WOODLARK – CapEx savings identified

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FIJI:
Nabila Gold
Rakiraki Gold
Sabeto Gold-Copper
Vuda Gold-Copper
Cakaudrove Gold-Silver

PAPUA NEW GUINEA:
Woodlark Island Gold

The Board of Geopacific Resources Ltd (Geopacific) is pleased to announce that the first-stage engineering cost review has identified the potential for Geopacific to reduce capital expenditure (CapEx) at the Woodlark Gold Project (Woodlark).

27% CapEx saving on gold processing plant demonstrates potential of Geopacific's strategy to reduce overall CapEx

The original feasibility study on Woodlark was released by Kula Gold Limited (Kula) in 2012 at the height of the mining cost cycle. In accordance with the transaction to earn up to 80% of Woodlark from Kula, Geopacific is targeting increasing Reserves to 1.2 million ounces of gold in conjunction with reducing both CapEx and operational expenditure (OpEx).

Geopacific identified the potential for significant CapEx and OpEx savings to be achieved and appointed Mincore Engineers to complete a first-stage review of the processing plant construction costs on a "like-for-like" comparison with 2012 costs. The design is for a 1.8 million tonne per annum conventional Carbon-in-Leach (CIL) processing plant, using a sag and ball mill in the grinding circuit.

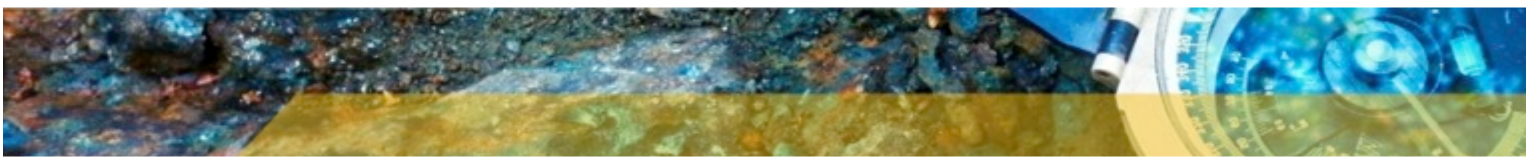
The review was strictly focussed on the direct processing plant construction costs which account for approximately 55% of the construction costs of the 2012 Definitive Feasibility Study (DFS). The aim of the first phase of the review was to determine the scale of possible CapEx reductions in relation to the 2012 DFS. A higher level of savings is expected to be achieved from the second stage of the review which will cover infrastructure costs.

Mincore's review demonstrates that a **considerable CapEx saving of $25 million, which equates to a 27% reduction,** could be achieved by constructing the original processing plant design in the current economic environment. The review achieves the aim by clearly demonstrating that substantial cost reductions are possible in the current economic environment.

HIGHLIGHTS

27% CapEx saving vs 2012 DFS cost for processing plant

- **Strategy to reduce CapEx and OpEx validated**
- **Cost savings to facilitate optimisation of Reserves**
- **Studies to optimise plant configuration underway**



Ron Heeks, Managing Director of Geopacific said

The results from the like-for-like plant cost comparison confirms what we initially thought – that the top-of-the-mining-cycle costs could be reduced significantly. Now that we understand the plant construction costs we are looking at other infrastructure costs like roads, accommodation and the port to determine the extent of savings available there. We expect these savings to be greater on a proportional basis."

Phase two of the review is ongoing with a focus on site infrastructure costs, where it is expected that a higher percentage of cost savings could be achieved. Geopacific believes that the construction methodologies relating to both plant and infrastructure used in the 2012 DFS are open to optimisation. To allow for this, the review is using the construction methodologies that Geopacific expects to use, rather than a "like-for-like" comparison.

Processing plant CapEx review	Kula	Geopacific	Saving
Engineering company	Arccon	Mincore	
Date	**2012**	**2017**	
Source	**DFS**	**Re-costing**	**Difference**
Total costing - Process plant including tailings	**US$93 mill**	**US$68 mill**	**US$25 mill**
Overall saving			***27%***

Table 1: Summary cost comparison – Geopacific's review vs. Kula's 2012 DFS, equates to a 27% saving.

Geopacific has also identified the potential for a refined process path that may significantly reduce OpEx. Metallurgical test work is underway to validate this and determine the optimal configuration for the processing plant. Achieving OpEx savings is expected to allow for optimisation of the Reserve envelope.

CONTACT

For further information on this update or the Company generally, please visit our website at www.geopacific.com.au or contact:

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Competent Person's Statement

The information in this announcement that relates to exploration results is based on information compiled by or under the supervision of Ron Heeks, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and General Manager, Geology for Geopacific. Mr Heeks 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 Heeks consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Geopacific Resources Limited are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the company, its directors and management of Geopacific Resources Ltd that could cause Geopacific Resources Limited's actual results to differ materially from the results expressed or anticipated in these statements.

Geopacific Resources Ltd cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Geopacific Resources Ltd does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements. Woodlark is fully permitted fully by the PNG Government, subject to meeting the conditions of the licence.