

ASX Code: KGD
21 January 2019



ASX Announcement

The board of Kula Gold Limited (ASX: KGD) ("**Kula**") advises that joint venture partners Geopacific Resources Limited (ASX: GPR) ("**Geopacific**") have released the following Progress update on the Woodlark Gold Project.

The maturity date for Loan Facility Agreement entered into with Geopacific Resources Limited (ASX: GPR) on 19 December 2017 has been extended, by mutual consent, to 19 February 2019.

All other terms and conditions remain unchanged.

Contact:

For further information contact:

Mr. Garry Perotti Executive Director

Email: gperotti@kulagold.com.au

Phone: +61 8 6143 5411

Woodlark Gold Project - Progress Update

The Board of Geopacific Resource Limited (ASX: GPR) is pleased to provide a progress update on the Woodlark Gold Project (Woodlark or the Project) since the release of the Project's [November 2018 Definitive Feasibility Study \(DFS\)](#)¹.

Since the DFS release, Geopacific has been focussed on obtaining commercially attractive project financing for development. Preparatory work was undertaken with financial advisers, Ironstone Capital and a number of potential financiers with confidentiality agreements executed. An indicative non-binding term sheet has been received and is being evaluated.

SRK Consulting (SRK) were appointed as the lead Independent Technical Expert (ITE) to review the technical aspects of the Project on behalf of a group of potential lenders. This culminated in SRK completing an initial Fatal Flaws Review in late 2018, with no fatal flaws identified.

Prior to SRK undertaking any additional ITE studies, the Company is focussed on securing the equity component of the financing package to ensure an appropriate debt to equity mix is obtained on terms attractive to existing shareholders.

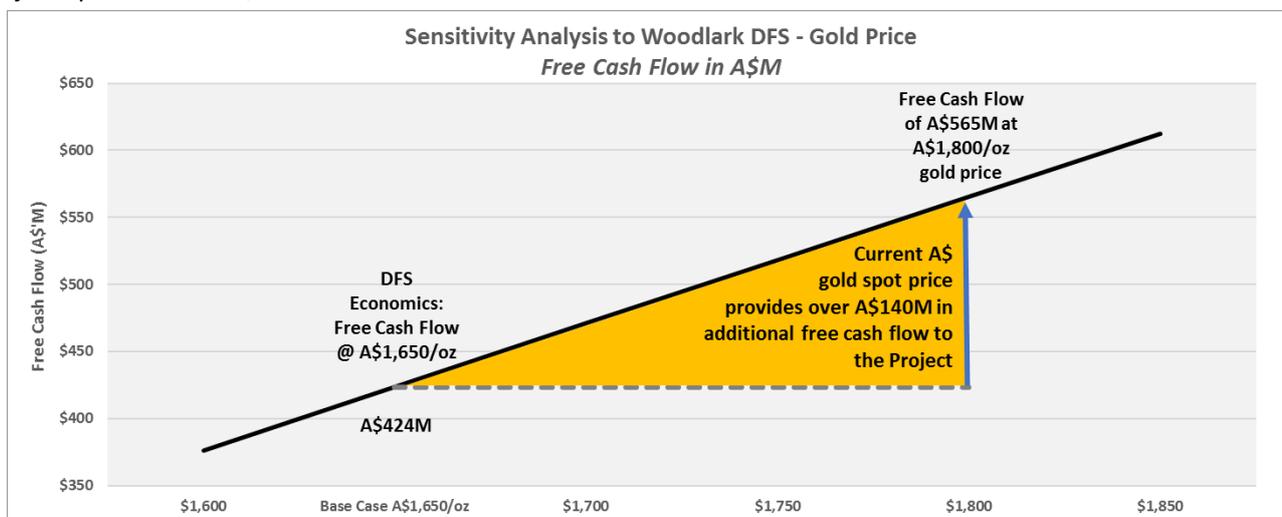
In conjunction with financing activities, the Geopacific team are working with engineering firms to provide a turnkey solution for the plant and infrastructure build. To date, Geopacific has received an EPC lump sum turnkey solution for the plant build which is below the cost assumptions used in the DFS. Further pricings are expected in the near term and suitability of the offers will be refined and evaluated.

Managing Director, Ron Heeks said

“Geopacific has an experienced board with a strong track record in financing projects of a similar scope and jurisdiction as Woodlark. We look forward to progressing the Project which is underpinned by a robust production schedule that generates strong cash flows and a rapid payback period.

The company also gains great confidence from the other island-based gold operations near Woodlark. These projects continue to operate successfully, producing excellent cash margins and providing health and education benefits to the communities in which they operate.

Every A\$10 increase in the gold price is an additional ~A\$10M in revenue which is a considerable upside for the +1Moz project optimised at ~A\$150 less than the current market.”



¹ All material assumptions underpinning the production target and forecast financial information continue to apply and have not changed materially.

The DFS demonstrates a compelling development option, both from a technical and financial perspective. Woodlark is a long-life gold project which is shovel ready with mining permits in place. High margins and strong upfront cashflows are the result of low all-in sustaining costs (AISC) at A\$866/oz in the first 5 years. The 1Moz gold project generates A\$626 million of operating cash flow and a rapid 2.2 year project payback period. Project economics were calculated on a A\$1,650 gold price, considerably less than the current spot price which recently reached a record high in Australian dollar terms.

- Low waste to ore strip ratios of 2:1 at startup with Life of Mine <4:1
- Conventional 2.4Mtpa Carbon in Leach (CIL) processing circuit
- Gold recovery > 90% (Years 1-5)
- Headgrade > 1.5g/t (Years 1-5)
- Positive operating environment with flat terrain and logistical island advantages
- Supportive local community

Contact

For further information on this update or the Company generally, please visit www.geopacific.com.au or contact Mr. Ron Heeks, Managing Director.

Company details	Board	Projects
Geopacific Resources Limited ACN 003 208 393 ASX Code: GPR info@geopacific.com.au http://www.geopacific.com.au T +61 8 6143 1820 HEAD OFFICE Level 1, 278 Stirling Highway, Claremont WA 6010. PO Box 439, Claremont WA 6910.	Milan Jerkovic Chairman Ron Heeks Managing Director Mark Bojanjac Non-Executive Director Ian Clyne Non-Executive Director Colin Gilligan Non-Executive Director Matthew Smith Company Secretary	PAPUA NEW GUINEA Woodlark Island Gold CAMBODIA Kou Sa Copper FIJI Nabila Gold, Rakiraki Gold, Sabeto Gold-Copper, Vuda Gold-Copper, Cakaudrove Gold-Silver