

Quarterly report – June 2019

The [Board](#) of Geopacific Resources Ltd (Geopacific **ASX: GPR**) is pleased to provide the June 2019 quarterly report. During the quarter efforts were focussed on work programs required to advance debt financing discussions. This involved progressing the Woodlark Gold Project's (Woodlark) execution strategy and technical due diligence on behalf of potential lenders. Completion of both these work streams will be pivotal in the next stage of project development.

Highlights

- Geopacific secured 100% direct ownership in the Woodlark Gold Project.
- Work programs progressed to advance debt financing discussions.
- Recommencement of Independent Technical Expert (ITE) review on behalf of potential lenders.
- ITE site visit conducted.
- Project execution strategy progresses.

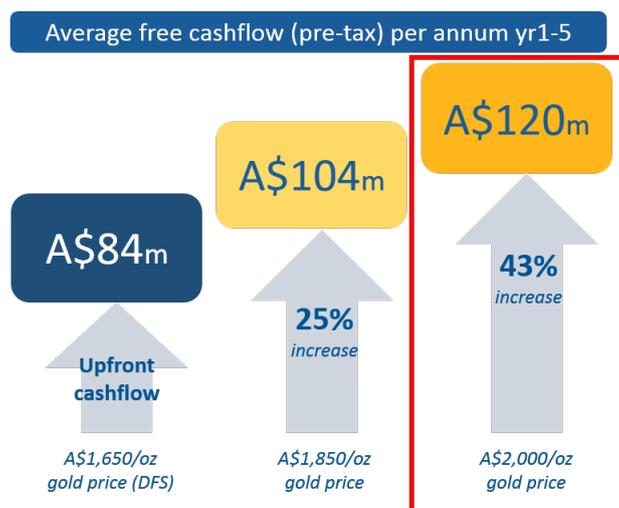
Managing Director, Ron Heeks commented

“Geopacific is well positioned to develop the 1.6Moz¹ project into production. During the quarter strong progress was made on key work streams focussed on advancing a project financing solution.

The Company reached a major milestone securing 100% ownership of Woodlark. This is a significant step forward as it simplifies financing discussions and cost structures.

Discussions continued with potential financiers alongside advancements in the Independent Technical Expert (ITE) review of the project. This is a standard form of technical due diligence in the industry and is undertaken on behalf of potential lenders. The ITE review is in its final stages and completion will allow the Company to advance a finance solution.

Woodlark is a high margin gold development opportunity presenting further upside with the gold price reaching record highs over A\$2,000/oz. The gold price sensitivity analysis² from the November 2018 DFS³ indicates a 43% increase in average free cashflow pa for first 5 years. This drives an improved IRR of 49% and an even more rapid payback period of 1.4 years (pre-tax).



*The information is based on the gold price sensitivity analysis from the Nov 2018 DFS.

Source: Geopacific Investor Presentation: High Margin Gold Opportunity – July 2019

¹ Refer to appendices and March 2018 Pre-feasibility Study – ‘Robust Woodlark Gold project PFS Supports Development.’

² Refer to Gold Price Sensitivity Analysis of November 2018 Woodlark DFS – announced on 7 November 2018.

³ All material assumptions underpinning the production target and forecast financial information continue to apply and have not changed materially.

OCCUPATIONAL HEALTH & SAFETY

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

Corporate News & Development Activities

100% direct ownership of Woodlark secured

Geopacific secured 100% direct ownership of Woodlark after receiving approval to acquire from Kula Gold Ltd (Kula) all of their rights and interests in the Project. Shareholder approval was obtained from both Geopacific and Kula shareholders on 25 June 2019.

Post quarter

Geopacific's 85% shareholding in Kula was cancelled concurrent to issuing 150M Geopacific shares (Consideration Shares) and paying approximately A\$0.74M to Kula.

Kula immediately applied the cash to repay its loan from Geopacific of approximately A\$0.72M. On 9 July, Kula distributed the Consideration Shares pro-rata to its shareholders (In Specie Distribution).

Kula ceases to be a subsidiary of Geopacific and the joint venture agreement between the two parties was extinguished. Messrs Clyne, Heeks and Smith also retired from the Kula board.

Project Financing

During the quarter, Geopacific focussed on work programs required to advance debt financing discussions. Following the successful capital raise in the last quarter, Independent Technical Expert's (ITE) commenced the ITE review.

The ITE review required significant input from the Geopacific team who were available to provide further information and clarity as requested. As part of the final stages of the review, a site visit to Woodlark Island was undertaken.

The scope of the review and final report includes the following technical aspects:

- Geology and Mineral Resources
- Geotechnical
- Metallurgy and Processing
- Infrastructure
- Management, Workforce, IR and Safety
- Project Implementation
- Mining and Ore Reserves
- Operating Costs
- Capital Expenditure
- Risk Assessment
- Tailings Review
- Surface Water, Ground Water and Water Supply
- Environmental & Social

As previously announced on 21 January, Geopacific received an indicative non-binding term sheet from an international lender. The upcoming completion of the ITE review and report will allow the Company to advance a financing solution.

ITE background

An ITE review is a standard process when seeking project financing in the mining industry. Financiers require the review as a form of technical due diligence. The process involves appointing a team of independent experts to review all technical, financial, and environmental aspects of the project.

Following consultation with a consortium of potential lenders, Geopacific appointed SRK Consulting (SRK) and ERM Consulting (ERM). Appointing preferred experts avoids an unnecessary duplication of work and improves cost and time efficiencies in the project financing process.

Representatives from SRK are completing the technical aspects of the review and ERM are completing environmental and social aspects.

The ITE review is a significantly detailed process and covers a large scope of work. The process commenced with an initial fatal flaws analysis, which returned favourable results in late 2018. The next phase of work involved a site visit to Woodlark Island to finalise the review of all technical, environmental, and financial aspects of the project. The ITE review is currently in its final stages of completion.

Project Execution

Geopacific aims to advance its project execution strategy by identifying potential mining contractors, lump sum turnkey solutions for the plant and infrastructure and other relevant contracts for building and operating the project.

For the determination of capital costs, Geopacific adopted an Engineering, Procurement and Construction Management (EPCM) Strategy in the November 2018 Woodlark DFS (DFS). Geopacific intends to adopt an Engineering, Procurement, and Construction (EPC) strategy in order to ensure project delivery guarantees.

The key differentiator and benefit of an EPC model is that risk is transferred away from Geopacific and shifted to the builder. Adopting an EPC model determines clarity on the final capital cost and de-risks a significant portion of the project from a financing perspective. The change of contract structure is expected to enable potential financiers to gain more certainty on the build costs.

The DFS assumed mining would be undertaken on an owner operator basis, however, it is Geopacific's preferred approach to select a mining contractor. Geopacific sees this as an opportunity to reduce capital expenditure requirements and to transfer mining associated risks away from the Company. This approach also takes advantage of economies of scale and scope through access to capital equipment, human resources both in mining and other technical areas.

Geopacific is currently engaging with both mining and engineering companies to provide proposals on the basis of their credibility and experience in delivering similar operations to Woodlark. All proposals received to date are being evaluated on a like for like basis to assess indicative pricing, technical and management competence including proposed design specifics, financial viability, and relevant experience in PNG.

Other

Ian Clyne was appointed as Chairman of the board, following the requirement of Milan Jerkovic. Mark Bojanjac also resigned as Non-Executive Director during the quarter.

Other Activities

Woodlark Gold Project, Papua New Guinea

No significant exploration activities took place during the quarter as the Company is primarily focused on project financing and its associated activities.

Kou Sa Copper Gold Project, Cambodia

No significant exploration activities took place during the quarter.

A renewal application was lodged for the Kou Sa Licence.

All opportunities to progress the project are being investigated.

Fijian Gold Projects, Fiji

No significant exploration activities took place during the quarter.

Sabeto and Vuda Licences expired during the quarter. Management is evaluating a renewal decision.

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
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.	Ian Clyne Chairman Ron Heeks Managing Director Colin Gilligan Non-Exec Director Matthew Smith Company Secretary	PAPUA NEW GUINEA Woodlark Island Gold CAMBODIA Kou Sa Copper FIJI Nabila Gold

Competent Person's Statement

The information in this announcement 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 announcement 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.

The information in this announcement that relates to the Cambodian Mineral Resource estimate 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.

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.

APPENDICES

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:

Country	Location	Tenement	Interest
Fiji	Nadi, Viti Levu	SPL 1216	100%
Cambodia	Preah Vihear Province	Kou Sa Project*	85%
Papua New Guinea	Woodlark Island	EL 1172	100%
Papua New Guinea	Woodlark Island	EL 1279	100%
Papua New Guinea	Woodlark Island	EL 1465	100%
Papua New Guinea	Woodlark Island	LMP 89	100%
Papua New Guinea	Woodlark Island	LMP 90	100%
Papua New Guinea	Woodlark Island	LMP 91	100%
Papua New Guinea	Woodlark Island	LMP 92	100%
Papua New Guinea	Woodlark Island	LMP 93	100%
Papua New Guinea	Woodlark Island	ME 85	100%
Papua New Guinea	Woodlark Island	ME 86	100%
Papua New Guinea	Woodlark Island	ML 508	100%

*The Kou Sa Licence expired on 13 March 2019 and the renewal application has been lodged.

Woodlark Global Resources

The Woodlark Resource is **47Mt @ 1.04g/t Au for 1.57Moz of gold⁴** including 222,000oz of gold in the Inferred category (Table 1).

Table 1: Woodlark Global Mineral Resource Estimate – March 2018

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

An updated Ore Reserve estimate was released in November 2018 and was completed by independent consultants, Mining Plus. The updated Ore Reserve estimate of **28.9Mt @ 1.12g/t Au for 1,037,600oz⁵** of gold is detailed in Table 2.

Table 2: Woodlark Ore Reserve Estimate – November 2018

Total by deposit	Category (>0.4g/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

Kou Sa Project Mineral Resource – Prospects 150 & 160

The Mineral Resource for Prospects 150 and 160 at 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 Resources estimated at a 0.4% CuEq lower cut-off are detailed in Table 3. There was no change to the Mineral Resources reported at 31 December 2017 for comparison.

Table 3: Kou Sa Global Mineral Resource Estimate – July 2016

Category	Tonnes (Million)	Cu %	Au g/t	Ag g/t	CuEq %	Cu Kt	Au Koz	Ag Koz	CuEq 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	2.70	48	3.1
Total	3.84	0.77	0.66	5.27	1.33	29.40	81.80	651	51.2

⁴ Refer to March 2018 Pre-feasibility Study – ‘Robust Woodlark Gold project PFS Supports Development.’

⁵ Refer to ‘Woodlark Ore Reserve Update’ announced on 7 November 2018.

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")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6-months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(600)	(1,216)
(b) development	-	-
(c) production	-	-
(d) staff costs	(510)	(935)
(e) administration and corporate costs	(238)	(552)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
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)	(38)	(59)
1.9 Net cash from / (used in) operating activities	(1,385)	(2,758)
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	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6-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 (Cash forgiven as part of the Kula transaction)	(68)	(68)
2.6 Net cash from / (used in) investing activities	(68)	(68)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	4,335	4,335
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	(328)	(328)
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	4,007	4,007

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,686	3,059
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,385)	(2,758)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(68)	(68)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	4,007	4,007
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	4,240	4,240

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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	4,108	1,686
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)	4,240	1,686

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	143
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	
Payment of director's remuneration.	

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	-
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	

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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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	537
9.2 Development	-
9.3 Production	-
9.4 Staff costs	374
9.5 Administration and corporate costs	331
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,242

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 July 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.

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