

Commencement of New CEO and Selection of Sprott as Preferred Financier

The Board of Geopacific Resources Ltd (**Geopacific** or **the Company**; ASX: GPR) is pleased to advise that Tim Richards has formally commenced in the role of Chief Executive Officer (**CEO**) and will lead the Company on the delivery of the Woodlark Gold Project and further exploration.

In another significant step forward, Geopacific is delighted to announce that it has selected Sprott Private Resource Lending II L.P. (**Sprott**) as its preferred financier for the development of the Woodlark Gold Project. The Company has entered into a period of exclusivity with Sprott to finalise a US\$85 million Project Finance Facility (the "**Project Finance Facility**") and a US\$15 million Callable Gold Stream (the "**Gold Stream**") for development of the Company's Woodlark Gold Project (referred to as the **Woodlark Facilities**). The Project Finance Facility and the Gold Stream remain subject to usual conditions, including Sprott credit committee approval and final documentation (among other things).

Highlights

- **Tim Richards on board as new CEO to lead Geopacific into the next phase of development and exploration.**
- **Geopacific has negotiated US\$100 million of funding from Sprott on an exclusive basis.**
- **Sprott has completed substantial technical due diligence on the Woodlark Gold Project.**
- **Significant milestones on the path to full Woodlark Gold Project funding in Q1 CY2021.**

Background

Sprott has been in discussions with the Company to fund the development of the Woodlark Project since 2018. This exclusivity arrangement with Sprott follows the positive results of extensive technical due diligence on the Woodlark Gold Project by Sprott and its advisors. Sprott's technical due diligence is expected to be finalised shortly after completion of the Company's definitive feasibility study revalidation process which is planned for Q4 CY2020. Sprott's ongoing commitment to the Woodlark Gold Project provides strong validation of robust project economics, that have been further enhanced by the record gold price.

Chairman Mr Ian Clyne stated:

"Two extremely important milestones have now been achieved. Firstly, our shareholders and the investment community have been positively anticipating Tim stepping into his new role as CEO of Geopacific. Tim brings significant experience in Papua New Guinea along with a reputation for the delivery of a successful gold mining operation. The Board of Directors welcomes Tim to lead the Geopacific team.

Secondly, Geopacific is delighted to be working with Sprott to fund development of the Woodlark Gold Project. Sprott's selection as preferred project financier follows a wide-ranging global selection process. This step continues the momentum of the Company towards full project funding in Q1 2021. We have continued to make significant progress in relation to all workstreams including the revalidation of the Woodlark Gold Project 2018 Definitive Feasibility Study, execution of our early works program and planning for project execution and operational readiness. Geopacific remains fully committed to successfully delivering the Woodlark Gold Project to the benefit of its shareholders and all stakeholders".

Greg Caione, Managing Partner of Sprott 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."

Term Sheets - Indicative Terms

The Term Sheets are non-binding and subject to satisfactory completion of due diligence, final Investment Committee approval by Sprott and completion of final finance documents. The Company is targeting final credit approval in Q4 2020 and closing in Q1 2021 to align with the target date for commencement of construction. The indicative key terms are outlined below:

US\$85 MILLION PROJECT FINANCE FACILITY	
Key Term	Description
Facility Amount	US\$85 million.
Term	5.25 years.
Interest	Interest rate of 3-month LIBOR plus 6.25% to 7.25% per annum. 75% of interest costs capitalized to principal for 23 months.
Gold Price Participation Agreement	Commencing with gold production, a gold price participation payment of 2,500 ounces per month to a total of 100,000 ounces. Payment is calculated based on the differential between the average LBMA gold price for the month subject to a minimum gold price of US\$1,750 per ounce and a reference gold price of US\$1,475 per ounce.
Amortisation	Fully amortised commencing 24 months following the Closing Date through to maturity.
Break Fee	A break fee is in place in relation to the arrangement.
Hedging	No mandatory hedging required. Discretionary hedging on gold and foreign exchange subject to Sprott's consent.
Security	Secured on first ranking basis, secured by all present and after-acquired properties, assets and undertakings of the Credit Parties.

US\$15 MILLION CALLABLE GOLD STREAM	
Key Term	Description
Amount & Percentage	US\$15 million as a prepayment for 3.3750% of the gold production, until 30,000 ounces of gold have been delivered. <ul style="list-style-type: none"> • Gold Stream reduces to 1.6875% of gold production thereafter. • Fully advanced on Closing.
Payments	Ongoing payments of 30% of the spot gold price.
Buyback Option	Full buyback option, where the Company may elect to terminate the entire stream at the maturity of the Project Finance Facility, and for a 6-month period thereafter, for US\$15 million.
Break Fee	A break fee is in place in relation to the arrangement.

CONDITIONS PRECEDENT

Subject to satisfaction of customary conditions, including:

- Completion of a minimum equity raise.
- Receipt of all necessary permits, leases and licenses required for the Woodlark Gold Project.
- Execution of all material construction, supply and operating contracts.
- Final and complete definitive documentation for the Woodlark Facilities.
- Receipt of all necessary shareholder and regulatory approvals.

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.

This announcement was authorised by the [Board](#) of Geopacific.

Contact

For further information, please visit www.geopacific.com.au or contact Mr Ian Clyne, Chairman.

Company details	Board and Management	Projects
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