

## Resumption of ASX trading

Geopacific Resources Ltd ('Geopacific' or 'the Company'; ASX: GPR) is pleased to advise that it will recommence trading on ASX following the implementation of a range of corporate initiatives in response to the identification of material capital cost increases at the Woodlark Gold Project ('Woodlark' or 'the Project') in Papua New Guinea ('PNG') and the subsequent decision to suspend development of the Project.

### Highlights:

#### Business transformation

- Geopacific has successfully closed out material commercial commitments following the previously announced decision to suspend development of the Project.
- The Company is now advancing a number of concurrent work programs to progress the Project and optimise its future development pathway, including:
  - a drill campaign aimed at growing the existing Mineral Resource and Ore Reserve;
  - an assessment of the implications of the potential Mineral Resource growth on the design and economics of a future project development, including potential benefits associated with increasing the scale of the Project; and
  - continuing to deliver the community relocation at Woodlark and other community support programs.
- In response to several unsolicited approaches, Azure Capital and Lisle Group have been appointed to assist with a Strategic Review to assess alternative options to maximise shareholder value, including potential corporate and asset-level transactions.

#### Woodlark - near surface gold project

- Woodlark has 1.6Moz Au Mineral Resources and 1.0Moz Au Ore Reserves, with prospective mineralised zones adjacent to all pits and all exploration and mining licences in good standing.
- The ongoing drill campaign is delivering encouraging results, indicating the potential to grow Mineral Resources and identify new mineralised zones.
- The original Project development plan was based on Ore Reserves calculated at a gold price of A\$1,650 per ounce, approximately 37% below recent spot prices<sup>1</sup>.
- Geopacific continues to receive strong ongoing stakeholder support in PNG, reflected in the recent relatively rapid turnaround of amendments to conditions of the Mining Lease which have the effect of extending the timeframe for construction.
- The Company remains well-funded, with cash of \$28m as at 30 April 2022, no debt and \$17m materials cost of Project "long lead equipment" assets, which are potentially available for sale<sup>2</sup>.
- With the above detailed changes in focus, the nature and impact of risks associated with an investment in the Company have changed.

### Chairman, Andrew Bantock commented

*"Having implemented an intensive business transformation program following suspension of the Woodlark Gold Project development, we are pleased to recommence ASX trading with a renewed focus and pathway to realise value from this significant Project. With the successful close out of previous material Project commitments, we are now well positioned to grow our +1.6 million ounces of gold Mineral Resources with \$28m of cash, no debt, and \$17m of Project long lead equipment assets<sup>1</sup>.*

<sup>1</sup> Gold price as at 24 May 2022, A\$2,632 per ounce (The Perth Mint Spot Price, ([www.perthmint.com](http://www.perthmint.com))).

<sup>2</sup> Assets held for sale based on materials cost paid to suppliers in respect of Woodlark long lead items up to 30 April 2022. Any amounts realised may be below the materials cost.

*Our ongoing drilling campaign is delivering encouraging results and step-out holes identifying new mineralised structures. With further drilling success, we see the opportunity to drive increased project value by undertaking studies to re-assess the Project design and seeking to capitalise on targeted economies of scale.*

*Strategic investors have recognised the opportunity at Woodlark and we have received unsolicited interest in the Project from several credible parties. The board has therefore commenced a Strategic Review process, assisted by Azure Capital and Lisle Group, to assess the best path to maximise shareholder value from the Woodlark Project.”*

## Update on Woodlark Gold Project Suspension

On 3 February 2022, Geopacific announced that it had suspended the remaining major work packages at Woodlark. The decision to suspend development works followed the identification of significant capital cost increases across the Project. The capital cost increases, which were assessed in conjunction with a number of independent third-party consultants, were driven by a combination of factors, including:

- general cost escalation for materials and labour across the mining sector;
- the need to redesign plant area ground improvement works, wharf infrastructure and other civil engineering works, to deal with previously unidentified complexities;
- process plant design revisions;
- project management and contractor performance issues, including the increase in costs from associated schedule extensions; and
- cost increases, resourcing constraints and schedule delays which reflect COVID restrictions and associated supply chain disruptions in PNG and elsewhere.

Because of these matters, the Company was no longer in compliance with the terms of its finance facilities and therefore did not have the requisite funding in place to proceed with the Project. The board therefore formed the view that the Project development could not currently progress and took the relevant commercial steps to implement an expedited orderly wind-down of development activities, whilst also seeking to maintain optionality for future development. This included a reprioritisation of exploration drilling, targeting resource growth and new discoveries across the Woodlark mining lease.

Major contractual arrangements relating to the Project development have since largely been successfully closed out, with financial commitments crystallised at a cost which was less than the amounts provided for in the Company’s 31 December 2021 audited financial statements. These include financial exposures associated with the out-sourced mining contract and arrangements for infrastructure procurement such as the permanent camp and the power generation facility. In addition, Geopacific has worked closely with the EPC contractor to implement close out of the majority of financial exposures of the associated work packages and procurement which had been committed prior to the suspension.

As announced on 1 April 2022, the Company also terminated the secured debt and gold stream facilities (**‘Facilities’**) with Sprott Private Resource Lending (**‘Sprott’**), releasing \$7.6 million of previously restricted cash reserves to Geopacific. As a result of terminating the Facilities, Sprott’s first ranking security over the Project assets was released, together with all other financial obligations to Sprott.

Regrettably the Project suspension necessitated widespread redundancies across the workforce as the Company implemented a revised organisational structure and cost base aligned with current operational activities, including the ongoing drilling campaign and the continuation of the community relocation and other community programs. The Board thanks the affected former employees for their contribution to the Company including whilst working through respective notice periods.

The Company continues to engage positively with PNG stakeholders and has secured an amendment to the Mining Lease to extend the Project construction deadline condition by one year to 5 July 2024. All other conditions of the Mining Lease remain in good standing. The relatively quick turnaround in securing the Mining Lease extension highlights the strong levels of stakeholder support that Geopacific continues to receive at a local and regulatory level in PNG, reflecting the Company's ongoing commitment to Woodlark Island.

## Woodlark Gold Project Optimisation

Geopacific remains committed to progressing the Woodlark Gold Project for the benefit of all stakeholders. This objective is being advanced through important ongoing work, in two key areas:

### 1. Continuing exploration activities

Woodlark is a near surface gold project with currently 1.6Moz Au of Mineral Resources and 1.0Moz Au of Ore Reserves. It has prospective mineralised zones adjacent to all pits and the Project remains fully permitted with all exploration and mining licences in good standing.

A drilling program commenced in late 2021 and continues at the Project, which aims to deliver an increase in the Mineral Resource and Ore Reserve.

The drilling campaign is focused on further defining and substantiating the upside that resides both within the existing pit shells and across the broader mining and exploration leases on Woodlark Island. Importantly, the campaign includes drilling areas adjacent to the proposed Kulumadau pit which were previously inaccessible due to the proximity of the local community. Ongoing relocation of the community will progressively free-up new drilling access, allowing the Kulumadau orebody, which remains open along strike and at depth, to be more fully tested.

Results from drilling to date support the view that there is upside potential within and adjacent to the existing pit shells.

Results from the tightly spaced drilling in the grade control component of the ongoing drilling program have provided insights which will be incorporated into a Mineral Resource update scheduled for Q4 2022.

In addition to opportunities at Kulumadau, resource extension drilling across the broader Mining Lease has reinforced the potential for the extension of orebodies within the Project, which all remain open along strike and at depth.

### 2. Project development re-evaluation and planning activities

The original Project development plan was based on Ore Reserves calculated on a gold price of A\$1,650 per ounce, approximately 37% below the current gold price<sup>3</sup>. Additionally, as noted above, previous drilling at Kulumadau was restricted due to the proximity of the local community.

The improved gold price environment, coupled with new information from the ongoing drill campaign is expected to create new Project opportunities. Building on these developments, Geopacific plans to publish an updated Mineral Resource Statement during Q4 2022.

---

<sup>3</sup> Gold price as at 24 May 2022, A\$2,632 per ounce (The Perth Mint Spot Price, ([www.perthmint.com](http://www.perthmint.com))).

In parallel, the Company will undertake studies to evaluate:

- the optimal processing plant throughput for any increase in the Mineral Resource, including the potential to benefit from new economies of scale;
- the optimal mining fleet and materials handling infrastructure configuration to support any revised throughput; and
- alternate power generation solutions considering recent market developments, potential project scale and evolving technologies.

This work will run concurrently with the ongoing drilling campaign, with a scheduled completion date in Q4 2022. It will also consider capital and operating cost outcomes in the current global inflationary environment.

Upon finalisation of this work, the Company will assess whether any material alterations to consents, approvals and the terms of the Mining Lease will be necessary.

## Financial position and anticipated future cashflows

Following payment of a number of one-off items totalling ~\$5.8m in April 2022 for Project creditors and to close-out material contractual commitments, Geopacific held \$28m of cash at 30 April 2022 and no debt, giving it greater flexibility in managing its future cash flows. A further ~\$4.8m of such one-off payments are likely to be paid in May 2022.

In addition to its existing cash reserves, the Company has the potential to realise value from various long lead equipment items procured prior to Project suspension, including:

- a SAG and a Ball mill, with associated motors and other equipment;
- a jaw crusher;
- steel for six CIL tanks;
- materials for construction of a 308-person permanent camp; and
- materials for construction of a 200-person temporary camp.

The Company has received expressions of interest from third parties to acquire some of these items, in part driven by global supply shortages, ongoing inflationary cost pressures and increases in lead times.

These items which have a materials acquisition cost of \$17m, could provide additional material cash funding if required. Any potential sale of such items will be evaluated in the light of the commerciality of the terms offered and an updated assessment of the requirements of the design for future development of the Project. Any potential future sale of such items and the amounts to be realised is therefore inherently uncertain.

## Strategic Review commenced

Following receipt of a number of unsolicited approaches from credible third-parties, the Board has initiated a process to assess the merits of a corporate or asset-level transaction as an alternative to advancing the Project on a standalone basis ('**Strategic Review**').

To assist with the Strategic Review, which will be conducted in parallel with the various operational and Project value development initiatives outlined above, the Company has appointed Azure Capital and Lisle Group as financial advisers and Corrs Chambers Westgarth as its legal adviser.

There are no assurances that the Strategic Review will result in a transaction.

## Risks

With the change in focus detailed above, the nature and impact of risks associated with an investment in the Company have changed. An explanation of the updated risks is set out in the Investor Presentation released separately today and include the impacts of commodity and exchange rates and inflation, risks associated with exploration and studies, financing, tenure and approvals, mining and development, people, supply and logistics, disputes and litigation and country related exposures (in addition to risks previously disclosed in relation to the Company).

This release was authorised by the Board.

For further information, please visit [www.geopacific.com.au](http://www.geopacific.com.au) or contact Mr Andrew Bantock, Chairman.

Company details	Board & Management	Projects
<b>Geopacific Resources Limited</b> ACN 003 208 393 ASX Code: GPR <a href="mailto:info@geopacific.com.au">info@geopacific.com.au</a> <a href="http://www.geopacific.com.au">http://www.geopacific.com.au</a> T +61 8 6143 1820 <b>HEAD OFFICE</b> Level 1, 278 Stirling Highway Claremont WA 6010. PO Box 439, Claremont WA 6910.	<b>Andrew Bantock</b> Non-executive Chairman <b>Ian Murray</b> Non-Executive Director <b>Colin Gilligan</b> Non-Executive Director <b>Tim Richards</b> Chief Executive Officer <b>Matthew Smith</b> CFO and Company Secretary	<b>PAPUA NEW GUINEA</b> Woodlark Gold Project

## Competent Person's Statement

The information in this announcement that relates to exploration results and exploration targets is based on information compiled by or under the supervision of Jeff Moncrieff, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Moncrieff has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Moncrieff consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Woodlark Mineral Resources is based on information compiled and reviewed by Mr Nicolas Johnson, a Competent Person who is a Member of the Australian Institute of Geoscientists and a full-time employee of MPR Geological Consultants Pty Ltd. Mr Johnson has sufficient experience which is relevant to the style of mineralization and type of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and is a qualified person for the purposes of NI43-101. Neither Geopacific nor Nicolas Johnson, is aware of any new information or data that materially affects the information regarding the Mineral Resource included in the PFS Announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates continue to apply and have not materially changed. Mr Johnson has no economic financial or pecuniary interest in the company and consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Woodlark Ore Reserves is based on information compiled and reviewed by Mr John Battista, a Competent Person who is a Member and Chartered Professional of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Battista has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and is a qualified person for the purposes of NI43-101. Neither Geopacific nor John Battista, is aware of any new information or data that materially affects the information regarding the Ore Reserve included in the Ore Reserve Update Announcement and that all material assumptions and technical parameters underpinning the Ore Reserve estimates in the Ore Reserve Update Announcement continue to apply and have not materially changed. Mr Battista has no economic financial or pecuniary interest in the company and consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.