



I've just come back from Woodlark and it's a great place. It's got huge potential. Logistically, it's got some issues, and I'll go through those, but they're generally all pretty good. We announced that we would be looking at Woodlark in July this year and we have been in phase one of a three-phase transaction on the project. We announced today that we've completed phase one, which was our DD phase, and that we're now moving into phase two, so it's all roads ahead for us at the moment and I look forward to giving you the good news on this. Hopefully you'll agree that we can make it work and we look forward to having excellent cash profiles. It's a good story.

## Geopacific Resources

### Presentation to the Sydney Mining Club

RON HEEKS, MANAGING DIRECTOR



1

**W**here are we? Currently, we're exploring in three places: the Asia-Pacific is where we work and it's where we've worked for quite a long time with our team. We're currently drilling in Cambodia and we've just finished a drill program in Fiji, but our major focus will be the Woodlark project. It's a company-making project with huge potential and a lot of upside ... a lot of upside.

#### Corporate snapshot

The board is very important because one of the differentiating things about Geopacific is the team. It's a very good team – a strong team that has worked together a lot in the past. Our non-executive chairman, Milan Jerkovic, and I go back many, many years. We've known one another for about 40 years now, and have worked together on three separate occasions. Mark Bojanjac and I have worked together over about seven years now; this is the second occasion we've worked together. Mark's last gig was Adamas, and a 1.8-million-tonne-per-annum gold build in Ghana that we worked on together, as well as Gilt-Edged Mining, Buru Energy in Mongolia and Dragon Mountain in China.

Ian Clyne has also just joined our board. Ian and I have known one another for a couple of years and I've always had a lot of time for his ability. He is an ex-banker who ran the Bank of South Pacific

## Production focused, Asia-Pacific specialists



THE PATH TO PRODUCTION AT WOODLARK

GEOPACIFIC  
RESOURCES LIMITED

## Corporate Snapshot (ASX:GPR)

Board	
Milan Jerkovic	Non-Executive Chairman
Ron Heeks	Managing Director
Mark Bojanjac	Non-Executive Director
Ian Clyne	Non-Executive Director

Capital Structure projected as at 11 October 2016	
Fully diluted no. of shares	1.06bn
Market Cap @ \$0.043	\$45m
Cash	\$13.5m
Shareholding – top 20	85%
Resource Capital Funds shareholding	32%
Tembo Capital shareholding	27%

THE PATH TO PRODUCTION AT WOODLARK

GEOPACIFIC  
RESOURCES LIMITED

## Expertise and ability to deliver

### Board and senior management team has successfully:

- Built over 10 mines in 6 countries
- Built and operated mines in remote areas including a small island
- Managed large portfolios of projects with impressive results

### Ron Heeks:

- Geologist with over 30 years of experience delivering projects from exploration into production
- Significant expertise of working in Asia
- Example – Technical Manager at Straits Asia responsible for turnarounds at Mt Muro gold mine and Sebuiku coal mine

### Regional capability with a specialist field team:

- Expertise in exploration and development of gold projects in island arc environments
- Team has worked with Ron Heeks for over 15 years
- High-quality geological results in challenging areas

THE PATH TO PRODUCTION AT WOODLARK

GEOPACIFIC  
RESOURCES LIMITED

based at Port Moresby for 10 years, and took it from a small regional bank into a world-class bank, and now the predominant bank in the area. Ian joins the board as of today, and he will bring a huge amount of PNG skills to the team. We currently have \$13.5 million in the bank, and we're funded to move through the next phase of the project at Woodlark. Significantly, our major shareholders here are RCF and Tembo. RCF has been with us for a long time, and Tembo came onboard about 18 months ago. They are excellent shareholders; very supportive. You'll see that their shareholdings are significant, but they don't have anybody on the board, and I think that is a demonstration of what they think of us and how they trust us.

## Expertise and ability to deliver

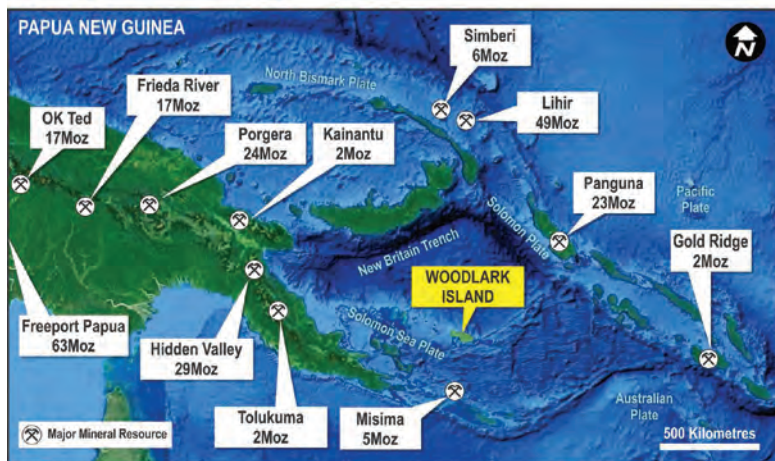
Between us, we've built over 10 mines in six different countries, in three different commodities. So, we have a lot of experience in taking projects through exploration and development, and actually running and optimising them. Several of those operations were old mines that needed reworking and bringing online, and some of them were brand-new discoveries.

Significantly, we've worked in remote areas before. Milan and I certainly worked extensively in Indonesia, where we restarted the Mount Muro exploration. It was quite logistically challenged; everything had to come 600 kilometres up a river, and that river only flowed for nine months of the year. You never really knew when those nine months were going to be. We've also run a mine on an island – in fact, on an island off an island, off an island. And that has given us the ability to realise the potential of actually being on an island. There are very few things that are negative about it, and we'll talk a bit more about that later.

Our team on the ground, my Indonesian field team, has worked for me for well over 15 years, in many countries: Mongolia, Ghana, Australia, extensively throughout Indonesia and the islands. Working with the social aspect in these



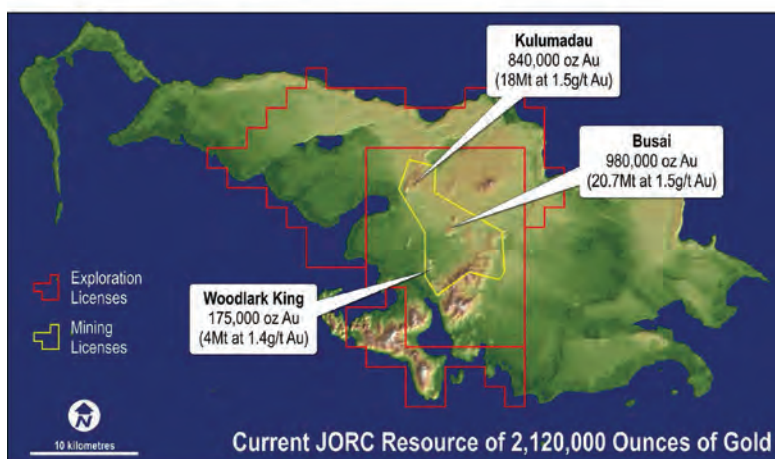
## "Elephant country"



5 THE PATH TO PRODUCTION AT WOODLARK



## Woodlark Gold Project



6 THE PATH TO PRODUCTION AT WOODLARK



### Earn-in transaction to acquire up to 80% of Woodlark Gold Project from Kula Gold Limited

Tranche 1	Max spend \$650K	Review project Create development plan Elect to proceed to Tranche 2 to earn 5%
Decision to proceed announced 5 October 2016		
Tranche 2	Max spend \$8M	Achieve 1.2Moz gold reserve target to earn 51%
Development drilling begins in November 2016		
Tranche 3	Max spend \$10M	Achieve DFS target to earn 75% Raise all finance to earn 80%

\* Decision to proceed requires Geopacific to 1% of Woodlark, which will be issued on execution of the normal agreements that are in the process of being finalised. The Binding Term Sheet remains in place with no changes to the transaction.

7 THE PATH TO PRODUCTION AT WOODLARK



sorts of areas is probably the most important thing that you can do.

## 'Elephant country'

Where are we? It really is elephant country. We currently sit here with two million ounces of resources, and you'll see that two million ounces in that part of the world is really quite insignificant compared to what's around us. We've currently got operating mines at Simberi and Lihir just up the road. Misima was a very successful operation, which is now closed down due to ore depletion. And you'll see that it's a part of the world where people can operate, and can operate very successfully. The government is very on side – it wants mines, so it's a very pro-mining environment. With the \$15 million that we've just raised, we've got the money to move this project forward.

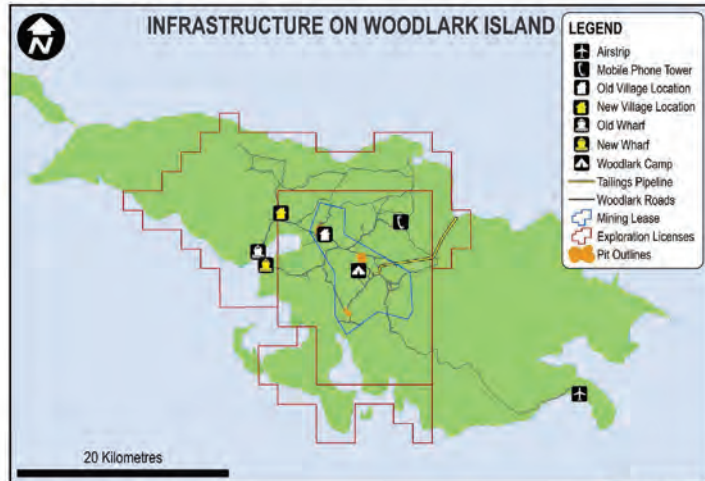
## Woodlark gold project

The island itself is 70 kilometres long, and about 20 kilometres wide, and there are 6000 people on the island. It is quite a young population there, as well, and they all speak English.

There's been mining on the island in a limited way since the 1880s, so it's nothing new to the people who are there. There's been nothing substantial for the last 70 or 80 years, but exploration has been taken on by various parties over the last 10 or 15 years, so there's a very large skill set on the island that will form the basis of the workforce moving forward. We were very, very impressed by the abilities of the local people, and also some of those who want to return but haven't been able to find work on the island. So, we've got a good local skill set.

They're also the nicest people you will meet. Wherever we went, everybody said, 'You are so lucky to be on Woodlark Island; they're the nicest, friendliest people you will ever meet in PNG'. We do have to move a village there. This is always a significant issue. There are about 500 people that we have to move. I've moved up to 5000, so 500 is not that bad. They're happy to go; they realise the greater benefit of income

## Infrastructure



THE PATH TO PRODUCTION AT WOODLARK

GEOPACIFIC  
RESOURCES LIMITED

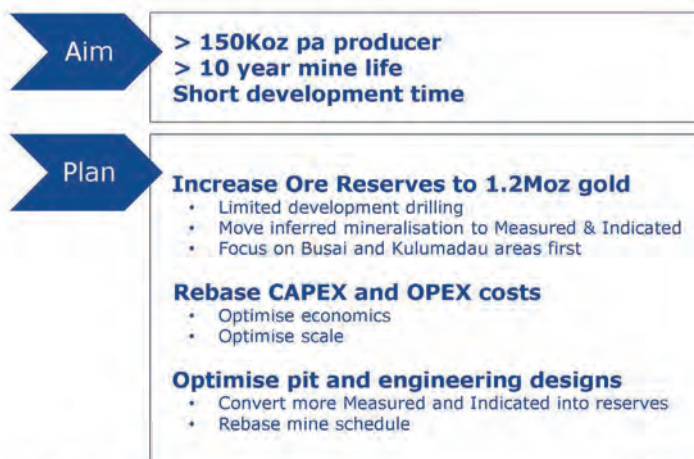
## "Birds eye" view of Woodlark



THE PATH TO PRODUCTION AT WOODLARK

GEOPACIFIC  
RESOURCES LIMITED

## Development plan



THE PATH TO PRODUCTION AT WOODLARK

GEOPACIFIC  
RESOURCES LIMITED

for the village. There is one car on the island that is not owned by us, and the only way that they can move forward is to actually get some income. Everyone wants to send their kids to high school on the mainland, so they're happy to look at the greater benefit of income knowing that life's going to be better. They've been extremely good in that. I was incredibly impressed by how well that went.

There are three major deposit areas, and each one of those has several deposits within it. Most of the resources at the moment are sitting at Kulumadau and Busai, with a smaller area at Woodlark King, which has huge upside potential, but needs a lot more work.

The topography is very good. There's one line of hills through the middle of the island. The rest of it is fairly flat and the two deposits that we're mainly talking about today, Kulumadau and Busai, are both low hills that stick out through a thin veneer of what was a coral layer, locally called a 'coronus'. It's excellent material to use for construction and roads, but it's not particularly good to explore over because geochemistry doesn't look through it.

Recently, it's been shown that geophysics does – both IP and magnetics do penetrate – so we see extending the mineralisation along strike under this coronus material as relatively easily done. Unlike most of the islands that you see in the Pacific, it is quite flat, so it's easy to get around, logistically.

## Earn-in transaction

The deal that we've done on the 2.1-million-ounce resource that's there at the moment is a three-tranche deal. We have just completed tranche one, which was to spend \$650,000, or thereabouts (max spend), in order to earn five per cent of the project, and we will earn that five per cent once legal's completed and that's in process at the moment, but we have elected to proceed. We've completed our DD; we were very comfortable with everything we saw. We see the potential as being quite large.

Tranche two is where we move to 51 per cent of the project. We do this

8

9

10



## Benefits & Issues of working on Islands

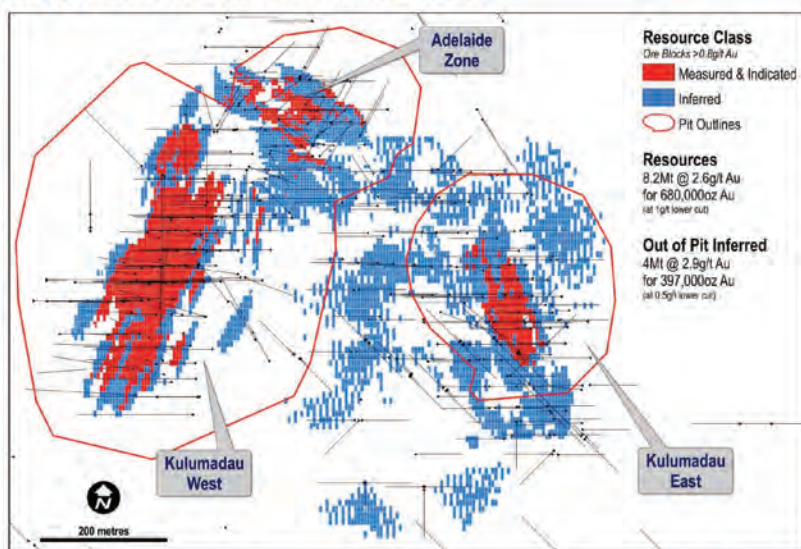
Benefits of Islands	<p>Delivery by barge and landing craft Direct delivery, no re-handling of goods Bulk purchase consumables, economies of scale Closed environment Limited interference</p>
Issues of Islands	<p>FIFO workforce Logistical challenges</p>

THE PATH TO PRODUCTION AT WOODLARK



11

## Resources at Kulumadau area



THE PATH TO PRODUCTION AT WOODLARK



12

by achieving 1.2 million ounces in gold reserve. There's currently about 800,000 sitting in reserve, so our task is really quite simple: we convert another 400,000 ounces from the 2.1-million-ounce resource into reserve and move forward to 51 per cent ownership. Once we've completed the definitive feasibility study (DFS) on that we move to 75 per cent of the project, and if we fund the project in entirety we move to 80 per

cent. At that point, Kula Gold will have 15 per cent of the project and the PNG Government will have five per cent. And the five per cent that the government earns is a participating interest, so they have to pay five per cent of the sunk capital to set their share, and that goes to Kula.

We don't see completing the DFS as a major task. The project is already fully permitted. It has a complete DFS on the

current configuration, and that includes a fully permitted offshore tails pipeline, and all the social and environmental work has been done. There's some reconfiguring. What we're about doing is making the mine life longer and a little bit more robust.

## Infrastructure

There's an airstrip down on the south-west corner. That's a World War II airstrip put in by the Americans during the war. It hasn't been touched much since World War II, and it's in absolutely pristine condition. It's made out of this coronus layer. There's a full 80-man camp, lots of equipment on site, two major deposits at Kulumadau and Busai, a small village there and a mobile phone tower. There is a current port facility shown, which was built by the company. We will actually build a new port facility on the other side of the bay as we move forward.

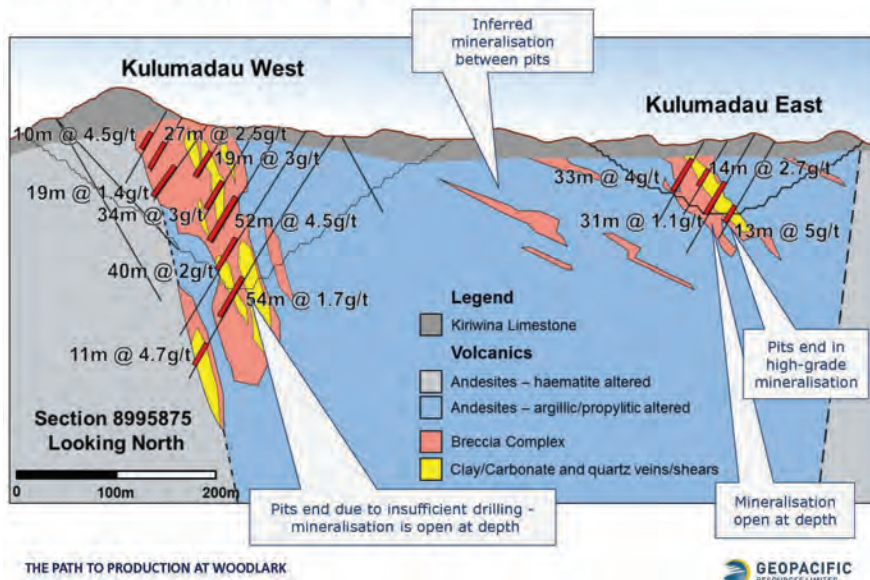
You can see in this slide (slide 8) the location of the port, Kulumadau and Busai deposits, and the mobile phone tower. It is evident that topography will not be an issue, and logistics are excellent.

## Development plan

Our aim with this project is pretty simple. We want to make it a 150,000-ounce-per-annum producer. Certainly in the short term I think it has potential to be more than that. We see an initial 10-year mine life. The development time we see is very small. As I say, we already have 800,000 ounces in the bag, and we only need another 400,000 ounces to get to the next tranche of our deal. At that point, we start building. The DFS will follow along concurrently, and we've got engineers and metallurgists working on it at the moment. There have been millions of dollars spent on metallurgical test work, and there's been tens of millions of dollars spent of engineering studies, geotechnical studies and the like. So, not much of that has to be reinvented. We will probably reconfigure the mill.

We have to do a limited amount of development drilling. We're moving rigs

## Cross section at Kulumadau area



13

to site in mid-November, and we'll be into that with a three-drill rig program. We'll start two rigs this year – a diamond rig and an RC rig – and fire up the third rig in early January. The field team will be on the ground in late October and early November to get ready for

this, and we'll be drilling intensively for six months, looking at putting out an updated resource reserve statement mid next year. At that point, we would expect the DFS to follow along quite shortly. As soon as we see that 1.2 million ounces, we're into a build scenario. We

see the build being relatively easy. Our experience in Cambodia and Asia has taught us lots of things over the years. It will be an Asia-based build and that is so extremely cost effective.

## Benefits and issues of working on islands

One of the benefits of being on an island is that you can pre-fab very large sections and put them on barges. You're not constricted to 30-tonne loads on trucks, so you can bring in big sections on barges, move the things to site and glue them together once you get there. It also means that you bring in all your logistics in bulk. This project, like most gold projects, will use something like 20 million litres of diesel a year. We will bring two million litres in a month, in one load, via tanker: much, much cheaper than bringing in 30/60-tonne truckloads a thousand kilometres up a road. So, there are good savings to be had being on an island. The other benefit is that you're also controlling the social environment, and I'm sure that as most people are aware, your social licence to operate in these areas is really what it's all about. If you get that wrong, you're going to have problems. When you've got a closed cell, then you're controlling your own destiny, you're not affected by other people who can just turn up and cause you trouble. The only way they can get to the island is if you take them there.

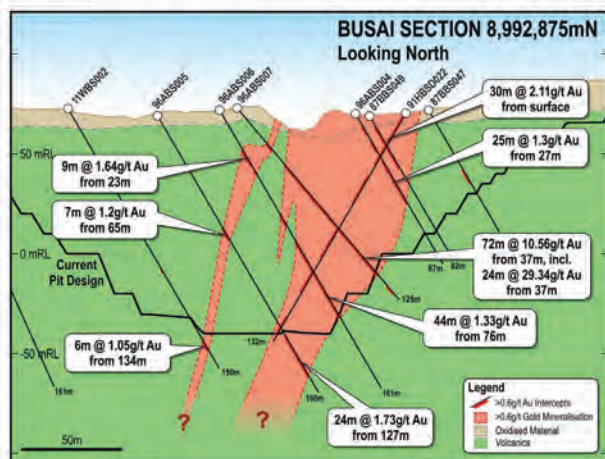
So, there's lots of benefits to being on an island, apart from the fact that the vast majority of our workforce is already there, and they want to be there. So, we're not going to be stocking this full of expats: it's not something that we do. In Indonesia, between three mines we had 5000 employees, six of whom were expats. So there's no reason to stock this full of expats – particularly in a place like PNG where you've got 40–50 years of mining history. You've got a lot of skills already in the country and a lot of people who want to be in that country. There's a huge potential workforce out there, and quite a few who are sitting around at home wondering what they're going to do next because they've been caught up in the general industry downturn.

**“** Re-looking at the economics should move us along at a fairly good rate. And then we look at re-optimising the pit. Strip ratios will change. We will change some of the engineering; it's looking like there's huge potential to decrease power significantly by putting scrubbers in at the front end of the plant. Because a large percentage of the material here is clay, that will significantly lower power costs, and it all adds to the overall economics of the project

**”**



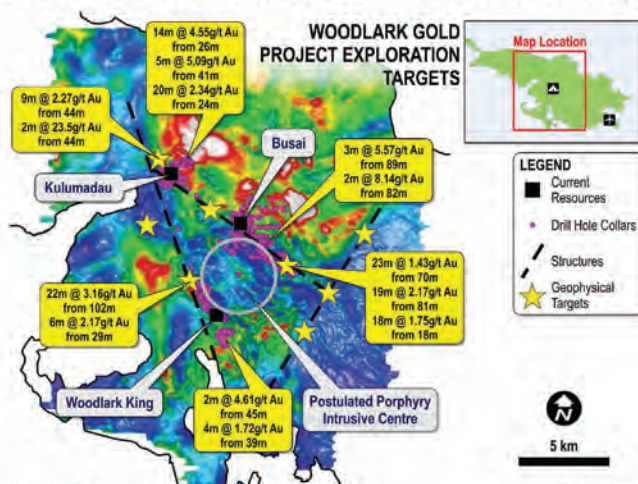
## Cross section at Busai area



THE PATH TO PRODUCTION AT WOODLARK

GEO PACIFIC  
Resources Limited

## Significant exploration potential... "Elephant country"



THE PATH TO PRODUCTION AT WOODLARK

GEO PACIFIC  
Resources Limited

## Investment opportunity

- Experienced management team with a track record of delivering mines
- Development ready project
- Large resource base with exploration upside
- Major institutional support

THE PATH TO PRODUCTION AT WOODLARK

GEO PACIFIC  
Resources Limited

## Resources at Kulumadai area

How do we do this, and how do we move it forward? We get to 1.2 million by development drilling, and what we're really looking at here is just infilling current areas. We don't have to find anything new. There's a lot of inferred and there's a lot of measured and indicated nearby the current pits that we just have to move into measured and indicated. We'll do this by infilling to increase the JORC standard from the inferred to take it up to measured and indicated, but also we'll rebase the economics of the project, which were all done at 2012 highs, so all the costs are top-of-the-market highs, done unfortunately at that period when there was no choice. We are now in a totally different scenario. Oil, for instance, is half the price it was at the time, and power is 55 per cent of our costs. So, reducing the oil price already gives you significant savings. Most other things have come down, as I'm sure we're all aware, let alone building costs. So, rebasing the Opex also allows us to move lower-grade material that's currently sitting in the pits and not making it into reserve. By bringing that material in, we have the double effect of increasing the resource reserve base, but also significantly lowering the strip ratio.

Re-looking at the economics should move us along at a fairly good rate. And then we look at re-optimising the pit. Strip ratios will change. We will change some of the engineering; it's looking like there's huge potential to decrease power significantly by putting scrubbers in at the front end of the plant. Because a large percentage of the material here is clay, that will significantly lower power costs, and it all adds to the overall economics of the project.

I talked a little bit about islands; one of the big things is just getting logistics there. If you're not used to it, it seems a bit daunting, but when you've been doing it a lot – we used to move six million tonnes a year of coal around Indonesia by barge, and we supplied entire operations by barge – it's actually a very effective way of moving things

around. Big tonnages only require small numbers of people to move them. On an LCT, you've got a couple of people, using about the same fuel as a truck, except you've moving 2000 tonnes' worth at a time. You can move big pieces, so it allows prefabrication offshore, so construction costs on site are kept to an absolute minimum, and you can bulk purchase your consumables. So, it really does give you economy of scale.

Other issues: the negative is that it's FIFO, but really, who isn't? The real secret is to make sure that the amount of people that you're FIFOing is at an absolute minimum, and because a large percentage of our workforce will be on the island, that works in our favour as well.

And then you have the logistical challenges. It took the guys at Simberi a while to get it right, but once they got it right they started making good money really quite quickly. Luckily, the team has done a lot of this in the past.

### Cross section at Kulumadau area

The secret of how we're going to move forward is in looking at the pits themselves. As I say, we're not looking at trying to find anything new. This is Kulumadau area, and this is an old caldera. The east zone was discovered quite recently in the scheme of things, while sterilisation drilling for the waste dump. It sits underneath the coronus layer, so geochem didn't pick it up.

When the engineers said, 'We're going to put the waste dump there', it was drilled and the ore body popped up. The Adelaide zone [was] similar in a way. The caldera forms a circular system – and there's a huge amount of potential down to the southern area there, which is actually where the village sits. There is inferred material to the south that indicates the mineralisation follows the circular structure. This area has not been effectively drilled because of the village. What we really need to do is convert that inferred into measured and indicated so that the reserve can pick it up. That's really a matter of drilling. You'll see a lot of drilling there already, but in the areas of the blue (inferred) – it's 40 by 40 – we need to infill that. So, we don't have to find anything new, we just have to convert what's already there.

To give you another feel for this: looking at the section, you'll also see huge depth potential. Most of this ore body's only been drilled to 120 metres, so there's a long way to go. All the zones are open; you'll see there are no holes at the bottom of this, so the mineralisation there below the last drill hole is sitting in inferred. It really only needs another couple of drill holes to add on the 30 per cent more ounces that we need to make this work. And you'll see over on the east area it's sitting under that grey coronus layer, which wasn't discovered. Most of the drilling there was shallow because it was put in as sterilisation. You'll see big white zones sitting at the base of the pit there – a very broad pit, with a lot of potential to tighten this up and push it down to depth. So, not only do we have the along-strike potential of actually joining up this ring structure, but the depth potential is also there. You'll see one of the sections there is 11 metres at five grams per tonne, sitting off the bottom. Because there's no support for that, it's sitting at inferred. So, there's a lot of potential to improve what's going on in this area.

### Cross section at Busai area

Busai is a similar sort of situation really: most of the drilling is open at depth. Pit designs are very conservative, and again, sitting underneath this coronus layer, so there's lots of potential to extend this along strike using geophysics and extensional drilling. So, we don't see it as a huge task to take it up to 1.2 million ounces. As I say, we've got 2.1 in the bank now as a resource, so we don't need to go and find new areas; we just need to infill what's there already.

Exploration upside for the whole area is huge. Very recently, there was high-level air mag flown over this area, which has shown the potential structures that are there. It's indicated that there is more than likely a deep porphyry copper intrusive centre sitting in the middle that's driving the whole system.

You can see from this map (slide 14) that there's numerous targets generated from the 265,000 metres of drilling – much of this drilling was done on areas outside the current reserve. Munsai, for example, which is just south-east of

Busai, is sitting there with a quarter-of-a-million-ounce totally inferred resource at the moment, so infilling will move that along quite quickly. But, many targets around that area have one or two drill holes that need to be followed up. So, the exploration potential to take this forward is unlimited, really. A five-million-ounce ore body in this area is a small one. We are sitting at two million ounces of resources at the moment, and there is a lot of work to be done here in the future, but our game, initially, is to get it into production as fast as possible, get it into over a million ounces and move ahead.

### Investment opportunity

Why do we think that we can make this work? We've got an extremely experienced management team and development team on the ground. We've done this a lot of times in lots of commodities, although having said that, we are gold specialists. The project is development-ready, it's fully permitted, it's had a DFS done, and it's just a bit light on ounces. It was trapped at the wrong end of the cycle. We're going into what we believe is the start of cycle. Now it's the opposite: lower prices, higher demand and all the things are now in our favour – including a considerably higher gold price than what it was at the time.

The project has a large resource base with a huge exploration upside and we've got very good institutional support that was there originally from RCF and Tembo and our recent \$15-million raise. We had some more very good institutional support come onboard, and the fact that the last raise was oversubscribed in what was a pretty difficult time says a lot, I think.

So, that's it. It's an exciting project, and we're looking forward to moving it ahead. Watch this space; now that we've said that we're moving forward we can start putting out some more announcements. Rigs will be on-site drilling in mid November, so we look forward to seeing a continual flow of information coming out from the development side, and we'll also be releasing what's happening on the engineering and metallurgy side. 



# Heading for elephant country

**Geopacific Resources Limited has used the counter-cyclical environment to its maximum advantage by earning into the ready-to-go Woodlark Island Gold Project in Papua New Guinea's Milne Bay Province.**

**G**eopacific's most recent strategic move was announced in July. The earn-in will take place over three tranches, with Geopacific spending a maximum of A\$18.65 million to earn up to 80 per cent of the 2.12-million-ounce gold deposit from Kula Gold. Geopacific has advanced to the second tranche, and plans to be drilling in late 2016.

The company's immediate objective is to increase the current gold reserve from 766,000 to 1.2 million ounces, a task that Geopacific considers to be relatively simple. Permitting is in place and everything is ready for the starter's gun at Woodlark, with operations targeting 120,000 ounces per annum, with a 10-year life span – this represents an attractive proposition for project financiers.

Beyond production, and in light of what has already been discovered, Woodlark could easily become a 4.5- to five-million-ounce deposit, worthy of the 'elephant' moniker.

Developing a new gold mine from scratch is nothing new for Managing Director Ron Heeks and his team at Geopacific. Combined, the board and senior managers have been involved in the construction of more than 10 mines in six countries, including Ghana, Indonesia, Mongolia and China.

Heeks played a leading role in the construction and development of the Nzema gold mine on Ghana's southern Ashanti, which involved relocating 5000 people. Heeks was also responsible for increasing resources and reserves, and restarting production at the Mount Muro gold and Sebuiku coal mines for Straits Resources.

The social and logistical challenges associated with islands are often misconstrued. Having a fly-in, fly-out workforce is no different to most mines. Delivery of materials, plant and



Managing Director, Ron Heeks

consumables can be less expensive, with direct delivery via barge and landing craft. There is no re-handling of goods, which enhances the safety and control over valuable items. Bulk purchases enabled by inexpensive transport costs further enhance the economies of scale for the project.

Other advantages of operating on islands are linked to social issues: Woodlark is, essentially, a 'closed environment', which dramatically limits the potential for outside interference.


The market has rewarded Geopacific for what Heeks calls 'a game changer' for his company, which is now capitalised at twice what it was pre-earn Woodlark. There is strong support from specialist funds and institutions, and an environment of rising gold prices is



Kulumadau village, Woodlark Gold Project

making the Woodlark's project metrics more enticing every day.

Most managing directors of mining companies believe that their share price does not reflect the inherent value of the company and their assets. With Geopacific's portfolio of gold and copper projects, and the ready-to-go Woodlark gold project, Heeks has more than enough compelling evidence to suggest that an investment in Geopacific represents excellent buy-in value, with Geopacific's market capitalisation being only a tenth of several of its peers.

Petra Capital research analyst Brett McKay shares this view of Heeks, beginning coverage of Geopacific in October with a 'buy' recommendation and a target share price of \$0.10. 



**GEOPACIFIC**  
RESOURCES LIMITED



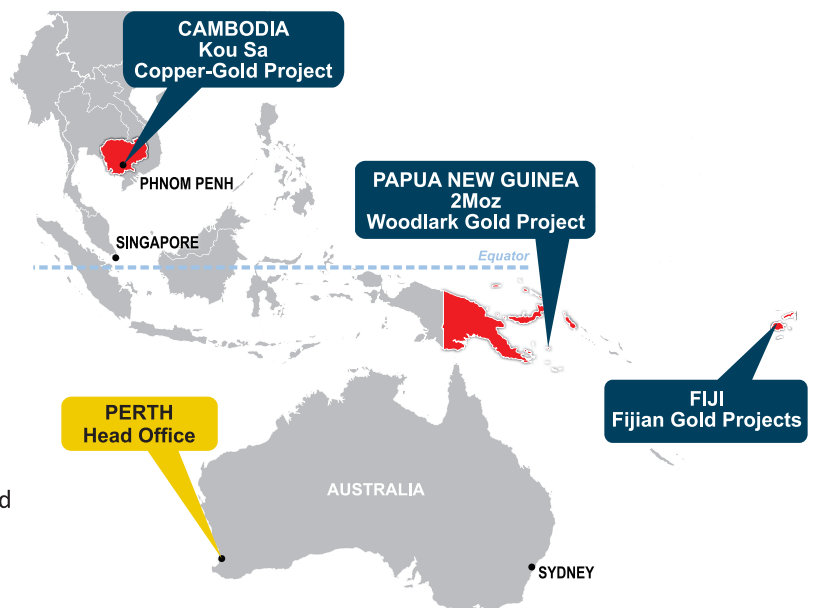
# A clear path to gold production at Woodlark Gold Project

Geopacific Resources Limited is an Asia-Pacific specialist resource development company and is within line of sight to becoming a gold producer.

The management team has built and run over ten mines in exotic and logistically challenged environments. Their successful track record has led to Geopacific receiving financial support from industry-leading, investment funds.

The “build ready” Woodlark Gold Project in PNG, which hosts a 2.12 million ounce gold resource, is Geopacific's flagship project.

Geopacific also has gold and copper-gold advanced and early stage exploration projects in Cambodia and Fiji.



**ASX : GPR**