

28 April 2017

**ASX Code: GPR**

**GEOPACIFIC RESOURCES LIMITED**  
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**PROJECTS**

**PNG**

- Woodlark Gold

**CAMBODIA**

- Kou Sa Copper/ Gold

**FIJI:**

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

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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**

## MARCH 2017 QUARTERLY REPORT

The [Board](#) of Geopacific Resources Ltd (Geopacific) is pleased to provide this Quarterly Report for the three months ending 31st March 2017.

**It's been an exciting quarter for Geopacific as the Management Team began to unlock the value of the Woodlark Gold Project.**

Kula Gold Limited (**ASX:KGD**) completed a Definitive Feasibility Study (DFS) on the Woodlark Gold Project (Woodlark) in 2012 at the height of the mining cost cycle, with the Mining Lease and environmental approvals being granted in 2014. Geopacific's efforts are focussed on delivering Woodlark along the path to production in the most effective manner. The work programme covers a combination of; development drilling to increase the Reserve base; and economic studies to reduce capital and operating expenditure (CapEX and OpEx), with the aim of improving the economics to make Woodlark attractive to financiers.

### Highlights from the quarter

Results from the development drilling programme began to flow in late January, meeting expectations by confirming the potential to increase the Project's Reserve inventory.

Economic studies have progressed with positive results, validating the potential CapEx saving of 27% on the processing plant and tailings on a "like-for like" basis compared with the 2012 DFS costs. Potential to substantially reduce the strip ratio of the Project was confirmed, with the discovery that inaccurate geotechnical readings were used as a result of testwork being undertaken on Ore rather than waste rock.

Post quarter, Geopacific announced its intention to make an off-market takeover offer to acquire all of the ordinary shares of Kula Gold. Work on the Project is unaffected, continuing under existing joint venture arrangements.

### Managing Director, Ron Heeks, commented

*"We are pleased with the positive results and level of progress achieved over the quarter, which is our first quarter working on Woodlark. They demonstrate the ability of a 'build team' to unlock value in the Project.*

*Simplifying the corporate structure is the next logical step in advancing Woodlark for the benefit of the shareholders of both Kula and Geopacific, hence the announcement of the takeover offer for Kula. "*



## SUMMARY

### CORPORATE ACTIVITIES

- Post quarter, Geopacific announced it's intention to make an off-market takeover offer to acquire all of the ordinary shares of Kula Gold Limited.
- Completion of the Earn-in Agreement with Kula Gold Limited to acquire up to 80% of Woodlark.
- The decision to proceed to the second tranche of the Earn-in Agreement entitled Geopacific to 5% of Woodlark.

### DEVELOPMENT ACTIVITIES

#### Woodlark Gold Project, Papua New Guinea

- Positive results and encouraging progress following Geopacific's first full quarter on Woodlark.
- Development drilling continues with 3 drillrigs operating at the Busai and Kulumadau deposits.
- Significant gold intersections made below and surrounding current pit designs.
- Metallurgical testwork to optimise processing continues.
- Potential to improve wall angle and reduce strip ratio validated.
- 27% potential CapEx reduction demonstrated on processing plant and tailings costs.

### EXPLORATION ACTIVITIES

#### Kou Sa Project, Cambodia

- Trenching and soil sampling ongoing.
- New exploration area in Kampot Province granted.

#### Portfolio of gold and copper-gold projects, Fiji

- IP geophysical survey of Vuda and Sabeto licences ongoing.



**Figure 1: Warrick Clent (Woodlark Exploration Manager) and Karen Hayward (Community Manager) with members of the local community at Woodlark**



## OCCUPATIONAL HEALTH & SAFETY

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

## CORPORATE ACTIVITIES

Post quarter, Geopacific announced its intention to make an off-market takeover offer (the Offer) to acquire all of the ordinary shares of Kula Gold Limited (ASX:KGD) (Kula). Geopacific's Offer is 1 Geopacific share for every 1.4723 Kula shares.

Pre-bid acceptance of the Offer has been secured from Franklin Advisers, Inc., as investment manager on behalf of certain funds and accounts, which holds 17% of Kula's issued capital.

The Offer is equivalent to approximately \$0.028 per Kula Share compared to the closing price of Kula shares the day before the announcement<sup>1</sup> of \$0.02, and represents:

- a 25% premium based on a 5 day vwap<sup>2</sup>; and
- a 77.5% premium to the Kula Rights Issue price of \$0.015<sup>3</sup>.



**Figure 2: Taken from the highest point on the Island, the flat topography and consequent accessibility of the terrain is clearly visible in this view. The wharf is located in the protected bay, where water depths reach up to 14 metres and can easily accommodate large shipping vessels.**

<sup>1</sup> Geopacific's closing price of \$0.042 and Kula's closing price of \$0.020 on 4 April 2017

<sup>2</sup> Volume weighted average price (vwap) from 29 March 2017 to 4 April 2017, sourced from IRESS

<sup>3</sup> Kula Rights Issue announced 20 March 2017



## DEVELOPMENT ACTIVITIES

### Woodlark Gold Project, Papua New Guinea

During the quarter, Geopacific made strides toward the aim of making the project more economically attractive than the 2012 DFS, with good progress on geological and engineering aspects of the Project.

#### Engineering

Geopacific commissioned an engineering cost review to compare the current cost of building the plant, as originally designed, with the 2012 DFS cost. Mincore Engineers were appointed to conduct the review on a “like for like” basis. The review demonstrated a potential saving of \$25 million in CapEx costs, equating to a 27% saving. Release: [WOODLARK – CapEx savings identified](#).

The cost review only considered the direct plant infrastructure. It is expected that considerably higher savings could be achieved on other aspects of infrastructure because of the potential to optimise the associated engineering. These costs will be estimated in the coming periods.

#### Woodlark Resources

RC and diamond drilling continued at both the Kulumadau and Busai deposits with the first results of the programme being released in late January. The aim of the drilling programme is to identify mineralisation below 2012 pit designs and along strike, while converting existing Inferred Resources into Measured and Indicated categories. This may allow the mineralisation to be included in updated Reserve calculations.

The gold Resources at Woodlark are located in four distinct areas, of which the Kulumadau and Busai deposits comprise the bulk. The deposits are all located within 5km of the planned, centrally-located processing plant. The flat topography, which includes a thin limestone veneer known locally as coronus, provides an attractive and accessible environment for mining. This is expected to assist with optimising mining costs.

The Resources are associated with slightly elevated volcanic hills that form ‘windows’ into the coronus. Mineralisation typically outcrops on the hills and has been mined in some areas, as far back as the late 1800’s. Limited exploration has been undertaken in the flat, coronus-covered areas because first-pass exploration techniques such as geochemistry do not work well. There is significant potential to discover mineralisation beneath the thin coronus layer by taking advantage of proven, geophysical exploration techniques.

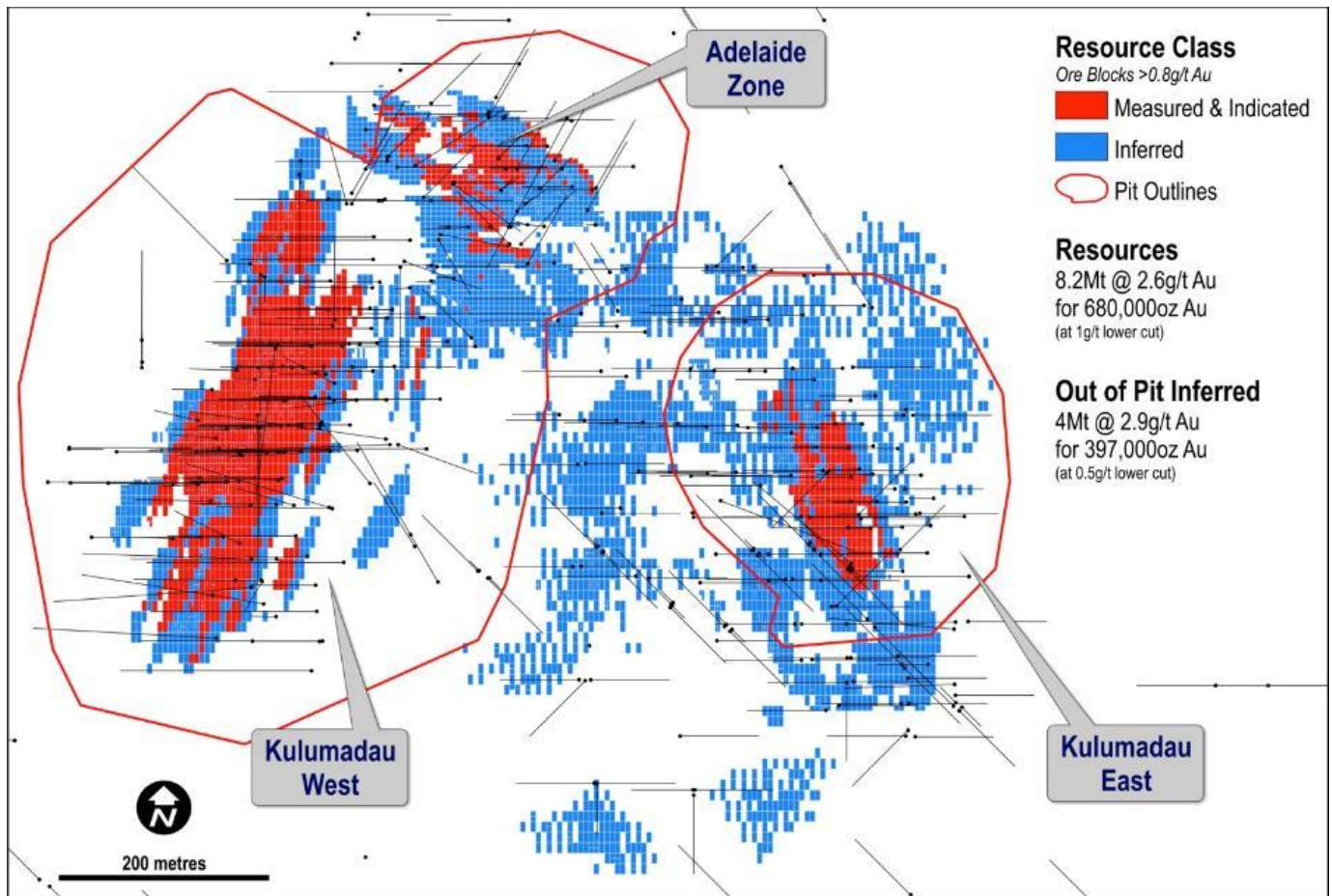
Over 275,000 metres have been drilled at the Project as part of the \$150 million spent at Woodlark by Kula, this drilling defined the current Resources and identified numerous exploration targets. This significant source of information is being used to plan infill and extensional drilling for achieving the immediate aim of increasing the Reserve base in known areas and in the longer term, discovering new gold deposits.

Geopacific has actively engaged in re-logging and re-interpreting the available drill core in conjunction with surface mapping at both the Kulumadau and Busai deposits.

At the Busai deposit, this information has assisted in the identification of a complex series of breccias that are intimately associated with gold mineralisation. Gold values are notably higher in breccia zones that have early phase haematite alteration and a cherty haematitic matrix, which is cross cut by later-stage quartz carbonate veins. Gold values are higher wherever minor galena and sphalerite are observed within the breccias. Modelling of prospective breccias is ongoing and continues to inform the development drilling programme.

## Kulumadau Deposit

The Kulumadau area currently includes two proposed pit designs, which are located on intersecting regional structures. Gold mineralisation in this area is associated with the development of multiple phases of brecciation, related to larger structures. Kulumadau is the site of historical alluvial and underground gold mining operations that have produced more than 200,000 ounces of gold since the end of the 19<sup>th</sup> century.



**Figure 3: Resources at the Kulumadau area of the Woodlark Island Gold Project**

In the Resource model generated under Kula Gold, some 4Mt @ 2.9g/t Au for 397,000 ounces of Inferred Resources lie outside the 2012 DFS pit designs (Figure 2). Ore blocks of Inferred mineralisation are shown in blue with Measured and Indicated mineralisation shown in red in relation to 2012 pit designs (Figure 3).

Drilling by Geopacific has identified gold mineralisation surrounding the 2012 pit designs at Kulumadau East and West. 100 Metres north of the Kulumadau East deposit, Hole KU17RC009 intersected:

- 16m @ 1.1g/t Au from 11m;
- 21m @ 3.27g/t Au from 40m; and
- 15m @ 1.01g/t Au from 66m.

Along with results from other drillholes this indicates that gold-mineralised structures persist well outside the present Resource boundaries.

Results and locations of the drillholes are shown in Figure 4.



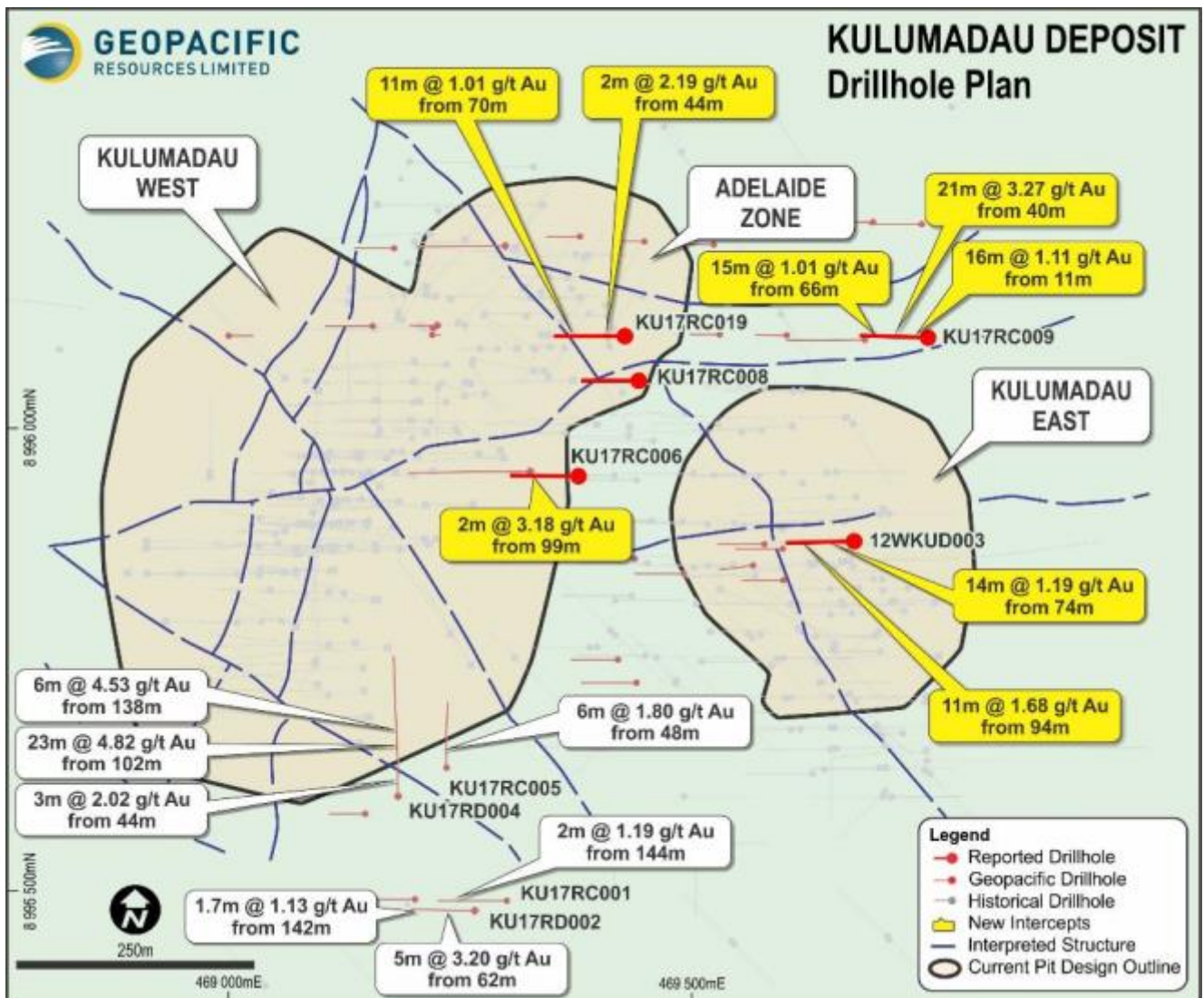


Figure 4: Drillhole location plan with mineralised intersection in Geopacific drilling

South of the Kulumadau West deposit, hole KU17RD004 intersected:

- 3m @ 2.02g/t Au from 44;
- 23m @ 4.82g/t Au from 102m; and
- 6m @ 4.53g/t Au from 138m.

In the drillhole location plan, KU17RD004 appears to intersect mineralisation within the pit. In the longitudinal section in (Figure 5) mineralisation in this hole is shown as being approximately 100 metres from the existing pit limits, demonstrating the potential to add to the Resource inventory of the Project. Figure 5 also highlights the higher-grade core of the Kulumadau West Orebody.

Mineralisation in hole KU17RD004 occurs in brecciation identical to that observed at the Kulumadau West deposit and may be a fault-offset of the same Orebody. Follow-up drilling is planned in this area.

Releases: 16<sup>th</sup> March 2017: [WOODLARK – 23m @ 4.82 g/t Au at Kulumadau](#)

21<sup>st</sup> March 2017: [WOODLARK – 21m @ 3.27 g/t Au at Kulumadau](#)

The higher-grade core of the Kulumadau Orebody is visible in the longitudinal section below.

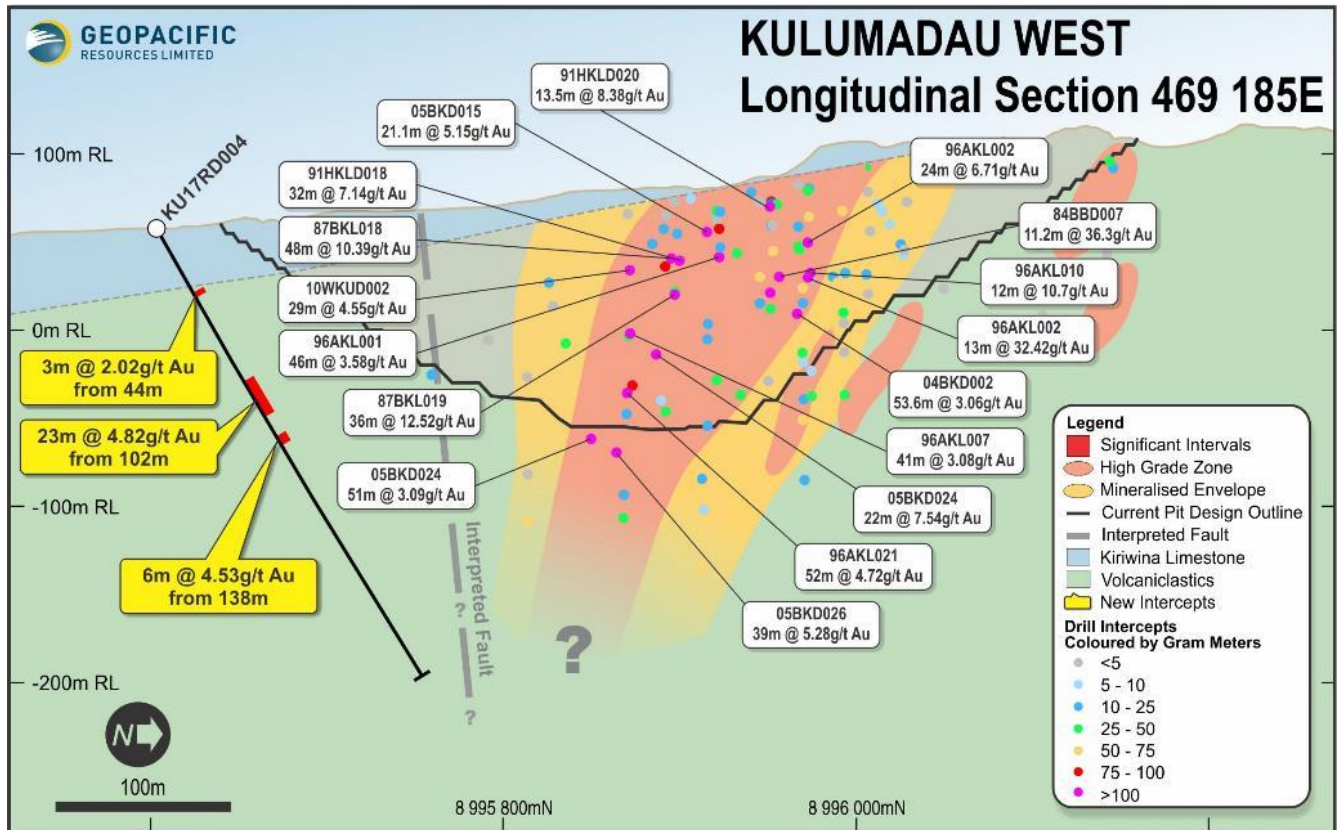


Figure 5: Long section through Kulumadau West showing strong gold mineralisation open at depth.

Drilling is ongoing, targeting Inferred Resources and near-pit extensions to mineralisation with the aim of increasing the Measured and Indicated Resources for potential inclusion in an updated Reserve calculation.

### Busai Deposit

Drilling density in the pit area at the Busai deposit is high, particularly in the high-grade areas, with most of the near-pit Resources in Measured and Indicated categories and a lower proportion being Inferred. There is a large proportion of Measured and Indicated mineralisation within the 2012 pit design that falls below the 2012 lower cut-off grade, resulting in its exclusion from Reserve 2012 statements.

The Woodlark mineralisation is epithermal in nature and typical of this style of Orebody, the proportion of tonnes of gold mineralisation at the lower end of the grade spectrum is exponentially higher than at the high-grade end of the spectrum. The amount of Ore mined from a deposit is governed by the OpEx cost of extraction. As this cost is reduced, the in-pit cut-off grade decreases. As the in-pit cut-off grade decreases, incrementally more economic tonnes of gold are defined. This allows in-pit tonnes to be converted from waste to ore, which in turn reduces the strip ratio and that further reduces OpEx.

Understanding both the nature of the mineralisation and the potential to reduce OpEx costs in relation to the 2012 DFS costs, Geopacific aims to convert a good proportion of this Measured and Indicated mineralisation into Reserves. On the same basis, Geopacific expects include a proportion of the extensive areas of Measured and Indicated mineralisation directly below the 2012 pit designs into future Reserve calculations.

Ore blocks of Inferred mineralisation are shown in blue with Measured and Indicated mineralisation shown in red in relation to 2012 pit designs (Figure 6), overleaf.



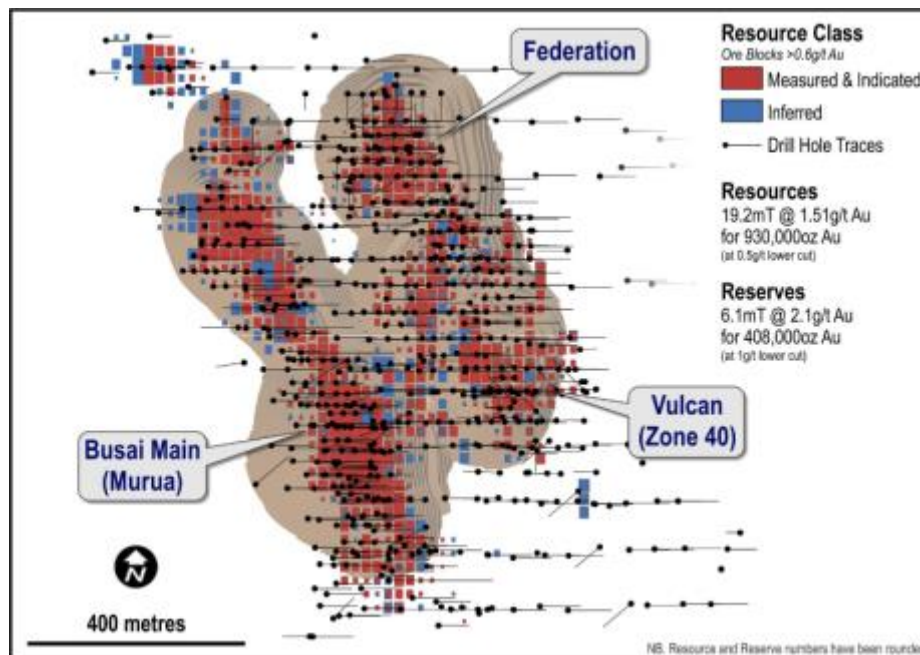


Figure 6: Busai Deposit Resource block model and deposit Location

The results of diamond holes BS16DD001 and BS16DD004 (Figure 7) at notably shallow depths, were of the first results released by Geopacific in January 2016. They were encouraging from two perspectives. Firstly, that they confirmed the potential to define mineralisation below 2012 pit designs and increase the Projects Reserve inventory. Secondly, that Geopacific's reinterpreted geological models were confirmed. The locations of these holes are marked on Figure 8.

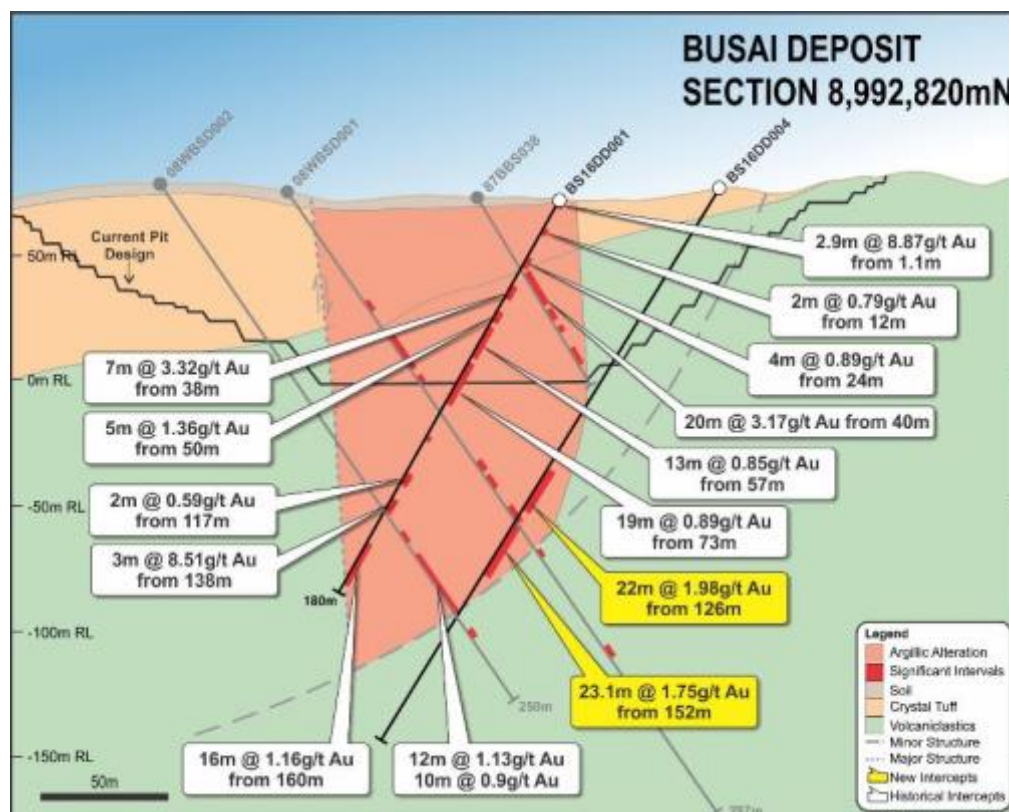


Figure 7: Resources at the Busai area of the Woodlark Island Gold Project



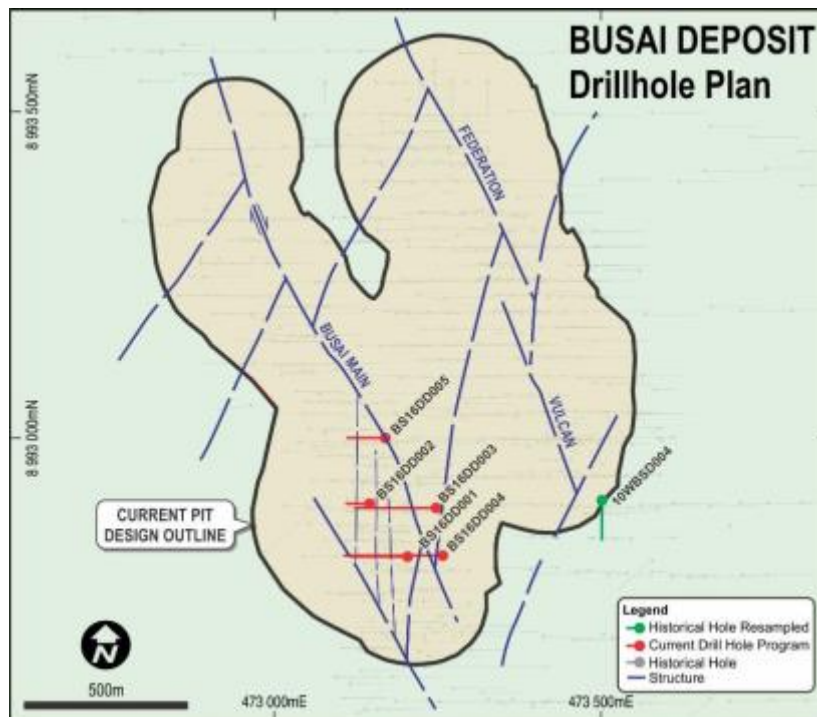


Figure 8: Busai deposit drillhole location plan

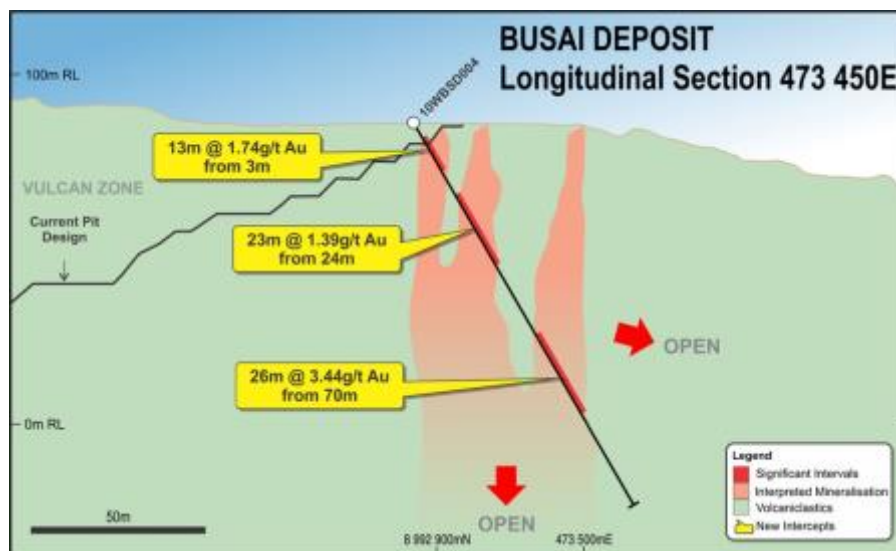


Figure 9: Busai deposit drillhole location plan

Numerous geotechnical and metallurgical holes were drilled at Woodlark as part of the 2012 DFS, a number of which were not assayed. Geopacific has sent all the core which was not previously sampled to be analysed. Re-sampling of the first geotechnical hole 10WBSD004 revealed significant gold values of:

- 11m @ 1.84 g/t Au from 5m;
- 23m @ 1.39 g/t Au from 24m; and
- 26m @ 3.17 g/t Au from 70m.

This drilling has provided Geopacific a cost-effective method to identify new gold mineralisation. There is also a more significant aspect to the results. They indicate that the wall angles at Busai can potentially be steepened, which could reduce the amount of waste mined while allowing extraction of the same amount of ore.

As is evident in Figure 9, a large proportion of this geotechnical hole was located in mineralised material which is known to be very soft and broken-up when compared to the harder, more competent wallrock. This suggests that the wall angles derived from geotechnical measurements from this hole are skewed toward the softer, more altered Ore and that steeper wall angles on the pit designs are probably achievable. Should this prove correct, the potential exists to substantially reduce the strip ratio and OpEx, resulting in increased Ore Reserves in future calculations.

Releases:        25<sup>th</sup> January 2017: [WOODLARK - 48m of Au Mineralisation in 1st hole](#)  
                      2<sup>nd</sup> February 2017: [WOODLARK – Wide gold mineralisation continues](#)  
                      23<sup>rd</sup> February 2017: [WOODLARK – 26m @ 3.17 g/t gold at Busai](#)

### **Future Development Activities**

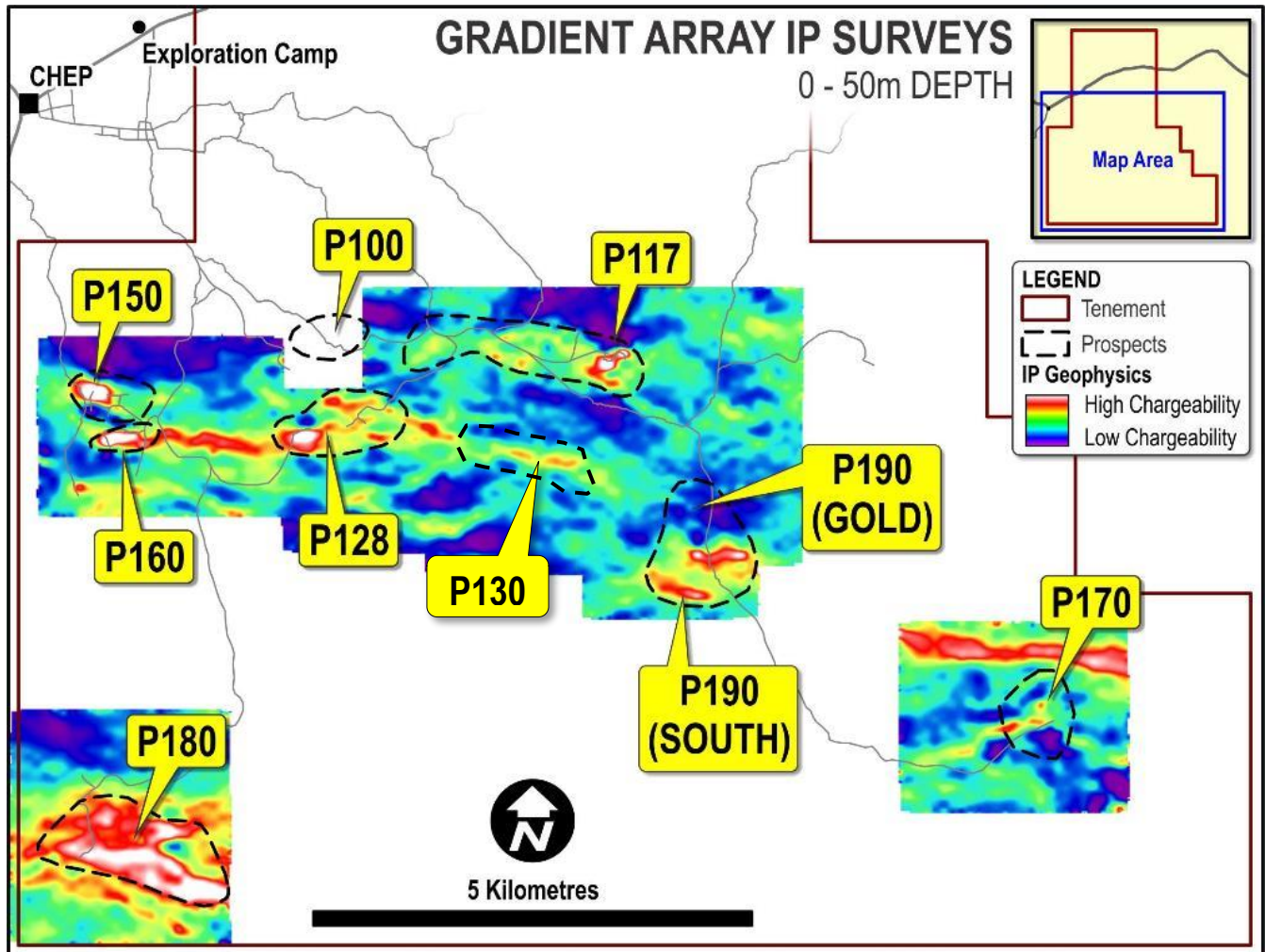
Geopacific has three rigs drilling on Woodlark Island. Drilling is focussed on decreasing the drillhole spacing in the areas of Inferred Resources with the aim of upgrading them into Measured and Indicated categories. This in conjunction with reduced OpEx may enable their inclusion into the future Reserve inventory of the Project.

Engineering and other technical studies continue with updates expected in the near-term.



## EXPLORATION ACTIVITIES

### Kou Sa Project, Cambodia



**Figure 10: Prospect areas at Kou Sa overlaid on an Induced Polarisation (IP) Geophysics map**

Exploration on the Kou Sa Project this quarter has focussed on extending trenching and soil sampling coverage over untested IP anomalies as well as infilling un-sampled, potentially prospective areas of the licence.

Trenching has focused around the 117 Prospect, following up anomalous gold values in earlier trenching.

#### Prospect 117 West

A total of 6 trenches for 857m were completed at the 117 Prospect, testing existing soil copper and gold anomalism, IP anomalies and following up anomalous gold values encountered in earlier trenching.

Moderately anomalous gold values were intersected in trench KTRC046, and a narrow, weak copper response was recorded in trench KTRC051.

**Table 1: Kou Sa Prospect 117 West Trench location and intercept table**

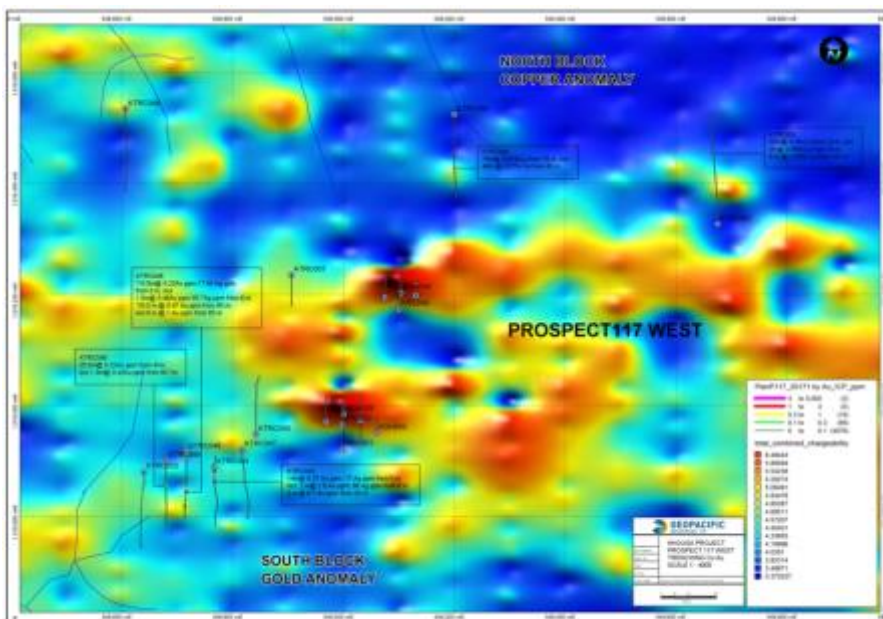
HOLE ID	Total Length (m)	FROM (m)	To (m)	INTERVAL (m)	Au ppm	Cu ppm	REMARKS
KTRC046	122.5	-	10.5	10.5	0.220	202.00	incl 1.5m @ 0.48 Au, 55.7 Ag g/t
		49	52.0	3.0	0.410	15.33	-
		53.5	61.0	7.5	0.290	33.33	-
		65	98.5	33.5	0.470	109.00	incl 8.0m @ 1.0 Au g/t
KTRC047	120.0	24	26.0	2.0	0.110	412.00	-
		85	87.0	2.0	0.200	86.00	-
		111	116.0	5.0	0.160	111.00	-
KTRC048	115.0	41	66.5	25.5	0.220	157.00	incl 2.0m @ 0.31 Au g/t
KTRC049	150.5	140	146.0	6.0	0.006	1,223.00	-
KTRC050	150.0	76	150.0	74.0	0.005	2,169.00	-
KTRC051	199.0	54	70.0	16.0	0.008	2,319.00	-
		74	116.0	42.0	0.016	3,082.00	Incl 2m @ 0.66%Cu from 74m & 8m @ 0.39% Cu from 104m

**NOTES:**

Intervals are selected on a 0.5g/t Au cut-off, with low grade halos selected on 0.1g/t Au cut-off (\*).

**Soil Sampling**

Infill soil sampling on a 200 metre by 40 metre spacing at Prospect 130 was completed during the quarter, aimed at testing a moderate IP chargeability anomaly. An extensional soil sampling programme to the south of the Prospect 120, also on 200 metre by 40 metre spacing was completed during the quarter, testing for extensions to anomalous copper values obtained in an earlier soil sampling programme.



**Figure 11: Kou Sa, Trench location plan**



## Portfolio of gold and copper-gold projects, Fiji

Preparation for the recommencement of a dipole-dipole IP survey over the Sabeto – Vuda prospects continued this quarter. Geophysical surveying will recommence next quarter once the rainy season has finished.

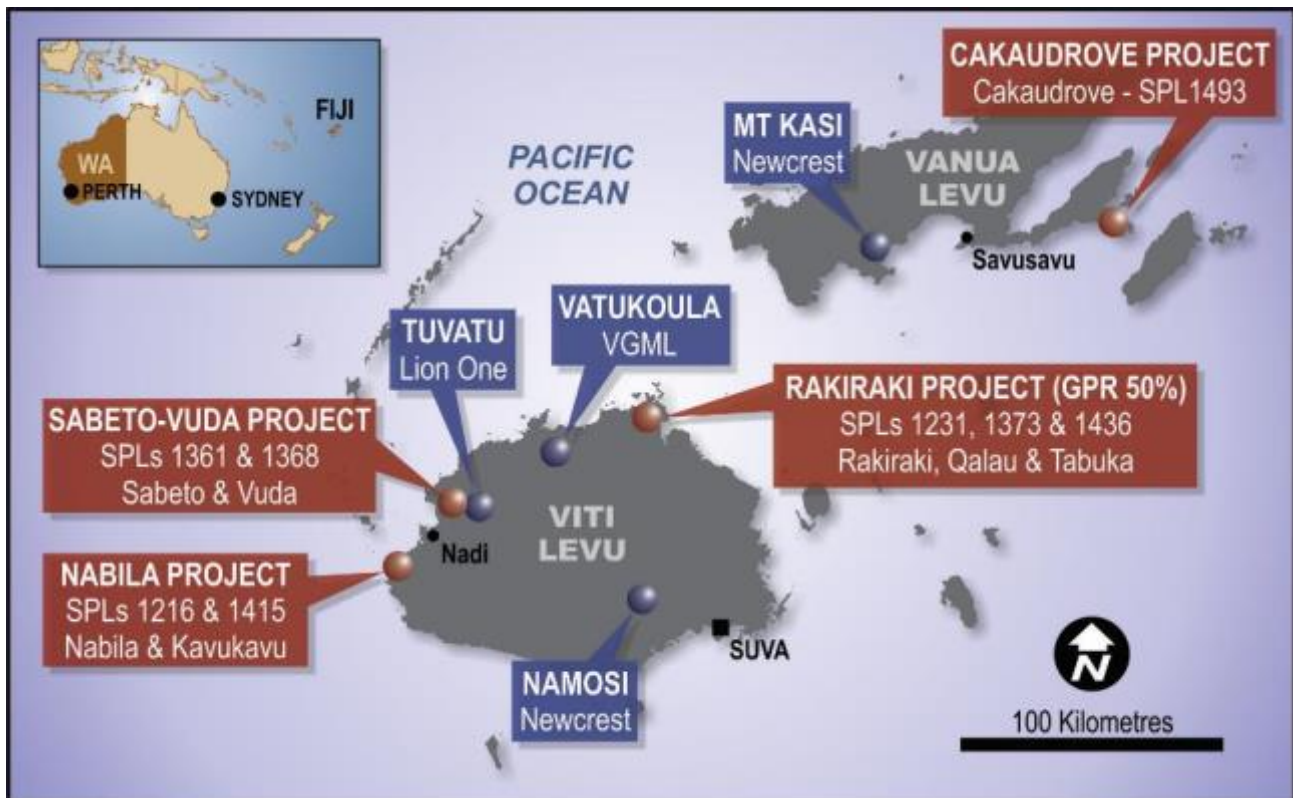


Figure 12: Fiji, project location map

The survey is targeting a buried porphyry system believed to be responsible for surface copper-gold mineralisation and associated alterations encountered in surface sampling and mapping.

## CONTACT

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

**Mr. Ron Heeks**  
 Managing Director

**Ms. Philippa Leggat**  
 Executive Director Corporate

***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.



### ***Schedule of Tenements***

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

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

## Appendix A – Woodlark Drilling Information

For detailed information on drilling intersections, please refer to ASX releases:

- 25<sup>th</sup> January 2017: [WOODLARK - 48m of Au Mineralisation in 1st hole](#)  
2<sup>nd</sup> February 2017: [WOODLARK – Wide gold mineralisation continues](#)  
23<sup>rd</sup> February 2017: [WOODLARK – 26m @ 3.17 g/t gold at Busai](#)  
16<sup>th</sup> March 2017: [WOODLARK – 23m @ 4.82 g/t Au at Kulumadau](#)  
21<sup>st</sup> March 2017: [WOODLARK – 21m @ 3.27 g/t Au at Kulumadau](#)

## Appendix B – Woodlark Island Resources and Reserves

Resources referred to in this Quarterly were generated by Kula Gold Ltd (Kula) and details of these are available from Kula Gold Limited's website. The Resources are held by Woodlark Mining Limited, a company registered in Papua New Guinea, currently 5% owned by Geopacific and 95% by Kula.

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](http://www.geopacific.com.au).