

## ASX Announcement & Media Release

### Quarterly Activities Report

For Period Ended 30 June 2018

#### Highlights

- Definitive Feasibility Study on track for September 2018 completion
- Process design, 3D model of the layout and design, mechanical equipment lists and vendor evaluations all nearing completion
- Major regional exploration program has commenced

#### OPERATIONAL OVERVIEW

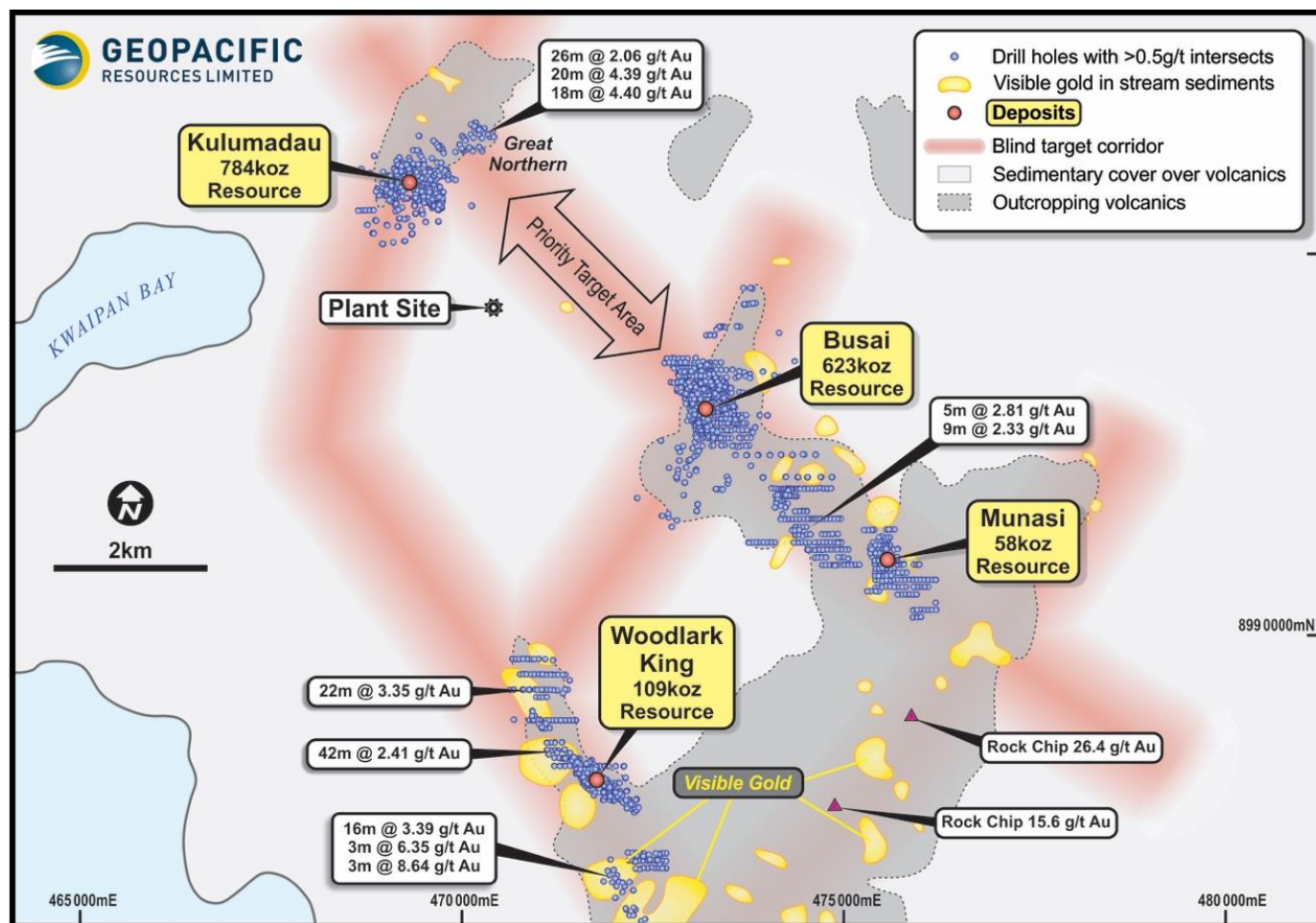
Geopacific Resources Limited ("**Geopacific**"), continues to fund the Woodlark Island Gold Project through the Farm-in Agreement ("**Agreement**"). The expenditure and drilling commitments under the second earn-in period of the Agreement have been achieved and Geopacific have until 5 October 2018 to issue a notice of completion of the second earn-in period and to exercise their option to proceed to the third earn-in period of the Agreement.

Since Geopacific announced the new JORC 2012 gold reserve and resource on 12 March 2018, Geopacific has advised that the Lycopodium-managed Definitive Feasibility Study is on track for completion in September 2018. The mine plan calls for an initial 2.4 million tonne per annum ("**mtpa**") conventional crush, SAG and ball mill circuit that is typical of gold processing plants. An allowance for a 2.4 mtpa gravity upgrade circuit to be integrated from year 3 has been engineered into the design.

#### Exploration

Exploration activities continued this quarter over Woodlark Island, including ongoing regional soil sampling across outcropping volcanic sequences and the recommencement of drilling.

The focus of the current exploration campaign is to target discoveries of additional deposits in the corridors between known deposits, with much of this work requiring exploration beneath shallow sedimentary cover.

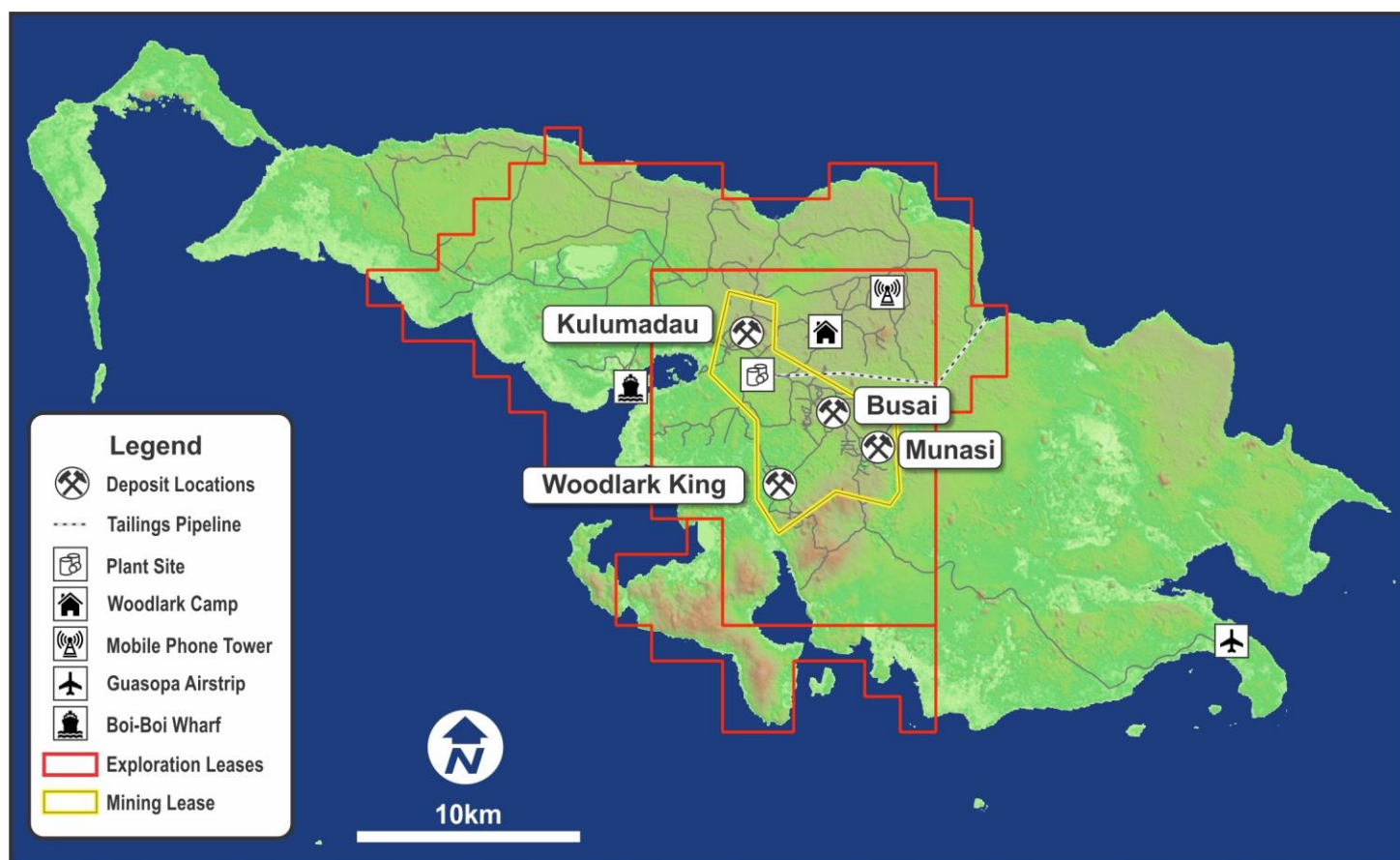


**Figure 1: Regional Target Areas. Areas outside the grey dashed line are under shallow limestone cover.**

Gold mineralisation is epithermal, which typically occurs in clusters along regional structures. On Woodlark, four deposits – Kulamadau, Busai, Woodlark King and Munasi – have currently reported JORC 2012 resources. The extensive drilling database, geophysical surveys and limited surface exploration all indicate the widespread occurrence of gold mineralisation well outside the defined resources. Major regional structures associated with known gold resources are evident on geophysical images and form the principal targets for exploration.

Diamond drilling recommenced at the Great Northern prospect this quarter, targeting highly encouraging drilling results for historic programs, with a view to expanding the known strike extent of mineralisation and provide some geological context to the observed mineralisation. Assaying of the first holes is underway with results immanent.

Soil sampling over the southern Peninsula was largely completed this quarter, with sampling crews moving northwards to the additional target areas.



**Figure 2: Topographic map of Woodlark Island showing location of deposits and licence boundaries.**

The majority of the historic work has been undertaken on the areas surrounding the existing deposits; Kulumadau, Busai, Munasi and Woodlark King. These deposits are all situated on the existing mining lease which covers 60 square kilometres. The regional exploration aims to test the broader goldfield looking at priority targets on the exploration licences which cover 600 square kilometres.

## CORPORATE OVERVIEW

To date \$236,000 has been drawn down against the loan agreement with Geopacific for a loan of up to \$500,000, at zero interest and convertible to equity at the option of Geopacific either under the agreed terms under the Farm-in Agreement or at 30 day VWAP. The company continues to draw down funds from the existing loan agreement with Geopacific and has reduced costs to the absolute minimum while Geopacific continues to fund all on site expenditure through the Farm-in Agreement.



#### Background on the Woodlark Island Gold Project, PNG

Kula Gold Limited owns 95% of the Woodlark Island Gold Project, which has been granted an Environmental Permit and Mining Lease. Geopacific Resources Limited (“**Geopacific**”) holds the remaining 5% of the Project and is also Kula’s largest shareholder with 85% of the Company. The Project is located 600 kilometres east of Port Moresby in the Milne Bay Province, Papua New Guinea.

Geopacific, Kula’s Joint Venture Partner and holding company, is in the second earn-in period of the Farm-in Agreement and advancing the Project by delivering defined milestones, to earn additional equity in the Project.

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

The Resource Estimates were re reported and released on 12 March 2018 in accordance with JORC 2012.

Geopacific Resources’ Feasibility Study, based on a JORC 2012 Ore Reserve of 1,101,600 ounces of gold and a gold price of A\$1,650/ounce, defined a Project with a mine life of ten years and a 2.4Mtpa gravity and carbon in leach plant (GPR ASX release 12 March 2018).

#### For further information, contact:

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#### Directors and Management

|                 |                        |
|-----------------|------------------------|
| Mark Bojanjac   | Non-executive Chairman |
| Mark Stowell    | Non-executive Director |
| Matthew Smith   | Director               |
| Philippa Leggat | Director               |
| Garry Perotti   | Executive Director     |

#### Registered office

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Tw: [twitter.com/kulagold](https://twitter.com/kulagold)

#### Auditor

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#### Share registry

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### Competent Person's Statement

The information in this announcement that relates to exploration results is based on information compiled by or under the supervision of James Kerr, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and General Manager, Geology for Geopacific. Mr Kerr has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity 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 Kerr consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Woodlark Mineral Resources is based on information compiled and reviewed by Mr Nicholas Johnson, a Competent Person who is a Member of the Australian Institute of Geoscientists and a full-time employee of MPR Geological Consultants Pty Ltd. Mr Johnson has sufficient experience which is relevant to the style of mineralization and type of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and is a qualified person for the purposes of NI43-101. Mr Johnson has no economic, financial or pecuniary interest in the company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Woodlark Mineral Reserves is based on information compiled and reviewed by Mr John Battista, a Competent Person who is a Member and Chartered Professional of the Australian Institute of Mining and Metallurgy (AusIMM) and a full-time employee of Mining Plus Pty Ltd. Mr Battista has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and is a qualified person for the purposes of NI43-101. Mr Battista has no economic, financial or pecuniary interest in the company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

**Appendix A: Table 1. Woodlark Island 2018 Reserve Table**

| Total by deposit         | Category<br>(>0.3g/t lower cut) | Tonnes<br>(Mt) | Grade<br>(g/t gold) | Ounces<br>(oz)   |
|--------------------------|---------------------------------|----------------|---------------------|------------------|
| Busai                    | Proven                          | 11.0           | 0.92                | 326,100          |
|                          | Probable                        | 5.2            | 0.78                | 131,200          |
| Kulumadai                | Proven                          | 8.6            | 1.23                | 338,500          |
|                          | Probable                        | 6.4            | 1.02                | 209,500          |
| Woodlark King            | Proven                          | 2.4            | 0.92                | 70,400           |
|                          | Probable                        | 1.1            | 0.71                | 25,900           |
| <b>Total Ore Reserve</b> | Proven                          | <b>22.0</b>    | <b>1.04</b>         | <b>735,000</b>   |
|                          | Probable                        | <b>12.7</b>    | <b>0.90</b>         | <b>366,600</b>   |
|                          | <b>Total</b>                    | <b>34.7</b>    | <b>0.99</b>         | <b>1,101,600</b> |

**Table 2. Woodlark Island 2018 Resource Table**

| Category<br>(>0.4g/t lower cut) | Tonnes<br>(Mt) | Grade<br>(g/t gold) | Ounces<br>(Koz) |
|---------------------------------|----------------|---------------------|-----------------|
| Measured                        | 21.24          | 1.10                | 754             |
| Indicated                       | 18.94          | 0.98                | 597             |
| Inferred                        | 6.80           | 1.00                | 222             |
| <b>Total</b>                    | <b>47.00</b>   | <b>1.04</b>         | <b>1,573</b>    |