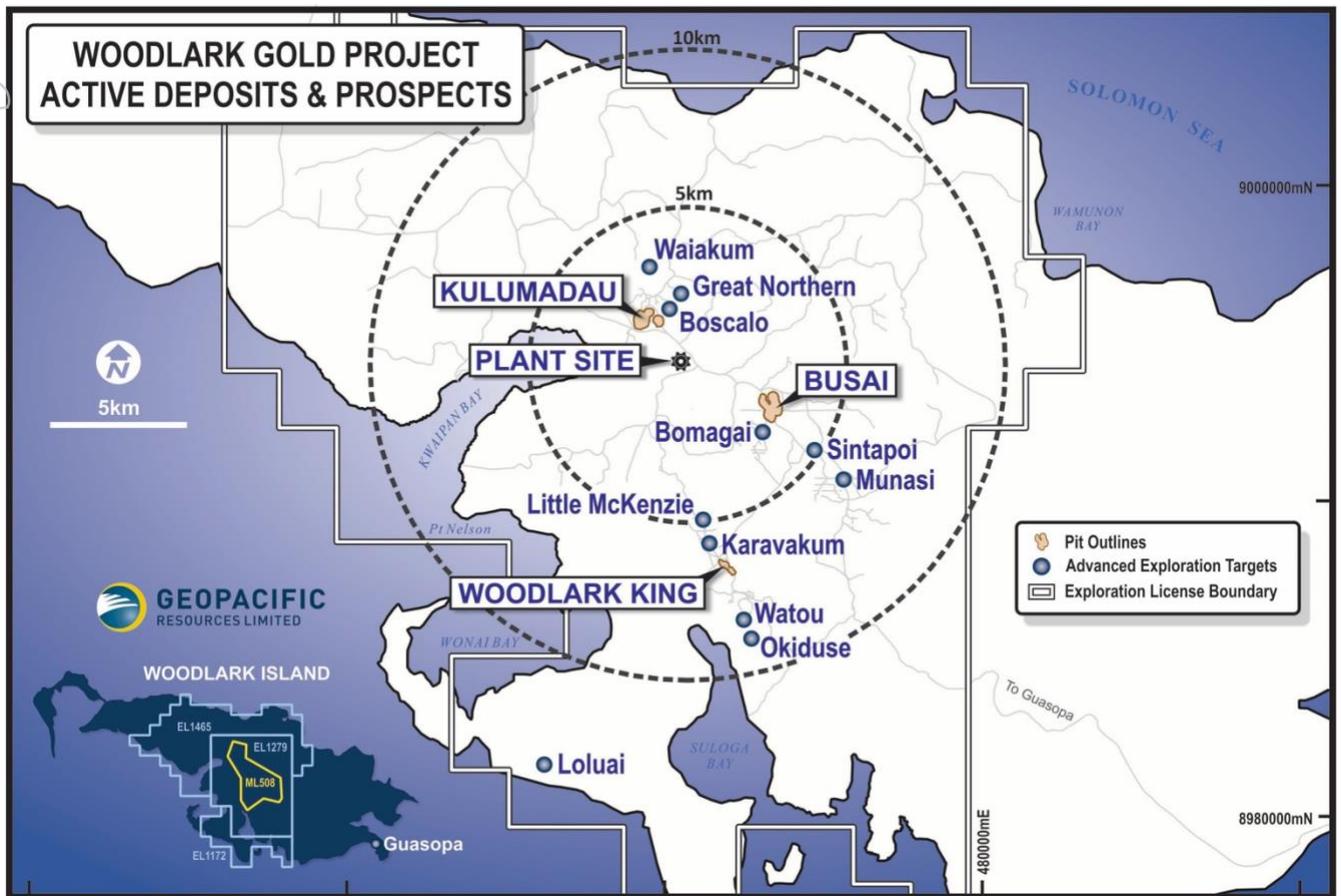


Figure 1: Topographic map of Woodlark Island showing location of deposits and licence boundaries.

Boscalo Discovery

Originally thought to be an extension of the mineralisation at Kulumadau East, Geopacific confirmed this Quarter that Boscalo represents the discovery of a significant new zone of gold mineralisation, situated adjacent to the Kulumadau East deposit.

The main zone strikes to the north-west and is currently delineated over a two-hundred-metre strike length using shallow RC drilling and mineralisation remains open. In addition to the main zone, a parallel zone of mineralisation between Boscalo and Kulumadau East has also been identified. Both zones are expected to make a valuable contribution to gold ounces within the planned Kulumadau open pit.

Better intersections included:

- KU17RD052: 12m @ 7.45g/t Au from 72m
- KU17RD059: 20m @ 1.77g/t Au from 64m and 20m @ 1.71g/t Au from 111m
- KU17RC050: 7m @ 5.25 g/t Au from 46m

The mineralisation at Boscalo is typical of low sulphidation epithermal deposits. Host rocks are fractured and brecciated with a complex hydrothermal alteration system associated with mineralisation. High-grade gold mineralisation is evident in discrete zones.

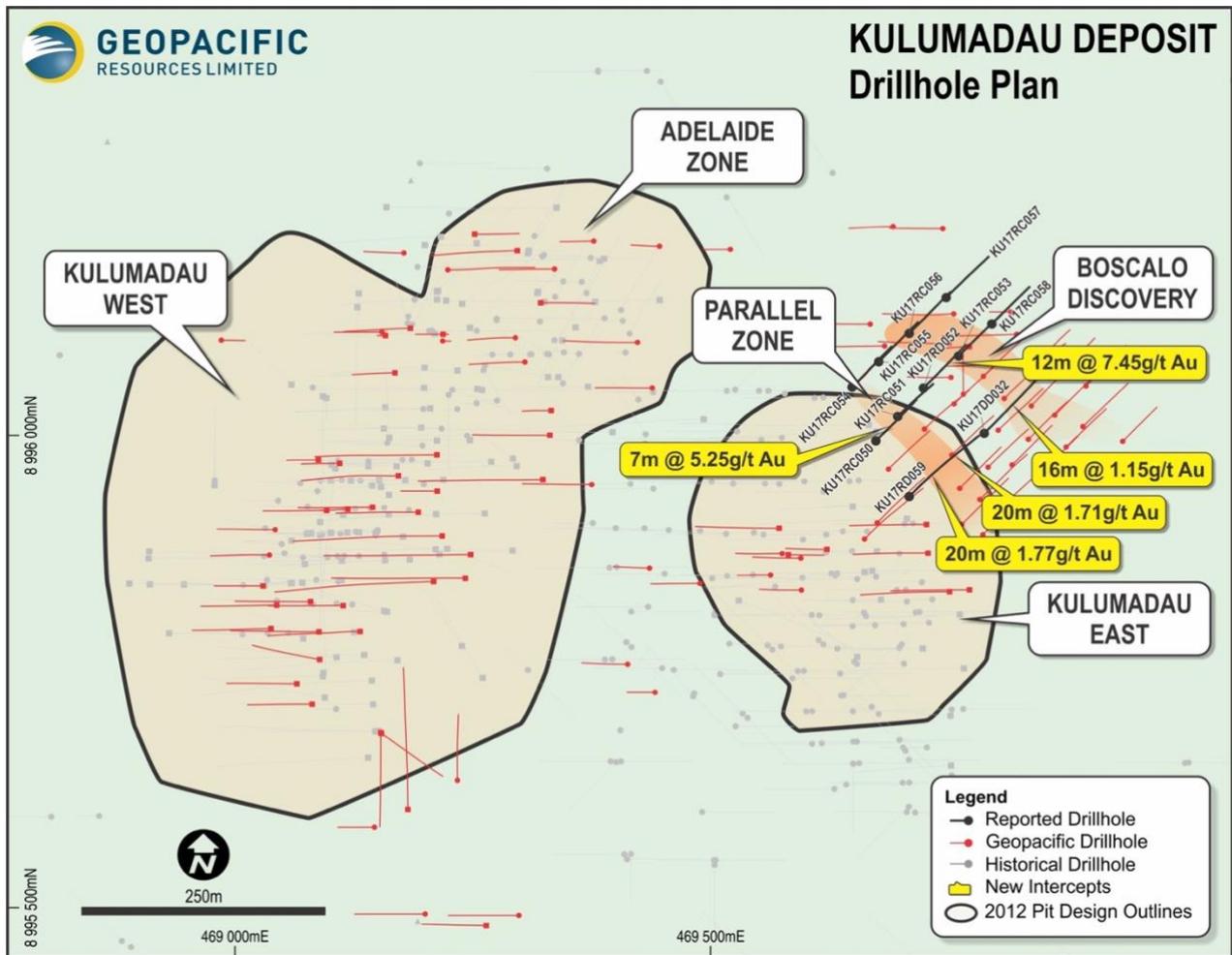


Figure 2: Drill hole location plan showing results at the Boscalo discovery, north of Kulumadau East.

Engineering

Geopacific plans to follow an EPC contract for plant construction, where the plant builder undertakes construction for a fixed fee and provides process guarantees. Lycopodium was engaged to design and manage a metallurgical variability and optimisation testwork program to facilitate this. The metallurgical program is on schedule for completion in Q1 2018. Lycopodium has also been engaged to undertake the DFS which will commence following the release of Resource and Reserve estimates. The DFS is scheduled for completion and internal review in mid-2018 with release expected early in Q3 2018.

Independent mining engineering consultant, Mining Plus Pty Ltd, was engaged to assist Geopacific to develop an accurate mining cost model, optimise mine designs and complete mine scheduling, all with the aim of minimising the scheduled capital payback period and maximising project economics.

All key aspects which impact Reserve estimates and the DFS have been reviewed, utilising specialist independent consultants where appropriate. Examples of these aspects include updated geotechnical review and drilling; review of environmental studies, review and optimisation of key site infrastructure.

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KOU SA PROJECT – CAMBODIA

Field work this quarter comprised commencement of reconnaissance diamond drill testing anomalous surface geochemical signatures at the 181 and 117 Prospects. Results from the drilling program, received in January 2018, confirmed a new gold-silver discovery at Prospect 181 with results pending for Prospect 117.

The cost-effective exploration program which identified the gold-silver anomalies included soil geochemistry, rock chip sampling and geological mapping.

Prospect 181 shows intense near-surface silica alteration and a possible sinter cap. This suggests the presence of a possible epithermal system below the cap. Elevated gold and silver rock-chips up to 2.7 g/t Au and 300g/t Ag have been recorded in the area. The silica alteration is some of the most intense and extensive recorded at Kou Sa.

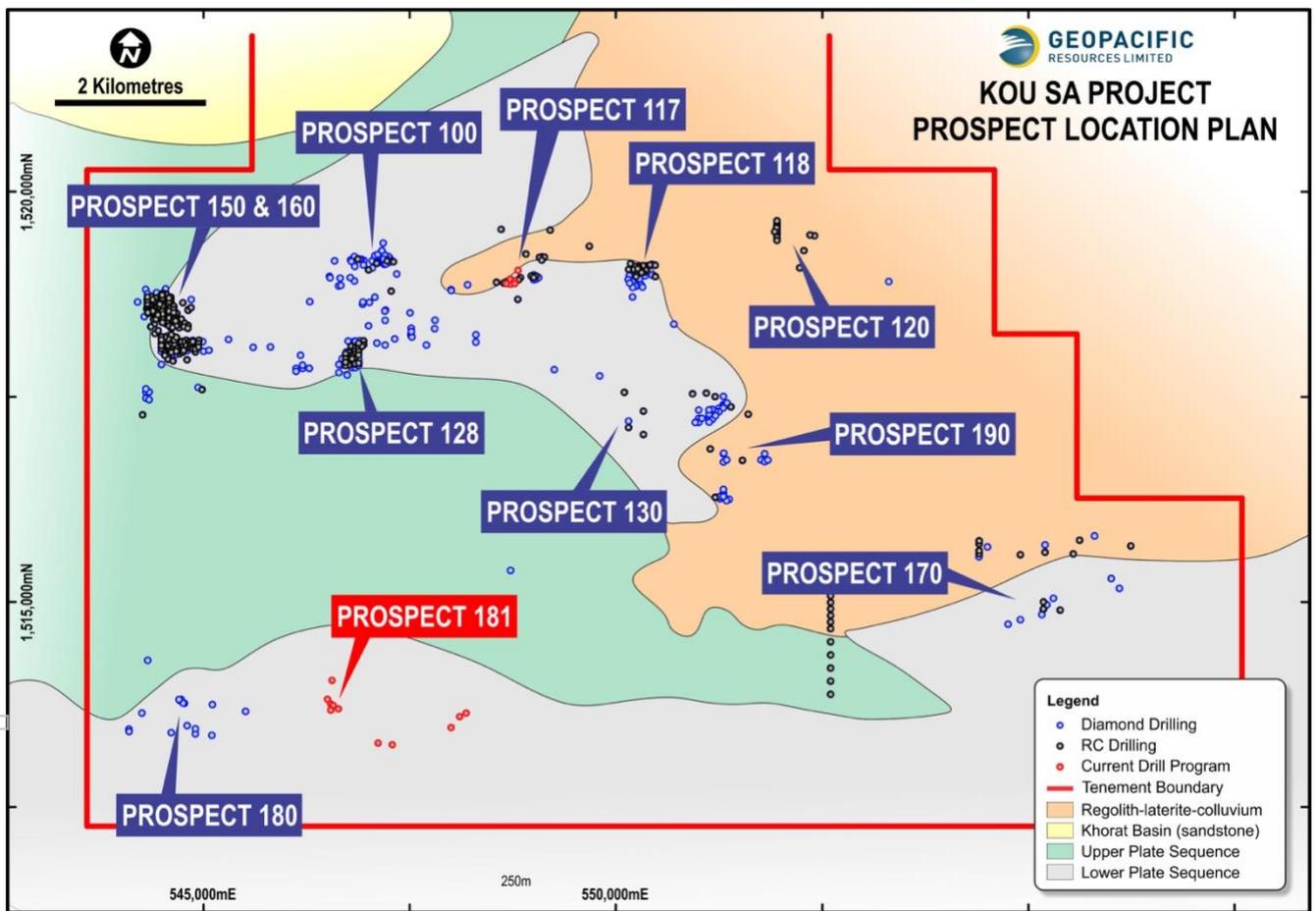


Figure 3: Kou Sa prospect and drilling location map.

FIJIAN GOLD PROJECTS – FIJI

No significant field activities were undertaken this quarter.

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CORPORATE NEWS

Geopacific closed the off-market takeover offer for Kula in October 2017, achieving a controlling interest and placing three representatives on the Kula board. As a result of the takeover, Geopacific's interest in the Woodlark gold project increased from 5% to 86% at a cost of \$10m in share capital. Geopacific has group access to the \$130m tax shield, held in the PNG registered company which owns the Woodlark licences.

The joint venture agreement between Geopacific and Kula remains in place and allows Geopacific to increase its interest in the Project to 96% by delivering project milestones and terminates naturally after completion of the third tranche.

Geopacific provided a loan facility of \$500,000 to Kula in December 2017. Funds will be made available to Kula on an approved draw-down basis, in accordance with an agreed budget. The loan is convertible to equity at Geopacific's election.

CONTACT

For further information on this update or the Company generally, please visit our website at www.geopacific.com.au or contact:

Mr. Ron Heeks
Managing Director
phone: (08) 6143 1820

Ms. Philippa Leggat
Executive Director Corporate
email: info@geopacific.com.au

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 Jim 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.

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 licences.

Schedule of Tenements

Mining tenements held at the end of the quarter, including tenements acquired and disposed of during the quarter:

Tenement Reference	Project Location	Interest Acquired During Quarter	Interest Dipped During Quarter	Interest at End of Quarter
SPL 1216	Nabila – Fiji	-	-	100%
SPL 1415	Kavukavu – Fiji	-	-	100%
SPL 1361	Sabeto – Fiji	-	-	100%
SPL 1368	Vuda – Fiji	-	-	100%
SPL 1231	Raki Raki – Fiji	-	-	50%
SPL 1373	Qalau – Fiji	-	-	50%
SPL 1436	Tabuka – Fiji	-	-	50%
SPL 1493	Cakaudrove – Fiji	-	-	100%

Appendix A – Announcements referenced in this quarterly

24 January 2018: [Woodlark 2018 project plan](#)

21 December 2017: [KGD – Loan facility secured](#)

15 December 2017: [New gold discovery at Woodlark confirmed](#)

11 December 2017: [Woodlark – 37m @ 6.21g/t Au as JORC drilling completed](#)

29 November 2017: [Investor presentation – Creating value from a major goldfield](#)

Appendix B – Woodlark Island Resources and Reserves

Resources referred to in this Quarterly were generated by Kula Gold Limited (Kula) and details of these are available from Kula's website. The Resources are held by Woodlark Mining Limited, a company registered in Papua New Guinea.

All announcements, including appropriate references to Resources, that were released over the quarter are referenced throughout this quarterly report and listed above in Appendix A. These references are hyperlinked to the announcements on Geopacific's website www.geopacific.com.au

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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 2017

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	(3,222)	(12,408)
(b) development	-	-
(c) production	-	-
(d) staff costs	(226)	(947)
(e) administration and corporate costs	(273)	(1,332)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	107
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)	-	-
1.9 Net cash from / (used in) operating activities	(3,715)	(14,580)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

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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	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	175	10,675
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	(26)	(607)
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	149	10,068

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	10,073	11,127
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,715)	(14,580)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	149	10,068
4.5 Effect of movement in exchange rates on cash held	38	(70)
4.6 Cash and cash equivalents at end of period	6,545	6,545

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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	1,683	10,073
5.2 Call deposits	4,862	-
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)	6,545	10,073

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	194
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	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	4
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	

Payments to Xavier Group for consulting services. Milan Jerkovic is a Director of Xavier Group. All transactions with Xavier Group are on arm's length commercial terms.

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Mining exploration entity and oil and gas exploration entity quarterly report

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.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	2,389
9.2 Development	-
9.3 Production	-
9.4 Staff costs	281
9.5 Administration and corporate costs	266
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	2,936

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				

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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 2018

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.