



Barry Fitzgerald
Resource Editor

Goldminers near deal - 11 July 2016

The trading halts in **Geopacific Resources** and **Kula Gold** have got the matchmakers thinking the pair are about to strike a deal on Kula's gold project on Woodlark Island in Papua New Guinea.

Geopacific said its trading halt was related to a proposed acquisition while Kula said its halt was because it had concluded a significant agreement related to the Woodlark project. No prizes for the matchmakers if they are on money, assuming a deal between the pair is confirmed today.

It is amazing that Kula has been overlooked in the last 18 months while everything else gold related on the ASX has been off partying. It last traded at 3.3c a share for a market value of \$11m.

That is on the real mean side of things given the Woodlark project comes with a 2.1 million ounce resource, including a mining reserve of 766,000 ounces. A study back in 2012 pointed to a \$160m development capable of producing more than 100,000 ounces of gold annually at a life-of-mine cash cost of \$US812 an ounce.

The reason why Woodlark is not already in production is obvious enough — the capital cost is a big ask for an \$11m company, even if the project is all set to go with a mining licence secured, and judging from a distance, the support of the local population and the PNG government.

Geopacific is not much bigger than Kula. It last closed at 3.4c for a market capitalisation of \$27.2m. That also looks to be on the mean side of things, not because of the pending deal with Kula, but for the company's advanced Kou Sa copper/gold project in Cambodia, and its fast growing potential to become a gold producer in Fiji.

Kou Sa got a move along last week ahead of the trading halt. Geopacific announced a maiden resource of 51,000 tonnes of copper equivalent, with exploration upside to come, at prospects 150 and 160 which contain the resource estimate, and the epithermal gold discovery at prospect 190.

Geopacific is headed by Milan Jerkovic who has the ear of the market. So if he is taking Geopacific in the Woodlark project as a near-term development opportunity, he is bound to be able to secure the equity/debt support needed to make it a reality.

As mentioned in this space back in 2012 — Kula was riding high then with a market capitalisation of \$88m — gold on Woodlark Island comes with a rich history dating back at least to 1895.

That's when the Woodlark goldfield on the island of the same name, in what was then British New Guinea, was first officially declared a goldfield, leading to the swashbuckling alluvial gold rush there of 1895-1900. By the time the goldfield fell silent at the start of World War I, some 220,000 ounces of "official" gold production had been recorded.

Apart from some military action in World War II when US General Douglas MacArthur was busy reclaiming the Pacific and used Woodlark as a launching pad, the island went in to a deep slumber from an exploration point of view until the 1970s.