ASX Announcement & Media Release

Southern Cross-Airfield RC Drilling Discovers +42m Vertical Thickness High Quality Kaolin Clays near surface

Date: 13 July 2021

ASX Code: KGD

Board of Directors:

Mark Stowell (Chairman)
Mark Bojanjac
John Hannaford
Simon Adams

Shares on Issue:

179,175,632 Ordinary Shares
3,100,000 Options

Cash at Bank:

$1.7m (Q1 2021)

Highlights:

- **Drillhole 21BMRC001 intersected 10m @ 7% Halloysite from 40m depth downhole (8.8m true thickness) within an intersection of 55m of kaolin downhole;**
- **All three RC holes intersected +42m average vertical thickness white kaolin clays near the centre of the licence-(the Boomerang Kaolin Prospect) only 5m from surface;**
- **Initial lab sample analysis confirms high ISO brightness, high kaolin % and low impurities;**
- **HPA sighter leach test in progress;**
- **RC drill rig secured for immediate resource definition drilling program commencing this quarter**

Kula Gold Limited (Kula or the Company) reports that RC drilling at the Airfield Project near Southern Cross WA intersected thick >42m vertical kaolin clay development over the 300m drilled length at the newly named Boomerang Kaolin Prospect. The holes were drilled to test a magnetic anomaly and intersected the deep white kaolin zone shown in Figure 2. A total of 28 five metre composite samples were sent to Bureau Veritas ("BV") in Adelaide for sieving, XRF and ISO brightness analysis. The samples were wet sieved to remove quartz and mica to produce a coarser -180µm +45µm fraction and a finer -45µm fraction which were both assayed by XRF. The -45µm samples were then sent to CSIRO for XRD analysis to determine the kaolin-halloysite content. The results have been received and are shown in Table 1. A sighter HPA leach test is in progress for the Boomerang Kaolin Project.

Hole ID	From m	To m	Thickness m	True Thickness	Halloysite %	Kaolinite %	H+K %
21BMRC001	40	50	10	8.8	7	89	96

Table 1 Significant results from CSIRO XRD analysis -45µm fraction for samples above 5% Halloysite

HoleID	From (m)	To (m)	Interval (m)	-45µm %	Fe_2O_3 %	SiO_2 %	Al_2O_3 %	TiO_2 %	ISO Brightness %
21BMRC001	**5**	**60**	**55**	**47.4**	**0.4**	**48.9**	**36.8**	**0.4**	**82.0**
21BMRC002	**5**	**55**	**50**	**47.7**	**0.8**	**48.4**	**36.5**	**0.6**	**80.8**
21BMRC003	**5**	**40**	**35**	**47.2**	**0.6**	**48.4**	**36.9**	**0.7**	**80.1**

Table 2 -45µm Sieved XRF and ISO Brightness results

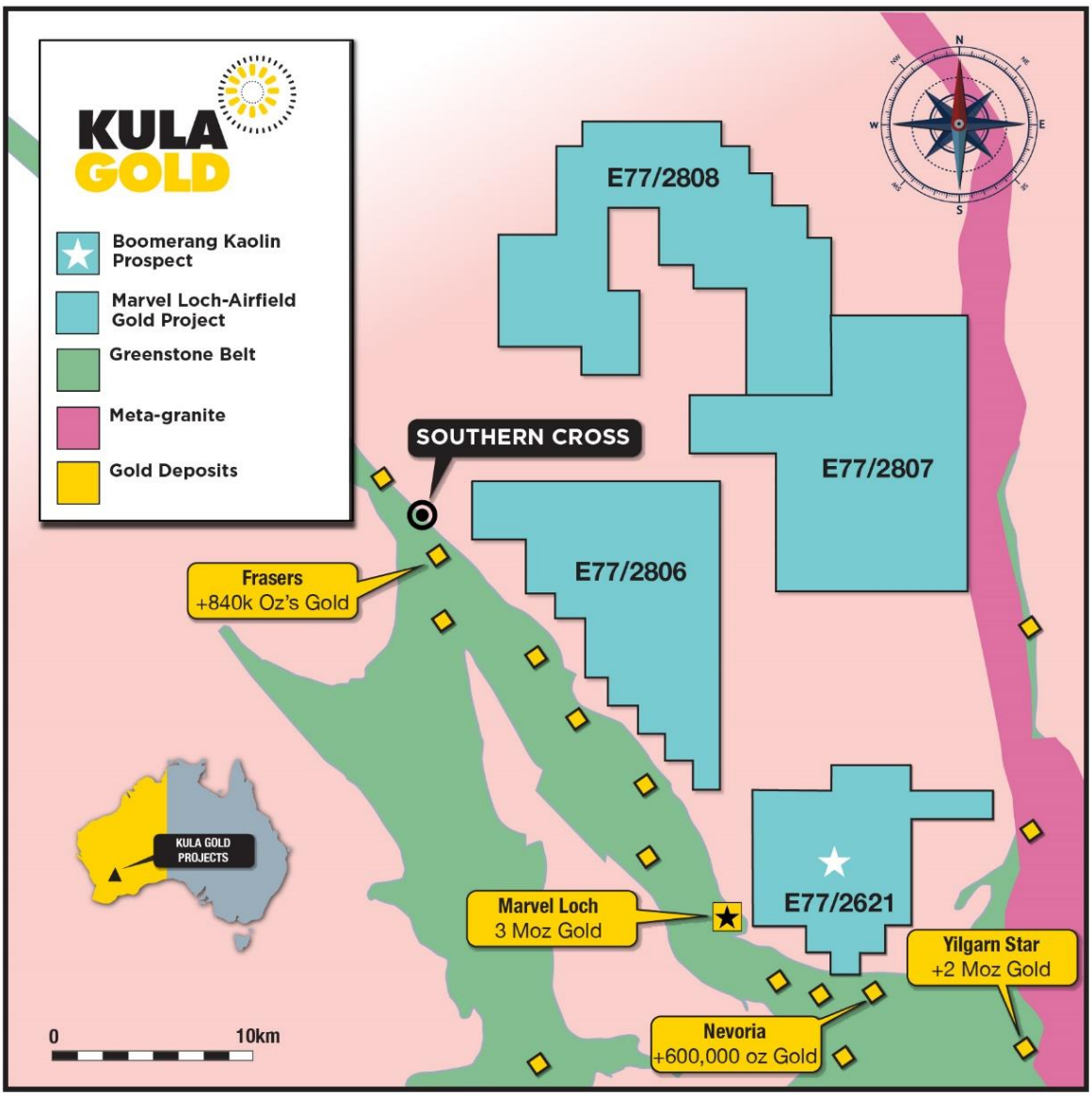

Figure 1. Airfield -Boomerang prospect Location Map

Results for the 28 Boomerang composite kaolin samples show approximately 47% of the sample reports to the -45µm fraction which grades 37% Al_2O_3 with very low levels of impurities (Fe_2O_3 and TiO_2) and high ISO brightness results. Results are very consistent across the three drill holes, and comparable to some of the higher quality deposits in the industry, albeit early stage as only three holes have been drilled to date.

Figure 2. White Kaolin Clays at the Airfield Project from 5 to 60m BMRC001

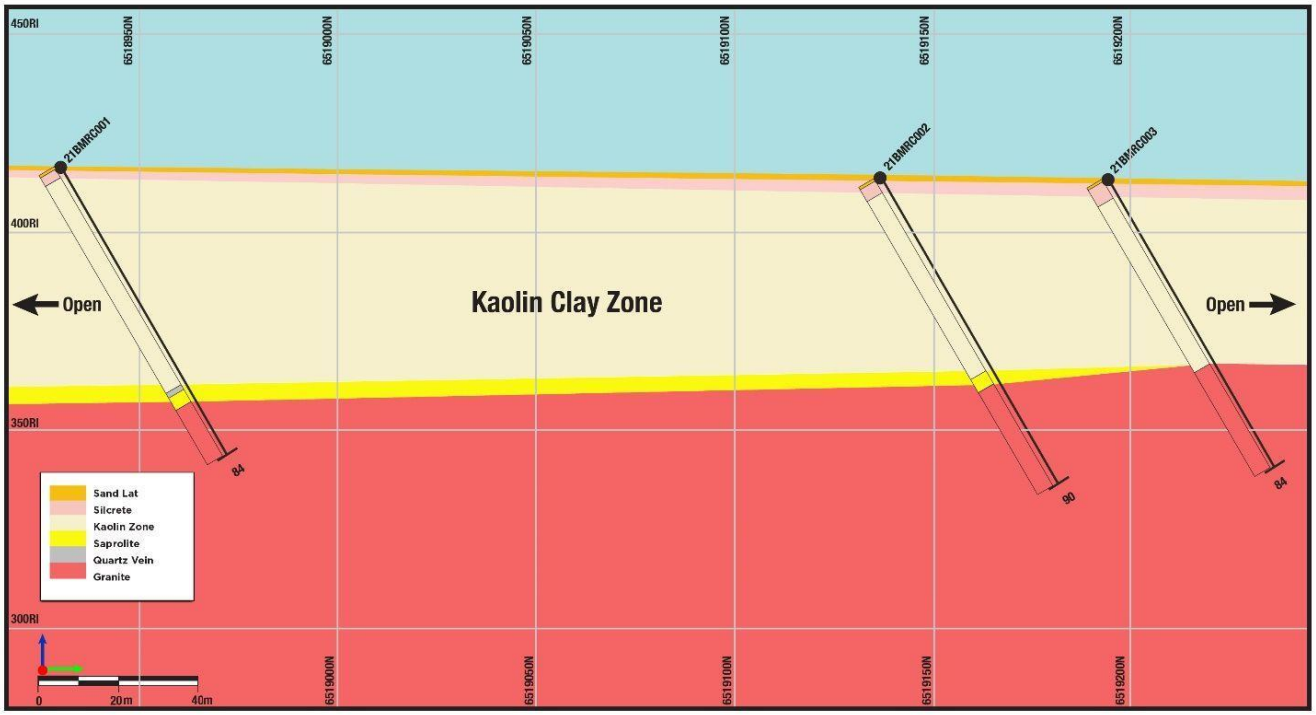

Figure 3. Cross Section of the Boomerang prospect RC drilling showing thick zones of Kaolin clays

SUMMARY AND NEXT DRILLING PROGRAM

The bright white kaolin zone was discovered when drilling a geophysical based gold target in April this year (See Figure 2 above).

A 200m spaced RC drilling program (2000m) is planned to define and test the extents of the kaolinized zone above the granite in August. The company believes the Exploration Target is between 30 and 100Mt of kaolin material based on the current thickness and the nature of the process that forms the wide zones of kaolin in weathered granite. Drill testing will continue if wide zones are intercepted in the planned program. The target size is conceptual in nature and there has been insufficient exploration to estimate a mineral resource at this stage. Only three drillholes have been completed over a length of approx. 300m to date and it is uncertain if further exploration will result in the estimation of a mineral resource.

The planned RC drilling is expected to be efficient given the spacing, and soft shallow profile. Drillholes will also be extended a further ~10m into fresh rock to test for gold below the kaolin on potential geophysical targets. Additional areas where the previous auger drilling identified bright white kaolin clays near surface are also planned to be RC drilled to verify the thickness of the kaolin clays.

The Boomerang Kaolin prospect lies in a favourable location, being ~25km from the Kalgoorlie water pipeline and Highway 94 Perth to Kalgoorlie, and 42km to the Southern Cross Rail yard.

The Company notes recent results from Western Australian Kaolin and Halloysite explorers, Andromeda Metals Ltd (ASX:ADN), Suvo Strategic Minerals Limited (ASX:SUV), Latin Resources Limited (ASX: LRS), FYI Resources Limited (ASX:FYI), WA Kaolin (ASX:WAK) & Alpha HPA Ltd (ASX:A4N). Recent prices for Kaolinite end product have been quoted/published at up to $700/t. Higher grade Halloysite and some applications in the High Purity Alumina (HPA) sector can achieve prices as high at $30,000/t with further processing. Further details on the world kaolin market are attached at Appendix 1.

Whilst Kula's results are preliminary and need to be confirmed by follow up drilling and assays, the Company believes that the initial assays are significant in grade and extent and require further investigation and drilling.

By order of the Board

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About the Company

Kula Gold Ltd (ASX: KGD) is a Western Australia gold exploration company focussed on large land positions and structural geological settings capable of hosting ~1m oz or equivelent gold deposits.

The company has projects within the Southern Cross WA region including Rankin Dome and Marvel Loch, as well as near Kurnalpi and Brunswick. The company has a history of large gold resource discoveries with its foundation Woodlark Island project in PNG.

Competent Persons Statement

The information in this report that relates to geology and exploration is based on information compiled by Mr. Adam Anderson, a Competent Person who is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Anderson is a Geology and Exploration Consultant who has been engaged by Kula Gold Ltd. Mr. Anderson has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the 2012 JORC Code). Mr. Anderson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

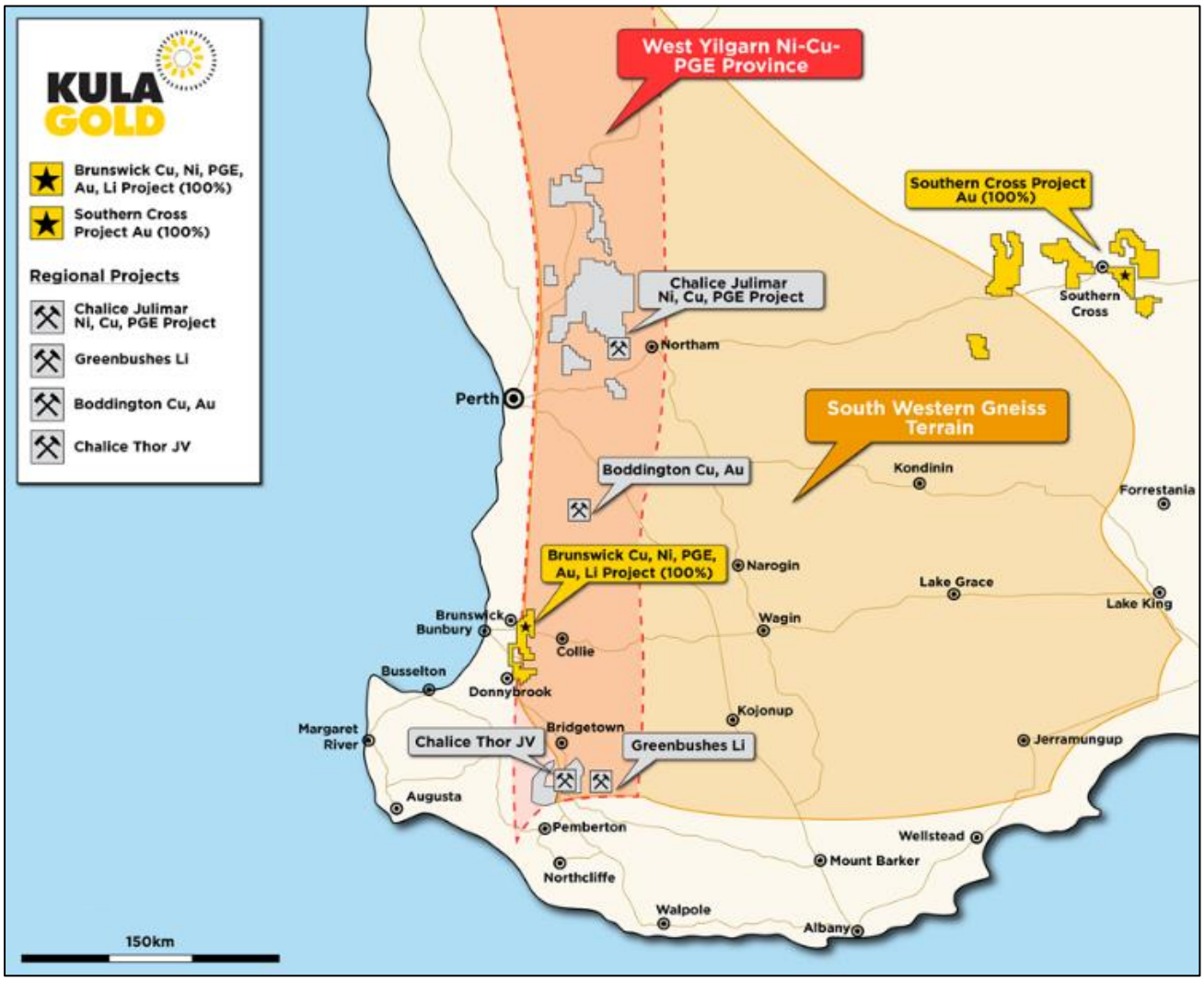


Figure 4. Kula Gold Ltd Project Locations

APPENDIX 1

Nature and Occurrence – World Markets for Kaolin

Kaolin is a white, soft, plastic clay composed mainly of kaolinite, Al4(OH)8[Si4O10], and other related clay minerals such as nacrite and dickite (Baker & Uren 1982). Primary kaolin tends to be well-ordered, with a high degree of crystallinity, forming a dense texture of semi-plastic clay. It forms in response to anhydrous aluminium silicate alteration in feldspar-rich rocks by weathering or hydrothermal processes.

Many kaolin deposits have been significantly upgraded by post-depositional weathering and diagenesis that have removed much of the original impurities — such as carbonaceous material and iron minerals — and have allowed extensive recrystallisation of the kaolinite to take place. Kaolin is produced by more than 50 countries.

The main exporters of refined (filler-grade) kaolin for high-quality markets, including paper, plastics and paints, are the USA, Great Britain, Brazil, and Germany. Major suppliers of low-to medium-quality kaolin used in applications such as refractories and ceramics include China, Colombia, South Korea, Uzbekistan and Ukraine.

Halloysite

This is similar to kaolinite but with variable amounts of water (H_2O) between the layers and composed of long, slender, tube-like crystals as per the diagrams below.

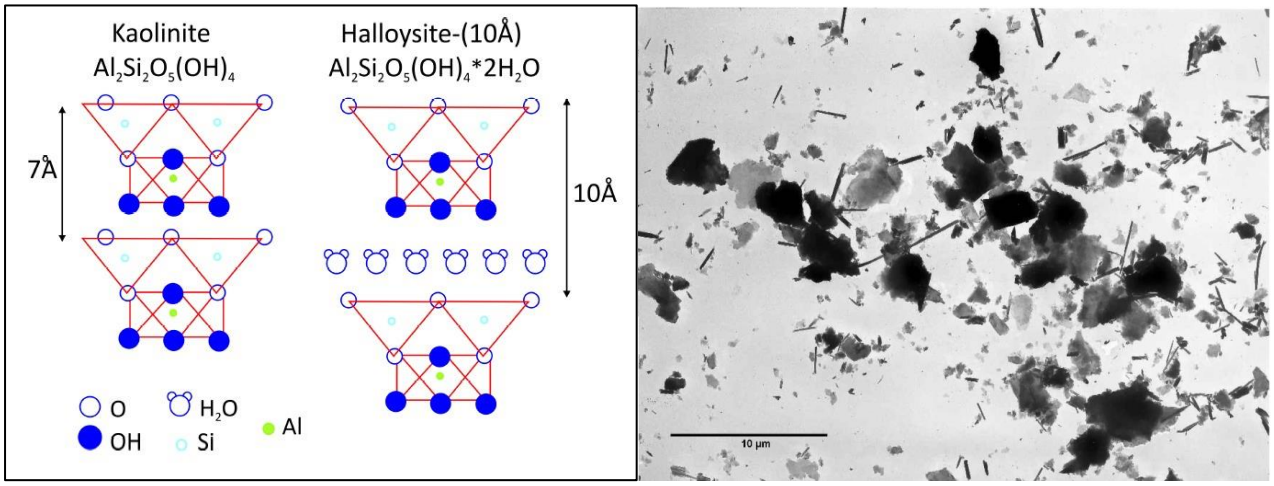


Figure 5. Kaolinite vs Halloysite Structures and an example of platy kaolin and Halloysite tubes in SEM image on right

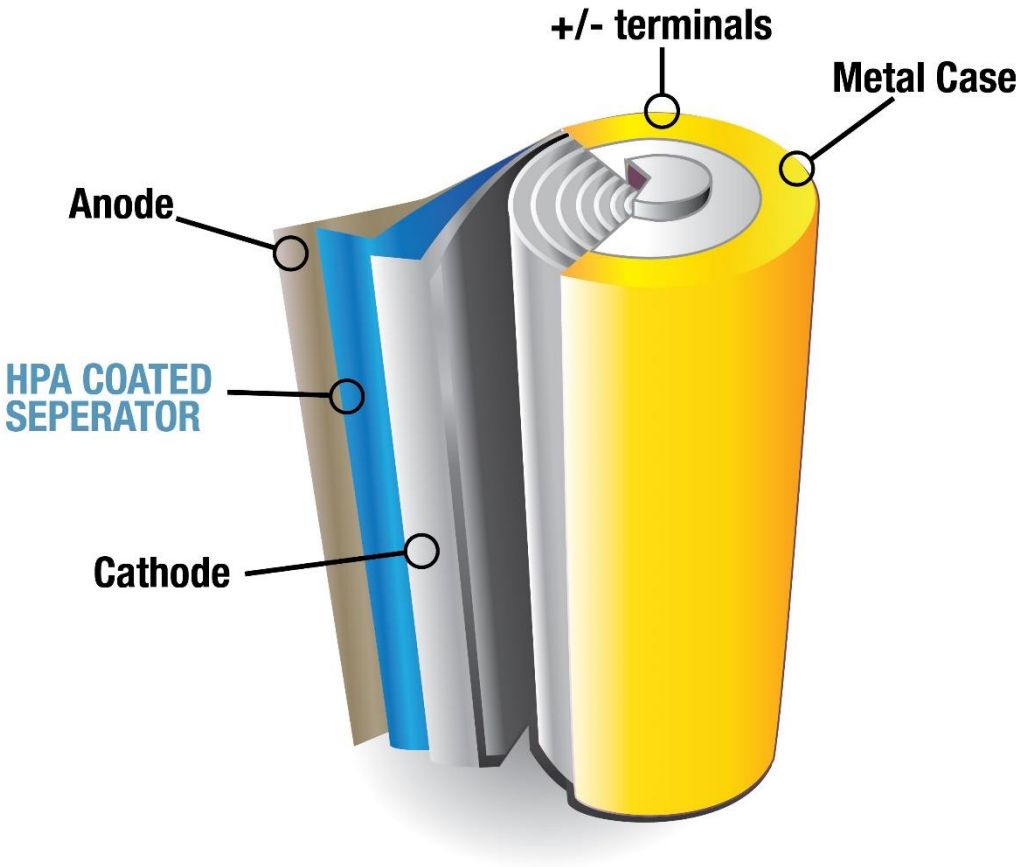
Chemically inert, nonabrasive and in possession of a number of characteristics make this commodity highly desirable for use in a broad range of industries including paper and paperboard, ceramics, fibreglass, paints and coatings, plastics, rubber, pharmaceuticals and medical, cosmetics, concrete and agriculture.

High Purity Alumina ("HPA")

HPA is a non-metallurgical premium alumina product characterised by a minimum purity of 99.99% (4N). It is produced from Kaolin processing it through a variety of metallurgical processes to produce a 4N product.

HPA is used as a base material in the manufacture of a variety of products including:

- Light Emitting Diodes (LED's);
- Electronic displays;
- Separator between cathode and anode in EV and rechargeable batteries -specifically the growing EV market. This is a highly important consideration for EV batteries, as HPA purity is critical to prevent battery ageing.



HPA demand is forecast to increase substantially in the next decade.

Cautionary Statement:
Forward Looking Statement:
This announcement may include statements that could be deemed "forward-looking statements". Although Kula Gold Limited (the Company) believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are no guarantee of future performance and actual results or developments may differ materially from those expected in the forward-looking statements or not take place at all.

No offer to sell or invitation to buy:
This announcement is not, and should not be considered to, constitute any offer to sell, or solicitation of an offer to buy, any securities in the Company, and no part of this announcement forms the basis of any contract or commitment whatsoever with any person. The Company does not accept any liability to any person in relation to the distribution or possession of this Presentation from or in any jurisdiction.

Disclaimer

Whilst care has been exercised in preparing and presenting this announcement, to the maximum extent permitted by law, the Company and its representatives:
- make no representation, warranty or undertaking, express or implied, as to the adequacy, accuracy, completeness or reasonableness of this announcement;
- accept no responsibility or liability as to the adequacy, accuracy, completeness or reasonableness of this announcement; and
- accept no responsibility for any errors or omissions from this announcement.

JORC Table 1

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Sampling consists of RC drilling to produce chip samples representing 1m of drilled material. Samples are composited to 5m via spear sampling to logged kaolinised granite intervals. Sample processing includes wet sieving to the -45micron fraction. Analysis of this fine -45micron fraction includes measuring ISO brightness, XRF analysis for element composition and XRD analysis for mineral species abundance of kaolin and halloysite.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Drilling was RC type using a Schramm type drilling rig using a $5^{1/8}$inch diameter drill-bit on a face sampling hammer.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Weights of samples sent for detailed analysis are recorded and reported by the laboratory • No indication of sample bias with respect to recovery has been established • There is nothing to suggest a relationship between sample recovery and grade
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies*	• Geological Logging is completed for all holes and is representative across the prospect. The lithology, alteration, grainsize, colour, weathering, veining and sulfides are logged onto hard copy sheets which are then

Criteria	JORC Code explanation	Commentary
	and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	entered into excel spreadsheets using standardized geological codes. • Logging is both qualitative and quantitative depending on the field being logged. • All drill holes are logged in entirety from surface to the EOH.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All samples were dry and 1m samples were contiguously spear composited to 5m intervals by Kula Gold personnel. • Sample preparation was recommended by the laboratory Bureau Veritas. • Samples were processed by laboratory Bureau Veritas. Sample weights were recorded before any sampling or drying. Samples are dried at low temperature (60C) to avoid destruction of halloysite. The dried sample was then pushed through a 5.6mm screen prior to splitting. • A small rotary splitter is used to split an 800g sample for sizing. • The 800g split is then wet sieved at 180pm and 45pm. The +180 and +45pm fractions are filtered and dried with standard papers then photographed. The -45pm fraction is filtered and dried with 2micron paper. • A small portion of the -45pm material is split for XRF, XRD and Brightness analysis and reserves are retained by BV. • At CSIRO, Division of Land and Water, South Australia testing was conducted on selected -45pm samples by the method below. • Approximately 3g of each <45µm sample was ground for 10 minutes in a McCrone micronizing mill with approximately 15ml of ethanol for quantitative XRD analysis. The resulting slurries were oven dried at 60°C before lightly mixing in an agate mortar and pestle. The fine powders were lightly back pressed into stainless steel sample holders to reduce orientation effects for XRD analysis. • XRD patterns were recorded with a PANalytical X'Pert Pro Multi-purpose Diffractometer using Fe filtered Co Ka radiation, automatic divergence slit, 2° anti-scatter slit and fast X'Celerator Si strip detector. The diffraction patterns were recorded in steps of 0.017° 2 theta with approximately 0.4 second counting time per step over the angle range 4-80° 2-theta. • Quantitative analysis was performed on the XRD data using the commercial package TOPAS V6 from Bruker AXS. The results are normalised to 100%, and hence do not include estimates of unidentified or amorphous materials. • Estimates of the proportion of halloysite and kaolinite were determined using the profile fitting capabilities of TOPAS (TOtal Pattern Analysis Software) from Bruker AXS. Calibration of the technique was determined from a suite of 20, -2 µm fractions of samples from the same locality analysed by XRD, SEM and FTIR (CSIRO Divisional Report Number 129, Janik and Keeling, 1996). • The samples for brightness analysis were prepared by another • group within BV Minerals. They were sized, at -45 µm, and a split was forwarded to the Mineralogy team for brightness analysis. • Discs were prepared from the powdered sample using clear plastic tube (25 mm ID x 22 mm long), stainless steel pin (25 mm OD), a ceramic tile, sample press and a digital scale for measuring weight applied to the sample. • The powdered samples were pressed into a disc using 400 kPa pressure applied for 5 seconds. The disc was then inverted, surface moisture removed by microwaving, and the ISO brightness obtained, within 1 hour of pressing, using a Konica-Minolta CM-25d spectrophotometer. • Brightness measurements were generally conducted according to (i) ISO 2469 Paper, board and pulps - Measurement of diffuse radiance factor (diffuse reflectance factor)and (ii) ISO 2470-1 Paper, board and pulps - Measurement of diffuse blue reflectance factor Part 1: Indoor daylight conditions (ISO brightness). Modifications were made, where appropriate, to these ISO procedures due to the difference between the materials in this standard and the current test samples (i.e. paper, board

Criteria	JORC Code explanation	Commentary
		• and pulps versus kaolinite/halloysite containing powders).
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the* • *analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control* • *procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• The analytical method and procedure were as recommended by the laboratory for exploration and are appropriate at the time of undertaking. • The laboratory inserts a range of standard samples in the sample stream the results of which are reported to the Company. • The laboratory uses a series of control samples to calibrate the XRD and XRD instrumentation. Analytical work was completed by an independent analytical laboratory. • A number of samples are selected as part of the Company's routine QA/QC process and dispatched for independent SEM analysis for visual verification of clay mineral species.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Sample and assay data from RC drilling have been compiled and reviewed by the KGD Exploration Manager, who was involved in the logging and sampling of the drilling at the time. No independent intercept verification has been undertaken. • Primary data is on paper drill logs and entered in excel and stored in an access database. • No adjustments have been made to the data
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill collars were surveyed by Southern X Surveys using GNSS (mmGPS) with manufacturers specifications of +/-10mm North & East and +/- 15mm RL and 1ppm. Survey control was established from Landgate SSMs and the survey traverse closed within the required accuracy. • The grid system used is UTM GDA 94 Zone 50
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drillholes were targeting a magnetic feature but intersected deep zones of kaolin development. Data spacing is not applicable at the early stage of exploration. • Samples are 5m composites.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Not Applicable
Sample security	• *The measures taken to ensure sample security.*	• Samples were collected by KGD staff into calico bags which are then placed into polyweave bags then placed into a bulka bag for delivery by Kal Express to BV Perth. BV Perth then organized transport to Adelaide.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• NA

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Reported 2/07/2021 ASX (KGD): " RC Drilling Discovers Previously Unmapped Amphibolite/BIF in the Ghooli Dome"
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• No other exploration by other parties has been completed in the area of the Boomerang Prospect

Criteria	JORC Code explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Boomerang Prospect is located in the southern part of the Ghooli Dome and is underlain by variably weathered Yilgarn Craton granites. The simplified geological succession in the prospect area consists of • Approx 1m of sand (all downhole measurements) • Up to 5m of silcrete • Up to 55m of kaolin clay • Up to 10m of weathered granite then fresh granite
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Reported 2/07/2021 ASX (KGD): " RC Drilling Discovers Previously Unmapped Amphibolite/BIF in the Ghooli Dome"
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Reported summary intercepts are weighted averages based on length. • No maximum or minimum grade truncations have been applied. • No metal equivalent values have been quoted
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Drillholes were drilled at -60 degs and are not at a complete right angle to the flat lying zone. Future drilling will be vertical and be perpendicular to the kaolin zones. The angle between the drilling and the flat lying Kaolin zone is approx. 30 degrees. • The true widths are 87% of the downhole widths.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Appropriate maps and a section have been provided in the Press Release.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Results have reported both high and low values.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Some previously reported auger data was reported to have intersected similar bright white kaolin clays within the licence area. • Reported 29th Jan 2021 ASX:KGD "Auger Airfield results and new licence"
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further RC drilling is planned to test the lateral extent of the flat lying kaolin deposits • Section provided.