ASX Code: KGD
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ASX Announcement & Media Release

Woodlark Gold Project Drilling Update - diamond drill hole intersects a combined 48m of gold mineralisation

Highlights:

- **Assay results received from the first two diamond holes of the current drilling program at the Busai Deposit within the development-ready Woodlark Island Gold Project, PNG**
- **Numerous gold intercepts in first hole (BS16DD001) including:**
  - **2.9m @ 8.87g/t Au from 1.1m;**
  - **7m @ 3.32 g/t Au from 38m;**
  - **19m @ 0.89 g/t Au from 73m;**
  - **3m @ 8.51 g/t Au from 138m; and**
  - **16m @ 1.16 g/t Au from 160m.**
- **Numerous gold intercepts in second hole (BS16DD002) including:**
  - **3m @ 6.37 g/t Au from 5m;**
  - **5m @ 1.40 g/t Au from 27m;**
  - **4m @ 2.55g/t Au from 44m; and**
  - **8.4m @ 1.28 g/t Au from 50m.**
- **Kula Gold is currently a 95% shareholder of the Woodlark Island Gold Project ("WIGP") and is free carried for the next $8m of expenditure - Geopacific Resources Limited funding to earn up to 51%**
- **A drilling program, totalling 15,000m, is underway within the WIGP. One diamond drill rig is drilling at Busai while one diamond drill rig and one RC drill rig are drilling at Kulumadau.**
- **Kula Gold Limited and Geopacific Resources Limited Execute JV Agreements in Woodlark Island Gold Project**

Kula Gold Limited (ASX: KGD) ("**Kula**" or "**the Company**") is pleased to advise that it has received assay results from the initial two diamond holes at the Busai Deposit on its Woodlark Island Gold Project in PNG from its Joint Venture partner Geopacific Resources Limited ("**Geopacific**"). Figure 1 shows a geological cross section with the first hole, BS16DD001, in relation to the current Busai pit design. The location of BS16DD004 is also shown in Figure 1 with the intervals of geological interest shown. Assays for BS16DD004 are pending.

Figure 2, below, is a plan of the current designed pit and the location of BS16DD001 and BS16DD002 in relation to the current structural interpretation.

Mineral Resource estimates for Kulumadau West, Kulumadau East, Kulumadau Adelaide, and Busai Gold Deposits on Woodlark Island, PNG were carried out by Continental Resource Management Pty Ltd (CRM). The estimates have been reported previously by CRM in accordance with the 2004 Edition of the JORC Code. They are now reported in accordance with the 2012 Edition of the JORC Code.

The estimates incorporated drill results to hand as at the end of June 2012. The estimates were carried out by John Doepel, Principal Geologist of CRM. The estimates employed Inverse Distance Squared (IDS) modelling to produce ore block models (OBMs) of the mineralisation within the deposits. The volcanic hosted mineralisation within the Busai Deposit was modelled using an ordinary kriging (OK) technique.

The resource inventory for the Busai and Kulumadau Deposits is detailed in Table 3 of Appendix A. Resource estimates for the Munasi and Woodlark King deposits (also tabulated in table 3 of Appendix A) remain reported in accordance with JORC 2004.

Reverse circulation and diamond drilling is progressing with three drill rigs currently on site with an initial 15,000m drilling program planned. This drilling aims to upgrade the Inferred Resources to either Indicated or Measured along with infill and extensional drilling around the known resource areas. Additional assay results will be reported as they are received.

In addition to the drilling activities, Kula and GPR are advancing and optimising the development-ready Woodlark Island Gold Project. Under the Joint Venture agreement GPR is funding the next $8 million of expenditure (ASX Release 11 July 2016) with the target of increasing Ore Reserves at WIGP to >1.2 million ounces of gold.

Optimisation work is underway in order to reduce the operating and capital costs for the project. Several of the costs used in the 2012 Feasibility Study are higher than the current costs, due to the 2012 study being completed at the height of the mining cost cycle. Potential savings have been identified in both operating costs and capital costs, along with potential process efficiencies also expected to contribute to improved project economics. Additional information will be made available as the optimisation studies progress.

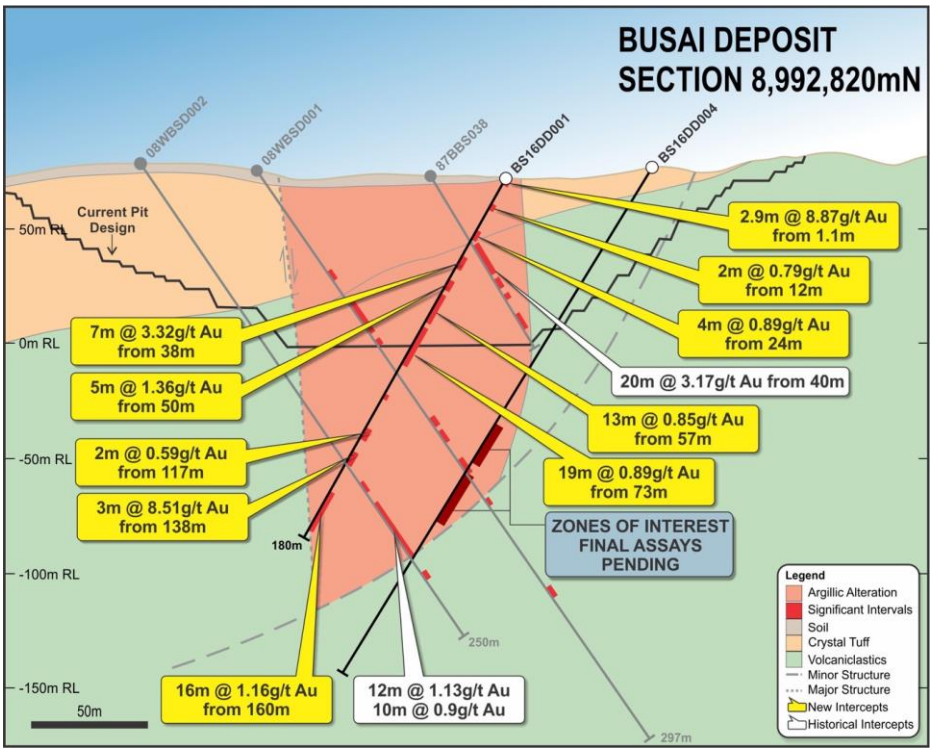

Figure 1: Cross section of the Busai Deposit showing assay results from BD16DD001 below the existing DFS pit outline. These assays may support deepening of the pit.

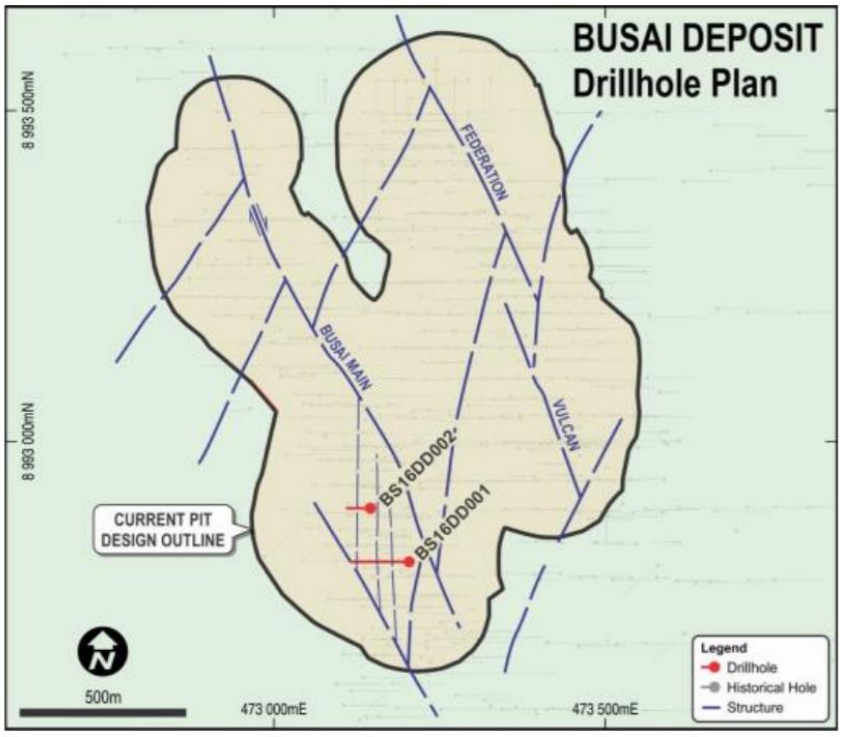

Figure 2: Drill hole location plan and structural interception of the Busai Gold Deposit with the drill hole locations relative to the current optimised pit design.

Execution of earn-in agreements with Geopacific

The Company is also pleased to announce completion of the agreements for the earn-in to the WIGP with Geopacific Resources Limited.

Kula retain a 95% share in WIGP following Geopacific's entitlement to a 5% share on the election to proceed to the second tranche of the agreement and the execution of the formal agreements. The agreements have been executed in accordance with and the replace the Binding Term Sheet entered into on 7 July 2016.

Under the agreement, Geopacific has committed to the second trance and will sole fund by spending $8 million or achieving the target of 1.2 million ounces of gold Ore Reserves, in a two-year period from their election to proceed in October 2016, in return for an earn-in up to 51% in WIGP. Should Geopacific proceed to the third farm-in period they will sole fund WIGP by spending a further $10 million, over a further two-year period, to progress Woodlark to bankable stage and in so doing earn up to 75% of WIGP.

The agreement provides for Geopacific to fund Kula through to production.

- END -

Background on the Woodlark Island Gold Project, PNG

Kula Gold Limited has advanced its Woodlark Island Gold Project to the point where it is 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.

Kula's Joint Venture Partner Geopacific Resources Limited is funding the next $8 million expenditure to advance the gold reserves to a target of 1.2 million ounces of gold to earn additional equity in the Project.

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 Resource Estimates for the Kulumadau and Busai Deposits are re reported in this release in accordance with JORC 2012. The estimates for Munasi and Woodlark King have not been re reported in accordance with JORC 2012, as there has been no additional work within these deposits since the previous estimate.

Kula Gold's Feasibility Study, based on a JORC 2004 Ore Reserve of 766,000 ounces and a gold price of US$1200/ounce, defined a Project with a mine life of nine years, three open pit mining areas and a 1.8Mtpa gravity and carbon in leach plant (KGD ASX release 27 September 2012).

The Company's 95% owned subsidiary, Woodlark Mining Limited, has been granted the Environment Permit and the Mining Lease for the Project.

For further information, contact:

Garry Perotti
Chief Financial Officer
Kula Gold Limited

T: + 61 8 6144 0588
F: + 61 8 6144 0589

Directors and Management

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

Registered office
20 Howard Street
Perth, WA 6000, Australia
T: + 61 8 6144 0588
F: + 61 8 6144 0589
E: info@kulagold.com.au
W: www.kulagold.com.au
Tw: twitter.com/kulagold

Auditor
Ernst & Young
11 Mounts Bay Road,
Perth, WA 6000, Australia
Office: +61 8 9249 2222

Share registry
Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW 2000, Australia
T: 1300 554 474 or +61 2 8280 7111

Investor relations
Six Degrees
18 Howard Street
Perth, WA 6000, Australia
T: +61 (0) 400 164 067

The information in this report that relates to geology and exploration is based on information compiled by Mr Paul Dunbar, a Competent Person who is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Dunbar is employed by Dunbar Resource Management, a Geology and Exploration Management consultancy, who has been engaged by Kula Gold. Mr. Dunbar 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. Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the Mineral Resource estimates, is based on information compiled by Mr. John Doepel, Principal Geologist for Continental Resource Management Pty Limited (Resource Report, Busai and Kulumadau Gold Deposits Woodlark Island Papua New Guinea). 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.

Appendix A: Table 1. Significant Intersections

HOLE ID	FROM (m)	INTERVAL (m)	Au (ppm)
BS16DD001	1.1	2.9	8.87
	12	2	0.79
	24	4	0.89
	38	7	3.32
Including	44	1	15.51
	50	5	1.36
	57	13	0.85
	73	19	0.89
	117	2	0.59
	125	3	0.82
	138	3	8.51
	160	16	1.16
BS16DD002	5	3	6.37
	27	5	1.40
	44	4	2.55
	50	8.4	1.28
	61	1	2.09
	70	2	1.37

Notes

- All material diamond drill core
- Samples collected as half core, cut by diamond saw
- Sample preparation undertaken by ITS Laboratories on Woodlark Island (refer Appendix B for details)
- Gold analysis by Fire Assay 50gm charge by Inertek Genalysis Laboratories, Townsville, Australia
- Mineralised intercepts calculated as a weighted average, using a 0.5g/t Au lower cut, maximum of two metres of internal waste.

Appendix A: Table 2. Drillhole Collar Table

HOLE	EAST	NORTH	RL	AZI	DIP	Final Depth
BS16DD001	8992820	473205	73.00	270	-60	180.00
BS16DD002	8992900	473146	72.00	270	-72	108.30

- Collar coordinates in PNG94 Geodetic System
- Azimuths true bearing

Appendix A: Table 3. Woodlark Island 2012 Resource Table

Reported as per JORC 2012
As of July 2012 at 0.5g/t Au lower cutoff

Deposit	Category	Resource (Mt)	Grade – cut (g/t gold)	Gold – cut (Oz)
Kulumadau	Measured	5	1.78	285,000
	Indicated	4.4	1.75	250,000
	Inferred	8.6	1.4	380,000
	Totals	**18**	**1.6**	**910,000**
Busai	Measured	3.9	1.54	190,000
	Indicated	10.4	1.4	470,000
	Inferred	4.9	1.6	250,000
	Totals	**19**	**1.5**	**910,000**
All	Measured	8.9	1.66	475,000
	Indicated	14.8	1.5	720,000
	Inferred	13.5	1.5	630,000
Totals	**All**	**37.2**	1.5	**1,820,000**

Notes

1: Totals may appear incorrect due to rounding.

2: The Busai Indicated Resource includes 0.4Mt @ 1.4/t Au for 20,000oz from overlying alluvial mineralisation.

3: The Busai Inferred Resources includes 0.4Mt @ 1.2/Au for 14,000oz from overlying alluvial mineralisation.

Appendix A: Table 4. Woodlark Island 2004 Resource Table

Reported as per JORC 2004
As of July 2012 at 0.5g/t Au lower cutoff

Deposit	Category	Resource (Mt)	Grade – cut (g/t gold)	Gold – cut (Oz)
Munasi	Inferred	3.9	0.9	110,000
	Total	**3.9**	**0.9**	**110,000**
Woodlark King	Indicated	3	1.2	115,000
	Inferred[2]	1	1.8	60,000
	Total	**4**	**1.4**	**175,000**
Total	**All**	**7.9**	**1.1**	**285,000**

1: Totals may appear incorrect due to rounding.

2: The Woodlark King Inferred Resource includes 0.3Mt @ 3.0g/t for 30,000oz Au from Watou (1.5km south of Woodlark King)

3: These Resources are reported under JORC 2004 and have not been updated.

Appendix B: JORC Code, 2012 Edition – Table 1 – Recent Drilling

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Sampling techniques	*Nature and quality of sampling (e.g. 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.*	Sampling was conducted using diamond drilling (**DD**). Sampling of the diamond drilling comprised half core samples taken based on lithological, alteration, and mineralisation breaks observed in geological logging. Samples were sent for fire assay gold and four-acid multi-element analysis by ICPMS method. Blank, duplicate, and standard samples were inserted in at various intervals based on Geopacific's QAQC procedure (nominal 1 in 20) to ensure sample representivity and repeatability of the sampling results.
	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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.*	Core was cut in half using a core saw. Where core competency was low, whole core was wrapped in plastic clingfilm to help maintain integrity of the sampled interval while being cut. Samples were prepared on the on-site sample prep laboratory operated by ITS Pty Ltd PNG (Intertek Services Ltd). Standard preparation of samples is to crush ~2kg through a jaw crushed, with a blank bottle wash between each sample. Crushed sample is then transferred to a LM-2 pulveriser for reduction to pulp. A 150gm pulp sample is split from the master sample and submitted for analysis. Coarse reject material and pulps are bagged and stored on site for future reference. Samples were sent for fire assay gold analysis using a 50g charge, as well as multi-element analysis using multi-acid digest with ICP finish at Intertek's Townsville laboratory.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Drilling Techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).*	Diamond drilling was undertaken using triple tube methodology in a variety of core sizes including PQ and HQ and NQ depending on the ground conditions and depth of investigation.
Drill Sample Recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Core recovery is recorded by measuring the core recovered from the drillhole against the actual drilled metres.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	The use of triple tube drilling as well as shorter runs in zones of broken ground were used to maximise the sample recovery.
	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.	Sample recovery was good throughout the drillholes, consistently above 90%, and as such there is no sample bias introduced because of sample recovery.
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 and metallurgical studies.*	All drill core was geologically logged by Geopacific geologists using Geopacific's logging procedure. Geotechnical logging of Rock Quality Designation (RQD), hardness, degree of fracturing and weathering is undertaken by Geopacific staff using Geopacific's logging procedure.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	Drill core was logged both qualitatively (e.g. lithology, alteration, structure, etc.) and quantitatively (e.g. veining and mineralisation percentage, structural orientation angles, etc.). Drill core is photographed both dry and wet and is stored in plastic core trays in our exploration core yard.
	The total length and percentage of the relevant intersections logged.	All holes are logged their entire length.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Core is halved, with one half sent for sample preparation and analysis. The remaining core is stored in the core trays on site.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	Only samples from diamond drilling (core) is discussed in this release.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Samples are crushed to a nominal 2mm by a jaw crusher, with the whole sample pulverised and then split; one 150gm sample for submission with residue stored on site.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Field blank, duplicate, and standard samples are introduced to maximise the representivity of the 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.	Field duplicates are inserted in accordance with Geopacific's QAQC procedure.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are appropriate to the grain size of the material being sampled.
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.*	Fire assay Au and four-acid digest ICP analysis are thought to be appropriate for determination of gold and base metals in fresh rock, and are considered to represent a total analysis.
	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.	No results from geophysical tools, spectrometers, or handheld XRF instruments are reported in this release.
	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.	Field and lab blank, duplicate, and standard samples were used in the drilling. Results from these QAQC samples were within the acceptable ranges.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Significant intersections were inspected by senior geological staff.
	The use of twinned holes.	No holes reported in this announcement are twins of previous drilling.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary assay data is sent electronically from the lab to our database administrator and then entered into Geopacific's database and validated by the database administrator and senior staff.
	Discuss any adjustment to assay data.	No adjustments were made or required to be made to the assay data.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
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.*	Drillhole collars were located using a total station surveying instrument. Downhole surveys are conducted on all diamond drillholes with readings recorded every 5 metres downhole using a Reflex MEMS gyro.
	Specification of the grid system used.	Coordinates are recorded in PNG94 geodetic system
	Quality and adequacy of topographic control.	LiDAR survey data obtained over the licence area, tied in to total station collar readings provide sub-metre accuracy.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Drilling reported in this release relates to infill drilling within the Busai deposit. Existing drilling within the defined deposit area is nominally spaced 25m x 25m, closer in some areas.
	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.	Drilling results released in this announcement confirm mineralisation delineated in previous drilling and confirm both grade and geological continuity. As these holes compliment drilling informing a previously reported JORC Resource (see Appendix A, Table 3), spacing is considered sufficient.
	Whether sample compositing has been applied.	Results released in this announcement refer to diamond drilling where no compositing was undertaken.
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.*	Current interpretations of the mineralised zones in all areas indicate that the orientation of the drillholes has achieved unbiased sampling of the structures.
	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.	An interpretation of the mineralisation has indicated that no sampling bias has been introduced to the diamond drillholes reported herein.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Sample security	*The measures taken to ensure sample security.*	All samples are collected by GPR staff and put into numbered plastic bags, along with a corresponding sample ticket, which are immediately sealed and placed in order on a pallet with other samples in an area directly adjacent to the onsite sample preparation laboratory. and the pallet containing the sealed samples is then delivered directly into the onsite sample prep lab, where chain of custody hands over to ITS Ltd.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits have been completed, but QAQC data is monitored on a batch-by-batch basis.

Appendix B: JORC Code, 2012 Edition – Table 1

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.*	Geopacific executed a Joint Venture agreement with Kula Gold Ltd (ASX:KGD) to acquire a 75% interest by spending AUD$18.65m over three tranches. Tranche 1 was $0.65m to conduct due diligence and earned GPR 5%, under Tranche 2, GPR must spend AUD$8m within the first two years to earn an additional 35% interest in operating company WML. Should GPR delineate a Reserve of >1.2M Oz Au within the two-year period it will be deemed to hold a 51% interest in WML. Geopacific can increase its ownership to 60% of WML by completing the earn-in expenditure (Tranche 3) without delineating the Reserve target of 1.2M Oz Au. Should that target be met as part of Tranche 3 expenditure, Geopacific will be deemed to have earned a 75% interest in WML.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	This announcement is based on work done by Kula Gold Ltd and Geopacific Resources Limited.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Geology	*Deposit type, geological setting and style of mineralisation.*	Most of Woodlark Island is covered by a veneer of Plio-Pleistocene limestones (coronus) of variable thickness with associated marine clays and basal conglomerates. A central elevated portion of the island (horst structure) contains Miocene volcanic rocks intruded by late stage, high K porphyritic intrusives and contains the known historical mines. Gold mineralisation within the Woodlark Island Gold Project is principally hosted by andesites and their sub-volcanic equivalents within the Miocene age stratigraphic unit known as the Okiduse Volcanics. The mineralisation is variously associated with lodes, quartz veins, stockwork zones and breccias developed within proximal phyllic and marginal propylitic alteration envelopes regionally associated with intrusive breccia complexes. Gold mineralisation is consistent with low sulphidation, base metal carbonate, epithermal systems typical of the south-west Pacific.
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.*	See Appendix A, Tables 1 and 2
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	No top-cuts were used in the reporting of these significant intercept. The interval selected using a cut off value 0.5ppm Au and were calculated using weighted averaging.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	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.	Shorter intercepts of higher grade within larger reported intercepts are subsequently highlighted within the summary drilling table.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	N/A
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 (e.g. 'down hole length, true width not known').*	Information from other drilling in the area as well as geological mapping indicate that the downhole intervals may be close to the true width, but more structural information is needed to determine the exact orientation of the mineralised zones.
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.*	Diagrams relevant to the report content are included in the body of the report.
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.*	Refer to Appendix A, tables 1 and 2
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.*	Refer to text.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Further work	*The nature and scale of planned further work (e.g. 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.*	Refer to text.

Appendix C - JORC 2012 Checklist of Assessment and Reporting Criteria - Resource Estimation: Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. 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 samples are representative 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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.*	• *In-line with the nature of the mineralisation, the nature and quality of the RC (reverse circulation) and DD (diamond drilling) sampling was deemed by to be representative and of sufficient standard for use in subsequent detailed studies and ultimately resource estimation.* • *Sampling protocols were adequate and maintained throughout the drilling campaigns.* • *For RC drilling, historical sampling by BHP was over 2m or 4m intervals and by Auridium and Woodlark Mining Limited (WML or The Client) over 1m intervals.* • *For diamond drilling by BHP, Auridium, & WML diamond core was sampled over 1m intervals and by Highlands over 2m intervals. All companies submitted half core for analysis.* • *Portions of the core obtained by the WML drilling were clay rich, soft, and liable to fragmentation and sample loss during core cutting. Consequently such core was bound in plastic tape before cutting, to preserve both the integrity of the analytical sample and of the retained half core.*

Criteria	Explanation	Commentary
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).*	• *Across the entire Woodlark Island Project, drilling was by Reverse Circulation (RC) and diamond (DD) drilling representing 86% and 14% of the total database respectively.* • *The WML Reverse Circulation (RC) holes were drilled using a face sampling hammer to a maximum depth of 171m, although most were drilled to 150m* • *The Diamond Drilling (DD) technique was used to obtain varying size core (between HQ3 to NQ2 sized core) samples. DD drilling achieved a maximum depth of 350m in drill-hole 08WBSD008.* • *WML Diamond (DD) drill core samples were oriented & marked up using ORI tool marks generated during the drilling process.*
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.*	• *To assess RC sample recovery, individual samples were weighed and recorded in the field. The data indicated some inadequacies in sample recovery were primarily due to poor ground conditions, however consistently high recoveries were obtained by WML, which in most cases obtained dry samples.* • *All diamond core (DD) was measured and recovery data recorded for all holes. Predominantly satisfactory sample recovery occurred, however periodic poorer recovery was encountered during the intersection of clay rich sheared and fractured zones at Kulumadau West, which resulted in the likelihood of the potential loss of some sulphides and gold in clayey shear zones during core drilling. At Kulumadau West some smearing in pre-WML RC drilling gave potential overestimation of the width of mineralised zones. Assays from these holes were not used for resource estimation.* • *No further apparent biases were observed.*

Criteria	Explanation	Commentary
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 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.*	• *It has been noted by KG representatives that a geologist was on site at all times when the rig is operational.* • *A handful of material for logging was taken from the 3/4 split bag (this was usually done before weighing due to the need to keep pace with the drilling). The sample was then wet sieved into a panning dish using a 1 or 2mm sieve. Oversize rock chips were geologically logged using the appropriate log form.* • *After logging, rock chips were placed into appropriately labelled plastic chip storage trays. A photographic record was later made of the chip trays laid out in an ordered arrangement to reflect the progressive changes down the drill-hole. All core was photographed.* • *The sieved -1mm material was then panned down to a concentrate and notes made on the presence of sulphides, magnetite, visible gold and other heavy minerals. Logging was undertaken on a sample interval basis keeping pace with the progress of the drill-hole where possible.* • *CRM viewed all core and chip trays from the Busai Deposit in the field and the photos of all chip trays and core from the other deposits*

Criteria	Explanation	Commentary
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.*	• *The WML RC samples were collected into an open weave (polyweave) plastic sack, numbered with the drill-hole number & sample interval. The sack is fixed to the throat of the cyclone. The filled sack was transported to the splitting station in a barrow. This procedure reduced the chances of spillage and injury caused by lifting heavy wet samples.* • *Holes made with fencing wire were applied to the top of the sample bag when the sample is wet to allow excess water to dissipate. WML protocol was that the cyclone should be checked and cleaned at every interval when the recovered sample is damp or wet.* • *A riffle splitter capable of handling up to 35kg of dry cuttings was be used to obtain a 4-5kg split of the cuttings for despatch to the Sample Preparation Laboratory. This usually represents 20 to 25% of the sample collected, dependent on the drill-hole size.* • *The laboratory sample is placed into a plastic bag labelled with the sample number and an aluminium permatag with sample number inserted before sealing the bag with staples. The bags is weighed then laid out in order of sampling for checking prior to transhipment to the lab. Sample weights are determined for each sample interval whilst at the drill site. Suspension scales accurate to 0.5kg are recommended for the 3/4 split residue and a set of top balance scales accurate to 0.1kg is recommended for the lab sample.* • *For core drilling the samples are transported from the field, four trays at a time in a utility, once in the core yard core blocks are recorded and core recoveries are calculated.* • *The core is photographed and then marked up in individual metres. Core is then geologically and geotechnically logged and sample numbers are assigned for cutting and sampling.* • *Core is then sawn in half (if the core is not coherent it is first taped up) and the half core is sampled according to the assigned sampling regime (usually by 1m intervals). Core is packaged into plastic and then combined into calico and a polyweave sack, the quantity is contingent upon weight.* • *The sample sizes are considered adequate to capture and adequately represent the prevailing mineralisation style / gold variability over the project area.*

Criteria	Explanation	Commentary
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.*	• *WML sample preparation was carried out by Intertek personnel on Woodlark during 2004. For the 2005 programme a new preparation facility was established and run by Intertek at Alotau. In 2008 the preparation laboratory was moved to WML's Woodlark camp. CRM visited both facilities and was of the opinion that all necessary equipment was available and fully serviceable and that all procedures and documentation were carried out to highest standards.* • *The Sample Preparation Laboratory submitted a second pulp sample at the ratio of one sample in fifteen.* • *Sample submission forms are completed at the sample preparation facility and the pulp samples are transported to Intertek in Jakarta by air.* • *Gold analyses are conducted using Fire Assay with AAS finish on a 50g sample (Intertek method Code FA50).* • *Routine base metal analyses are to be conducted using acid (aqua regia) digest with AAS finish (Intertek method Code GA02).* • *As a standard practice, Intertek Analytical Laboratory in Jakarta routinely re-assays the pulps at a ratio of approximately 1 in 9, including all samples returning greater than 10 g/t Au. Any variation greater than 15% between first and second analyses triggers further repeats.* • *Many of the drill-holes completed by WML in 2004 contained zones with visible gold. It is accepted that this has potential to contribute to a lack of homogeneity in both crushed and pulverised sample material due to "nugget effect". Screen fires have been used by past explorers on Woodlark and have confirmed that nugget effect is a common occurrence.* • *As part of their own internal quality assurance program, Intertek run reference standards with every batch of samples supplied by Woodlark Mining. Each batch of fifty samples fired includes one blank, two gold reference standards and two randomly selected replicate samples. This is in addition to the one-in fifteen second splits used for monitoring reproducibility.*

Criteria	Explanation	Commentary
Quality of assay data and laboratory tests (Cont)		• *CRM supervised the collection of duplicate core, coarse crush, and pulp samples from both WML's 2004 and 2005 Kulumadau diamond drill programmes. These samples were analysed for Au by Genalysis Laboratory Services Pty Ltd, Maddington, Western Australia (Genalysis) using a 50g charge fire assay with an AAS finish. The check core samples confirmed the presence of high grade gold mineralisation and the check pulp samples the validity of Intertek's assay procedures.* • *From mid-2008 WML included a series of gold reference standards and blanks (obtained from an independent Australian supplier) with each batch of samples submitted for analysis. These were included on a one-in-fifty basis as part of the normal sequence of sample numbers not revealed to the Analytical Laboratory.* • *WML procedures have provided acceptable levels of accuracy and precision*
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.*	• *When the site is accessible, Kula Gold Pty Ltd has a policy of permitting visits to its operational sites by interested investors or authorities with concern for quality assurance purposes.* • *Data verification is undertaken by Kula Gold representatives.* • *CRM had, to late 2005, obtained copies of all historical logs in WML's library and in their Woodlark office; obtained copies of all historical original laboratory assay sheets in WML's library and in their Woodlark office; verified all assays in the database against the original assay sheet if available, or in default against the original log sheets if available, or in default against BHP's typed drill assay summaries; Obtained a selection of original laboratory assay sheets for the 2004 WML drilling and verified the digital assay filet supplied by WML against these; obtained original laboratory assay files and faxed assay reports from Intertek for the 2005 WML drilling; cross-checked drill-hole collar data against survey files and entries on original logs; verified down-hole surveys by viewing a selection of down-hole camera discs from WML's 2004 drilling.* •

Criteria	Explanation	Commentary
Verification of sampling and assaying. (Cont)		• *Since 2005 CRM has received copies of all drill logs, drilling details, and assay results. It has checked assay sheets and collar coordinates against the WML database and has generated 3D down-hole assay locations using Micromine software, which simultaneously carries out check validation of data.* • *Over the duration of the exploration of the project a number of twinned drill-holes have been drilled. It was observed that overall results were broadly in agreement with the recognition of periodic down-hole contamination in some RC drill-holes within the Kulumadau Deposit. The correlation of data downhole between historical and current drilling assists with verification of data repeatability.* • *Laboratory data is supplied electronically to the WML office for automated import into database.* • *All data is stored on the WML Office server and is said to be backed up weekly by the Client.* • *There was no adjustment to the assay data provided from the laboratory.*

Criteria	Explanation	Commentary
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.*	• *Prior to 2010, WML and its predecessors employed the UTM projection AGD66 Zone 56 datum. They also used a local grid system that was derived from it by the removal of the first number from the easting and the first two numbers from the northing.* • *In early 2010 WML upgraded from a UTM projection using the AGD66 Zone 56 datum to a UTM projection WGS84 Zone 56 datum for all work undertaken on the island. All historical data was transformed from AGD66 to WGS84* • *A Geodetic survey was completed on the Island in September 2010 by Quickclose Pty Ltd, whose principal; Mr Richard Stanaway is a Registered Surveyor in Australia, specializing in establishing geodetic datum surveys by differential GPS techniques.* • *The survey tied all KG survey data in the kinematic WGS84 datum to the Papua New Guinea legal standard static datum PNG94. Orthometric heights were adjusted to Local mean sea level.* • *All data has been supplied to CRM by KG (Kula Gold or "The Client") in the PNG94 datum. The LIDAR survey was flown in early 2011 using the PNG94 datum. The elevation data produced is tied to Local Mean Sea Level and all the collar data received after September 2010 is in PNG94 all historical elevation data prior to then have been reduced to the LIDAR surface which is in PNG94.* • *CRM has checked down-hole survey information for WML diamond drill holes. Post 2008 Kula Gold used Reflex EZ Shot electronic survey equipment for down-hole surveying.*
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.*	• *Drilling over the Woodlark project areas was designed to intersect the mineralisation at approximately 26 to 30m along strike and approximately 20 to 25m across strike.* • *Toward the extremities of the main project areas the drilling becomes broader to as much as 45 to 50m across strike and 43 to 52m along strike to define regional mineralised trends.* • *. CRM used 1m composites for the Kulumadau West modelling, and variable length composites for the Kulumadau Adelaide and Kulumadau East modelling in order to de-cluster data from drill-holes with varying azimuths and dips.* • *The data spacing is considered adequate by CRM to enable local short scale continuity in geology and the known mineralised trends and is sufficient for use in Resource estimation.*

Criteria	Explanation	Commentary
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.*	• *Where possible the drill-holes were designed to perpendicularly intersect the mineralisation to achieve unbiased sampling and reflect as close to true width possible given the geometry of the mineralisation.* • *No sample biases have been considered by CRM to have been introduced during drilling other than those stated earlier in sampling technique section in relation to down hole smearing in a number of RC drill-holes and to preferential fine fraction core loss in Kulumadau West diamond drilling.*
Sample security	• *The measures taken to ensure sample security.*	• *Sample chain of custody was maintained for this project.* • *WML samples despatched by chartered boat to the Alotau preparation facility during 2005 were accompanied by a WML employee to ensure that no tampering occurred. The samples were securely and obviously sealed prior to transport and received by a senior WML staff member in Alotau. From 2008 sealed sample packages transported by charter plane to Port Moresby and thence by DHL courier air freight to Jakarta.*
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• *CRM supervised the collection of duplicate core, coarse crush, and pulp samples from both WML's 2004 and 2005 Kulumadau diamond drill programmes. These samples were analysed for Au by Genalysis Laboratory Services Pty Ltd, Maddington, Western Australia (Genalysis) using a 50g charge fire assay with an AAS finish. The check core samples confirmed the presence of high grade gold mineralisation and the check pulp samples the validity of Intertek's assay procedures.* *CRM has reviewed all QAQC data and is of the opinion that the reported grades adequately and accurately reflect the grades of the mineralisation*

Section 2 Reporting of Exploration Results

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

Criteria	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.*	• *The Woodlark Gold Project comprises a granted Mining Lease (ML508) and three contiguous granted Exploration Licences (EL 1279, EL 1172, and EL1465), covering an aggregate area of about 577km^2. The licences are held 100 per cent by Woodlark Mining Limited (WML), a wholly owned subsidiary of Kula Gold Pty Ltd. The ML and the Busai, Woodlark King, and Kulumadau Deposits are within EL1279.* • *Woodlark Island is approximately 60km in length and 25km in width. It is situated in the Solomon Sea some 300km east-northeast of the mainland of PNG). It is within PNG's Milne Bay Province.*
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• *Historical exploration on the Woodlark Project is given by Spencer (2009), in summary: Alluvial gold discovered in 1895; Alluvial rush slows in 1898; Rich veins mined at Busai 1896-1915 including Murua United open cut; Kulumadau main lode discovered 1898; Company mining at Kulumadau 1899-1918; Mining of Woodlark King 1911-1939.* • *Since 1962 a number of explorers have conducted geological mapping, geophysical and geochemical exploration, and drilling at Busai, Kulumadau, and other prospects. The explorers listed are the Australian Bureau of Mineral Resources (BMR), BHP Minerals Exploration (BHP), Highlands Gold Resources N.L. (Highlands), Auridiam Consolidated Limited (Auridium), Misima Mines Limited (MML), and WML, which was a wholly owned subsidiary of BDI Mining Ltd (BDI) between 2004 and 2007 (since when it has been a wholly owned subsidiary of Kula Gold Pty Ltd).* • *WML drilled the Kulumadau Deposit between 2004 and 2006 and during 2011 and 2012; the Busai Deposit from 2008 to 2010, and the Woodlark King Deposit during 2010 and 2011.*

Criteria	Explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	• *The Woodlark Project is consistent with a low sulphidation epithermal system.* • *Woodlark Island is part of a Tertiary aged volcanic island arc complex, comprising part of the Woodlark Oceanic Rise, one of a succession of composite east-west trending island arcs in the eastern PNG region.* • *Gold mineralisation within the Woodlark Project is principally hosted by andesites and their sub-volcanic equivalents within the Okiduse Volcanics. The mineralisation is variously associated with lodes, quartz veins, stock-work zones, and breccias; developed within proximal phyllic and marginal propylitic alteration envelopes.* • *Sulphide mineralogy is dominated by pyrite, which is weakly to moderately disseminated throughout the regional propylitic alteration halo.*

Criteria	Explanation	Commentary

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.*
		• *No drilling has been carried out within the resource areas since the resource estimations. All prior drilling has been previously reported.*
		• *All drill-holes are located between 468656.567mE to 476261.1769mE and 8986241.592mN to 8996728.262mN (on the (WGS8)4 World Geodectic grid System).*
		• *Using a local height Datum, the relative level (RL) for the drill collars are within 1.09mRL and 163.90mRL.*
		• *The majority of holes were drilled on an azimuth of approximately 090 (with other notable azimuths at 225, 045 and 270);*
		• *Drill-hole inclination varied between -45 to -90 degrees down dip.*
		• *The interception depth downhole varied due to the dip of the mineralisation.*
		• *Maximum total drill-hole length over the Busai, Kulumadau and Woodlark King projects did not exceed 480m.*
		• *No exclusions are applicable at the time of writing this report.*

Criteria	Explanation	Commentary
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. 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.*	• *No metal equivalent values have been used during estimation.by CRM.*
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 (e.g. 'down hole length, true width not known').*	• *The drill-hole orientation intersects the mineralisation at a various angles in-line with the variability of the mineralised trends.* • *In general the dominant drill hole orientation is -60^{o} towards the predominant dip of the mineralisation, which results in a propensity to intersect the mineralisation at as close to perpendicular as possible.* • *As a result of the drilling and variability of the mineralisation, the mineralised intercepts are exaggerated thickness and not true widths.*

Criteria	Explanation	Commentary
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.*	• *There are no exploration results reported for the immediate Busai or Kulumadau Deposit areas that have not been reported previously.*
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.*	• *There are no exploration results reported for the immediate Busai or Kulumadau Deposit areas that have not been reported previously*
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.*	• *Highlands carried out SG determinations on 81 core samples from Busai and 5 from Kulumadau Adelaide. It also carried out a bulk SG on the Adelaide mineralisation.* • *CRM commissioned SG determinations on 88 RC chip samples and 10 Busai core samples* • *CRM and WML commissioned SG determinations on 10 Kulumadau core samples* • *CRM is not aware of any further substantive exploration data.* •

Criteria	Explanation	Commentary
Further work	• *The nature and scale of planned further work (e.g. 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.*	• *The company has not defined any exploration programme or budget at this stage for further exploration work within the areas of the deposits.* • *The company's Quarterly Report for the period ending 30 June 2014 described a helimag survey over the central part of Woodlark Island and a contract for follow-up drilling.*

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• *Database is maintained by WML representatives and management. The aforementioned individuals compiled all data from the Busai, Kulumadau and Woodlark King projects and it was this data which was supplied to CRM.* • *CRM had, to late 2005, obtained copies of all historical logs in WML's library and in their Woodlark office; obtained copies of all historical original laboratory assay sheets in WML's library and in their Woodlark office; verified all assays in the database against the original assay sheet if available, or in default against the original log sheets if available, or in default against BHP's typed drill assay summaries; Obtained a selection of original laboratory assay sheets for the 2004 WML drilling and verified the digital assay filet supplied by WML against these; obtained original laboratory assay files and faxed assay reports from Intertek for the 2005 WML drilling; cross-checked drill-hole collar data against survey files and entries on original logs; verified down-hole surveys by viewing a selection of down-hole camera discs from WML's 2004 drilling.* • *Since 2005 CRM has received copies of all drill logs, drilling details, and assay results. It has checked assay sheets and collar coordinates against the WML database and has generated 3D down-hole assay locations using Micromine software, which simultaneously carries out check validation of data.*
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• *The competent person for the resource estimation visited the Busai, Woodlark King, and Kulumadau Deposits during WML's drilling programmes into them, during 2005, 2008, and 2010.*

Criteria	Explanation	Commentary
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• *Confidence in the geological model is good.* • *Lithological boundaries defined from geological logging were used to define the geological model and weathering / oxidation surfaces.* • *The geological interpretation is considered robust & alternative interpretations are considered not to have a material effect on the Mineral Resource. No alternate interpretations are proposed as geological confidence in the model is high.* • *Mineralisation tenor is very closely associated with the host geology and assisted the interpretation of the mineralisation model.* • *The factors affecting continuity both of grade and geology are most likely to be associated with structural controls and local complexity, the knowledge of which is moderate to well advanced with the current spacing of information. The approach to the mineralisation modelling is an attempt to model an unbiased interpretation based on the best available data provided to CRM.*
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• *The Busai mineralisation strikes NNW and has a moderate westerly dip, with higher grade mineralisation within steeper dipping narrow lodes. The mineralisation defined to date outcrops sporadically throughout the project area and is spread over a width of about 500m and has been intersected to a maximum intersected depth of approximately 328m below surface.* • *The Kulumadau West mineralisation strikes NNE over a length of at least 500m. It dips steeply east. Multiple lodes are spread over a width of about 200m and extend to a maximum intersected depth of approximately 250m below surface.* • *The Kulumadau Adelaide Zone mineralisation strikes WNW over a length of at least 225m. It dips at about 70º SSW. The high-grade domain has a width of about 40m and has been intersected to a depth of about 175m below surface.* • *The Kulumadau East mineralisation , which consists of multiple lodes, strikes NNW over a length of about 450m and a total width of at least 400m. The high-grade domain has a length of about 330m, a width of about 70m, and has been intersected to a depth of about 150m beneath surface. It dips at about 55º to the east.* •

Criteria	Explanation	Commentary
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.*	***Busai Deposits – IDS modelling*** • *CRM modelled the Busai Deposits using Inverse Distance Squared (IDS) methodology within the Micromine software estimation module. IDS methodology is considered appropriate for shear-hosted moderate-to high grade gold deposits.* • *The mineralisation was modelled within prismatic bounding wireframes. The limits of the wireframes followed geological boundaries and were also constrained by a DTM of the surface.* • *An upper cut of 100g/t Au was applied to the volcanic-hosted composite assays and of 25g/t to those of the Kiriwina alluvial mineralisation.* • *CRM used 1m composites for the modelling.* • *Variography was carried out in three directions on the composite assays within each wireframe,e in order to ascertain interpolation parameters* • *The interpolation radii for the volcanic-hosted mineralisation were:* *100m in azimuth direction, 50m in dip direction, and 1m across;* • *Each of the 10 structurally separate domains had different azimuth directions and dips;* • *The interpolation parameters for the alluvial mineralisation were: 60m to 360º, 60m to 90 (0 º dip); 1m vertical,* • *Block sizes were:* *Volcanic-hosted mineralisation : 10m EW, 10m NS, 10m vertical,* *Alluvial mineralisation : 10m EW, 10m NS, 10m vertical,* • *No assumptions were made with regard to selective mining units* • *No assumptions were made with respect to correlation between variables (only Au grade was modelled)* • *Grade cutting was applied according to interpretation of log-probability plots* • *OBM grade validation was carried out by visual on-screen verification of assay grades against nearby OBM grade ranges. CRM is of the opinion that the block grades reflect the sample grades.* • *Previous resource estimates of the Busai volcanic-hosted mineralisation were from significantly fewer drill-holes.* • *No by products are assumed; and no estimation of deleterious elements was carried out.* • *No estimation of deleterious elements was carried out.*

Criteria	Explanation	Commentary
Estimation and modelling techniques (continued)	• *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	***Busai Deposits – OK modelling*** • *Widenbar and Assoc. carried out an Ordinary Kriged estimate of the Busai volcanic-hosted mineralisation;* • *The mineralisation was modelled within the same prismatic wireframes that were used for the IDS estimate* • *Different top-cuts were applied to each of the ten structural domains. They varied from 10g/t Au to 60g/t Au.* • *Separate variography was carried out on the 1m composite data for each of the domains;* • *Different search directions were applied within each domain;* • *Block dimensions were 5m EW, 10m NS, and 5m vertical* • *The search ellipsoids had dimensions of 75m along strike, 4m across structure, and 60m down plunge;* • *The block model was validated against drill hole data on section, by comparison with average input data grades, and by comparison against the IDS model.*

Criteria	Explanation	Commentary
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* •	***Kulumadau Deposits*** • *CRM modelled the Kulumadau Deposits using Inverse Distance Squared (IDS) methodology within the Micromine software estimation module. IDS methodology is considered appropriate for shear-hosted moderate-to high grade gold deposits.* • *The mineralisation was modelled within prismatic bounding wireframes. The limits of the wireframes followed geological boundaries and were also constrained by a DTM of the surface. The Kulumadau East mineralisation was divided on grade criteria into high and low-grade domains.* • *An upper cut of 75g/t Au was applied to the Kulumadau West composite assays and of 25g/t to those of the Adelaide Deposit. No upper-cuts were applied to the Kulumadau East Deposit assays.* • *CRM used 1m composites for the Kulumadau West modelling, and variable length composites for the Kulumadau Adelaide and Kulumadau East modelling in order to de-cluster data from drill-holes with varying azimuths and dips.* • *Variography was carried out in three directions on the composite assays within each wireframe in order to ascertain interpolation parameters* • *The interpolation parameters were:* *Kulumadau West (western OBM): 60m to 025º, 75m down dip (75º E); 3m across strike,* *Kulumadau West (eastern OBM): 75m to 010º, 75m down dip (60º NE); 2.5m across strike* *Adelaide: 55m to 297.5º, 50m down dip (85º E); 2.5m across strike* *Kulumadau East High Grade: 50m to 345º, 35m down dip (55º E); 1.5m across strike* *Kulumadau East Low Grade: 70m to 350º, 90m down dip (25º E); 1.5m across strike,* • *The main Kulumadau West Lode was historically mined with a recorded production of 77,000oz from 150,000 milled tonnes (a head grade of at least 16g/t)* • *Previous resource estimates of Kulumadau West and Adelaide were from significantly fewer drill-holes (and over a shorter strike length for Kulumadau West).* • *No by products are assumed.* • *No estimation of deleterious elements was carried out.*

Criteria	Explanation	Commentary
Estimation and modelling techniques (Cont)	• *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available*	• *Block sizes were:* *Kulumadau West : 5m EW, 10m NS, 5m vertical,* *Adelaide: 5m EW, 5m NS, 5m vertical* *Kulumadau East: 5m EW, 10m NS, 5m vertical* *These sizes took into account the various orientations of the mineralisation and the general north-south line spacing* • *No assumptions were made with regard to selective mining units* • *No assumptions were made with respect to correlation between variables (only Au grade was modelled)* • *Mineralised material was confined to non-heamatitic altered volcanics* • *Grade cutting was applied according to interpretation of log-probability plots* • *OBM grade validation was carried out by visual on-screen verification of assay grades against nearby OBM grade ranges. CRM is of the opinion that the block grades reflect the sample grades.* •
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• *As reported by the Client, the sample is weighed wet then placed in a drying dish and put into an oven overnight at 100ºC. Samples are then re-weighed and the difference noted by WML.* • *The moisture content of the fresh core is calculated based on the difference in weight from field (insitu) and dry prior to crushing.* • *Tonnages were estimated on a dry basis.*

Criteria	Explanation	Commentary
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• *The Busai Deposit was reported at lower block-cut off grades of 0.5, 0.8, and 1.0g/t;* • *The Kulumadau West Deposit was reported at lower block-cut off grades of 0.5, 0.86, and 1.0g/t* • *The Adelaide Deposit was reported at lower block-cut off grades of 0.5, 1.0, and 1.15g/t Au;* • *The Kulumadau East Deposit was reported at lower block-cut off grades of 0.5, 1.0, and 1.18g/t*
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• *WML has completed a "Woodlark Island Gold Project Feasibility Study". The study determined that the project was both technically and financially viable based on the assumptions used. On the basis of this report CRM is of the opinion that there are reasonable prospects for eventual economic extraction.* • *LJ Putland and Associates has produced an Ore Reserve Estimate as at 16th July 2014 and reported it in accordance with the 2012 JORC Code.* • *Ore Reserves are assumed to be recovered from open pit mining at the Busai, Kulumadau, and Kulumadau East Deposits. .*

Criteria	Explanation	Commentary
Mining factors or assumptions (Cont)	•	• *For the Busai Deposit a separate MIK resource model produced by Helman and Schofield Pty ltd has been used for pit optimisation.* • *At Kulumadau West, based on pit configuration and style of mineralisation, an expected dilution quantity of 10% of in-situ tonnes at an average grade of 0.22g/t Au has been adopted. A mining recovery of 95% has been assumed for the Kulumadau West pit.* • *At Kulumadau Adelaide, based on pit configuration and style of mineralisation, an expected dilution quantity 10% of in-situ tonnes at an average grade of 0g/t Au has been adopted. A mining recovery of 95% has been assumed for the Kulumadau Adelaide pit.* • *At Kulumadau East, based on pit configuration, style of mineralisation, the lower level of geotechnical investigations and the lack of hydrological investigations and an expected dilution quantity of 15% of in-situ tonnes at an average grade of 0g/t Au has been adopted. A mining recovery of 90% has been assumed for the Kulumadau East pit.*
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• *Metallurgical test work on samples from the Busai, Kulumadau, and Kulumadau East Deposits indicate that the gold bearing material from each deposit can be treated utilising conventional Gravity and Carbon-In-Leach (CIL) gold processing methodology.* • *The following metallurgical recoveries were used in the Ore Reserve Estimation:* ○ *Busai:* ▪ *Murua United (Stage 1) = 92%* ▪ *Zone 40 and Federation (Stage 2 & 3) = 73%* ○ *Kulumadau = 92%* ○ *Kulumadau East = 93.5%*

Criteria	Explanation	Commentary
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• *As part of the Feasibility Study an Environmental and Social Impact Assessment (ESIA) and Environmental Impact Statement (EIS) was completed for the project. The purpose of these investigations was to characterise the existing environment in which the project will be situated, identify the potential impacts of the project, determine suitable avoidance, management or mitigation measures for them, and predict the residual impacts of the project after the implementation of these measures.* • *Bathymetry and Oceanographic surveys and specific DSTP investigations were completed during the Feasibility Study.* • *Waste rock geochemical characteristics assessment and waste dump design studies were completed during the Feasibility Study.*

Criteria	Explanation	Commentary
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• *Highlands carried out SG determinations on 81 core samples from Busai and 5 from Kulumadau Adelaide. The determinations were according to ASTM C97-83 and averaged 2.46 at Busai and 2.28 at Adelaide.* • *It also carried out a bulk SG on a sample cut from a costean wall in Adelaide mineralisation that returned 2.33.* • *CRM commissioned Genalysis to carry out SG determinations on 88 RC chip samples from Busai, sub-set by weathering domain. Mean results for gravimetric water displacement determinations were Fresh 2.64, Weakly weathered 2.49, Strongly weathered 2.43.* • *CRM commissioned SGS to carry out SG determinations on 10 wax coated weathered core samples from Busai. Mean results were Saprolitic clay and rock 1.81, Strongly weathered 2.04* • *CRM commissioned Genalysis to carry out SG determinations on 6 sealed Kulumadau core samples: the mean result was 2.48.* • *CRM used a density value of 2.48 for the Kulumadau West and Adelaide Deposits, as the mineralised rocks were virtually fresh from surface* • *CRM assigned SGs to weathering regimes at Kulumadau East as follows: Clay: 1.82, Strong: 2.04, Moderate: 2.20, Weak: 2.35, and Fresh: 2.48.* • *CRM assigned SGs to weathering regimes of the volcanic-hosted mineralisation at Busai as follows: Clay: 1.82, Strong: 2.04, Moderate: 2.20, Weak: 2.35, and Fresh: 2.65.* • *A nominal SG of 1.9 was assigned to the Busai alluvial mineralisation*

Criteria	Explanation	Commentary
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	***Busai IDS*** • *The volcanic-hosted resources were classified according to the following criteria:* *Measured Resources - Blocks interpolated from more than 35 points;* *Indicated Resources - Blocks interpolated from 8 to 35 points; and* *Inferred Resources - Blocks interpolated from 2 to 7 points.* • *The alluvial resources were classified according to the following criteria:* *Indicated Resources - Blocks interpolated from 8 plus points; and* *Inferred Resources - Blocks interpolated from 2to 7 points.* ***Busai OK*** *The resources were classified according to Kriging Variance as follows:* • *Measured Resources - Blocks interpolated with KV of less than 0.3;* *Indicated Resources - Blocks interpolated with KV of 0.3 to 0.85* *Inferred Resources - Blocks interpolated with KV of over 0.85.* ***Kulumadau*** • *The Kulumadau West resources were classified according to the following criteria:* *Measured Resources - Blocks interpolated from more than 35 points;* *Indicated Resources - Blocks interpolated from 21 to 35 points; and* *Inferred Resources - Blocks interpolated from 6 to 20 points.* • *The Adelaide Zone resources were classified according to the following criteria:* *Indicated Resources - Blocks interpolated from 25 plus points; and* *Inferred Resources - Blocks interpolated from 6 to 24 points.* • *The Kulumadau East Zone resources were classified according to the following criteria:* *Indicated Resources - Blocks interpolated from 15 plus points IF BOTH north of 8995740N AND within high-grade wireframe; and* *Inferred Resources - Blocks interpolated from 3 to 14 points, OR south of 8995740N, OR NOT within high-grade wireframe.* • *The reported Mineral Resource estimates and their classification into the Measured, Indicated and Inferred categories are consistent with the Competent Persons' views of the deposits.*

Criteria	Explanation	Commentary
Audits or reviews.	• *The results of any audits or reviews of Mineral Resource estimates.*	• *The resource estimates have been peer reviewed within CRM.*
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• *The Mineral Resource Estimates have been reported in accordance with the code and guidelines for the reporting of Mineral Resource Estimates, 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources & Ore Reserves and reflects the relative accuracy of the Mineral Resources estimate. The Competent Persons deem the process to be in line with industry standards for resource estimation & therefore within acceptable statistical error limits.* • *The resource statements relate to global estimates of tonnes and grades.* • *The relative accuracy and confidence of the estimates are reflected in the reporting on Measured, Indicated and Inferred resources in-line with the knowledge of geological, structural and mineralisation aspects.*