

## Kula takeover and the Woodlark Gold Project

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### DIRECTORS

Chairman: Milan Jerkovic  
Managing Director: Ron Heeks  
Executive Director: Philippa Leggat  
Non-Exec Director: Mark Bojanjac  
Non-Exec Director: Ian Clyne

### COMPANY SECRETARY

Matthew Smith

### PROJECTS

CAMBODIA:  
Kou Sa Copper

### FIJI:

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

PAPUA NEW GUINEA:  
Woodlark Island Gold

The [Board](#) of Geopacific Resources Ltd (Geopacific) is pleased to provide an update on the takeover offer (Offer) for Kula Gold Limited (Kula) and the impact of the takeover process in relation to the existing Joint Venture arrangements on the Woodlark Gold Project (Woodlark).

### Offer process

Geopacific announced its intention to make an [off-market takeover offer](#) to acquire all of the ordinary shares of Kula Gold on 5 April and released the [Bidder's Statement](#) detailing the Offer on 1 May.

### Next steps

The Bidder's Statement is undated and open for review for factual accuracy by Kula and the Australian Securities Investment Commission (ASIC) for a period of approximately 14 days.

Following this period, Geopacific will date the Bidder's Statement then re-release it to the ASX and send printed copies to Kula's shareholders. Kula then has up to 15 days to release a Target's Statement in response to Geopacific's Bidder Statement. The Target's Statement is expected to contain a recommendation on the Offer from each of the directors of Kula.

### Impact on the work programme at Woodlark during the Offer Period

Under the terms of the existing Joint Venture, Geopacific is fully responsible for the management of the Woodlark Project.

The work programme to develop the Woodlark Project is **not impacted** by the takeover process and continues in accordance with the Joint Venture.

The Joint Venture allows Geopacific to earn up to 80% of Woodlark.

Details of the terms of the Offer and Joint Venture can be found in [the Bidder's Statement](#) on Geopacific's website [www.geopacific.com.au](http://www.geopacific.com.au).

### Ron Heeks, Managing Director of Geopacific said

*"We are pleased with the positive results and level of progress achieved at Woodlark since our involvement, they demonstrate the ability of a 'build team' to unlock value in the Project.*

*Simplifying the corporate structure is the next logical step in advancing Woodlark for the benefit of the shareholders of both Kula and Geopacific, hence the takeover offer for Kula."*

Background information and a list of recent announcement is included below.

## CONTACT

For further information on this update or the Company generally, please visit our website at [www.geopacific.com.au](http://www.geopacific.com.au) or contact:

**Mr. Ron Heeks**  
**Managing Director**

**Ms. Philippa Leggat**  
**Executive Director Corporate**

## Background on the Woodlark Gold Project

The Woodlark Gold Project (Woodlark) is situated on Woodlark Island in the Milne Bay Province of Papua New Guinea (PNG). The project is 600 kilometres East of Port Moresby, PNG's capital city.

Woodlark is a multi-million-ounce gold project. It has had over 270,000 metres of exploration drilling and is permitted, with mining lease and environmental approvals to build a 1.8 million tonne per annum gravity gold and carbon-in-leach plant.

Geopacific's efforts are focussed on delivering Woodlark along the path to production in the most effective manner. The work programme covers a combination of; development drilling to increase the Reserve base; and economic studies to determine capital and operating expenditure.

Geopacific commenced as operators of Woodlark in late 2016 and continue to move Woodlark towards early gold production.

## Transaction history

Geopacific Resources Limited (Geopacific) and Kula Gold Limited (Kula) entered into a transaction on Woodlark in July 2016, with comprehensive agreements being finalised in January 2017.

Date	Events and details
July 2016	Execution of a Binding Termsheet on a Joint Venture transaction for Geopacific to earn up to 80% of Woodlark.
October 2016	Geopacific elected to proceed to Tranche 2 of the Joint Venture transaction.
January 2017	Detailed Joint Venture agreements executed. Geopacific earn 5% equity in Woodlark Mining Limited, which holds the Woodlark licences.
April 2017	Geopacific announced its intention to make an off-market takeover bid for Kula.
May 2017	Geopacific announced the Bidder's Statement on the takeover offer.
Current	Geopacific is developing Woodlark on a path to production in accordance with the Joint Venture transaction. The takeover offer has no impact on development work.

## Structure of Joint Venture transaction

Tranche	Events and details	Geopacific's Total equity
<b>1</b> Complete	<b>Geopacific earned a 5% equity stake in WML and Woodlark.</b>	5%
<b>2</b> Current	<b>Maximum spend and time allowance: \$8 million and 24 months.</b> Geopacific has a choice of 2 options, which result in different equity holdings:	
	1. Reach maximum spend within time allowance;	40%
	<b>OR</b>	
	2. Increase Reserves to 1.2 million ounces of gold within the time allowance for under \$8m	51%
<b>3</b> Future	<b>Maximum spend and time allowance: \$10 million and 24 months</b> Geopacific has a choice of 2 options, which result in different equity holdings:	
	1. Reach maximum spend within time allowance;	60%
	<b>OR</b>	
	2. Revise the feasibility study within the time allowance for under \$10m	75%
<b>Additional</b>	If Geopacific raises Kula's equity share of development finance, Geopacific will increase its holding.	80%

**Notes:** **No payments are made to Kula under the Joint Venture transaction.**  
**All funds are used to advance the Project**

## Ownership

The Woodlark Gold Project licences are held by Woodlark Mining Limited (WML), a company registered in PNG. The ownership of WML and Woodlark is represented in the table below.

Holding company	Equity stake in WML
Geopacific Resources Limited	5%
Kula Gold Limited	95%
PNG Government on behalf of the Milne Bay Province and landowners of Woodlark Island	The PNG Government has elected to acquire a 5% stake in the Project. This is a participating interest which is acquired based on the sunk costs of the Project. Under the terms of the Joint Venture transaction, this 5% will be acquired from Kula's share.

## Recent announcements relating to the Woodlark Gold Project

Date	Headline
21/03/2017	WOODLARK 21m @ 3.27 g/t gold at Kulumadau
04/04/2017	Research Update Q & A with Ron Heeks
05/04/2017	Takeover Offer for Kula Gold Limited
06/04/2017	Notice of initial substantial holder for KGD
28/04/2017	2016 Annual Report
01/05/2017	Quarterly Activities Report
01/05/2017	Quarterly Cashflow Report
01/05/2017	Bidder's Statement