

ASX Announcement & Media Release

Woodlark Island Gold Project Earn-in and Joint Venture with Geopacific Resources Limited (ASX:GPR)

- **Geopacific option to fund \$18.65 million over 3.5 years to earn up to a 75% corporate interest in the Woodlark Island Gold Project;**
- **Geopacific targeting increasing Woodlark Island Gold Project Ore Reserves to >1.2 million ounces of gold;**
- **The fully-permitted Woodlark Island Gold Project contains a Mineral Resource of 2.1 million ounces of gold and an Ore Reserve of 766,000 ounces of gold following the completion of the feasibility study in 2012;**
- **Geopacific full funding option for Kula through to production; and**
- **Geopacific has international resource funds as major shareholders - Resource Capital Funds and Tembo Capital.**

Kula Gold Limited (ASX: KGD) ("**Kula**" or "**the Company**") is pleased to announce that Kula and Geopacific Resources Limited ("**Geopacific**") have entered into an Earn-in and Joint Venture Binding Term Sheet on the Woodlark Island Gold Project ("**the Project**").

- Geopacific has an option to fund A\$18.65million over 3.5 years to earn up to a 75% corporate interest in the Project company, Woodlark Mining Limited;
- Geopacific is targeting an increase in the Project Ore Reserves to >1.2m oz gold;
- The fully-permitted Project, contains a JORC Resource of 2.1 million ounces of gold and a JORC Ore Reserve of 766,000 ounces of gold following the completion of a successful feasibility study in 2012;
- Geopacific has provided Kula with a full funding option for Kula through to Project production; and
- Geopacific has international resource funds as major shareholders - Resource Capital Funds and Tembo Capital who have been supportive of Geopacific.

<http://www.resourcecapitalfunds.com/>; <http://www.tembocapital.com/>



Kula Chairman Mr David Frecker stated that: *“This transaction delivers independent funding and regional expertise to significantly enhance the economics of the Project for the benefit of Kula shareholders. Geopacific aims to undertake exploration drilling programs to increase gold resources and reserves, and to provide the funding capability to move the Project through to production.”*

This transaction provides a clear path to production with a substantial investment which will benefit the PNG Government, State Treasury, Mineral Resources Authority, Provincial Government, Local Level Government and Woodlark Island Landowners. The expectation is that the Project will develop into a valuable long life operating gold mine for the benefit of all shareholders and other stakeholders.

DETAILS OF THE TRANSACTION

The structure of the transaction is as follows:

The transaction is a project level earn-in with an incentive target, to be followed by a contributing joint venture. The Project is wholly owned by Kula's 100% PNG subsidiary, Woodlark Mining Limited (WML) which holds all the Project assets, including in particular the mining lease and exploration licences. WML will therefore become the joint venture company.

Geopacific will spend up to \$18.65m over three Tranches in order to earn an interest of up to 75% in Woodlark, with Kula retaining a 25% interest. Prior to the transaction, the PNG Government agreed to take a 5% participating interest in WML, which it will purchase for a proportionate share of the sunk costs. As this 5% interest will be assigned from Kula's interest, Kula will receive the amount payable for it. Kula has the right to raise its share of Project development finance. Should this not happen, Geopacific has the right to arrange Kula's share of the Project development finance, allowing it to earn a further 5% and taking Geopacific's total interest in WML to 80%.

All amounts below are in Australian dollars.

Tranche 1: Geopacific will spend up to \$650,000 in under 6 months to complete due diligence and establish the optimal work program required to deliver the incentive target of an aggregate Ore Reserve for the Project of 1.2Moz gold.

- For completing this work and committing to proceed to Tranche 2, Geopacific will earn a 5% interest in WML (Kula will hold 95% including 5% for the PNG Government).

Tranche 2: Geopacific will spend up to \$8 million in 24 months undertaking the work program developed in Tranche 1:

- If Geopacific spends the full \$8 million within the 24 months without achieving the incentive target of a 1.2Moz gold reserve for the Project, it will earn an additional 35% interest in WML giving it a total of 40% (Kula will hold 60% including 5% for the PNG Government);



or alternatively —

- If Geopacific achieves the incentive target of a 1.2Moz gold reserve for the Project within the allocated spend and time frame, Geopacific will earn an additional 46% interest in WML giving it a total of 51% (Kula will hold 49% including 5% for the PNG Government).

Tranche 3: Geopacific will spend up to \$10 million undertaking the work program developed in Tranche 1, which it aims to do in 12 months:

- If Geopacific reaches the full spend without attaining the incentive target of a 1.2Moz gold reserve for the Project and without achieving 'bankable' status for the Project, it will earn an additional 20% interest in WML giving it a total of 60% (Kula will hold 40% including 5% for the PNG Government);

or alternatively —

- If Geopacific achieves the incentive target of a 1.2Moz gold reserve for the Project and achieves 'bankable' status for the Project within the allocated spend, it will earn an additional 15% interest in WML giving it a total of 75% (Kula will hold 25% including 5% for the PNG Government).

"Bankable" status means that economic, engineering and geotechnical inputs to the Project have been completed to a degree sufficient so that the Project can secure the required development capital and achieve financial close.

Once the 'bankable' status is reached, Kula has the right to raise its share of the development finance proportionate to its interest in Woodlark. Should Kula be unable to, or elect not to, raise its share of development finance then Geopacific will have the right to arrange Kula's share of the development finance and thereby earn an additional 5% interest in WML, taking its total interest to 80%.

ABOUT GEOPACIFIC RESOURCES LIMITED

Geopacific is a Perth based gold and copper exploration company with a portfolio of assets in the Asia Pacific region and with its sights set firmly on production.

The management team has significant experience in developing assets from exploration through to production, having built eight mines in six countries. The success and experience of the team has attracted strong financial support, with the likes of Resource Capital Funds (RCF) and Tembo Capital represented on the share register.

The company's strategy is to develop the Woodlark Island Gold Project from exploration to production and begin generating revenue. Work at Geopacific's projects in Cambodia and Fiji will continue in tandem with the Project.

The addition of the Project to the Geopacific portfolio expands its footprint in the Asia-Pacific region, and makes valuable use of economies of scale of Geopacific's management and exploration teams, already based in the Asia-Pacific region and their associated low cost and operating structure.

<http://geopacific.com.au/overview/>



Background on the Woodlark Island Gold Project, PNG

Kula Gold Limited has advanced its 100% owned, Woodlark Island Gold Project, to the point where it is fully permitted and ready to progress to the next stage. The Project is located 600 kilometres east of Port Moresby in the Milne Bay Province, Papua New Guinea.

The Project has excellent upside potential through the conversion of Inferred Resources and numerous nearby exploration targets within a short distance of the proposed process plant location.

The Feasibility Study, completed in September 2012, defined a 2004 JORC Resource of 2.1 million ounces and an Ore Reserve of 766,000 ounces based on a gold price of US\$1,200 per ounce. The Feasibility Study defined a Project with a mine life of nine years based on three open pit mining areas and a 1.8Mtpa gravity and carbon in leach plant.

The Company's wholly-owned subsidiary, Woodlark Mining Limited, has been granted the Environment Permit and the Mining Lease for the Project.

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Directors and Management

David Frecker	Chairman
Lee Spencer	Non-executive director
Louis Rozman	Non-executive director
Mark Stowell	Non-executive director
Arnold Vogel	Non-executive director
Garry Perotti	Chief Financial Officer

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Competent Person Statements

The information in this report that relates to Exploration Results are based on information compiled by Mr. Lee Spencer. Mr Spencer was the CEO of Kula Gold Limited until 1 July 2013 and remains on the Kula Gold Board as a Non-executive director. Mr. Spencer is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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. Spencer consents to the inclusion in the report of these matters based on information in the form and context in which it appears.

The information in this announcement that relates to the Mineral Resource estimates for Kulumadau, Busai and Woodlark King is based on information compiled by Mr. John Doepel, Principal Geologist for Continental Resource Management Pty Limited (Resource Report, Woodlark Island). CRM has acted as independent consulting geologist to WML since 2005 and has undertaken several visits to the island and to the sample preparation facilities. Mr. Doepel is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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. Doepel consents to the inclusion in this announcement of these matters based on information in the form and context in which it appears.

The information in this announcement that relates to Ore Reserves is based on information compiled by Mr. Linton Putland, Principal of LJ Putland & Associates and a consultant to Kula Gold's 100% subsidiary, Woodlark Mining Limited. Mr. Putland is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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. Putland consents to the inclusion in this announcement of these matters based on 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 Kula Gold Limited (Kula Gold) 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 Kula Gold that could cause Kula Gold's actual results to differ materially from the results expressed or anticipated in these statements.

Kula Gold 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. Kula Gold 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 Island Gold Project Mineral Resources

Report as per JORC2004
As of July 2012 at a 0.5g/t Au lower cutoff

Deposit	Category	Resource (Mt)	Grade (Cut) (g/t Gold)	Gold (Cut) (Oz)
Kulumadau	Measured	5.0	1.78	285,000
Kulumadau	Indicated	4.4	1.75	245,000
Kulumadau	Inferred	8.6	1.4	375,000
Kulumadau	Totals	18.0	1.6	910,000
Busai	Measured	3.9	1.54	190,000
Busai	Indicated	10.4	1.4	480,000
Busai	Inferred	8.8	1.3	370,000
Busai	Total	23.1	1.4	1,040,000
Boniavat	Indicated	3.0	1.2	115,000
Boniavat	Inferred	1.0	1.8	60,000
Boniavat	Total	4.0	1.4	175,000
All	Measured	8.9	1.67	480,000
All	Indicated	17.8	1.5	840,000
All	Inferred	18.5	1.4	800,000
Totals*		45.1	1.5	2,120,000

Note 1: Totals may appear incorrect due to rounding
Note 2: The Busai Indicated Resource includes 0.4Mt @ 1.4t Au for 20,000oz from overlying alluvial mineralisation.
Note 3: The Busai Inferred Resource includes 0.4Mt @ 1.2t Au for 15,000oz from overlying alluvial mineralisation and 3.9Mt @ 0.9g/t Au for 110,000oz from Munasi (2km southeast of Busai).
Note 4: The Boniavat Inferred Resource includes 0.3Mt @ 3.0g/t for 30,000oz Au from Watou (1.5km south of Woodlark King).
Note 5: All Resources based on a 0.5g/t gold cut-off grade
Note 6: There have been no material changes to the reported Resources from what was previously reported under the 2004 JORC code

Woodlark Island Gold Project Mineral Resources

Report as per JORC2004
As of July 2012 at a 1g/t Au lower cutoff

Totals may appear incorrect due to rounding

Resource Category	Resource (Mt)	Au Cut (g/t)	Au Oz Cut
Measured	5.1	2.34	385,000
Indicated	7.6	2.5	615,000
Inferred	7.0	2.4	545,000
Totals	19.7	2.45	1,550,000

Woodlark Island Gold Project Ore Reserves

Report as per JORC2004
As of July 2012 at variable lower cutoffs

Totals may appear incorrect due to rounding

Deposit	Proved			Probable			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Busai	3,283,000	2.2	233,000	2,811,000	1.9	175,000	6,094,000	2.1	408,000
Kulumadau	3,144,000	2.2	223,000	751,000	2.4	59,000	3,863,000	2.3	282,000
Woodlark King				704,000	1.7	39,000	704,000	1.7	39,000
Kulumadau East				330,000	3.7	37,000	330,000	3.7	37,000
Total	6,427,000	2.2	456,000	4,596,000	2.1	310,000	10,991,000	2.2	766,000

The information in the three tables above was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

There has been no change to previously reported gold resources and reserves and all underlying assumptions remain unchanged. Please refer to Appendix 1 on the ASX announcement on 23 March 2016 entitled "Kulumadau Gold Deposit part of Larger System".