

Geopacific goes for gold

ASX-listed Geopacific Resources (GPR) is working fast to spend A\$8 million to prove up a 1.2 million ounce gold reserve and earn up to 51% of the Woodlark gold project in Papua New Guinea. The project already contains a 2.12 million ounce resource. The Gold and Silver Investor Hub caught up with managing director Ron Heeks for an update on the rapidly progressing project:

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The digger prepares to unload the barge for Geopacific's drilling campaign

Gold/Silver Investor Hub: Geopacific wants to maximise Woodlark's development potential in the shortest possible timeframe by delivering an economic reserve – what deadline have you set yourself?

Ron Heeks: We are commencing drilling this week and are targeting releasing an updated resource mid next year. As we don't have to find anything new, as we have 2.1Moz in resource, just infill and extend known zones to increase the reserve from approximately 800,000oz to 1.2Moz, we believe this is achievable. The project has a full BFS completed so the majority of the metallurgical testwork and engineering parameters are fully investigated, so we will mainly be updating the cost base and this is expected to be completed in a similar timeframe to the updated resource. We will then complete a new reserve. We hope to be able to commence project financing late next year to build early 2018.

Gold/Silver Investor Hub: You're about to start a selective development drillout program at Woodlark and you've said you don't need to find any new mineralisation to achieve your 1.2Moz reserve target. What gives you such confidence in Woodlark's prospectivity?

Ron Heeks: The system is certainly very large as is typical of a porphyry/epithermal style of mineralisation. We already have 2Moz in resource so that's a good start. Looking at all of surrounding systems that have been or are being mined is evidence of that, they are all multi-million ounce and most are world class, ie Misima, Simberi, Lihir, Gold Ridge, etc. Most of the island is covered by a thin limestone veneer and all the current mineralisation is associated with volcanoclastic rocks that form "islands" within the limestone. The potential to extend the known mineralisation under these zones is huge. Also none of the current mineralisation is drilled to depth or closed off along strike. Overall the potential is very large.

Gold/Silver Investor Hub: Woodlark contains three deposits, Kulumadau, Busai and Woodlark King – which are you focussing on in this current drilling programme and why?



Ron Heeks: The initial focus is on Busai (*the team at the first drillhole at Busai, above*) and Kulumadau. The deposits are the most robust and highest grade. Kulumadau in particular is open on all direction. The three pits that make up the area sit around a ring structure and the aim is to join all of these to form one pit. The inferred mineralisation already drilled would indicate that this is highly likely to be achieved.

Gold/Silver Investor Hub: You've noted your studies so far to rebase Woodlark's cap-ex and op-ex costs are seeing "substantial savings" – what is the ballpark figure you're looking to save and when do you expect to firm up the figures?

Ron Heeks: We are working now on rebasing costs and initial indications are very good. Obviously oil price is a major cost and this is significantly lower than the height of the boom costs used in the BFS. We are also looking at changing the plant design as a large proportion of the mineralisation is in clays which can be separated and processed early without grinding, leaving a heavy fraction that is 20% of the weight but contains 80% of the gold. This can be processed intensively, saving a lot of power costs and giving a better overall recovery. We expect to have complete new figures available for release in the second quarter next year. But we will progressively release information as we proceed.

Gold/Silver Investor Hub: Geopacific successfully raised A\$15 million in an oversubscribed capital raising in the September quarter, what do you attribute the interest to?

Ron Heeks: The fundraising response was excellent, most quickly realised the potential of the project and when this is combined with a team that has built many mines in many countries, investors could see short term potential. We have heavy financial backing from major, long-term shareholders, such as RCF.

Gold/Silver Investor Hub: How is Woodlark benefitting from the board and management's experience in the Asia-Pacific region?

Ron Heeks: I think it's important to highlight our expertise, we are an experienced build team and between the senior management and board, we have built more than 10 mines in six different countries in three different commodities (gold, copper and coal) – and we're specialists in the Asia-Pacific region. As we have all worked in challenging environments before, including building mines on islands we have been quick to realise the benefits of working on the project. We understand what the community expects to get and how to work with them to achieve this. We are also aware of the challenges but great benefits that arise when you can use seaborne transport to supply an operation. Finally, we have all worked in similar geological environments many times. Between the team members we have hundreds of years of experience in the region, so a lot of what we are doing comes very naturally.

Gold/Silver Investor Hub: Elsewhere, Geopacific has identified gold and silver mineralisation at the Kou Sa copper-gold project in Cambodia. Where does this project fit in terms of the company's priorities and how is it progressing towards the goal of being a low-cost producer?

Ron Heeks: Kou Sa provided some spectacular initial results and we have been drilling there now for a while. We released an initial resource and fully expect this to be exploited. Cambodia as a country is one of the best I have worked in. Operating there is considerably better than most would believe or hear. The local people, government and infrastructure is excellent which most find difficult to grasp. We are on a new highway with mains hydro power, high-speed fibre optic comms and near an international airport but we are nearly as far from the capital as you can get. It's a great work environment. We are still working on a scoping study for Kou Sa but having said that the scale of Woodlark will mean that it will have priority.

Gold/Silver Investor Hub: Meanwhile, Geopacific also has five projects in Fiji – which are the highest priority and what work is being done there in the coming months?

Ron Heeks: We have just drilled two areas and are starting an IP survey on the third. The Fiji assets are earlier stage than our other projects but some have world class geochemical and geophysical anomalies. I believe that these assets will come into their own as the resources of some operating companies decrease and high quality exploration assets become appreciated again.

Gold/Silver Investor Hub: The company has most of its eggs in the gold basket at this point, are you comfortable with this position and why?

Ron Heeks: We do have a lot of gold with the Woodlark project but both Cambodia and Fiji are copper and gold assets with copper being the major commodity. Kou Sa will produce a copper concentrate with gold credits. I firmly believe that gold is the commodity to be in as world markets are very unstable. Inflation will begin to rise in the near future for the first time and gold is the best place to be. Copper is always linked to world prosperity and that is increasing at a realistic pace so I expect copper will show that soon. Overall I am happy with our mix of commodities and locations.



Gold/Silver Investor Hub: Geopacific has a market capitalisation of around A\$38 million – what do you believe is a realistic value and what will be the triggers for the market?

Ron Heeks: As most CEOs would say, I think we are undervalued, but I believe that once we start drilling Woodlark and releasing drill results and the results of new engineering and metallurgy testwork, people will realise we are sitting on a very nice asset that will be in production in the near term. The price will sort itself out then.