

Woodlark – Work program progress

31 May 2017

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Kou Sa Copper

FIJI:
Nabila Gold
Rakiraki Gold
Sabeto Gold-Copper
Vuda Gold-Copper
Cakaudrove Gold-Silver

PAPUA NEW GUINEA:
Woodlark Island Gold

The [Board](#) of Geopacific Resources Ltd (Geopacific) is pleased to provide an update on its optimisation-focussed work program, which is driving the Woodlark Gold Project (Woodlark) along the path to production.

Development work at Woodlark continues, unaffected by [Geopacific's recent announcement of a takeover bid for Kula Gold](#) Limited (ASX:KGD).

Cohesive approach to optimisation produces positive results

Many of Woodlark's technical aspects have been investigated in detail. Consequently, Geopacific's work is centred on assessing optimisation opportunities which are available through the likes of: modular construction techniques; refining the processing plant flowsheet and technology.

Considerable effort is being applied to optimising mining. Areas of interest include optimal mine design, refining grade-scheduling to shorten the capital payback period and equipment selection.

Capital savings directly affect the financing period of the mine, while Operational cost directly affect the size of the gold reserve. Optimising both provides for a robust project. Each of the areas under review by Geopacific may provide incremental savings with the potential to deliver attractive project economics.

The experienced team at Geopacific understand the benefits of advancing the interrelated elements of the Project in a synergistic manner. This release provides a summary of some of the aspects undergoing review and optimisation, demonstrating opportunities and Woodlark's advanced level of development.

Ron Heeks, Managing Director of Geopacific said

"Woodlark is a solid project – a multi-million-ounce gold deposit with approvals in place to build a 1.8Mtpa plant and opportune timing in the mining cycle. Woodlark is beneficially differentiated by being on an Island. Cost-effective modular build options and operational logistics come into play because we are located on the coast with access in a protected bay with deep water.

"Our focus is to optimise Woodlark and take it into production. We are taking a comprehensive approach to our review and optimisation work program, with positive results and encouraging levels of progress – evident in this update."

Power consumption

The cost of power has been determined as the single biggest cost driver of operational costs at Woodlark. With this understanding, Geopacific retains a focus on optimising areas of the Project that may yield reductions in power consumption. Metallurgical testwork is underway, covering the areas most likely to provide opportunities. These are considered to be the grinding and pumping circuits in the processing plant.



Power generation

Geopacific's reviews have determined diesel fuelled generators to be the most probable source of power generation. The potential to convert to LPG remains a future alternative.

Geopacific has elected to use medium-speed diesel generators, similar to those used in diesel locomotives. They have been selected for their durability, reliability, low fuel usage and cost-effective maintenance requirements in preference to high-speed diesel engines.

Discussions to assess pricing and financing options are in progress with two renowned, international equipment suppliers. These suppliers have been selected for; the quality of their equipment, having an established presence in Papua New Guinea with the ability to provide ongoing support; and the ability to provide off-balance-sheet financing for the equipment.

Fuel supply

Geopacific has obtained diesel pricing from the two largest suppliers in PNG. Pricing is competitive, consistent and based on Singapore price plus a margin. The margin reduces with bulk orders.

LPG pricing has been obtained on a similar basis.

One of the major benefits of being based on an Island is the cost reductions afforded by direct, bulk deliveries of consumable supplies like diesel and gas.

The depth of the water in the protected bay at Woodlark reaches 14-metre levels, which are comfortably able to accommodate large shipping vessels.

Engineering costs

Woodlark's approvals cover a 1.8 million tonne per annum conventional Carbon-in-Leach processing plant. One of these approvals is the 20-year mining lease, which includes a condition on the completion of construction and commissioning of the Project by 4 July 2017. Geopacific applied to amend the currency of the approval and that process is progressing. Geopacific continues to update the relevant authorities with whom the application rests.

Geopacific announced the potential to achieve a 27% reduction in capital costs for construction of the plant and tailings. This demonstrates the financial benefits which can be leveraged in the current operating environment ([Released on 9 March](#)).

The independent engineering cost review is ongoing, with the focus now on aspects of site infrastructure ancillary to the processing plant and tailings. Geopacific expects that a higher percentage of cost savings could be achieved in this area, as the methodologies relating to infrastructure are open to optimisation.

By way of an example, Geopacific is assessing the potential to use the pre-strip material to construct roads. The pre-strip material is a form of limestone, known locally as coronus. It is regarded as a preferred construction material and actively sought in the region. This coronus was used to construct the airstrip on the Island in 1943. The airstrip is in constant use and remains in good condition, requiring little maintenance.

Metallurgy

A considerable amount of metallurgical testwork has been undertaken at Woodlark, Geopacific's focus is the potential to optimise the testwork.

Understanding the requirement to reduce power consumption, Geopacific has commissioned metallurgical testwork to establish the potential to refine the processing plant configuration. The testwork covers the grind size of the ore required to liberate gold and how this relates to power usage.

Mine Planning

To optimise the capital payback period, Geopacific has engaged a consultant to determine whether optimal mine scheduling will allow higher-grade ore to be moved forward in the production profile, to reduce the capital payback period without impacting overall mining costs.

Hydrology

To optimise water usage and mining efficiency while minimising environmental impact, Geopacific is assessing methods of pit dewatering and water supply to the processing plant with the aim to limiting capital costs.

Geotechnical survey

Geopacific will engage a geotechnical specialist to review the wall angles of the 2012 pit designs.

This follows the discovery that certain geotechnical readings used for 2012 designs were based on results located in mineralised material which is known to be very soft and broken-up when compared to the harder, more competent wallrock. This indicated the potential to steepen the wall angles, which could dramatically reduce the amount of waste mined while allowing extraction of the same amount of Ore.

Should this prove correct, the potential exists to substantially reduce the strip ratio and OpEx, resulting in increased Ore Reserves in future calculations.

Mining fleet

The flat topography of Woodlark Island provides an accessible and attractive environment for mining, with the coronus layer providing a firm surface for operations. Annual rainfall on the Island is approximately 4.5 metres.

To reduce terrain related risk in mining operations, Geopacific is assessing a mining fleet of articulated dump trucks (ADT's). These are six-wheel-drive vehicles, articulated between the cab and tray. They are designed for higher rainfall conditions, are able to accommodate steeper pit-ramp-angles and roads with lower maintenance costs

To achieve operational efficiencies and reduced maintenance costs, Geopacific's preference is a matched fleet in both brand and scale.

Geopacific is in supply and financing discussions with established, international suppliers of mining fleet equipment, with a focus on suppliers that have the ability to provide ongoing support.

Geopacific is assessing alternatives for contract mining and running an owner-operated mining fleet.

Operational staffing

Geopacific's operating philosophy supports higher levels of national employees with core elements of training and upskilling, resulting in reduced requirements for expatriates in the long term. Geopacific has a particular focus on increasing the opportunities offered to Woodlark Islanders, which is perceived to be equally beneficial to local communities and the Company.

CONTACT

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

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