

Geopacific takes on Woodlark Island gold

Wednesday, 13 July 2016
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AUSTRALIAN juniors Geopacific Resources and Kula Gold have signed a \$A18.65 million farm-in deal over the Woodlark Island gold project in Milne Bay Province.

Geopacific will earn up to 75% by spending the cash in stages over the next 3.5 years.

The company's aim is to boost the current ore reserve of 766,000 ounces to more than 1.2 million ounces of gold.

Geopacific managing director Ron Heeks said that would give the project a 10-year mine life at 120,000oz per annum.

The 2012 feasibility study envisaged a nine-year life at capital costs of more than \$200 million for a payback period of four years.

"The mine life wasn't long enough to allow that to be a bankable option," Heeks told PNGIndustryNews.net sister publication MiningNews.net.

Woodlark Island has a current resource of 45.1 million tonnes at 1.5 grams per tonne gold for 2.1Moz gold.

Geopacific's focus will be infill drilling, as well as rejigging the economics, given the previous numbers were calculated at the top of the market.

"It's really about rebasing costs," Heeks said.

The deal provides Kula with a path to production, which could occur relatively quickly if Geopacific is successful.

"The great thing is that the project is fully permitted," Heeks said.
"You could build the project as it stands.

"It's probably the last fully permitted multimillion ounce unmined gold deposit sitting there [in PNG]."

Geopacific has the opportunity to move to an 80% stake in the project by securing financing.

The company has the full support of its major shareholders, Resource Capital Funds and Tembo Capital.

The company is also focused on its Kou Sa copper-gold project in Cambodia, as well as gold exploration in Fiji.



Geopacific Resources managing director Ron Heeks