

6 February 2017

Geopacific Resources (GPR) BUY Share Price: A\$0.038

Depth extension to add significant ounces at Busai Target Price: A\$0.10

Geopacific Resources (GPR) has released further drill results from Woodlark, confirming a significant depth extension to the Busai deposit. The fourth drill hole of the new program has returned two wide zones of mineralisation, being 22m at 2g/t from 126m & 23m at 1.8g/t from 152m. This equates to another impressive, broad intersection of 49.1m at 1.71g/t Au from 126m. Given the existing pit shell at Busai is constrained by the lack of drilling to just 65m depth, these new results are likely to push the open pit design deeper and add significant tonnes/ounces to the resource & reserve. This is just one opportunity being focused on by GPR, with drilling also now underway with two rigs at the higher grade Kulumadau deposit. The combination of infill and extensional drilling at both these deposits is expected to upgrade a large part of the c.800koz inferred resources sitting below & immediately adjacent to the current reserve-constrained open pit shells. GPR continue to target the growth of the 770koz reserve to 1.2Moz in order to earn 51% interest in Woodlark, with additional milestones expected to lift GPR's ownership to 80%. Maintain BUY.

Multiple holes now show depth extension at Busai

- Broad zone totalling 49.1m at 1.71g/t from 126m, consistent with recent results including 92m at 1g/t
- Multiple holes now show mineralisation continues below the current 65m deep pit design in the south-west section of the deposit; further drilling expected to confirm this trend within other areas of the deposit
- Confirmation of re-evaluated geological model at Busai

770koz of inferred resources being targeted

- Drilling is underway with three rigs; one at Busai & two at the higher grade Kulumandau deposit
- 770koz of inferred resources identified either within or immediately adjacent to current open pit designs
- Infill & extensional drilling to upgrade inferred resources into reserves to deliver larger, lower strip ratio open pits
- Busai hosts total resources of 23.1Mt at 1.4g/t (1Moz) including inferred of 8.8Mt at 1.3g/t for 370koz
- Steady release of assay results over coming months; updated feasibility & reserve due in 2H CY17

PT (1xP/NPV) of \$0.10/sh (unchanged)

- Our price target is set inline with our NPV which assumes a 100kozpa project for 12yrs, 15% discount rate and flat US\$1,200/oz gold price.

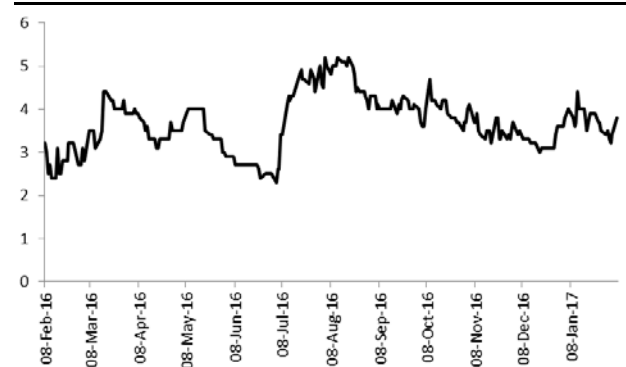
Company Data

Shares – ordinary (M)	1,156m
Market capitalisation (\$M)	\$44m
12 month low/high (\$)	\$0.023 / \$0.054
Average monthly turnover (M)	15.6m
GICS Industry	Diversified Metals & Mining

Financial Summary (fully diluted/normalised)

Year end June	2016F	2017F	2018F	2019F	2020F
Revenue (\$M)	0.0	0.0	0.0	62.2	141.8
Costs (\$M)	2.0	2.0	3.5	31.4	69.8
EBITDA (\$M)	-2.0	-2.0	-3.5	30.8	72.0
NPAT (A\$M)	-1.7	-1.8	-3.1	17.4	34.7
EPS (cps)	-0.2	-0.1	-0.2	1.1	2.1
EPS Growth (%)	>100	-28.5	72.5	669.6	99.3
PER (x)	na	na	na	4.0	2.0
Cashflow (A\$M)	-1.7	-1.8	-3.1	27.8	57.9
CFPS (c/sh)	-0.2	-0.1	-0.2	1.7	3.5
PCFPS	na	na	na	2.5	1.2
EV	38	48	99	167	116
EV/EBITDA	-18.8	-24.2	-28.2	5.4	1.6
DPS	0.0	0.0	0.0	0.0	0.0

GPR – performance over one year



Disclosure and Disclaimer

This report must be read with the disclosure and disclaimer on the final page of this document. Petra Capital Pty Ltd acted as bookrunner and Lead Manager for GPR's placement of \$15m at A\$0.043/share on 18 August 2016, for which a fee was received.

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Analysis

Geopacific Resources (GPR)								Share Price (\$)				0.04						
25-Jan-17								Iss. Shares (current) (M)				1152.3						
Year End 31 Dec								Iss. Shares (diluted) (M)				1735.3						
A\$								Unlisted Options (M)				0.0						
PROFIT & LOSS								Mkt Cap. (\$M)				48.4						
		2015A	2016F	2017F	2018F	2019F	2020F	RESOURCES INVENTORY				2015A	2016F	2017F	2018F	2019F	2020F	
Sales Revenue	\$M	0.0	0.0	0.0	0.0	62.2	141.8	Mining Inventory										
Other Income	\$M	0.1	0.0	0.0	0.0	0.0	0.0	Tonnes	Mt	0.0	0.0	19.0	19	18	16			
Operating Costs	\$M	1.9	2.0	2.0	3.5	31.4	69.8	Grade	g/t	0.0	0.0	2.0	2.0	2.00	2.00			
Exploration	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Contained Gold	oz	0	0	0	1,221,728	1,170,287	1,054,544			
Other	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Resources										
EBITDA	\$M	(1.9)	(2.0)	(2.0)	(3.5)	30.8	72.0	Tonnes	Mt	0.0	0.0	45	45	44	43			
Dep. & Amort.	\$M	0.1	0.0	0.0	0.0	3.0	15.7	Grade	g/t	0.0	0.0	1.5	1.5	1.5	1.5			
EBIT	\$M	(2.0)	(2.0)	(2.0)	(3.5)	27.9	56.3	Contained Gold	oz	0	0	0	2,174,998	2,123,557	2,007,814			
Net Interest	\$M	0.0	(0.3)	(0.2)	(0.4)	3.0	6.7	PRODUCTION (100%)										
Pre-Tax Profit	\$M	(2.0)	(1.7)	(1.8)	(3.1)	24.9	49.6	Ore Milled	Mt	0.00	0.00	0.00	0.00	0.8	1.8			
Tax	\$M	0.0	0.0	0.0	0.0	7.5	14.9	Grade	g/t	0.0	0.0	0.0	0.0	2.0	2.0			
Minorities	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Recovery	%	0%	0%	0%	0%	90%	90%			
Net Profit	\$M	(2.0)	(1.7)	(1.8)	(3.1)	17.4	34.7	Gold Produced	oz	0	0	0	0	46,297	104,168			
Abnormal	\$M	0.0	0.0	0.0	0.0	0.0	0.0	REVENUE (attributable)										
Reported Profit	\$M	(2.0)	(1.7)	(1.8)	(3.1)	17.4	34.7	Woodlark	\$M	0.0	0.0	0.0	0.0	62.2	141.8			
Dividends Paid	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Other	\$M	0.0	0.0	0.0	0.0	0.0	0.0			
Adjustments	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Total	\$M	0.0	0.0	0.0	0.0	62.2	141.8			
Retained Earnings	\$M	(14.0)	(15.8)	(17.5)	(20.6)	(3.2)	31.6	COSTS (attributable)										
CASH FLOW								Cash costs				A\$/oz	0	0	0	754	796	
Revenue	\$M	0.0	0.0	0.0	0.0	62.2	141.8	All in sustaining costs	A\$/oz	(7.5)	0	0	0	830	863			
Costs	\$M	(1.7)	(2.0)	(2.0)	(3.5)	(31.4)	(69.8)	Cash costs	US\$/oz	0	0	0	0	543	561			
Net Interest	\$M	0.0	0.3	0.2	0.4	(3.0)	(6.7)	All in sustaining costs	US\$/oz	0	0	0	0	598	608			
Tax Paid	\$M	0.0	0.0	0.0	0.0	0.0	(7.5)	Cash costs	\$M	0.0	0.0	0.0	0.0	27.9	66.3			
Gross Cash Flow	\$M	(1.7)	(1.7)	(1.8)	(3.1)	27.8	57.9	Other/corporate	\$M	0.0	2.0	2.0	4	4	4			
Net Capex	\$M	(0.0)	0.0	0.0	(69.3)	(90.7)	(2.8)	Total	\$M	0.0	2.0	2.0	3.5	31.4	69.8			
Exploration	\$M	(10.8)	(15.0)	(8.0)	(8.0)	(5.0)	(5.0)	CAPEX (attributable)										
Dividends	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Woodlark	\$M	0.0	0.0	0.0	69.3	90.7	2.8			
Other	\$M	(5.0)	0.0	0.0	0.0	0.0	0.0	Other	\$M	0.0	0.0	0.0	0.0	0.0	0.0			
Free Cashflow	\$M	(17.5)	(16.7)	(9.8)	(80.4)	(67.8)	50.1	Total	\$M	0.0	0.0	0.0	69.3	90.7	2.8			
Equity Issues	\$M	25.4	15.0	20.0	30.0	0.0	0.0	DEPRECIATION (attributable)										
Net Borrowings	\$M	(0.1)	0.0	0.0	50.0	50.0	(20.0)	Woodlark	\$M	0.0	0.0	0.0	0.0	3.0	15.7			
Net Investments	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Other	\$M	0.0	0.0	0.0	0.0	0.0	0.0			
Surplus Cash Flow	\$M	7.8	(1.7)	10.2	(0.4)	(17.8)	30.1	Total	\$M	0.0	0.0	0.0	0.0	3.0	15.7			
BALANCE SHEET								EBITDA (attributable)										
Cash	\$M	12.6	10.9	21.1	20.7	2.9	32.9	Woodlark	\$M	0.0	-2.0	-2.0	-3.5	30.8	72.0			
Other Current	\$M	0.8	0.0	0.0	0.0	0.0	0.0	Other (incl. writedowns)	\$M	0.0	0.0	0.0	0.0	0.0	0.0			
Total Current	\$M	13.3	10.9	21.1	20.7	2.9	32.9	Total	\$M	0.0	-2.0	-2.0	-3.5	30.8	72.0			
Fixed Assets	\$M	0.2	0.2	0.2	69.5	157.2	144.3	HEDGING (attributable)										
Exploration	\$M	26.2	41.2	49.2	57.2	62.2	67.2	Gold hedged	oz	0	0	0	0	0	0			
Intangibles	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Hedged price	US\$/oz	0	0	0	0	0	0			
Other	\$M	8.6	9.4	9.4	9.4	9.4	9.4	Hedged price	A\$/oz	0	0	0	0	0	0			
Total NC Assets	\$M	34.9	50.7	58.7	136.0	228.7	220.8	Sales hedged	%	0%	0%	0%	0%	0%	0%			
TOTAL ASSETS	\$M	48.2	61.5	79.8	156.7	231.6	253.8	Ave. deliverable price	US\$/oz	1160	1247	1215	1220	1210	1200			
Total Debt	\$M	0.0	0.0	0.0	50.0	100.0	80.0	Ave. deliverable price	A\$/oz	1,541	1,677	1,642	1,671	1,681	1,702			
Current Liab	\$M	1.1	1.1	1.1	1.1	8.6	16.0	ASSUMPTIONS										
Non Current Liab	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Exchange Rate	A\$/US\$	0.75	0.74	0.74	0.73	0.72	0.71			
TOTAL LIAB	\$M	1.1	1.1	1.1	51.1	108.6	96.0	Gold Price	US\$/oz	1160	1247	1215	1220	1210	1200			
NET ASSETS	\$M	47.1	60.4	78.6	105.6	123.0	157.7	Gold Price	A\$/oz	1541	1677	1642	1671	1681	1702			
SH/HLDRS FUNDS	\$M	47.1	60.4	78.6	105.6	123.0	157.7	Silver price	US\$/oz	15.71	17.09	19.50	20.00	20.00	20.00			
RATIO ANALYSIS								90 day Bank Bills	%	2.26	2.14	2.09	2.09	2.09	2.09			
EPS	¢	(0.3)	(0.2)	(0.1)	(0.2)	1.1	2.1	10 Yr Bond rate	%	2.71	2.38	2.78	2.78	2.78	2.78			
PER	x	na	na	na	na	4.0	2.0	Interest Rate Charged	%	6.00	6.00	6.78	6.78	6.78	6.78			
EPS Growth	%	>100	>100	(28.5)	72.5	669.6	99.3	VALUATION (fully diluted) at 15% discount rate										
EBITDA per share	¢	-0.2	-0.2	-0.1	-0.2	1.9	4.4	Woodlark (80%)						130.0	\$	0.07		
EBITDA Multiple	x	-17.7	-24.2	-34.7	-19.8	2.3	1.0	Exploration						30.0	\$	0.02		
EV/EBITDA	x	-11.1	-18.8	-24.2	-28.2	5.4	1.6	Corporate / Other						(14)	\$	(0.01)		
CFPS	¢	(0.2)	(0.2)	(0.1)	(0.2)	1.7	3.5	Net Cash (Debt)						21.1	\$	0.01		
PCFR	x	na	na	na	na	2.5	1.2	Total						167.0	\$	0.10		
DPS	¢	0.0	0.0	0.0	0.0	0.0	0.0											
Yield	%	0.0	0.0	0.0	0.0	0.0	0.0											
Franking	%	0	0	0	0	0	0											
Payout Ratio	%	0%	0%	0%	0%	0%	0%											
Gearing D/E	%	na	na	na	27.8	79.0	29.8											
Interest Cover	x	0.0	7.4	8.8	8.0	9.4	8.4											
EBITDA Margin	%	na	na	na	na	49.5	50.8											
EBIT Margin	%	na	na	na	na	44.8	39.7											
Return On Assets	%	(4.1)	(3.2)	(2.5)	(2.2)	12.0	22.2											
Return On Equity	%	(4.2)	(2.9)	(2.3)	(2.9)	14.2	22.0											
Eff Tax rate	%	0	30	30	30	30	30											

Source: Petra Capital

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