

19 November 2021

Woodlark Gold Project Funding Update

Geopacific Resources Limited (**'Geopacific'** or **'the Company'**; ASX: GPR) advised on 11 November 2021 that all non-essential activities on the Woodlark Gold Project (**'Project'**) would be deferred until Q1/Q2 CY22 along with finalisation of the remaining key development contracts. This decision was taken to enable the Company to focus on enhancing project management oversight and to methodically review the impact of recent unseasonal weather and COVID-19 Pandemic related delays, along with the remaining development uncertainties noted in the Company's announcement on 11 November 2021 (wharf, tailings line and Community Relocation Program), on the overall Project schedule and the consequent impact on the budget. The Company continues to work on a critical path analysis to minimise such impact.

Existing work packages key to the delivery of the Project continue to advance, including the construction of the permanent camp, exploration drilling, community relocation, engineering and the process plant ground preparation. The completion of these activities will further de-risk the Project delivery and minimise any delays. The Company is well positioned to fund these activities with A\$77.2m of unrestricted net cash reserves¹.

The decision to defer all non-essential activities, and the need to review and resolve the remaining development uncertainties and consequent impact on the Project schedule and budget, have necessarily involved discussions with the Lender to the Project (Sprott Private Resource Lending II (Co), Inc. (**'Sprott'**)). Following these discussions, Geopacific and Sprott have agreed to make certain amendments to the terms and conditions of the Facility and the Stream Agreement (see ASX Announcement: 28 June 2021) (**'Agreements'**). The parties have entered into an Interim Agreement which outlines these proposed amendments, which are required to be incorporated into the full form Agreements by 6 December 2021. The key highlights are as follows:

Highlights

- The Lender remains supportive as a funding partner with a fully committed financing package;
- The Lender's facilities under the Agreements will remain in place on substantially the same terms and conditions, including substantially the same conditions precedent to the advance of funds provided the conditions precedent are satisfied to enable first drawdown by 31 August 2022;
- Prepayment of the principal (and accrued interest) under the Facility Agreement and repayment of the deposit advanced under the Stream Agreement is required to occur by 6 December 2021. The funds required to service these payments are currently available and held in the Company's Debt Proceeds Accounts. This prepayment will result in a substantial interest expense saving of over US\$600,000 per month until the lending commitments are re-drawn;
- Significant reductions to the Facility prepayment obligations and the Stream termination payment have been negotiated with the Lender, with the previously agreed approach only reinstated if the lending commitments are re-drawn. The voluntary prepayment premium that would otherwise apply is not payable on this prepayment;

¹ Unaudited Australian dollar equivalent cash balance calculated at 12 November 2021. Excludes all amounts held in, or to be transferred to the Group's Debt Proceeds Accounts which will be used to make the voluntary prepayment to the Lender and leave an additional US\$12m in the Debt Proceeds Accounts to fund the US\$10m contingent termination fee (if it becomes payable) and a reserve buffer of US\$2m.

- The cost savings as a result of restructuring of the Agreements will be captured in the revised Project budget;
- The Company is required to provide a Cost to Complete Certificate (**Certificate**) to the Lender by 31 January 2022 setting out whether the Company is fully funded to reach Project completion and positive cashflow. If this Certificate or the Lender (in consultation with its Project Consultant) identifies a funding shortfall, the Company must prepare and deliver a plan to address such shortfall which is satisfactory to the Lender by no later than 28 February 2022; and
- The Company remains well funded with A\$77.2m of unrestricted net cash reserves.

Chief Executive Officer, Tim Richards commented:

“While the delay in the Project is exceptionally disappointing, Geopacific is committed to developing the Woodlark Gold Project. The focus on the Island continues to be the delivery of the key infrastructure necessary to facilitate construction of the process plant. Restructuring the debt facilities allows Geopacific to preserve capital while the impacts of the delay are assessed. Geopacific remains in a strong financial position, with A\$77.2m unrestricted cash reserves and a supportive lender with a fully committed financing package”

Material Amendments to the Terms and Conditions to the Facility and the Stream Agreements

Material amendments to the Facility and Stream Agreements as set out in the Interim Agreement are as follows:

- The total commitment of US\$85m under the Facility Agreement and US\$15m under the Stream Agreement will be reinstated² subject to, among others, the conditions precedent set out below being satisfied;
- The Conditions Precedent to first and subsequent drawdowns to be amended to include:
 - The Company providing the Lender a revised Project budget and schedule in a form satisfactory to the Lender and its technical due diligence advisor;
 - The Lender being satisfied that the date by which the processing plant and associated facilities are forecast to be completed and commissioned (**Practical Completion**) is no later than 5 January 2023, which is 6 months prior to the date required for Practical Completion to occur under the Mining Licence; and
 - Evidence of reinstatement of the minimum Available Cash amounts under the Agreement.
- A 2% per annum fee on the sum of the unpaid deposit and the undrawn reinstated commitment under the Agreements which increases to 3% per annum if the first drawdown has not occurred by 30 June 2022;
- The designated gold stream percentage to increase from 3.375% to 3.850%;
- The reinstated commitment to only be available for draw down after all amounts are spent under the revised forecast (Project budget) including any funds raised as a result of an identified shortfall;
- A contingent termination fee of US\$10m will be payable if the facilities are cancelled or not drawn by 31 August 2022; and
- The Company will be required to hold US\$12m in the Debt Proceeds Account until an initial advance under the amended Facility Agreement is made.

This announcement was authorised by the Board of Geopacific.

For further information, please visit www.geopacific.com.au or contact Mr Tim Richards, CEO.

² Less the original issue discount.

Company details	Board & Management	Projects
Geopacific Resources Limited ACN 003 208 393 ASX Code: GPR info@geopacific.com.au http://www.geopacific.com.au T +61 8 6143 1820 HEAD OFFICE Level 1, 278 Stirling Highway Claremont WA 6010. PO Box 439, Claremont WA 6910.	Ian Clyne Chairman Ian Murray Non-Executive Director Colin Gilligan Non-Executive Director Sir Charles Lepani Non-Executive Director Tim Richards Chief Executive Officer Matthew Smith CFO and Company Secretary Mike Meintjes Company Secretary	PAPUA NEW GUINEA Woodlark Island Gold