

## Financial Close of Project Financing

Geopacific Resources Ltd ('Geopacific' or 'the Company'; ASX: GPR) is pleased to announce that it has agreed binding terms and satisfied all conditions precedent to reach financial close with Sprott Private Resource Lending II (CO), Inc. ("Sprott") for the previously announced US\$100m project financing<sup>1</sup> associated with the development of the Woodlark Gold Project.

### Highlights

- Geopacific has agreed binding terms and reached financial close with Sprott for US\$100m in project financing to develop the high margin, high returning, fully permitted, Woodlark Gold Project in PNG. The US\$100m in financing will be in the form of a US\$85m in Project Finance Facility and US\$15m via a Callable Gold Stream (refer ASX release 6 October 2020 and Appendix 1 for more detail).
- The US\$15m Callable Gold Stream deposit is available immediately for project related costs.
- US\$85m under the Project Finance Facility will be deposited into the Company's Debt Proceeds Account ("DPA"), with funds available under staged releases, scheduled to occur with project development milestones.
- Geopacific has made Final Investment Decision for the development of the Woodlark Gold Project, as coupled with the Company's A\$143m of cash and equivalents as at 31 March 2021, the Project is now fully funded and includes a A\$3m budget for exploration activities.
- The shovel ready Woodlark Gold Project has strong economics<sup>2</sup> including:
  - Post-tax NPV<sub>8</sub> of A\$347m and an IRR of 34% at a gold price of A\$2,200/oz
  - Forecast average AISC of A\$1,239/oz over the life of mine
  - Thirteen year mine life with significant exploration upside
  - Simple, low risk operations with conventional open pit mining and standard carbon in leach (CIL) process plant
- Early phase works at the Woodlark Gold Project commenced in January 2021, and include:
  - Letter of Intent (LOI) to support the placement of order for first phase of mining equipment
  - Order placed by GR Engineering Services (GRES) for procurement of the SAG and ball mills
  - Orders with Contract Power Australia (CPA) for the procurement of long lead time items associated with the development of the Woodlark Gold Project power station
  - Commencement of construction activities on the processing plant with ground improvement works for the Carbon in Leach tanks underway
  - Community infrastructure construction activities continue with 92 buildings completed to date
- The Company remains on track to achieve targeted first gold pour in the Q4 CY2022, in line with the November 2020 Project Execution Update.

<sup>1</sup> Refer to the ASX announcement on 6 October 2020

<sup>2</sup> Refer to the ASX announcement on 30 November 2020

## **Geopacific Resources Chief Executive Officer, Tim Richards commented**

*"We are delighted to partner with Sprott on the development of the Woodlark Gold Project. The Sprott financing, coupled with the funds raised via our equity placement earlier in 2021, where Sprott was also a participant, provides the capital required to fully fund the project and associated activities.*

*The Company has continued to work on the project ahead of the financial close to ensure the integrity of the project schedule and to deliver first gold in Q4 CY2022. With exploration recommencing in H2 2021 focused on expanding Kulumadau and Busai pits I look forward to providing further updates to the market on our activities in coming periods."*

## **Sprott Managing Partner, Greg Caione commented**

*"As one of the largest investors dedicated to the natural resources sector, Sprott is excited to partner with Geopacific on the development of the Woodlark Gold Project. Our financing of Geopacific is consistent with our strategy to provide innovative and flexible capital to maximise the value of exceptional projects and support strong management teams.*

*We are pleased to be investing in Papua New Guinea – a country with a strong and rich mining culture, in a socially and environmentally responsible manner that is consistent with industry and International Finance Corporation guidelines and protocols. With a supportive government, our expectation is that the Woodlark Gold Project will create jobs and training for the communities of Woodlark Island, and assist Papua New Guinea's overall economic growth given current global circumstances."*

## **Geopacific Resources Chariman, Ian Clyne commented**

*"The extremely positive nature of the co-operation, openness and joint resolve of Geopacific and Sprott to achieve a successful financial close needs to be highlighted and commended.*

*On behalf of the Geopacific Board, I would like to sincerely thank the team at Geopacific and Sprott, and also acknowledge our appreciation of the unwavering support of our shareholders.*

*Geopacific is committed to delivering the Woodlark Gold Project to the benefit of all stakeholders and the people of PNG."*

## **About Sprott**

Sprott is an alternative asset manager and global leader in mining and real asset investments. Through its subsidiaries in Canada, the US and Asia, Sprott is dedicated to providing investors with best in-class investment strategies that include Exchange Listed Products, Alternative Asset Management and Private Resource Investments. The Corporation also operates Merchant Banking and Brokerage businesses in both Canada and the US. Sprott is based in Toronto with offices in New York, Carlsbad, and Vancouver and the shares of its parent company, Sprott Inc., are listed on the Toronto Stock Exchange and the New York Stock Exchange under the symbol (TSX/NYSE:SII). For more information, please visit [www.sprott.com](http://www.sprott.com).

## THE WOODLARK GOLD PROJECT

The Woodlark Gold Project is a high margin gold project with significant exploration upside located in Papua New Guinea. Key Metrics from the Project Execution Update (ref ASX release 30 November 2020<sup>3</sup>) are detailed below.



Key Metrics	
High Margin	Average All-in Sustaining Costs (AISC) of A\$1,239/oz (US\$904/oz)
Rapid Project Payback	Rapid post-tax project payback period of 1.8 years.
+1 Moz of gold in Ore Reserve	+1 million ounce mine plan underpinned by Measured and Indicated Ore Reserves <sup>4</sup> .
+10 Year Project	Current Ore Reserve provides 13 years of process plant feed
Simple Mining and Process Route	Conventional open pit mining of near surface mineralisation
Untapped Exploration Potential	Three phased exploration strategy developed to target high value opportunities.

**Table 1: Source and Use of Funds**

Source of Funds	A\$m	Use of Funds	A\$m
Cash on hand (31 March 2021)	143	Remaining Development Costs**	222
Finalised funding from Sprott*	130	Financing Costs & Reserve Accounts	26
		Exploration	3
		Corporate & Contingency	22
<b>Total</b>	<b>273</b>	<b>Total</b>	<b>273</b>

\*A\$ value is based on an exchange rate of 0.77 AUD:USD

\*\*Total capital estimate of \$258.4m less project costs incurred up to 31 March 2021. Establishment capital estimate completed to a -2%/+8% level of accuracy.

This announcement was authorised by the Board of Geopacific.

For further information, please visit [www.geopacific.com.au](http://www.geopacific.com.au) or contact Mr Tim Richards, CEO.

Company details	Board & Management	Projects
<b>Geopacific Resources Limited</b> ACN 003 208 393 ASX Code: GPR <a href="mailto:info@geopacific.com.au">info@geopacific.com.au</a> <a href="http://www.geopacific.com.au">http://www.geopacific.com.au</a> T +61 8 6143 1820 <b>HEAD OFFICE</b> Level 1, 278 Stirling Highway Claremont WA 6010. PO Box 439, Claremont WA 6910.	<b>Ian Clyne</b> Chairman <b>Ian Murray</b> Non-Executive Director <b>Colin Gilligan</b> Non-Executive Director <b>Sir Charles Lepani</b> Non-Executive Director <b>Tim Richards</b> Chief Executive Officer <b>Matthew Smith</b> CFO and Company Secretary <b>Mike Meintjes</b> Company Secretary	<b>PAPUA NEW GUINEA</b> Woodlark Island Gold

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

<sup>4</sup> Refer to the Ore Reserve Estimate as announced on 7 November 2018.

## Appendix 1

The commercial and economic terms of the US\$85m Project Finance Facility and the US\$15m Callable Gold Stream are consistent with the indicative Term Sheets set out in the ASX Announcement dated 6 October 2020 - *“Commencement of new CEO and selection of Sprott as Preferred Financier”*.

Whilst the full terms and conditions are confidential, the Company confirms that these are based on those usual for a project financing facility of this nature, including customary completion testing and ongoing loan covenants, first ranking security and negative pledges and the ability to distribute surplus operating cashflows (after debt service), subject to meeting certain conditions.

Releases of Project Finance Facility funds from the DPA are based on meeting certain Conditions Subsequent to Financial Close and Conditions Precedent to First Release, including meeting periodic ‘cost to complete’ testing, as well as achievement of key project development milestones. Amortization of the Project Finance Facility commences in March 2023.

The Project Finance Facility Agreement includes an upfront establishment fee customary of a facility of this nature and an agreement to issue 5,404,655 fully paid ordinary shares and 2,702,328 unlisted options (strike price of A\$0.322 and exercisable within 5.25 years from the date of issue).