KULA GOLD LIMITED

ABN 83 126 741 259

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

TIME:	9:30 am (WST)
DATE:	Tuesday, 25 June 2019
PLACE:	Level 1 / 278 Stirling Highway Claremont WA 6010

An Independent Expert's Report is attached to this Notice of General Meeting at Annexure A. The report concludes that the transaction which is the subject of Resolution 1 in this Notice of Meeting is **fair and reasonable** to the Company's non-associated Shareholders, for the reasons set out in the report.

This Notice of General Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary on +61 8 6143 5411**.**

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CRITICAL DATES FOR SHAREHOLDERS

Event	Date
Cut off for lodging Proxy Form for Kula General Meeting	5.00 pm (WST) on Sunday, 23 June 2019
Snapshot date for eligibility to vote at Kula General Meeting	5.00 pm (WST) on Sunday, 23 June 2018
Hold Geopacific general meeting	Tuesday, 25 June 2019
Hold Kula General Meeting	Tuesday, 25 June 2019
Buy-back and cancellation of Buy-back Shares	Thursday, 27 June 2019
Start of trading of Kula Shares on an "ex" return of capital basis (being the entitlement to receive Consideration Shares)	Monday, 1 July 2019
Record Date	Tuesday, 2 July 2019
Completion of the Proposed Transaction	Tuesday, 2 July 2019
Issue of Consideration Shares	Tuesday, 2 July 2019
Kula distributes Consideration Shares to Eligible Shareholders	Tuesday, 9 July 2019
Expected date of dispatch of holding statements to Eligible Shareholders	Tuesday, 9 July 2019
Expected date of commencement of trading of Consideration Shares on ASX	Wednesday, 10 July 2019

The above dates are indicative only and may change without notice.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9:30 am on Tuesday, 25 June 2019 at:

Level 1, 278 Stirling Highway, Claremont, WA 6010.

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your Shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, the Proxy Form (and any power of attorney or other authority, if any, under which it is signed) or a copy or facsimile which appears on its fact to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be lodged with the Company no later than 5.00 pm WST on 23 June 2019 being not later than 48 hours before the commencement of the General Meeting. Any Proxy Form received after that time will not be valid. Proxy forms may be lodged:

by hand: Level 1, 278 Stirling Highway, Claremont, WA 6010.

by mail: Company Secretary, Kula Gold Limited

Level 1, 278 Stirling Highway, Claremont, WA 6010.

by email: gperotti@kulagold.com.au

APPOINTMENT OF A PROXY

A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy. The proxy may, but need not be, a shareholder of the Company.

If you wish to appoint the Chairman as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman, please write the name of that person. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company on +61 8 6413 5411 or you may photocopy the Proxy Form.

To appoint a second proxy, you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

CORPORATE SHAREHOLDERS

Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

(a) two directors of the company;

(b) a director and a company secretary of the company; or

(c) for a proprietary company that has a sole director who is also the sole company secretary – that director.

VOTES ON RESOLUTIONS

You may direct your proxy how to vote on a resolution by placing a mark in one of the boxes opposite the resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a resolution your vote on the resolution will be invalid.

VOTING ENTITLEMENT (SNAPSHOT DATE)

For the purposes of determining voting and attendance entitlements at the General Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 5:00 pm (WST) on 23 June 2019. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of the Shareholders of Kula Gold Limited (**Kula** or the **Company**) will be held at Level 1, 278 Stirling Highway, Claremont, WA 6010 on Tuesday, 25 June 2019 commencing at 9:30 am (WST) to consider, and if thought fit, to pass the Resolutions set out below.

Terms used in this Notice of General Meeting and accompanying Explanatory Statement are defined in the glossary to this document. The Explanatory Statement which accompanies and forms part of this Notice of General Meeting describes the matters to be considered at the General Meeting.

1. RESOLUTION 1 – APPROVAL OF PROPOSED TRANSACTION

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution:**

That, for the purposes of:

(a) *Listing Rules 10.1 and 11.2, section 208 of the Corporations Act and all other purposes, approval be and is hereby given for the Company to dispose of the Woodlark Project Interest to Geopacific Resources Limited;*

(b) *sections 208 and 257A of the Corporations Act, Listing Rule 10.1 and for all other purposes, the Company approves the terms of the selective buy-back pursuant to the share buy-back agreement to be entered into by Geopacific Resources Limited and the Company pursuant to which a total of 319,363,449 Shares will be bought back by the Company from Geopacific Resources Limited as part of the Consideration under the Proposed Transaction; and*

(c) *sections 256B and 256C of the Corporations Act, and for all other purposes, Shareholders approve a reduction in Kula's share capital by way of an 'in specie' distribution by the Company of Consideration Shares to Eligible Shareholders,*

on the terms and conditions set out in the Explanatory Statement.

Voting exclusion: The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of a party to the Proposed Transaction (namely, Geopacific Resources Limited), any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if Resolution 1 is passed, and any Associate of those persons. However, the Company will not disregard any votes cast on Resolution 1 by such person if:

(a) the person is acting as proxy appointed in writing that specifies how the proxy is to vote on the Resolution, for a person who is entitled to vote; or

(b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by Elderton Capital Pty Ltd for the purposes of shareholder approval required under Listing Rule 10.1 for this Resolution 1. The Independent Expert's Report comments on the fairness and reasonableness to the non-associated Shareholders of the Proposed Transaction. The Independent Expert has determined that the matters which this Resolution 1 is seeking approval for are **fair and reasonable** to the non-associated Shareholders of the Company.

2. RESOLUTION 2 – APPROVAL TO ISSUE SHARES TO MR MARK BOJANJAC

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution:**

That, subject to the passing of Resolution 1, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 2,500,000 Shares to Mr Mark Bojanjac (or his nominee), in lieu of the payment of consulting fees in connection with the management of the Proposed Transaction, and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of Mr Mark Bojanjac, a person who is to receive securities in relation to the Company, and any Associate of those persons. However, the Company will not disregard any votes cast on Resolution 2 by such person if:

(a) it is cast by a person as a proxy, appointed in writing that specifies how the proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of Mr Mark Bojanjac and any associate of Mr Mark Bojanjac; or

(b) it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

A vote must not be cast on this Resolution by a member of the Key Management Personnel, or a closely related party of a Key Management Personnel, acting as proxy if their appointment does not specify the way the proxy is to vote on this Resolution. However, the Company will not disregard any proxy votes cast on that Resolution by a Key Management Personnel if the Key Management Personnel is the chairman of the Meeting acting as proxy and their appointment expressly authorised the proxy even though the Resolution is connected with the remuneration of the Key Management Personnel for the Company.

Where the Chair is the related party the subject of the Resolution or is an Associate of the related party, the Chair cannot cast undirected proxies in respect of the Resolution.

EXPLANATORY STATEMENT

The Explanatory Statement accompanying this Notice of Meeting is incorporated in and comprises a part of this Notice of Meeting.

Shareholders are specifically referred to the glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice of Meeting and the Explanatory Statement.

PROXIES

Please note that:

(a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;

(b) a proxy need not be a Shareholder; and

(c) a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVES

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company before the General Meeting or at the registration desk on the day of the General Meeting.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, Garry Perotti on +61 8 6143 5411 if they have any queries in respect of the matters set out in this document.

BY ORDER OF THE BOARD OF DIRECTORS

Garry Perotti
Company Secretary

21 May 2019

The Notice of General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

All of the proposed resolutions relate in some way (directly or indirectly) to the proposed disposal by the Company of the Woodlark Project Interest (**Proposed Transaction**). A summary of the Proposed Transaction and the effect of the transactions on holders of existing Shares, is set out in Section 1. In that event the Proposed Transaction does not proceed the Company will continue with its current activities unless and until further opportunities can be identified by the Directors.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of General Meeting, please contact the Company Secretary, your stockbroker or other professional adviser.

1. PROPOSED TRANSACTION

1.1 Background

As announced on 8 March 2019, Kula has entered into a binding term sheet (**Terms Sheet**) with Geopacific Resources Limited (**Geopacific**) in respect of a proposed sale of Kula's 40% interest in the Woodlark Gold Project (**Woodlark Project Interest**) in consideration for:

(a) the cancellation by way of a selective buy-back of Geopacific's 85.01% interest in Kula (**Selective Buy-back**). Approval for this part of the Consideration is the subject of Resolution 1(b);

(b) subject to the Selective Buy-back, the issue of 150,000,000 fully paid ordinary shares in Geopacific to be distributed in-specie to Kula's shareholders (other than Geopacific) (**Consideration Shares**). Approval for this part of the Consideration is the subject of Resolution 1(c);

(c) the payment by Geopacific to Kula of an amount equal to the amount, as at Completion, of the intercompany debt between Geopacific, as lender, and Kula, as borrower (**Geopacific Debt**) to be applied at Completion against the Geopacific Debt[1];

(d) the payment by Geopacific to Kula of an additional $20,000 in cash; and

(e) an assignment by Kula to Geopacific of the full value of any receivable owing by Woodlark Mining Limited to Kula,

(together, the **Consideration**) (**Proposed Transaction**).

The obligations under the Terms Sheet are subject to a number of conditions precedent, including:

(a) Kula obtaining all shareholder, regulatory and other approvals necessary for the disposal of the Woodlark Project Interest and the transactions contemplated by the Terms Sheet;

(b) Kula obtaining shareholder approval for the distribution in specie of all of the Consideration Shares to its shareholders on a pro rata basis;

[1] As at the date of this Notice of Meeting, Kula anticipates that the Geopacific Debt will be between $500,000 and $750,000 on Completion.

(c) Geopacific obtaining all shareholder, regulatory and other approvals necessary for the purchase of the Woodlark Project Interest and the transactions contemplated by the Terms Sheet; and

(d) there being no material adverse change to the Woodlark Project Interest or their value, as determined by Geopacific, acting reasonably.

Under the Terms Sheet, Kula has also agreed to issue, subject to any shareholder or other approvals required under the ASX Listing Rules or the Corporations Act, 2,500,000 Shares to Mr Mark Bojanjac in lieu of payment of consulting fees incurred in connection with the management of the Proposed Transaction. Approval for the issue of these Shares is the subject of Resolution 2.

Geopacific intends to release a notice of meeting for the purposes of seeking shareholder approval in respect of the Proposed Transaction to satisfy the condition precedent described in paragraph (c) above. The Geopacific notice of meeting will include an independent expert's report on the Proposed Transaction which concludes that the Proposed Transaction is fair and reasonable to non-associated shareholders of Geopacific. The Geopacific general meeting is expected to be held on 25 June 2019.

The purpose of the Resolutions is to obtain approval from Kula Shareholders in respect of the Proposed Transaction to satisfy the conditions precedent described in paragraphs (a) and (b) above.

1.2 Rationale for the Proposed Transaction

Under the current arrangements with Geopacific, Geopacific has the right to earn up to a 75% interest in the Woodlark Gold Project in three stages. As at the date of this Notice of Meeting, Geopacific has completed two of three earn-in stages, resulting in Geopacific currently holding a legal interest of 51% with the right to increase to a 60% interest.

In addition, Geopacific currently holds a Relevant Interest in 85.01% of Kula as a result of an off-market takeover bid for Kula that completed on 13 October 2017. Accordingly, Geopacific currently has a 93% economic ownership interest in the Woodlark Gold Project.

At the end of the earn-in period, the Company will have an obligation to contribute its proportionate share of cash towards the project expenditure and development or, at Kula's election (or if Kula is not otherwise able to demonstrate to Geopacific that it has funding available to fully fund its share within 3 months of such funds being required) be carried for such expenditure in consideration for the transfer of an additional 5% interest in Woodlark Mining Limited.

The Proposed Transaction will relieve the Company of the above funding obligations, whilst allowing for the Shareholders (excluding Geopacific) to retain a proportionate share in the Woodlark Gold Project through a shareholding in Geopacific and retain a larger share of the Company albeit with no business asset.

The Directors believe that the Proposed Transaction (and the resulting consolidation of ownership of the Woodlark Gold Project) is the best course of action for the Company and its shareholders.

1.3 Impact of the Proposed Transaction on the Company

If the sale of the Woodlark Project Interest is approved by Shareholders and it proceeds, then it will have an effect of eliminating its debt to Geopacific and thus remove the requirement to raise additional cash to support the operations. However, it will also have an effect on the total assets and capital structure of the Company. Further details of these effects are set out below.

(a) **<u>Pro forma balance sheet</u>**

A pro-forma consolidated balance sheet for the Company is set out below and shows the impact on the financial position of the Company after completion of the Proposed Transaction, on the assumptions set out in the notes to the pro-forma balance sheet, as if they had occurred on 30 April 2019.

	Unaudited February 2019 $	Adjustment to 30 April 2019 $	Disposal of Woodlark Project Interest to Geopacific S	Elimination S	Proposed Transaction Completion $
ASSETS					
Current assets					
Cash and cash equivalents	8,014	11,986			20,000
Receivables and other assets	10,976	(10,976)			-
Total current assets	**18,990**	**1,010**	**-**	**-**	**20,000**
Non-current assets					
Property, plant and equipment	1,783	-	-		1,783
Intercompany loan to WML	7,136,201		(7,136,201)		-
Available for sale financial assets	9,920,071			(9,920,071)	-
Shares in Geopacific (150M @ 1.7c)			2,550,000	(2,550,000)	-
Total non-current assets	**17,058,054**	**-**	**(4,586,201)**	**(12,470,071)**	**1,783**
Total assets	**17,077,045**	**1,010**	**(4,586,201)**	**(12,470,071)**	**21,783**
LIABILITIES					
Current liabilities					
Trade and other payables	1,774	(1,774)			-
Loan facility - Geopacific	416,000	246,943	(662,943)		-
Payroll liabilities	629	(629)			-
Provisions	29,861	(29,861)			-
Total current liabilities	**448,264**	**214,679**	**(662,943)**	**-**	**-**
Net assets	**16,628,780**	**(213,669)**	**(3,923,258)**	**(12,470,071)**	**21,783**
EQUITY					
Contributed equity	151,576,943				151,576,943
Reserves	1,233,111			(73,610)	1,159,501
Accumulated losses	(136,181,273)	(213,669)	(3,923,258)	(12,396,461)	(152,714,661)
Total equity	**16,628,780**	**(213,669)**	**(3,923,258)**	**(12,470,071)**	**21,783**

(b) **Capital structure**

As at the date of this Notice of General Meeting, the Company has a total of 375,658,028 Shares on issue. Upon completion of the Proposed Transaction, the Company will have a total of 58,794,579 Shares on issue, taking into account the Shares to be bought back pursuant to the Selective Buy-back the subject of Resolution 1, together with the proposed issue of Shares the subject of Resolution 2.

Shareholders should note that as a result of the Selective Buy-back, the Company will have a placement capacity under Listing Rule 7.1 of 8,444,187 Shares as at the date immediately after implementation of the Selective Buy-back.

(c) **Substantial shareholders**

The table below shows the impact of the Proposed Transaction on the capital structure of the Company:

Holder	Number of Shares	Voting Power (%)
Current substantial shareholders		
Geopacific Resources Limited	319,363,449	85.01%
Post completion of the Proposed Transaction		
Mr Mark Stowell[1]	7,629,193	12.98%
Mr M. Soucik & Mrs H. Soucik	6,000,000	10.21%
Mahe Investments Pty Limited	4,701,425	8.00%

Note:

1. Mr Mark Stowell has a relevant interest in 7,129,193 Shares indirectly through Merchant Holdings Pty Ltd and a further 500,000 Shares through Ascot Park Enterprises Pty Ltd.

1.4 Advantages of the Proposed Transaction

Shareholders should consider the various advantages set out below in assessing the impact of the Proposed Transaction on the Company. The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Proposed Transaction:

(a) the Proposed Transaction will be of benefit to Shareholders by consolidating project ownership, whilst allowing Shareholders to maintain an interest in the project through its shareholding in Geopacific;

(b) the disposal of the Woodlark Project Interest will enable the Company to completely discharge its liabilities owing to Geopacific;

(c) the disposal of the Woodlark Project Interest will relieve the Company of the requirement to fund its share of the development and operating costs of the Woodlark Gold Project;

(d) the disposal of the Woodlark Project Interest will remove the Company's expose to the risk relating to the Woodlark Gold Project, including the risk that the project may not be successful; and

(e) the Company will regain control over its activities and will be free to seek other investment opportunities.

1.5 Disadvantages of the Proposed Transaction

Shareholders should also consider the various disadvantages set out below in assessing the impact of the Proposed Transaction on the Company. The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Proposed Transaction:

(a) the Company will no longer have a direct interest in the Woodlark Gold Project, which may become successful in the future. Shareholders will, however, retain an indirect interest in the Woodlark Gold Project through their shareholding in Geopacific;

(b) the Company will be changing the scale of its activities by a significant extent through the disposal of its major asset; and

(c) although the Company will be free to seek other investment opportunities, such opportunity is likely to require the Company to re-comply with chapters 1 and 2 of the ASX Listing Rules. In addition, in accordance with ASX policy, if the Company fails to pursue and announce a new investment opportunity within 6 months, its securities are likely to be suspended by the ASX until such investment opportunity is announced and the Company has re-complied with chapters 1 and 2 of the ASX Listing Rules.

1.6 Implications if the Proposed Transaction do not proceed

As noted above, Shareholders will be aware that the Company has been undergoing a period of financial difficulty. Accordingly, if the Proposed Transaction does not proceed, it may have a significant impact on the Company's ability to continue as a going concern without the continued support of its major Shareholder, Geopacific, or fundraising from existing Shareholders.

1.7 Intentions following completion of the Proposed Transaction

If the Proposed Transaction completes, the Board of Kula will commence investigating other initiatives in the mineral exploration sector.

1.8 Indicative Timetable

Subject to the Listing Rules and Corporations Act requirements, the Company anticipates completion of the Proposed Transaction in accordance with the timetable set out on page 1 of this Notice of Meeting.

2. RESOLUTION 1(A) – APPROVAL TO DISPOSE OF THE WOODLARK PROJECT INTEREST UNDER THE PROPOSED TRANSACTION

2.1 Reasons for requiring Shareholder approval

As stated in Section 1.1 above, the Proposed Transaction is subject to various conditions precedent including a condition that the Company obtain all shareholder, regulatory and other approvals necessary for the disposal of the Woodlark Project Interest and the transactions contemplated by the Terms Sheet.

(a) **Requirement under ASX Listing Rule 10.1**

ASX Listing Rule 10.1 provides that an entity must not acquire a substantial asset from, or dispose of a substantial asset to, inter alia, a related party or a substantial holder (if the person and the person's associates have a Relevant Interest in at least 10% of the total votes attached to the voting securities) without the approval of holders of the entity's ordinary securities. ASX Listing Rule 10.10 provides that the notice of meeting that seeks approval must include a voting exclusion statement under which a party to the transaction and its associates must not vote and an independent expert's report which states whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded.

An asset is substantial if its value, or the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the ASX Listing Rules.

Based on the Company's annual report for the financial-year ended 31 December 2018 lodged with ASX on 27 March 2019, the Company's equity interests were $2,872,509. As a result, an asset is "substantial" if it is valued at $143,625 or more. Pursuant to section 8.4 of the Independent Expert's Report (attached at Annexure A), the Independent Expert has valued the Woodlark Project Interest at between $26.98 million and $40.54 million (with a preferred value of $33.34 million), representing more than 5% of the Company's equity interests. Accordingly, the Woodlark Project Interest to be divested to Geopacific under the Proposed Transaction is a substantial asset for the purposes of the ASX Listing Rules.

For the purposes of ASX Listing Rule 10.1, Geopacific is a related party as well as a substantial holder of the Company, as it has a Relevant Interest in 85.01% of all Shares.

Accordingly, Shareholder approval is being sought for the purposes of ASX Listing Rule 10.1 for the disposal of the Woodlark Project Interest to Geopacific.

(b) **<u>Requirement under ASX Listing Rule 11.2</u>**

Listing Rule 11.2 states that a listed entity that is proposing to make a significant change, either directly or indirectly, by disposing of its main undertaking, must get the approval from Shareholders and comply with any requirements of ASX in relation to the Notice of Meeting.

Listing Rule 11.2 considers the proposed disposal of the Woodlark Project Interest to be a "disposal of the Company's main undertaking" and accordingly Shareholder approval is required.

In accordance with Listing Rule 11.2, the Company seeks Shareholder approval of the Proposed Transaction and provides full disclosure of the details of the Proposed Transaction and its impact on the Company.

The Company seeks Shareholder approval for the purposes of Listing Rule 11.2 to dispose of the assets referred to above pursuant to the terms of the Terms Sheet.

(c) **<u>Requirement under Chapter 2E of the Corporations Act</u>**

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

(i) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

(ii) prior shareholder approval is obtained to the giving of the financial benefit.

A "related party" is widely defined under the Corporations Act, and includes an entity that controls the Company. Given Geopacific currently holds an 85.01% interest in the Company, Geopacific is considered a related party of the Company pursuant to sections 228 and 50AA of the Corporations Act as it controls over 50% of the voting Shares of the Company and accordingly has the capacity to determine the outcome of decisions about the Company's financial and operating policies.

A "financial benefit" is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the selling of an asset to a related party.

Accordingly, the proposed disposal of the Woodlark Project Interest to Geopacific under the terms of the Proposed Transaction constitutes the provision of a financial benefit to a related party.

2.2 Specific information for the purposes of Resolution 1(a)

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution 1.

(a) **Identity of the related party to whom Resolution 1(a) permits financial benefits to be given.**

The related party to whom the financial benefit will be given is Geopacific.

(b) **Nature of the financial benefit**

Resolution 1(a) seeks approval from Shareholders to allow the Company to dispose of the Woodlark Project Interest to Geopacific under the terms of the Terms Sheet, a summary of which is set out in Section 1.1.

(c) **Valuation of financial benefit**

The value of the financial benefit being received by Geopacific, including the basis of that valuation and the principal assumptions behind the valuation are detailed in section 8.4 of the Independent Expert's Report (attached as Annexure A to this Notice of Meeting).

(d) **Interests of Geopacific in the Company**

As at the date of this Notice of Meeting, Geopacific has a Relevant Interest in 319,363,449 Shares, representing an 85.01% interest in the Company.

(e) **Directors interest in the outcome**

None of the Directors (other than the GPR Nominee Directors) have an interest in the outcome of Resolution 1(a), other than as a Shareholder of the Company.

Whilst as at the date of this Notice of Meeting, none of the GPR Nominee Directors have any direct or indirect interest in the securities of Kula, each of the GPR Nominee Directors has an interest in the outcome of Resolution 1 due to their respective directorships on the board of Geopacific. As such, none of the GPR Nominee Directors have voted on any Board resolution in connection with the Proposed Transaction.

2.3 Board Recommendation

The Directors (other than the GPR Nominee Directors) recommend that Shareholders vote in favour of Resolution 1 for the reasons outlined in Sections 1.2 and 1.4 above.

Each of the GPR Nominee Directors declines to make a recommendation to Shareholders in relation to Resolution 1 due to their respective directorships on the board of Geopacific.

2.4 Independent Expert's Report

Accompanying this Explanatory Statement is an independent expert's report at Annexure A prepared by the Independent Expert, as required by ASX Listing Rule 10.10. That report concludes that the Proposed Transaction, including the disposal of the Woodlark Project Interest to Geopacific, under the terms of the Terms Sheet is **fair and reasonable** to the non-associated Shareholders.

2.5 Voting

A voting exclusion applies to Resolution 1 on the terms set out in the Notice of Meeting. In particular, the Company will disregard any votes on Resolution 1 by or on behalf of Geopacific and any associate of Geopacific. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Geopacific or any associate of Geopacific.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

3. RESOLUTION 1(B) – APPROVAL OF SELECTIVE BUY-BACK UNDER THE PROPOSED TRANSACTION

3.1 Background

As noted in Section 1.1 above, part of the Consideration payable under the Proposed Transaction is a selective buy-back of Geopacific's 85.01% interest in Kula (**Selective Buy-back**). The parties intend to enter into a share buy-back agreement under which Kula will buy back all of the 319,363,449 Shares held by Geopacific (**Buy-back Shares**) at Completion.

The Selective Buy-back is conditional upon the Company obtaining Shareholder approval.

3.2 Reasons for requiring Shareholder approval

(a) **Requirement under Chapter 2J of the Corporations Act**

Section 257A of the Corporations Act has the effect that the Company may buy back its own Shares if:

(i) the buy-back does not materially prejudice the Company's ability to pay its creditors; and

(ii) the Company follows the procedures laid down in Division 2 of the Corporations Act.

In the opinion of the Directors, taking into consideration the Consideration Shares to be received by the Shareholders and the forgiveness of the Geopacific Debt, the Selective Buy-back will not materially prejudice the ability of the Company to pay its creditors.

In circumstances where a company is proposing to buy back the shares of only one of its shareholders, as is the present case, such a buy back is deemed a "selective buy back" under sections 9 and 257B of the Corporations Act.

Section 257B of the Corporations Act provides that an agreement to undertake a "selective buy back" must be approved by either:

(iii) a special resolution (which is a resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution) passed at a general meeting, with no votes being cast in favour of the resolution by any person (or by their Associates) whose shares are proposed to be bought back; or

(iv) a resolution agreed to at a general meeting by all ordinary shareholders,

or the agreement must be conditional on such approval.

The Terms Sheet pursuant to which the Company has agreed to the Selective Buy-back is conditional upon such shareholder approval. In accordance with section 257B of the Corporations Act, Resolution 1(b), which is to approve the Selective Buy-back, seeks approval by special resolution.

Under section 257D(1)(a) of the Corporations Act, Geopacific and its Associates are not entitled to cast votes in favour of Resolution 1. Any such votes will be disregarded.

Section 257H(3) of the Corporations Act has the effect that, if the Selective Buy-back is approved, immediately after the registration of the transfer of the Buy-back Shares, the Buy-back Shares must be cancelled.

(b) **Requirement under Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

(i) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

(ii) prior shareholder approval is obtained to the giving of the financial benefit.

A "related party" is widely defined under the Corporations Act, and includes an entity that controls the Company. Given Geopacific currently holds an 85.01% interest in the Company, Geopacific is considered a related party of the Company pursuant to sections 228 and 50AA of the Corporations Act as it controls over 50% of the voting Shares of the Company and accordingly has the capacity to determine the outcome of decisions about the Company's financial and operating policies.

A "financial benefit" is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. The giving of the consideration under the terms of the Selective Buy-back to Geopacific constitutes the giving of a financial benefit by the Company.

Accordingly, the proposed Selective Buy-back constitutes the provision of a financial benefit to a related party.

(c) **Requirement under ASX Listing Rule 10.1**

ASX Listing Rule 10.1 provides that an entity must not acquire a substantial asset from, or dispose of a substantial asset to, inter alia, a related party or a substantial holder (if the person and the person's associates have a Relevant Interest in at least 10% of the total votes attached to the voting securities) without the approval of holders of the entity's ordinary securities. ASX Listing Rule 10.10 provides that the notice of meeting that seeks approval must include a voting exclusion statement under which a party to the transaction and its associates must not vote and an independent expert's report which states whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded.

Pursuant to Listing Rule 10.1, approval is being sought from Shareholders for Resolution 1(b) as:

(i) Geopacific is a related party of the Company as Geopacific holds 85.01% of the issued capital of the Company (being the Buy-back Shares); and

(ii) the Proposed Transaction involves the disposal or cancellation of a "substantial asset" because the value attributed exceeds 5% of the Company's equity interests (as at 31 December 2018).

The Independent Expert's Report addresses the requirements of Listing Rule 10.1 and concludes that the Proposed Transaction, including the Selective Buy-back, is **fair and reasonable** to the Shareholders of the Company who are entitled to vote on the resolution.

3.3 Specific information for the purposes of Resolution 1(b)

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution 1(b).

(a) **Identity of the related party to whom Resolution 1(b) permits financial benefits to be given.**

The related party to whom the financial benefit will be given is Geopacific.

(b) **Nature of the financial benefit**

Resolution 1(b) seeks approval from Shareholders to allow the Company to undertake the Proposed Transaction, which involves selectively buying back all Shares currently held by Geopacific under the terms of the Terms Sheet, a summary of which is set out in Section 1.1.

(c) **Valuation of financial benefit**

The value of the financial benefit being received by Geopacific, including the basis of that valuation and the principal assumptions behind the valuation are detailed in section 8.5 of the Independent Expert's Report (attached as Annexure A to this Notice of Meeting).

(d) **Interests of Geopacific in the Company**

As at the date of this Notice of Meeting, Geopacific has a Relevant Interest in 319,363,449 Shares, representing an 85.01% interest in the Company.

(e) **Directors interest in the outcome**

None of the Directors (other than the GPR Nominee Directors) have an interest in the outcome of Resolution 1(b), other than as a Shareholder of the Company.

Each of the GPR Nominee Directors has an interest in the outcome of Resolution 1 due to their respective directorships on the board of Geopacific. As such, none of the GPR Nominee Directors have voted on any Board resolution in connection with the Proposed Transaction.

3.4 The effect of the Selective Buy-back on the Company

The effect of the Proposed Transaction (including the Selective Buy-back) on the financial position the share capital and control of the Company are set out in Section 1.3 of this Explanatory Statement.

3.5 The advantages and disadvantages of the Selective Buy-back on the Company

The advantages and disadvantages of the Proposed Transaction (including the Selective Buy-back) on the Company are set out in Sections 1.4 and 1.5, respectively, of this Explanatory Statement.

3.6 Other arrangements relevant to Geopacific's exit from the Company

Other than the extinguishment of the Geopacific Debt as part of the Proposed Transaction, there are no arrangements of a material nature that would be affected by the exit of Geopacific as a shareholder in the Company if the Buy-back Shares were to be bought back.

3.7 Intention for change of Directors

It is intended that the Directors at Completion pursuant to the Terms Sheet will be Mark Stowell, Garry Perotti and Mark Bojanjac.

3.8 Directors' Recommendation and interests

The Directors (other than the GPR Nominee Directors) recommend that Shareholders vote in favour of Resolution 1 for the reasons outlined in Sections 1.2 and 1.4 above.

Each of the GPR Nominee Directors declines to make a recommendation to Shareholders in relation to Resolution 1 due to their respective directorships on the board of Geopacific.

This Explanatory Statement and the Independent Expert's Report provide information that the Board believes to be material to Shareholders in deciding whether or not to pass these Resolutions. The Directors recommend that Shareholders read this Explanatory Statement and the Independent Expert's Report in full before making any decision in relation to the Resolutions.

3.9 Disclosure to Shareholders

Pursuant to section 257D(2) of the Corporations Act, the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on the Resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to Shareholders.

The Directors believe that all information known to the Company or its directors that is material to the decision on how to vote on Resolution 1 is disclosed in this Explanatory Statement or has previously been disclosed to Shareholders.

The Company is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to periodic reporting and continuous disclosure obligations. Specifically, as a listed entity, the Company is subject to the Listing Rules which require disclosure of any information which the Company has concerning itself that a reasonable person would expect to have a material effect on the price or value of the Company's shares.

Copies of all announcements made by the Company to the ASX are available from ASX or the Company's website: www.kulagold.com.au.

3.10 Independent Expert's Opinion

The Independent Expert's Report assesses whether the Selective Buy-back is fair and reasonable to the Shareholders who are not associated with Geopacific. This assessment is designed to assist all Shareholders in reaching their voting decision. Elderton Capital Pty Ltd has provided the Independent Expert's Report and has provided an opinion that it believes the Proposed Transaction, including the Selective Buy-back, is **fair and reasonable** to Shareholders not associated with Geopacific. It is recommended that all Shareholders read the Independent Expert's Report set out in Annexure A in full.

The Independent Expert's Report is also available via the Company's website: www.kulagold.com.au. Upon written request from a Shareholder, the Company will send a copy of the Independent Expert Report to that Shareholder's address as recorded in the Company share register, at no cost to that Shareholder.

3.11 Lodgement

A copy of this Notice and Explanatory Statement has been lodged with ASIC in accordance with section 257D(3) of the Corporations Act.

ASX has been advised of the Selective Buy-back in accordance with Listing Rule 3.8A.

4. RESOLUTION 1(C) – APPROVAL OF REDUCTION OF CAPITAL BY WAY OF 'IN SPECIE' DISTRIBUTION BY THE COMPANY OF CONSIDERATION SHARES TO ELIGIBLE SHAREHOLDERS

4.1 Background

As noted in Section 1.1 above, part of the Consideration payable under the Proposed Transaction is the issue of 150,000,000 fully paid ordinary shares in Geopacific (**Consideration Shares**) to be distributed in-specie to Kula's shareholders (other than Geopacific) on a pro rata basis.

The in-specie distribution of the Consideration Shares is conditional upon the Company obtaining Shareholder approval.

The Corporations Act and ASX Listing Rules set out the procedure and timing for the in-specie distribution. Please refer to page 1 of the Notice of Meeting for an indicative timetable in relation to the Proposed Transaction, including the proposed in-specie distribution of the Consideration Shares.

If the in-specie distribution proceeds, Shareholders will receive from Kula a pro rata entitlement of the Consideration Shares on the basis of 2.55 Consideration Shares for every 1 Kula Shares held on the Record Date, rounded down to the nearest whole number.

Shareholders should note that the Record Date is to occur after completion of the Selective Buy-back as proposed under Resolution 1(b). Accordingly, no Consideration Shares will be issued to Geopacific as a result of the Proposed Transaction.

4.2 Reasons for requiring Shareholder approval

The in-specie distribution of the Consideration Shares by Kula to Eligible Shareholders is an equal capital reduction for the purposes of the Corporations Act.

Section 256B of the Corporations Act provides that a company may only reduce its capital if the reduction:

(a) is fair and reasonable to shareholders as a whole;

(b) does not materially prejudice the company's ability to pay its creditors; and

(c) is approved by shareholders in accordance with section 256C of the Corporations Act.

"Fair and reasonable to shareholders as a whole"

The Directors are of the view that the equal capital reduction as a result of the in-specie distribution of the Consideration Shares (**Equal Capital Reduction**) is fair and reasonable to Kula Shareholders as a whole, because the reduction will apply equally to all Kula Shareholders having regard to the number of Kula Shares each Shareholder holds on the Record Date. Each Eligible Shareholder will receive 2.55 Geopacific Shares for every 1 Kula Shares held by them on the Record Date.

The Directors believe that the Equal Capital Reduction is fair and reasonable to Kula Shareholders for the reasons set out in this Explanatory Statement and that the Equal Capital Reduction will not prejudice Kula's ability to pay its creditors.

"Does not materially prejudice the company's ability to pay its creditors"

The Directors have reviewed the Company's assets and liabilities (including contingent liabilities) and believe that the reduction of capital will not materially prejudice the Company's ability to pay its creditors.

"Approved by shareholders in accordance with section 256C of the Corporations Act"

Kula is seeking approval from Kula Shareholders, as required by section 256C of the Corporations Act.

In accordance with section 256C of the Corporations Act, a copy of this Notice of Meeting and Explanatory Statement was lodged with the ASIC.

4.3 Effect of the proposed Equal Capital Reduction on Kula

The Equal Capital Reduction (if approved) would result in Eligible Shareholders receiving from Kula a pro rata distribution of Consideration Shares on the basis of 2.55 Consideration Shares for every 1 Kula Shares held on the Record Date, rounded to the nearest whole number (**Return Per Share**).

The effect on Kula's capital structure, including a pro-forma balance sheet, is detailed in Section 1.3 of this Explanatory Statement.

4.4 Effect of the Equal Capital Reduction on Kula Shareholders

If the Equal Capital Reduction is approved and implemented, the value of a Kula Share before the Equal Capital Reduction will be split and shared between:

(a) a Consideration Share; and

(b) a Kula Share.

This may result in a fall in the price of a Kula Share following the Equal Capital Reduction's implementation. However, Kula Shareholders will also hold shares in Geopacific.

The Equal Capital Reduction will have no effect on the number of Shares held by Shareholders in the Company. The Company has no partly paid shares on issue and no convertible securities (including options) on issue.

Shares in Geopacific are to be held subject to its constitution, a copy of which can be provided upon written request from a Shareholder to the Company and will be sent to that Shareholder's address as recorded in the Company share register, at no cost to that Shareholder.

4.5 The advantages and disadvantages of the Equal Capital Reduction on the Company

The advantages and disadvantages of the Proposed Transaction (including the Equal Capital Reduction) on the Company are set out in Sections 1.4 and 1.5, respectively, of this Explanatory Statement.

4.6 Offers that require disclosure under a Prospectus and Secondary Trading

The Corporations Act restricts:

(a) Kula from distributing the Consideration Shares to the Kula Shareholders by way of the in-specie distribution, without issuing a prospectus; and

(b) Kula Shareholders from on-selling their Consideration Shares within 12 months of receiving them under the in-specie distribution.

The Company confirms that it has applied for ASIC relief from the above restrictions in accordance with ASIC Regulatory Guide 188 (Disclosure in reconstructions). If granted, the relief will allow:

(a) Kula to distribute the Consideration Shares by way of the in-specie distribution without the need for a prospectus; and

(b) Kula Shareholders to on-sell their Consideration Shares after receiving them under the in-specie distribution.

4.7 Taxation impact on the Company as a consequence of the Equal Capital Reduction

This Section outlines the likely Australian income tax implications for certain Shareholders from the Equal Capital Reduction and the following comments are based on the application of Australian taxation laws in force at the date of this Explanatory Statement.

The views expressed in this summary are not intended as specific advice to Shareholders. The application of tax legislation may vary according to the individual circumstances of Shareholders. In this regard, the comments below are only relevant to those Shareholders who hold their Shares on capital account (i.e. have not been held for the purpose of resale or as trading stock).

Furthermore, this summary does not apply to:

(a) Shareholders who are not the beneficial owners of their Shares in the Company; and

(b) Shareholders who are not residents of Australia for tax purposes.

It should be emphasised that these comments are general in nature, may not be applicable to your individual circumstances and cannot be relied upon for accuracy or completeness.

You should therefore seek and rely on your own taxation advice in relation to the taxation consequences of the Equal Capital Reduction. Neither the Company nor any of its officers, or its advisers accept liability or responsibility with respect to such consequences.

The following is an overview of the Australian tax implications relevant to the proposed in-specie distribution for an Australian resident Shareholder who holds Shares on capital account.

(a) The return of capital will trigger CGT event G1 (section 104-135 of the Income Tax Assessment Act 1997) which occurs where a company makes a payment to a shareholder in respect of a share they own in a company and some or all of the payment is not a dividend.

(b) The cost base and reduced cost base to Shareholders of their Shares is reduced (but not below nil) by the non-assessable part of the distribution in-specie (being the return of capital amount).

(c) A Shareholder makes a capital gain if the non-assessable part of the distribution in-specie in relation to each Share exceeds the cost base of the Share, with the capital gain generally being equal to that excess.

(d) Each Shareholder will need to determine this on the CGT cost-base of their individual holding.

(a) If the Shares were acquired by the Shareholder more than 12 months before the date of payment, a capital gain from the CGT event G1 (if any) may qualify as a discount capital gain if the other conditions in Subdivision 115-A of the 1997 Tax Act are satisfied.

We recommend that non-Australian resident Shareholders seek specific advice by reference to their own circumstances so as to determine their Australian CGT position.

The taxation consequences to Shareholders (resident and non-resident in Australia) who may hold Shares on revenue account or through a company or superannuation fund will depend on their specific circumstances and, accordingly, Shareholders such as share traders and professional investors should seek their own specific advice.

4.8 Directors' Recommendation and interests

No Director will receive any payment or benefit of any kind as a consequence of the Equal Capital Reduction contemplated by the Resolution other than as an existing shareholder in the Company.

The Directors (other than the GPR Nominee Directors) recommend that Shareholders vote in favour of Resolution 1 for the reasons outlined in Sections 1.2 and 1.4 above.

Each of the GPR Nominee Directors declines to make a recommendation to Shareholders in relation to Resolution 1 due to their respective directorships on the board of Geopacific.

4.9 Overseas Kula Shareholders

The distribution of Consideration Shares to overseas Kula Shareholders under the Equal Capital Reduction will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where a Shareholder is a resident are held to restrict or prohibit the distribution of securities as proposed or would impose on Kula an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on Kula an undue burden, the Consideration Shares to which that Shareholder (**Ineligible Overseas Shareholder**) is entitled will not in fact be issued to such Shareholder and instead will be sold by Kula on their behalf within one month of the date of the in-specie distribution, and Kula will pay the relevant Ineligible Overseas Shareholder the net proceeds of sale after deducting the costs and expenses relating to the sale process, or otherwise Kula will seek to make alternative arrangements with respect to the relevant Ineligible Overseas Shareholder which are reasonable in all the circumstances.

As the Equal Capital Reduction is being represented and satisfied by the in-specie distribution of the Consideration Shares and Geopacific Share prices may vary from time to time, the net proceeds of sale to such Shareholders (after deducting the costs and expenses relating to the sale process) may be more or less than the notional dollar value of the reduction of capital or the sale proceeds. Accordingly, there is a possibility that Ineligible Overseas Shareholders may receive no net proceeds if the costs of the sale process in relation to the sale of their Consideration Shares are greater than the sale proceeds and exchange rate costs. The Company will not be held liable for a failure to obtain any net proceeds, or for the sale of any Consideration Shares at any particular price or the timing of such sale.

It will be the responsibility of each Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

4.10 Unmarketable Parcel Shareholders

Consideration Shares will not be distributed to any Kula Shareholder who will be an Unmarketable Parcel Shareholder. Rather, the Consideration Shares to which that Shareholder is entitled will be sold by Kula on their behalf within one month of the date of the in-specie distribution, and Kula will pay the relevant Unmarketable Parcel Shareholder the net proceeds of sale after deducting the costs and expenses relating to the sale process, or otherwise Kula will seek to make alternative arrangements with respect to the relevant Unmarketable Parcel Shareholder which are reasonable in all the circumstances.

As the Equal Capital Reduction is being represented and satisfied by the in-specie distribution of the Consideration Shares and Geopacific Share prices may vary from time to time, the net proceeds of sale to such Shareholders (after deducting the costs and expenses relating to the sale process) may be more or less than the notional dollar value of the reduction of capital or the sale proceeds. Accordingly, there is a possibility that Unmarketable Parcel Shareholders may receive no net proceeds if the costs of the sale process in relation to the sale of their Consideration Shares are greater than the sale proceeds. The Company will not be held liable for a failure to obtain any net proceeds, or for the sale of any Consideration Shares at any particular price or the timing of such sale.

4.11 No ASX Escrow of Consideration Shares

ASX has provided Geopacific with a waiver from ASX Listing Rule 10.7 to permit Geopacific to pay the Consideration for the Woodlark Project Interest in the form described in Section 1.1. Accordingly, the Consideration Shares will not be restricted from being traded on ASX.

5. RESOLUTION 2 - APPROVAL TO ISSUE SHARES TO MR MARK BOJANJAC

5.1 Background

As noted in Section 1.1, as part of the Proposed Transaction, Kula has agreed to issue 2,500,000 Shares to Mr Mark Bojanac, a Director of the Company, in consideration for consulting fees incurred in structuring, finalising and co-ordinating the Proposed Transaction. Mr Bojanjac will be entitled to receive Consideration Shares in respect of the 2,500,000 Kula Shares to be issued.

The issue of these Shares will be equal to approximately 4.25% of the Company's fully-diluted share capital assuming no further issues of securities by the Company.

5.2 Reasons for requiring Shareholder approval

(a) **Requirement under ASX Listing Rule 10.11**

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue securities to a related party without the approval of ordinary shareholders. A "related party", for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company.

As such, Shareholder approval is sought under Listing Rule 10.11 as Resolution 2 proposes the issue of securities to Mr Mark Bojanjac, who is a related party of the Company by virtue of his directorship.

As Shareholder approval is being sought under Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

(b) **Requirement under Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

(i) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

(ii) prior shareholder approval is obtained to the giving of the financial benefit.

A "related party" is widely defined under the Corporations Act, and includes the directors of the company. As such, the Directors of Kula are related parties of the Company for the purposes of section 208 of the Corporations Act.

A "financial benefit" is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

The issue of the Shares under Resolution 2 constitutes the provision of a financial benefit to a related party.

5.3 Specific information for the purposes of Resolution 2

(a) **<u>Listing Rule 10.13</u>**

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following information:

(i) **Name of person to receive securities**

The Shares will be issued to Mr Mark Bojanjac (or his nominee).

(ii) **Maximum number of securities to be issued**

The maximum number of Shares that may be acquired by Mr Mark Bojanjac (or his nominee) under Resolution 2 is 2,500,000.

(iii) **Date of issue**

The Company anticipates that the Shares will be issued not later than 1 month after the date of the General Meeting (or such later date as permitted by ASX waiver or modification of the Listing Rules).

(iv) **Relationship with the Company**

The Shares are proposed to be issued to Mr Mark Bojanjac (or his nominee). Mr Mark Bojanjac is a Director of Kula and is, as such, a related party of the Company.

(v) **Issue price**

The Shares are to be issued in lieu of consulting fees incurred in connection with structuring, finalising and co-ordinating the Proposed Transaction based on a deemed issue price of $0.02 per Share in accordance with the consultancy arrangement entered into between the Company and Mr Bojanjac.

(vi) **Terms of issue**

The Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company will apply to ASX for official quotation of the Shares.

(vii) **Intended use of the funds raised**

The Shares will be issued for nil cash consideration and accordingly no funds will be raised.

(viii) **Voting exclusion statement**

A voting exclusion statement for Resolution 2 is included in the Notice of General Meeting preceding this Explanatory Statement.

(b) **<u>Chapter 2E of the Corporations Act</u>**

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution 2.

(i) **Identity of the related party to whom Resolution 2 permits financial benefits to be given.**

The Shares are proposed to be issued to Mr Mark Bojanjac (or his nominee). Mr Mark Bojanjac is a Director of Kula and is, as such, a related party of the Company.

(ii) **Nature of the financial benefit**

Resolution 2 seeks approval from Shareholders to allow the Company to issue the 2,500,000 Shares to Mr Mark Bojanjac (or his nominee) in accordance with the terms of the Terms Sheet.

The Shares to be issued will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares.

The Company will apply for official quotation of the Shares on ASX.

(iii) **Valuation of financial benefit**

The valuation of the Shares to be issued under Resolution 2, based on the last trading price for the Shares as at the date of this Notice of Meeting of \$0.024 is \$60,000. The trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest closing price	\$0.028	29 April 2019 – 3 May 2019
Lowest closing price	\$0.015	15 & 20 August 2018
Last closing price	\$0.024	14 May 2019

(iv) **Dilution**

The issue of the Shares will in aggregate be equal to approximately 4.25% of the Company's share capital (based on the number of Shares on issue as at the date of this Notice of General Meeting and assuming Completion of the Proposed Transaction), resulting in a total of 58,794,579 Shares on issue

(v) **Interests of Mr Mark Bojanjac in the Company**

As at the date of this Notice of General Meeting, Mr Mark Bojanjac does not have any direct or indirect interests in securities of the Company. If the Resolutions are passed and the Proposed Transaction completes, Mr Bojanjac will have a voting power in the Company equal to 4.25%.

(vi) **Remuneration of Mr Mark Bojanjac**

For the year ended 31 December 2018, Mr Mark Bojanjac (including his related entities) received a total remuneration amount of \$43,800. The Company expects the total remuneration for Mr Bojanjac for the year ended 31 December 2019 to be similar to the previous financial year.

5.4 Board Recommendation

The Directors (other than Mr Bojanjac) do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Shares to Mr Mark Bojanjac pursuant to this Resolution 2.

The Directors (other than Mr Bojanjac who has a material personal interest in the outcome of Resolution 2) recommend that Shareholders vote in favour of Resolution 2 on the basis that the grant of the Shares will allow the Company to adequately reward and incentivise Mr Bojanjac whilst preserving the Company's limited cash reserves.

Mr Bojanjac has a material personal interest in the outcome of Resolution 2 and accordingly does not make a voting recommendation to Shareholders.

GLOSSARY

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

ASIC	Australian Securities and Investments Commission;
Associate	has the meaning given to that term in the ASX Listing Rules.
ASX	ASX Limited or the securities market operated by ASX Limited, as the context requires;
ASX Listing Rules or **Listing Rules**	official listing rules of the ASX;
Board	board of Directors;
Buy-back Shares	has the meaning given to that term in Section 3.1;
Chair or **Chairman**	chair of the General Meeting;
Company or **Kula**	Kula Gold Limited ABN 83 126 741 259;
Completion	completion of the Proposed Transaction in accordance with the Terms Sheet;
Consideration	has the meaning given to that term in Section 1.1;
Consideration Shares	has the meaning given to that term in Section 1.1(b);
Corporations Act	*Corporations Act 2001* (Cth);
Director	director of the Company;
Eligible Shareholder	a Shareholder other than an Ineligible Overseas Shareholder or an Unmarketable Parcel Shareholder;
Equity Securities	has the meaning given to that term in the Listing Rules;
Explanatory Statement	the explanatory statement that accompanies this Notice of General Meeting;
Geopacific	Geopacific Resources Limited ABN 57 003 208 393;
Geopacific Debt	has the meaning given to that term in Section 1.1(c);
GPR Nominee Directors	Matthew Smith, Ron Heeks and Mark Bojanjac;
Independent Expert	Elderton Capital Pty Ltd;
Independent Expert's Report	the report set out in Annexure A;
Ineligible Overseas Shareholder	has the meaning given to that term in Section 4.9;
Key Management Personnel	key management personnel of the Company (as defined in section 9 of the Corporations Act);

Marketable Parcel	has the meaning given in the ASX Operating Rules Procedures which, among other things, includes a parcel of shares, the value of which is not less than A$500;
Meeting or **General Meeting** or **Kula General Meeting**	the General Meeting convened by this Notice of General Meeting;
Notice of General Meeting or **Notice of Meeting**	this notice of General Meeting;
Proposed Transaction	the transaction described in Section 1.1;
Proxy Form	the proxy form enclosed with this Notice of General Meeting;
Record Date	5.00pm (WST) on 2 July 2019;
Relevant Interest	has the meaning given to that term in the Corporations Act;
Resolution	resolution contained in this Notice of General Meeting;
Section	a section to the Explanatory Statement;
Selective Buy-back	has the meaning given to that term in Section 1.1(a);
Share or **Kula Share**	fully paid ordinary share in the capital of the Company;
Share Registry	Link Market Services Limited;
Shareholder or **Kula Shareholder**	holder of a Share in the Company;
Terms Sheet	has the meaning given to that term in Section 1.1;
Unmarketable Parcel Shareholder	a Shareholder to whom upon distribution of the Consideration Shares, would receive fully paid ordinary shares in the capital of Geopacific which would not constitute a Marketable Parcel;
Woodlark Project Interest	has the meaning given to that term in Section 1.1;
WST	Australian Western Standard Time.

ANNEXURE A – INDEPENDENT EXPERT'S REPORT

KULA GOLD LIMITED

Independent Expert's Report and Financial Services Guide

May 2019

Elderton Capital Pty Ltd
ACN 22 137 309 892
Financial Services Guide

About us
Elderton Capital Pty Ltd (**Elderton Capital** or **we** or **us** or **our**) (Australian Financial Services Licence 342143) has been engaged by Kula Gold Limited (**Kula Gold** or the **Company**) to provide general financial product advice in the form of an independent expert's report (**Report**) in connection with the proposed Transaction. The directors and employees of Elderton Capital are the directors and employees of Greenwich & Co Pty Ltd, an associated entity. Our Report sets out our opinion as to whether the Transaction is fair and reasonable and our reasons for forming those conclusions.

The *Corporations Act 2001 (Cth)* requires us to provide this Financial Services Guide (**FSG**) in connection with the attached Report prepared for Kula Gold. You are not the party who engaged us to prepare this Report and we are not acting for any person other than Kula Gold. This FSG provides important information designed to assist Shareholders in forming their views of the Transaction and in understanding any general financial advice provided by Elderton Capital in this Report. Our Report is not intended to comprise personal retail financial product advice to retail investors or market-related advice to retail investors. This FSG contains information about our engagement by the directors of Kula Gold to prepare this Report in connection with the Transaction (Engagement), the financial services we are authorised to provide, the remuneration we (and any other relevant parties) may receive in connection with the Engagement, and details of our internal and external dispute resolution systems and how these may be accessed.

Financial services we are authorised to provide
Our Australian Financial Services Licence authorises us to carry on a financial services business to provide financial product advice for classes of financial products, including securities and government debentures, stocks and bonds, and to deal in financial products by applying for, acquiring, varying or disposing of financial products on behalf of another person in respect of the abovementioned classes of financial products to retail and wholesale clients.

General financial product advice
We do not provide personal financial product advice to retail clients. This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. Where the advice relates to the application for or acquisition of a financial product, you should also obtain and read carefully the relevant Transaction document or explanatory memorandum provided by the issuer or seller of the financial product before making a decision regarding the application for or acquisition of the financial product.

Remuneration, commissions and other benefits
Elderton Capital charges fees for its services and will receive a fee of $14,000 (excluding GST) for its work on this Report. These fees have been agreed on, and will be paid solely by Kula Gold, which has engaged our services for the purpose of providing this Report. Elderton Capital may seek reimbursement of any out of pocket expenses incurred in providing these services. Our advisers are directors and employees of Elderton Capital who are paid salaries and dividends by Elderton Capital, and may also receive bonuses and other benefits from Elderton Capital. Our advisers may alternatively be paid by means of commission determined by a percentage of revenue written by the adviser.

Associations and relationships
There are no associations and relationships with Kula Gold other than acting as an independent expert for the purposes of this report and an associated entity, Greenwich & Co Audit Pty Ltd being independent auditor of Geopacific (Kula Gold's associated entity) for the year ended 31 December 2017. Prior to accepting this engagement Elderton Capital Pty Ltd has considered its independence with respect to Kula Gold and any of its respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In Elderton Capital's opinion it is independent of Kula Gold and the related parties under review in this Report. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of $14,000. The fee is payable regardless of the outcome. Elderton Capital, its officers and employees and other related parties have not and will not receive, whether directly or indirectly, any commission, fees, or benefits, except for the fees to be paid to Elderton Capital for services rendered in producing this Report. Elderton Capital, its directors and executives do not have an interest in securities, directly or indirectly, which are the subject of this Report. Elderton Capital may perform paid services in the ordinary course of business for entities, which are the subject of this Report.

Risks associated with our advice
This FSG is provided in connection with the attached Report relating to the Transaction. The Report comprises general product advice and does not comprise personal financial product advice to retail investors or market-related advice to retail investors.

The Report is an expression of Elderton Capital's opinion as to whether the Transaction is fair and reasonable. However, Elderton Capital's opinion should not be construed as a recommendation as to whether or not to approve the Transaction. Approval of the Transaction is a matter for individual shareholders based on their own circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in any doubt as to the action they should take in relation to the Transaction should consult their own independent professional advisers. Further information on the risks, assumptions and qualifications associated with the advice is contained within the Report.

Compensation arrangements

The law requires Elderton Capital to have arrangements in place to compensate certain persons for loss or damage they suffer from certain breaches of the *Corporations Act 2001* by Elderton Capital or its representatives. Elderton Capital has internal compensation arrangements as well as professional indemnity insurance that satisfy these requirements.

Complaints

As an Australian Financial Services Licence holder, we are required to have an internal complaints-handling mechanism. All complaints must be addressed to us in writing at Level 2, 35 Outram Street, West Perth, WA, 6005. You may contact us on
P: 08 6324 2900, E: info@eldertoncapital.com. If we are not able to resolve your complaint to your satisfaction within 45 days of first lodging it with us, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS). You will not be charged for using the FOS service.

To contact the FOS:

GPO Box 3
MELBOURNE, VIC 3001
Tel: 1300 780 808
Fax: (03) 9613 6399

Privacy & use of information. We do not collect personal information on individual clients and are bound by the Elderton Capital Privacy Policy in the way that it governs personal information collected on clients. If you have any questions on privacy please contact us on the details above.

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20 May 2019

The Directors
Kula Gold Limited
Level 1, 278 Stirling Highway
CLAREMONT WA 6010

Dear Sirs

1. Introduction

This Independent Expert's Report (the "**Report**" or "**IER**") has been prepared at the request of the Board of Directors of Kula Gold Limited ("**Kula Gold**" or the "**Company**"). The Directors of Kula Gold have requested Elderton Capital Pty Ltd ("**Elderton**"), being independent and qualified for the purpose, to express an opinion as to whether the following transactions with Geopacific Resources Limited (**"Geopacific"**), collectively referred to as **"proposed transaction"** or **"transaction"** is fair and reasonable to the non-associated shareholders of Geopacific.

a) Kula Gold will sell all its interest in the Woodlark Gold Project (the **"Woodlark JV"** or **"Woodlark"**) to Geopacific including loan interests (totaling approximately $7,100,000) and its equity interest.

In return

b) Geopacific will issue 150,000,000 shares in Geopacific to Kula Gold. These shares will then be distributed to Kula Gold shareholders (other than Geopacific) via an in-specie distribution;
c) Kula Gold will conduct a selective buyback of all shares held by Geopacific for nil consideration other than as described elsewhere;
d) Geopacific will provide cash funds to Kula Gold to repay the existing loan of up to $750,000 payable to Geopacific; and
e) Geopacific will provide additional cash funds to Kula Gold of $20,000.

We also note the restructure of Kula Gold's ownership once the above proposed transaction takes place is as follows;

- Kula Gold will issue its 2.5 million shares to Mark Bojanjac (Kula Gold Director); and
- All other Geopacific nominee directors will resign from the Kula Gold board.

In preparing this IER we have had regard the Australian Securities and Investment Commission ("**ASIC**") Regulatory Guide 111 *Content of Expert Reports* ("**RG 111**"), in our assessment of the fairness and reasonableness of the proposed transaction.

The ultimate decision whether to approve the proposed transaction should be based on each shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to add value to future market conditions. If in doubt about the proposed transaction, or matters dealt with in this IER, shareholders should seek independent professional advice.

2. Purpose of this report

Chapter 10 of the ASX listing rules states the following;

- **Listing Rule 10.1:** Any listed company acquiring or disposing of substantial asset to related party of the Company must inform the shareholders and have the opportunity to vote on such transaction.
- **Listing Rule 10.2:** An asset is substantial if its value, or the value of the consideration for it is 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX.
- **Listing Rule 10.10:** Independent Expert Report (IER) is prepared to provide an opinion on whether the transaction per listing rule 10.1 above is fair and reasonable to the shareholders.

Geopacific and Kula Gold both Australian Listed Companies are related parties because;

- Geopacific currently holds approximately 85% of the ordinary shares of Kula Gold (as a result of an off market takeover bid in October 2017); and
- Geopacific and Kula Gold are in a joint venture involving the Woodlark JV. The ownership structure of the Woodlark JV is described in detail in Section 6 below. Our analysis assumes that Geopacific has a 60% interest in the Woodlark JV, with Kula Gold holding a 35% interest and the Papua New Guinea (**"PNG"**) government holding 5%.

Furthermore, Kula Gold's interest in the Woodlark JV is considered to be substantial and Geopacific's existing shareholding in Kula Gold may be considered as substantial. Accordingly, Kula Gold needs to obtain the shareholder approval for the proposed transaction at a general meeting and include IER with the opinion on the proposed transaction in the Notice of Meeting (**'Notice'**) and the Explanatory Memorandum (**'EM'**) attached to the Notice.

3. Executive Summary

3.1 Approach

In arriving at our opinion, we have assessed the terms of the Heads of Agreement which sets out the terms of the sale of Kula Gold's interest in Woodlark JV. We have considered:

- Does the total consideration received by Kula Gold for the proposed transaction, fully reflect the value of its interest in Woodlark JV?
- Other factors which we consider to be relevant to the Shareholders in their assessment of the proposed disposal; and
- The position of Shareholders should the transaction not proceed.

3.2 Opinion

After considering the terms of the proposed disposal of Kula Gold's interest in Woodlark JV as outlined in the body of this report, **we are of the opinion that the proposed transaction is fair and reasonable to the Non-Associated shareholders of Kula Gold as at the date of this report.**

- In our opinion, the disposal of Kula Gold's 40% interest in Woodlark JV through the selective buyback is fair because the consideration offered to non-associated shareholders per the proposed transaction is in excess of the value of Kula Gold's interest in the Woodlark JV using a net asset valuation method.
- In our opinion, disposal of Kula Gold's 40% interest in Woodlark JV through the selective buyback is reasonable because it is fair, and also because the advantages of approving the sale of Kula Gold's 40% interest in the Woodlark JV outweigh the disadvantages of disposing of Kula Gold's interest in Woodlark JV, as set out in Section 9 below.

Our opinion should not be construed to represent a recommendation as to whether or not Kula Gold shareholders should approve the proposed transaction. Shareholders who are uncertain as to the impact of approving the proposed transaction should seek separate advice from their financial and/or taxation adviser.

The opinion expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the independent technical valuation report prepared by Dunbar Resource Management **(the 'Dunbar Report')** dated 8 April 2019, attached as Appendix 5 of this report.

3.3 Methodology Applied

In determining whether the proposed transaction is "fair and reasonable", we have given regard to the views expressed by ASIC in RG 111. This regulatory guide provides ASIC's views on how an expert can help security holders make informed decisions about a transaction and specifically gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

RG 111 states that the expert's report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

RG 111 applies the fair and reasonable test as two distinct criteria, stating that a proposed transaction is fair if the value of the financial benefit to be provided to the entity is equal or greater than the value of the consideration being provided by the entity.

A transaction is reasonable if it is fair. It might also be reasonable if, despite not being fair, the expert believes there are sufficient reasons for members to vote for the transaction.

Consistent with the guidelines in RG 111, in determining whether the proposed transaction is "fair and reasonable" to the shareholders, the analysis undertaken is as follows:

- A comparison between the fair value of the asset disposed (Kula Gold's interest in the Woodlark JV) to the consideration received for the disposal ("Is the proposed transaction fair?").
- Investigation into qualitative factors to which Shareholders might give consideration, prior to approving the proposed transaction ("Is the proposed transaction reasonable?").

In particular, we have considered the advantages and disadvantages of the proposed transaction in the event that the proposed transaction proceeds, including the accounting and ownership structure implications for Kula Gold if the proposed transaction proceeds.

Our assessment of the proposed transaction is based on economic, market and other conditions prevailing at the date of this Report.

3.4 Implications of the proposed transaction

3.4.1 Capital structure

Should the Transaction proceed, it will have the following effect on Kula Gold's capital structure.

Name	Number held
Fully paid ordinary shares	375,658,028
Less: cancelation of Geopacific shares	(319,363,449)
Add: issue of shares to Mark Bojanjac	2,500,000
Total securities on issue	58,794,579

3.4.2 Financial position

Kula Gold's statement of financial position is detailed in section 4.3 below. The proposed transaction will have the following impact on Kula Gold's financial position.

- Decrease Kula Gold's investment in Woodlark from $3.3 million to '0'.
- Decrease borrowings of $485,000 to '0'.
- Eliminate all intercompany balances between Kula Gold and Geopacific.
- We note that Kula Gold will record $3.3 million as a loss in its statement of comprehensive income for the proposed transaction.

3.5 Fairness

In Section 8 below we identify the value of Kula Gold's non-associated shareholders interest in Woodlark JV using the **Net Asset Valuation ('NAV')** method, as set out below:

Table 1

		Low	Preferred	High
	Ref	$	$	$
Valuation of the impact to Non-Associated shareholders of the disposal of Kula Gold's interest in Woodlark JV based on NAV method	8.4	4,047,512	5,001,512	6,081,512

The consideration offered to the non-associated shareholders for the disposal of Kula Gold's interest in Woodlark JV is more than the value attributable to their interest in Woodlark JV using a NAV calculation. Therefore we consider that the consideration offered to the Non-Associated shareholders is fair.

3.6 Reasonableness

We have considered the analysis in Section 9 below of this report, in terms of both:

- advantages and disadvantages of the disposal of 40% interest in the Woodlark JV; and
- alternatives, including the position of Non-Associated Shareholders if the disposal of 40% interest in the Woodlark JV does not proceed.

In our opinion, the position of Non-Associated Shareholders if the disposal of Kula Gold's 40% interest in Woodlark JV is approved is more advantageous than the position if the disposal of Kula Gold's 40% interest in Woodlark JV is not approved. Accordingly, in the absence of any other relevant information we believe that the disposal of Kula Gold's 40% interest in Woodlark JV is reasonable to non-associated shareholders.

3.7 Shareholders Decision

Elderton Capital Pty Ltd holds the appropriate Australian Financial Services License to issue this report. Elderton Capital has been engaged to express opinion on whether the proposed transaction is fair and reasonable. Elderton Capital has not been engaged to provide a recommendation to shareholders as to whether to approve the transaction.

The decision as to whether or not to approve or reject the proposed transaction is a matter for individual Kula Gold shareholder to consider based on, their risk appetite, their views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the proposed transaction, shareholders should consult their own professional adviser.

Our report has been prepared in accordance with the *Corporations Act 2001* ("**the Act**") and other relevant Australian regulatory requirements.

4. Profile of Kula Gold

Kula Gold is an Australian company whose principal current activity is the exploration and development in Papua New Guinea **('PNG')** through its passive minority interest in the Woodlark Project located on Woodlark island in Papua New Guinea. Kula Gold currently has no other commercial activities of note. Further details on this are outlined in the Dunbar Report attached as Appendix 5 to this report.

The Company was incorporated in the year 27 July 2007 and subsequently listed on the ASX on 16 November 2010 (ASX:KGD)

4.1 Company's Capital Structure

The top 20 shareholders of Kula Gold as disclosed in Kula Gold's 2018 Annual Report were as follows:

Rank	Name	Number held	%
1	Geopacific Resources Limited	196,029,972	52.18%
2	Geopacific Resources Limited	123,333,477	32.83%
3	Mr & Mrs Soucik	6,000,000	1.60%
4	Mahe Investments Pty Limited	4,701,425	1.25%
5	Merchant Holdings Pty Limited	3,600,000	0.96%
6	Merchant Holdings Pty Limited	3,329,193	0.89%
7	Mr Theofanis Perdikis & Mrs Dimitra Perdikis	2,136,573	0.57%
8	Mr Richard Alexander Caldwell	2,100,000	0.56%
9	Mr David Crichton Frecker & Mrs Joanne Margaret Frecker	1,332,581	0.35%
10	Mr Patrick Kedemos	1,010,666	0.27%
11	Aris Nominees Pty Ltd	1,000,000	0.27%
12	Acronym Pty Limited	1,000,000	0.27%
13	Sugarloaf Ventures Pty Limited	1,000,000	0.27%
14	Mr Matthew Nunn	940,676	0.25%
15	Citicorp Nominees Pty Limited	822,223	0.22%
16	Mr Stanislaw Antoni Zychewicz	805,000	0.21%
17	DJ & DA Neate Pty Limited	738,236	0.20%
18	Sabia Holdings Pty Ltd	726,487	0.19%
19	JDW Investments Australia Pty Limited	640,000	0.17%
20	Graham Brown Pty Limited	603,000	0.16%
	Top 20 Shareholders	351,849,509	93.66%
	Other Shareholders	23,808,509	6.34%
	Total Ordinary Shareholders	375,658,018	100.00%

Source: Management of Kula Gold

At the date of this report the company has 375,658,018 ordinary shares on issue. The top 20 shareholders account for 93.66% of the total shares on issue.

4.2 Directors & Key Management

As at the date of this report, the Directors and Key Management of Kula Gold comprise the following:

- Mr Mark Bojanjac (Chairman)
- Mr Mark Stowell – (Non-Executive Director)
- Mr Garry Perotti – (Executive Director)
- Mrs Matthew Smith – (Non-Executive Director)
- Mr Ronald Heeks – (Non-Executive Director)

4.3 Kula Gold's Financial Position

The table below sets out the financial position of Kula Gold as at 31 December 2018 adjusted for the following items for the 3 months to 31 March 2019 as per Kula's March quarterly cash flow statement:

	Audited 31 Dec 2018 $	3 mths to Mar-19 $	Adjusted $
Assets			
Current Assets			
Cash and cash equivalents	8,014	(3,000)	5,014
Receivables and other assets	10,976	-	10,976
Total Current Assets	**18,990**	**(3,000)**	**15,990**
Non-Current Assets			
Property plant and equipment	1,783	-	1,783
Financial assets - Woodlark	3,300,000	-	3,300,000
Total Non-current Assets	**3,301,783**	**-**	**3,301,783**
Total Assets	**3,320,773**	**(3,000)**	**3,317,773**
Liabilities			
Current Liabilities			
Trade and other payables	2,403	-	2,403
Borrowings	416,000	69,000	485,000
Provisions	29,861	-	29,861
Total Current Liabilities	**448,264**	**69,000**	**517,264**
Total Liabilities	**448,264**	**69,000**	**517,264**
Net Assets	**2,872,509**	**(72,000)**	**2,800,509**
Equity			
Contributed Equity	151,576,943	-	151,576,943
Reserves	(5,386,960)	-	(5,386,960)
Accumulated losses	(143,317,474)	(72,000)	(143,389,474)
Total Equity	**2,872,509**	**(72,000)**	**2,800,509**

1. Kula Gold's major portion of liabilities consists the debt of $588,234 at 30 April 2019 payable to Geopacific and its major asset of $3.3 million is its 40% interest in the Woodlark JV.

4.4 Kula Gold's Financial Performance

The table below sets out the financial performance for the years ended 31 December 2017 and 31 December 2018 (audited numbers).

	2018 $000	2017 $000
Other income	4	1,454
Employee benefit expenses	(282,098)	(264,951)
Professional and consultancy expense	(10,524)	(364,534)
Occupancy expenses	-	(9,559)
Insurance expense	(32,392)	(41,705)
Foreign exchange loss		(4,975)
Other expenses	(90,657)	(74,492)
Loss before tax	**(415,667)**	**(758,762)**
Income tax	-	-
Loss after tax	**(415,667)**	**(758,762)**
Loss after tax from discontinued operation	(6,341)	(14,156,364)
Loss for the period	**(422,008)**	**(14,915,126)**
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	-	(1,240,000)
Accumulated losses in foreign currency transaltion reserve transferred to profit or loss on deconsolidation of subsidiary	-	(9,058,852)
Movement in fair value of financials assets	(6,620,071)	(325,148)
Other comprehensive loss for the year, net of tax	**(6,620,071)**	**(10,624,000)**
Total comprehensive loss for the year	**(7,042,079)**	**(25,539,126)**
Loss attributable to:		
Equity holders of the Company	(415,667)	(14,915,126)
Non-controlling interests	-	-
	(415,667)	**(14,915,126)**
Total Comprehensive loss attributable to:		
Equity holders of the Company	(415,667)	(25,476,991)
Non-controlling interests	(6,341)	(62,135)
	(422,008)	**(25,539,126)**

5. Profile of Geopacific

Geopacific is an ASX listed mineral exploration and development company. Geopacific's focus is the development of the Woodlark JV project in PNG held through a joint venture company, Woodlark Mining Limited ('WML'). Geopacific currently holds a legal interest of 51% but the right to a total of 60% direct interest in the shares of WML (see section 6 below), and indirectly through its approximate 85% shareholding in Kula Gold which holds 40% interest in the Woodlark JV. Geopacific and Kula Gold has also advanced loan funds to the Woodlark JV. Geopacific also holds other interests in mineral assets in Cambodia and Fiji. Geopacific's mineral interests are described in more detail in Section 6 below.

5.1 Directors & Key Management

The directors and key management of Geopacific are:

- Mr Ron Heeks (Managing Director)
- Mr Mark Bojanjac (Non-Executive Director)
- Mr Ian Clyne (Non-Executive Chairman)
- Mr Colin Gilligan (Non-Executive Director)

5.2 Financial Position

The table below summarizes the audited financial position of Geopacific for the year ended 31 December 2018, adjusted for:

- the completion of a placement on 5 April 2019 to raise a gross total of $4,335,000 ($4,005,000 in net of transaction costs incurred with the issue); and
- expenditure between 31 December 2018 and 31 March 2019 of $1,373,000 comprising $616,000 on exploration expenditure and $757,000 on operating costs as per Geopacific's March quarterly cash flow statement.

	Audited 31 Dec 2018 $	Placement $	Estimated Expenditure $	Adjusted $
Assets				
Current Assets				
Cash and cash equivalents	3,059,221	4,005,000	(1,373,000)	5,691,221
Trade and other receivables	316,617	-	-	316,617
Assets classified as held for sale	149,388	-	-	149,388
Inventories	242,771	-	-	242,771
Total Current Assets	**3,767,997**	**4,005,000**	**(1,373,000)**	**6,399,997**
Non-Current Assets				
Exploration and evaluation expenditure - Woodlark	31,249,098	-	616,000	31,865,098
Exploration and evaluation expenditure - Cambodia	6,244,927	-	-	6,244,927
Property plant and equipment	841,611	-	-	841,611
Total Non-current Assets	**38,335,636**	**-**	**616,000**	**38,951,636**
Total Assets	**42,103,633**	**4,005,000**	**(757,000)**	**45,351,633**
Liabilities				
Current Liabilities				
Trade and other payables	844,874	-	-	844,874
Deferred consideration - Cambodia	2,391,955	-	-	2,391,955
Tax Liabilities	135,569	-	-	135,569
Total Current Liabilities	**3,372,398**	**-**	**-**	**3,372,398**
Non-Current Liabilities				
Deferred consideration - Cambodia	3,852,972	-	-	3,852,972
Provisions	192,548	-	-	192,548
Total Non-Current Liabilities	**4,045,520**	**-**	**-**	**4,045,520**
Total Liabilities	**7,417,918**	**-**	**-**	**7,417,918**
Net Assets	**34,685,715**	**4,005,000**	**(757,000)**	**37,933,715**
Equity				
Contributed Equity	104,116,108	4,005,000	-	108,121,108
Reserves	5,790,853	-	-	5,790,853
Accumulated losses	(76,061,543)	-	(757,000)	(76,818,543)
Total equity attributable to shareholders of parent company	**33,845,418**	**4,005,000**	**(757,000)**	**37,093,418**
Non-controlling interest	840,297	-	-	840,297
Total equity	**34,685,715**	**4,005,000**	**(757,000)**	**37,933,715**

Geopacific has a controlling interest in both Kula Gold and the Woodlark JV and as Geopacific's accounts are prepared on a consolidated basis therefore the balance sheet above doesn't show intercompany loan balances due to consolidation eliminations.

- A loan from Geopacific to Kula Gold of up to $750,000, which will be repaid as part of the proposed transaction; and
- A loan from Geopacific to the Woodlark JV of 47,291,355 PNG Kina (approximately AU$ 19,704,731 as at 31 December 2018).

5.3 Financial Performance

The table below sets out the financial performance for the years ended 31 December 2017 and 31 December 2018 (audited numbers).

	2018 $000	2017 $000
Revenue from continuing operations	64,013	104,313
Administration expenses	(275,809)	(394,158)
Consultancy expense	(1,162,501)	(1,133,527)
Depreciation expense	(36,121)	(26,952)
Employee Benefit expenses	(1,572,695)	(1,234,397)
Share based payments	(709,371)	-
Occupancy epxneses	(170,167)	(152,448)
Foreign exchange gain	(1,123,578)	(831,726)
Write downs	(44,230,355)	-
Loss before tax	**(49,216,584)**	**(3,668,895)**
Income tax	474,749	(28,395)
Loss after tax	**(48,741,835)**	**(3,697,290)**
Loss after tax from discontinued operation (attributable to equity holders of the company)	(5,008,824)	(345,621)
Loss for the period	**(53,750,659)**	**(4,042,911)**
Loss attritutable to:		
Equity holders of the Company	(53,670,193)	(4,010,512)
Non-controlling interests	(80,466)	(32,399)
	(53,750,659)	**(4,042,911)**

With accumulated losses of $53.75 million, Geopacific is not in a position to pay dividends in the near future. Geopacific will assess whether to pay dividends if the Woodlark project enters into production which is not guaranteed and cash flows are positive.

5.4 Geopacific's Capital Structure

The top 20 shareholders of Geopacifc are as follows:

Rank	Name	Number held	%
1	Ndovu Capital Iv B V	746,334,767	29.39%
2	Delphi Unternehmenberatung	431,071,074	16.98%
3	Hsbc Custody Nominees	303,592,886	11.96%
4	J P Morgan Nominees Australia Pty Limited	167,063,314	6.58%
5	Home Ideas Show Pty Ltd <Ub Promotions Spf A/C>	95,366,470	3.76%
6	Mr Craig Graeme Chapman <Nampac Discretionary A/C>	56,023,546	2.21%
7	Gwynvill Trading Pty Ltd	55,774,553	2.20%
8	Washington H Soul Pattinson And Company	46,414,212	1.83%
9	Home Ideas Show Pty Ltd <Ub Promotions Spf A/C>	29,581,427	1.17%
10	Orion Mine Finance Fund II Lp	29,069,768	1.14%
11	Mr Daniel Mcdonagh	23,565,000	0.93%
12	Henderson International Pty Limited <Henderson Super Fund A/C>	22,813,523	0.90%
13	Zero Nominees Pty Ltd	19,500,000	0.77%
14	National Nominees Limited	17,014,078	0.67%
15	Dixson Trust Pty Limited	17,000,000	0.67%
16	Bnp Paribas Nominees Pty Ltd <Peel Hunt Clts Asset Drp >	15,815,999	0.62%
17	Mr Anthony William Olding & Mrs Caroline Anne Olding	13,354,218	0.53%
18	Brazil Farming Pty Ltd	11,000,000	0.43%
19	Goldfire Enterprises Pty Ltd	10,444,445	0.41%
20	Ms Julie Michelle Fraser & Mr Andrew John Cannock	10,000,000	0.39%
	Top 20 Shareholders	2,120,799,280	83.53%
	Other Shareholders	418,210,898	16.47%
	Total Ordinary Shareholders	2,539,010,178	100.00%

Per Management of Geopacific

At the date of this report Geopacific has 2,539,010,178 ordinary shares on issue. The top 20 shareholders account for 83.53% of the total shares on issue. Set out in the table above are the top 20 shareholders, the number of shares held and the percentage of the total.

6. Profile of Mineral Interests

6.1 The Woodlark JV

The Woodlark JV is a gold development project owned 100% by WML. Geopacific currently holds legal ownership of 51% of WML but has a right to a 60% interest upon the provision of a notice to Kula Gold.

On January 2017, Geopacific, Kula Gold and WML executed a farm in agreement whereby Geopacific would earn ownership rights over WML in 3 stages as described below;

Stage 1 - Geopacific committed to spend up to $650,000 within 6 months to complete due diligence and establish the appropriate work program to deliver the incentive target of an aggregate ore reservice for the project of 1.2 million ounces of gold. Geopacific elected to proceed and has earned a 5% interest in WML in 25 January 2017.

Stage 2 - Geopacific earned a further 46% interest, giving it a total of 51%, by expending $8 million under the work program developed in stage 1 and achieving an incentive target of 1.2 million ounces of gold reserve for the project.

The second stage was completed on 23 August 2018 as reported by Geopacific.

Stage 3 - Geopacific has the right to earn a total of 60% equity in WML by expending an additional $10 million to further develop the work program. We have been advised that this has been agreed between the parties.

Geopacific can increase its interest in WML to 75% if Geopacific achieves the incentive target of 1.2 million ounces of gold reserve and achieves bankable status for the project. Bankable status is where engineering, geotechnical and economic inputs have been completed to the extent where sufficient project funding can be raised.

Once bankable status has been reached then Kula has the right to raise its share of the development funding proportionate to its interest in Woodlark. Should Kula be unable to, or elect not to, raise its share of development finance then Geopacific will have the right to arrange Kula's share of the development finance and thereby earn an additional 5% interest in WML, taking its total interest to 80%.

We note that the PNG government has indicated its intention to acquire 5% of the project for consideration of 5% of sunk costs.

On November 2018 Geopacific announced that a definitive feasibility study ('DFS') has been completed and the following project economics were announced:

- JORC 2012 resource of 1,573,000 oz and ore reserve of 1,037,600 oz of gold
- Pre-tax NPV of AU$ 251,000,000
- Pre-tax IRR of 29%
- Capex of AU$ 202,000,000
- Life of mine all in costs of $AU 1,033 per ounce
- 13 year mine life
- A payback period of 2.2 years

There is a condition on the mining lease that the construction and commissioning of the project is to be completed by December 2019. We have been advised that Geopacific is seeking an extension to this date.

6.2 Cambodia assets

The Kou Sa, a copper/gold project is located in the northern Cambodia's Chep District, Preah Vihear Provence of Cambodia. Geopacific has explored this project since early 2013 with some success, announcing a (primarily indicated) JORC 2012 maiden resource estimate of 51,000 tonnes of copper equivalent in July 2016. In order to retain the project, Geopacific must make deferred consideration payments of $6,300,000 in total. In the recent annual accounts, Geopacific has written down the value of Kou Sa to $6,300,000 equivalent to the total deferred consideration amount owing. $44,935,949 of the past expenditure on this project has been written down in the past.

6.3 Fiji assets

Geopacific also holds a collection of Fijian gold exploration projects including Nabila project, Sabeto project and Vuda project. All these projects are considered as early exploration stage projects. In Geopacific's 2018 Annual Report these were valued at $149,388 and were classified as "Assets Held for Sale".

7. Valuation Techniques

7.1 Methods

In assessing the value of both Kula Gold and Geopacific, we have evaluated a range of valuation methodologies. RG 111 advises that it is generally appropriate for an expert to consider the methods set out below to value a company and its shares:

- the discounted cash flow method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;

- the quoted price for listed securities; and
- any recent genuine offers received.

The valuation methodologies proposed by RG 111 can be split into three specific groupings, as follows:

- Market Based Methods;
- Income Based Methods; and
- Asset Based Methods.

7.2 Market Based Methods

Market based methods provide an estimated calculation of the fair market value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:

- the quoted price for listed securities; and
- industry specific methods.

In the Quoted Price method, the recent price history for a publicly listed security provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.

Industry specific methods typically involve the use of industry "rules of thumb" to estimate the fair market value of a company and its securities. Normally, rules of thumb provide less definitive evidence of the fair market value of a company than other market based valuation methods, because they may not take account of certain company-specific factors which affect their risk profile relative to industry competitors.

7.3 Income Based Methods

Income based methods estimate value by calculating the discounted present value of a company's estimated future stream of earnings or cash flows. Income based methods include:

- discounted cash flow ("**DCF**") methods; and
- capitalisation of future maintainable earnings ("**FME**").

The DCF technique has an established foundation in published literature, calculating the price of a company based on the net present value of its future cash flows. It requires a breakdown of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the period under consideration. This method of valuation is appropriate when valuing companies where future cash flows can be predicted with a reasonable degree of confidence.

The capitalization of future maintainable earnings methodology is generally considered an abbreviated form of DCF, where an estimation of the FME of the business, rather than a stream of cash flows, is capitalised based on a chosen capitalisation multiple. Multiples are derived from the analysis of market transactions for companies in the same sector, and the trading multiples of comparable companies.

7.4 Asset Based Methods

Asset based methods estimate the fair market value of a company based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net tangible assets on a going concern basis.

The value achievable in an orderly realisation of assets is estimated by calculating the fair market value of the assets of a company which would be distributed to security holders after payment of all liabilities, including costs of realization and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold much faster, reflecting a distressed liquidation value. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or when a company is not valued on a going concern basis.

The net tangible assets in a going concern method estimate the market values of the net tangible assets of a company but, unlike the orderly realisation of assets method, it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding purposes.

7.5 Valuation Methodology Adopted for Geopacific including the Woodlark JV

After careful evaluation of Geopacific's specific circumstances, both Net Tangible Asset Value and DCF methods have been used to value Geopacific on a going concern basis. For the valuation of Geopacific's interest in the Woodlark JV *(exploration expense of $31.8 million per 2018 Annual report)* and Fiji assets classified as held for sale *($0.15 million per 2018 Annual Report)*, we have relied on the report from the independent technical expert, Mr Paul Dunbar of Dunbar Resource Management ('DRM'). The Dunbar Report dated 8 April 2019 is appended to this report as Appendix 5. Dunbar Resource Management has used DCF method to value Woodlark JV. For Fiji assets, Dunbar has used the Kilburn methodology to value to the Fiji assets see 7.6.2 below.

The FME methods is not considered appropriate to value Geopacific as there is no profit/stable earnings history. The Woodlark project may enter production some time over the next few years but this cannot be assured or guaranteed.

7.6 Net Asset Value of Geopacific shares

The table below sets out Geopacific's adjusted net assets as at 31 December 2018 and the low, preferred and high valuation figures. As there is no intention to wind up the company, we have used going concern assumption value for this report. The adjustments for the low, preferred and high numbers reflect the following adjustments:

- Woodlark exploration and evaluation expenditure of $31,865,098 under adjusted net assets has been replaced by technical valuations per Dunbar Report as described in section 7.5 above.
- Trade receivables of $48,504, Inventory of $242,771, property, plant and equipment of $740,075, payable of $281,029 and provisions of $198,489 related to the Woodlark JV have been excluded as the total value of Geopacific's interest in Woodlark is being represented under the exploration expenditure line item as per above.
- The Fiji assets shown as Assets Held for Sale, have been taken from the Dunbar Report.
- Geopacific's interest in the Cambodia project has not been included as per Dunbar Report it has minimal value to Geopacific see section 21.1 of the Dunbar Report.

	Ref	Adjusted 31 Dec 2018 $	Low $	Preferred $	High $
Assets					
Current Assets					
Cash and cash equivalents		5,691,221	5,691,221	5,691,221	5,691,221
Trade and other receivables		316,617	268,110	268,110	268,110
Assets classified as held for sale		149,388	400,000	500,000	1,600,000
Inventories		242,771	-	-	-
Total Current Assets		**6,399,997**	**6,359,331**	**6,459,331**	**7,559,331**
Non-Current Assets					
Exploration and evaluation expenditure - Woodlark	7.6.2	31,865,098	76,500,000	92,400,000	110,400,000
Exploration and evaluation expenditure - Cambodia		6,244,927	6,244,927	6,244,927	6,244,927
Property plant and equipment		841,611	86,709	86,709	86,709
Total Non-current Assets		**38,951,636**	**82,831,636**	**98,731,636**	**116,731,636**
Total Assets		**45,351,633**	**89,190,967**	**105,190,967**	**124,290,967**
Liabilities					
Current Liabilities					
Trade and other payables		844,874	563,845	563,845	563,845
Deferred consideration - Cambodia		2,391,955	2,391,955	2,391,955	2,391,955
Tax Liabilities		135,569	115,263	115,263	115,263
Total Current Liabilities		**3,372,398**	**3,071,063**	**3,071,063**	**3,071,063**
Non-Current Liabilities					
Deferred consideration - Cambodia		3,852,972	3,852,972	3,852,972	3,852,972
Provisions		192,548	14,365	14,365	14,365
Total Non-Current Liabilities		**4,045,520**	**3,867,337**	**3,867,337**	**3,867,337**
Total Liabilities		**7,417,918**	**6,938,400**	**6,938,400**	**6,938,400**
Net Assets including Kula Gold's interest in the Woodlark JV		**37,933,715**	**82,252,567**	**98,252,567**	**117,352,567**
Minority interests		840,297	(24,499,094)	(30,064,094)	(36,364,094)
Net Asset Value excluding Kula Gold's interest in the Woodlark JV		**38,774,012**	**57,753,473**	**68,188,473**	**80,988,473**
Number of shares on issue ('000)		2,591,907	2,591,907	2,591,907	2,591,907
Value per Geopacific share - control basis (cents)			**3.17**	**3.79**	**4.53**
Discount for minority interest basis			23.1%	23.1%	23.1%
Value per Geopacific share - minority interest basis (cents)			**2.44**	**2.91**	**3.48**

We have been advised that there were no material transactions subsequent to 31 December 2018 not already referred to in this report or disclosed via ASX announcements.

7.6.1 Net Asset valuation on a minority interest basis:

To determine the Net Asset Value per Geopacific share we have considered Kula Gold's interest in the Woodlark JV as post proposed transaction as non-associated shareholders will obtain approximately 5.5% stake in Geopacific having Kula Gold's interest in the Woodlark JV.

Net Asset Valuation of 100% interest in the Company has been assumed whereas the Geopacific shares to be issued to Kula Gold will be a minority interest parcel. Premiums offered on takeovers for small cap resource companies are normally in the range of 20% to 40% and 30% commonly used as a benchmark. A minority interest discount of 23.1% (the inverse of a 30% control premium) has therefore been applied to the assessed value of a Geopacific share on a control basis.

Per our calculation above, using Net Asset basis Geopacific's shares (on a minority interest basis) are worth between **2.44 cents** and **3.48 cents**, with a preferred value of **2.93 cents**.

7.6.2 Technical Valuation of Mineral Interests:

The Woodlark JV

The value of exploration expenditure for the NAV calculcation of Geopacific above has been taken from the Dunbar Report as explained under section 7.5 above. As Woodlark is a development ready project with JORC 2012 ore reserves, DFS for it has been carried out. Dunbar have used an income-based approach to value the Woodlark project, making their judgement using DCF model prepared for the DFS. To see details on the assumptions used and adjustments made please refer to **the Dunbar Report** attached as **Appendix 5** to this report.

In addition to the equity interests, both Geopacific and Kula have given loans to MWL which is entitled to a preferential return over equity interests.

The range of values for Geopacific and Kula's interest in Woodlark, per the Dunbar Report and taking into account the loan funds provided by each party, is summarised below.

	Low $	Preferred $	High $
Woodlark project value (per Dunbar Report) ($)	76,500,000	92,400,000	110,400,000
Shareholder loans			
Geopacific	19,704,731	19,704,731	19,704,731
Kula	7,108,845	7,108,845	7,108,845
Total shareholder loans	**26,813,576**	**26,813,576**	**26,813,576**
Equity Value	**49,686,424**	**65,586,424**	**83,586,424**
Geopacific's equity interest (%)	60%	60%	60%
Geopacific's equity interest in Woodlark ($)	**29,811,854**	**39,351,854**	**50,151,854**
Kula's equity interest (%)	40%	40%	40%
Kula's equity interest in Woodlark ($)	**19,874,570**	**26,234,570**	**33,434,570**
Total value of interests			
Geopacific	49,516,585	59,056,585	69,856,585
Kula	26,983,415	33,343,415	40,543,415
Total	**76,500,000**	**92,400,000**	**110,400,000**

Cambodia assets

Dunbar has used a market based comparable transaction approach to value the Cambodia project using resource multiples and the Kilburn method for exploration potential, see section 21.1 of the Dunbar Report. Dunbar's assessed value of this project is between $2,000,000 and $7,100,000 with a preferred value of $4,600,000. These values are less than the deferred consideration payment of US$ 6,300,000 in total which Geopacific is required to make to retain the project (this deferred consideration amount has been present valued in Geopacific's accounts). Dunbar has therefore assessed that the Cambodia project has negligible value.

Fiji assets

As the Fiji assets are less mature than Woodlark on Cambodia, Dunbar used the Kilburn methodology to value the Fiji mineral interest. Dunbar's assessed value of Geopacific's Fiji assets to be between $400,000 and $1,600,000 with a preferred value of $500,000.

7.6.3 Conclusion on technical valuation of mineral interests:

We have used and relied on the Dunbar Report in assessing the fair value of Geopacific's mineral interests and have satisfied ourselves that:

- Dunbar Resources Management is a suitable geological consulting firm and has relevant experience in assessing the merits of mineral projects and preparing mineral asset valuations (also the principal author of the report, Paul Dunbar is suitably qualified and experienced);
- Dunbar Resources Management and Paul Dunbar are independent from Geopacific and Kula; and
- Dunbar Resources Management and Paul Dunbar have employed sound and recognised methodologies in the preparation of the Dunbar Report on Geopacific's mineral interests.

7.6.4 Traded Market Price Basis - Geopacific

In addition to the Net Asset valuation of Geopacific shares in Section 7.6 of this report, we have considered recent trading history of Geopacific shares on ASX.

We set out below a summary of the fully paid share price of Geopacific trading on ASX (on low volumes) between 1 April 2018 and 26 April 2019. The Transaction was announced on 8 March 2019.

Month	High	Low	Last	VWAP	Volume traded	Volume/weighed ave ord share on issue
Apr-18	0.043	0.035	0.036	0.038	16,046,648	0.9%
May-18	0.038	0.034	0.035	0.036	7,362,576	0.4%
Jun-18	0.035	0.030	0.033	0.033	7,739,966	0.4%
Jul-18	0.031	0.024	0.026	0.028	12,862,410	0.6%
Aug-18	0.026	0.022	0.026	0.024	18,232,403	0.9%
Sep-18	0.029	0.020	0.024	0.019	146,368,612	7.0%
Oct-18	0.028	0.023	0.025	0.025	7,539,085	0.4%
Nov-18	0.026	0.019	0.020	0.021	3,457,193	0.2%
Dec-18	0.020	0.014	0.015	0.015	23,243,907	1.1%
Jan-19	0.016	0.012	0.013	0.014	43,468,139	2.1%
Feb-19	0.014	0.011	0.012	0.013	13,097,896	0.6%
Mar-19	0.013	0.010	0.012	0.008	368,786,284	17.3%
Apr-19	0.017	0.012	0.017	0.014	29,255,579	0.4%
Total	**0.043**	**0.010**	**0.017**	**0.013**	**697,460,698**	**33.5%**

Pre/Post Announcement		$
Pre Announcement	1 month VWAP	0.013
	3 month VWAP	0.014
	12 month volatility	78%
Post Announcement	VWAP	0.009
	High	0.017
	Low	0.010
	Last	0.017

The market is normally a fair indicator of what a share is worth, however for a quoted market price to be a reliable indicator of a company's value, the company's shares must trade in a liquid and fully informed market.

The liquidity of Geopacific shares is considered to be low. A "deep" market is considered to be where the amount of shares in a company traded on a recognised exchange exceeds 1% of a company's securities traded on a weekly basis. The level of trading in Geopacific is generally well below this threshold.

Geopacific is a listed entity and traded share prices are to be referred to in evaluating the proposed transaction. However, due to above reasons, our preferred methodology is not a market-based methodology.

The future value of a Geopacific share will depend upon, inter alia:

- The successful exploitation of the current mineral assets of Geopacific;
- The state of the gold metal markets (and prices);
- The cash position of Geopacific;
- The state of Australian and overseas stock markets;
- Membership and control of the board and management of Geopacific;
- General capital market conditions; and
- Liquidity of shares in Geopacific.

7.6.3 Conclusion on the Value of Geopacific Shares

In assessing the fairness of the proposed transaction, recent share trading in Geopacific shares isn't sufficiently liquid to rely upon as a primary methodology for valuing Geopacific shares. It is considered more suitable to rely upon underlying technical value in assessing whether the proposed transaction is fair.

Therefore, for the purpose of this report it is considered appropriate to use the Net Asset value for Geopacific as the primary methodology, ranging from 2.44 cents to 3.48 cents, with a preferred fair value of approximately 2.93 cents on a minority interest basis.

8. Is the Proposed Transaction Fair?

8.1 Approach to Value Assessment

As per ASIC RG 111.55, we have assessed the impact from the perspective of Non-Associated shareholders (15% of Kula Gold's present shareholders) who will become 100% Kula Gold shareholders after the proposed transaction. 85% of shares are owned by Geopacific which is a related party this transaction is related to and is also the commissioning party. We have compared the value of consideration Non-Associated shareholders will receive from this transaction against their interest in the Woodlark JV which will be sold to Geopacific.

8.2 Issue of 150,000,000 Geopacific Shares

We have assessed this component based on the existing Net Asset Value of Geopacific shares on a minority interest basis as per Section 7.6 above. A minority interest basis is appropriate as:

- The 150,000,000 shares issued represents a minority stake (of approximately 5.5%) in Geopacific, and Kula shareholders will not be obtaining a controlling interest in Geopacific; and
- If Geopacific were to issue 150,000,000 shares in an alternative transaction, such a placement would likely be done at a price reflective of a minority interest basis (consistent with the most recent placement).

The value impact of these shares is as follows:

		Valuation impact to Non-Associated Shareholders		
	Ref	Low	Preferred	High
Value per Geopacific share - minority interest basis (cents)	**7.6**	2.44	2.91	3.48
No. of new Geopacific shares issued		150,000,000	150,000,000	150,000,000
Positive value impact to Non-Associated Shareholders ($)		3,660,000	4,365,000	5,220,000

8.3 Repayment of Geopacific loan

As Kula Gold's non-associated shareholders would own 100% of Kula Gold after the proposed transaction, the value impact for them is 100% of the loan payable to Kula Gold repaid by Geopacific.

		Valuation impact to Non-Associated Shareholders		
	Ref	Low	Preferred	High
Payment to Kula to repay the loan ($)		770,000	770,000	770,000
Proportion affecting Non-Associated Shareholders		100.0%	100.0%	100.0%
Positive value impact to Non-Associated Shareholders ($)		770,000	770,000	770,000

8.4 Disposal of Kula Gold's interest in the Woodlark JV

Non-associated shareholders own 15% of the shares of Kula Gold and therefore the impact of disposal on the non-associated shareholders is 15% of the total value of the Woodlark JV.

The impact of the transaction on non-associated shareholders is as follows:

		Valuation impact to Non-Associated Shareholders		
	Ref	Low	Preferred	High
Value of Kula's combined interests in WML to be sold		26,983,414	33,343,414	40,543,414
Proportion affecting Non-Associated Shareholders		15.0%	15.0%	15.0%
Negative value impact to Non-Associated Shareholders ($)		4,047,512	5,001,512	6,081,512

8.5 Total net impact of the proposed transaction

Summary of the total impact of the proposed transaction on non-associated shareholders is given below:

	Valuation impact to Non-Associated Shareholders		
	Low	Preferred	High
Issue of 150m GPR shares	3,660,000	4,365,000	5,220,000
Payment by Geopacific to Kula (to extingush debt)	770,000	770,000	770,000
Disposal of Kula Gold's interest in the Woodlark JV (incl loan payable by Woodlark JV to Kula Gold)	(4,047,512)	(5,001,512)	(6,081,512)
Total positive/(negative) valuation impact to Non-Associated Shareholders	**382,488**	**133,488**	**(91,512)**

In our calculation above we have not included the following consideration to be received by Company. We note that our opinion in regards to the fairness of the proposed transaction will not change even if a value is assigned to these.

- The selective buyback of all Kula Gold shares held by Geopacific. As Kula Gold will be a shell company post transaction with no significant assets, we haven't valued these shares. We note that even shell companies can be sold in the market at some value. Since we have no reliable method of calculating the value of the shell company, we have not included this in our calculation.
- As noted under 6.1 above, PNG Government has indicated its intention to pay consideration of 5% of sunk costs (AU$ 6,405,860) to Company to acquire 5% of the Woodlark JV. Due to uncertainty involved in dealing with the Governments of developing countries, we have not included this in our calculation above.

8.6 Comparison of the consideration received with the value of asset disposed

We note from the table above that under preferred scenario, the consideration received by non-associated shareholders is more than the calculated value of their proportional interest in the Woodlark JV calculated using Net Asset Value methodology. Therefore, we have determined that the consideration received under the proposed transaction is fair.

9. Is the proposed transaction reasonable?

RG 111 specifies that a transaction is considered reasonable if it is fair. As per 8.6 above, the consideration received by Non-Associated shareholders of Kula Gold exceeding value of their proportional interest in the Woodlark JV means the transaction is fair, and hence is considered reasonable.

The transaction might also be reasonable if, despite not being fair, there are sufficient reasons for the shareholders to accept the offer in the absence of a higher bid.

We have considered the following factors in forming an opinion as to whether the proposed transaction is reasonable and where it is reasonably practicable to do so with sufficient precision, we have quantified these factors.

9.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the non-associated shareholders of Kula Gold over the value ascribed to disposal of their proportional interest in the Woodlark JV.

9.2 Consequences of not Approving the sale of the Woodlark JV

Non-associated shareholders will remain minority shareholders with the Company having 35% interest in the Woodlark JV.

9.3 Advantages of Approving the sale of Kula Gold's 35% interest in the Woodlark JV

We have considered the following advantages and disadvantages when assessing whether the proposed transaction is reasonable.

Advantages	Disadvantages
Obtain control over a shell company	Disposal of core business which may become successful in future.
Removes Company's risks related to Woodlark JV which may not be successful.	
Up to $750,000 of debt owed to Geopacific is repaid, leaving Company with no liabilities. This will give the shell Company a fresh start.	
Company can explore new opportunities to invest in.	

Based on our analysis of the above, in our opinion, the disposal of Kula Gold's 40% interest in the Woodlark JV is considered reasonable for Non-Associated Shareholders because it is fair, and:

a) After review, the advantages of the disposal of Kula Gold's 40% interest in the Woodlark JV outweigh the disadvantages of approving it, for Non-Associated Shareholders; and

b) After review, the disadvantages of rejecting the sale of Kula Gold's 40% interest outweigh any advantages of rejecting it, for Non-Associated Shareholders.

10. Conclusion

We have considered the terms of the proposed transaction, as outlined in the body of this report and have concluded that **the proposed transaction is both fair and reasonable to the Non-Associated Shareholders of Kula Gold.**

Our report includes Appendices 1 to 5 and our Financial Services Guide.

Yours faithfully

ELDERTON CAPITAL PTY LTD

Nick Hollens

Nick Hollens
Director

Rafay Nabeel
Director

Appendix 1 – Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Kula Gold and Geopacific for the year ended 31 December 2018;
- Share registry information;
- Historical share trading of Geopacific and Kula Gold as recorded by ASX to 30 April 2019;
- The Farm-in agreement between Geopacific and Kula Gold
- The Independent Dunbar report dated 18 April 2019 on the mineral assets of Geopacific prepared by Dunbar;
- Information in the public domain; and
- Discussions with Directors and Management of Kula Gold.

Appendix 2 – Declarations and Disclosures

Independence

There are no associations and relationships with Kula Gold other than acting as independent expert for the purposes of this report and an associated entity, Greenwich & Co Audit Pty Ltd being independent auditor of Geopacific (Kula Gold's associated entity) for the year ended 31 December 2017. Elderton Capital Pty Ltd is entitled to receive a fee of $14,000 (excluding GST and reimbursement of out of pocket expenses). The fee is payable regardless of the outcome. Except for this fee, Elderton Capital Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

Elderton Capital Pty Ltd has been indemnified by Kula Gold in respect of any claim arising from Elderton Capital Pty Ltd's reliance on information provided by the Kula Gold, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement Elderton Capital Pty Ltd Pty Ltd has considered its independence with respect to Kula Gold and any of its respective associates with reference to ASIC Regulatory Guide 112 "*Independence of Experts*". In Elderton Capital Pty Ltd's opinion it is independent of Kula Gold and the related parties under review in this Report.

A draft of this report was provided to Kula Gold and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

Qualifications

Elderton Capital Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

Elderton Capital Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the *Corporations Act 2001*.

The people specifically involved in preparing and reviewing this report were Nick Hollens and Rafay Nabeel of Elderton Capital Pty Ltd.

Both Mr Hollens and Mr Nabeel have significant experience in the preparation of independent expert reports and valuations, as well as the provision of mergers and acquisitions advice across a wide range of industries in Australia and they were supported by other Elderton Capital Pty Ltd staff.

Disclaimers and consents

This report has been prepared at the request of Kula Gold Management. There is no legal requirement for inclusion of this report in the Notice of Meeting which will be sent to all Kula Gold Shareholders. Kula Gold engaged Elderton Capital Pty Ltd to prepare an independent expert's report to include in the Notice of Meeting for the approval of the proposed transaction.

Elderton Capital Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Kula Gold in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of Elderton Capital Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. Elderton Capital Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of Elderton Capital Pty Ltd Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the transactions, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Kula Gold, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that Elderton Capital Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Appendix 3 – Glossary of Terms

Reference	Definition
ASIC	Australian Securities and Investments Commission
AUASB	Australian Auditing and Assurance Standards Board
ASX	Australian Securities Exchange
Control	The power to alter the strategic and operational direction of a business
DCF	Discounted Future Cash Flows
EBITDA	Earnings before interest, tax, depreciation & amortisation
Elderton	Elderton Capital Pty Ltd
FME	Future Maintainable Earnings
FOS	Financial Ombudsmen Service
FSG	Financial Services Guide
Going concern	A continuing business operation
Kula Gold	Kula Gold Limited
NAV	Net Asset Value
NOM	Notice of Meeting
Our Report	This Independent Expert's Report prepared by Elderton Capital
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Shareholders	Shareholders of Kula Gold
The Act	The *Corporations Act 2001*
The Company	Kula Gold Limited

Appendix 4 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

Net asset value ("NAV")

Asset based methods estimate the market value of an entity's securities based on the realizable value of its identifiable net assets. Asset based methods include:

- Orderly realization of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realization of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realization costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realization of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realization costs.
Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.
Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realizable value of its assets as they do not recognize the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

Quoted Market Price Basis ("QMP")

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

Capitalization of future maintainable earnings ("FME")

This method places a value on the business by estimating the likely FME, capitalized at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("**EBIT**") or earnings before interest, tax, depreciation and amortization ("**EBITDA**"). The capitalization rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a startup phase, or experience irregular cash flows.

Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analyzed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 5

DUNBAR
RESOURCE
MANAGEMENT

Consultants in Economic
Geology & Management

INDEPENDENT TECHNICAL ASSESSMENT REPORT

& VALUATION of GEOPACIFIC RESOURCES

MINERAL ASSETS

INCLUDING THE WOODLARK ISLAND GOLD PROJECT

May
2019

Final

Report Commissioned by Stantons International Securities

Valuation Date: 7 March 2019
Report Date: 6 May 2019
Author: Paul Dunbar
Distribution:
Stantons International Securities
Geopacific Resources Limited
Dunbar Resource Management

Document Reference	Woodlark Island Gold Project ITAR 2019 Final.pdf	
Distribution	Geopacific Resources Limited Stantons International Securities Dunbar Resource Management	
Author	Paul Dunbar BSc (Hons) Geology MSc (MINEX) M AusIMM M AIG	Date: 6 May 2019
Valuation Date	7 March 2019	

Executive Summary

Stantons International Securities Pty Ltd (Stantons) commissioned Dunbar Resource Management (DRM), the trading name of Jewell Dunbar Pty Ltd (ABN 65 603 598 741) to prepare an Independent Technical Assessment and Valuation Report ("the Report" or the ITA) for the mineral assets of Geopacific Resources Limited (Geopacific or ASX: GPR) including the majority owned Woodlark Island Gold Project (WIGP) in Papua New Guinea (PNG).

The Report provides an opinion to support an Independent Expert's Report to be prepared by Stantons, and has been prepared as a public document, in the format of an independent specialist's report and in accordance with the 2015 VALMIN Code.

This report is a technical review of the WIGP, located in the Milne Bay Province of PNG and the other mineral assets of Geopacific. It includes a technical valuation of the exploration and development project and a valuation of these Mineral Assets. In accordance with the VALMIN code DRM has undertaken several valuation methods for the known WIGP Mineral Resources and Ore Reserves and a separate valuation for the earlier stage exploration tenements that surround the resource areas. Importantly, as neither the principal author nor DRM hold an Australian Financial Services Licence, this valuation is not a valuation of Geopacific but rather a valuation of the Mineral Assets owned or partly owned by Geopacific.

This valuation is current as of 7 March 2019. As commodity prices and cost inputs fluctuate over time this valuation is subject to change. The valuation derived by DRM is based on information provided by Geopacific on the WIGP including a Feasibility Study completed in November 2018, other technical information provided by GPR and publicly available data including Australian Stock Exchange (ASX) releases. DRM has made all reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this report. The opinions and statements in this report are given in good faith and under the belief that they are accurate and not false nor misleading. As with all technical valuations the valuation included in this report the likely value of the mineral projects and not an absolute value.

Woodlark Island Gold Project

The WIGP is an advanced development project, owned 100% by Woodlark Mining Limited (WML). The shareholders of WML are Geopacific and Kula Gold Limited (ASX: KGD). GPR has a direct interest of 51% in WML and has the has the right to earn up to 75% of WML should specific incentive targets be achieved. Should GPR issue a completion notice for Stage 3 earn in then is would be entitled to increasing its equity to 60%. In addition to this direct interest in WML GPR also holds approximately 85% of the issued ordinary shares in KGD. The PNG government has elected to purchase 5% of WML by reimbursing the 5% of the previous exploration expenditure. It is unclear when the PNG government will purchase its equity in the project.

The WIGP is a development ready, fully approved gold project with a global JORC 2012 Mineral Resource estimate of 1.57Moz of gold. A feasibility study was completed in November 2018 which outlined an Ore Reserve of 1,037,600oz of gold.

Overall the WIGP covers approximately 579km^2 within four main tenements, being one granted Mining Lease and three Exploration Licences. There are additional tenements that are to support the development scenario as proposed in the 2012 feasibility study. Importantly one of the Mining Lease conditions is that completion of construction and commissioning of the Project is required by December 2019. In DRM's opinion it is unlikely that this condition will be achieved however GPR has commenced negotiations with the Mineral Resources Authority (MRA) with the aim of obtaining an extension to this tenement condition.

Other Mineral Projects

Geopacific holds the Kou Sa Project which consists of one tenement in Cambodia which is considered prospective for copper gold which includes an occurrence where a mineral resource has been estimated and several early stage projects in Fiji. The Kou Sa project tenement is held by Geopacific however there are payments as a part of deferred consideration of US$1.575 million payable by 21 September 2019 and 36 equal monthly payments of $131,250 totalling US$4.725 million from the payment of US$1.575 million. Geopacific has continued exploration on the project with considerable exploration success. The Fijian projects are at a much earlier exploration stage and while they have exploration potential Geopacific has undertaken minimal exploration work on the tenements for several years.

Conclusions

The Woodlark Island Gold Project currently has a large Mineral Resource, an Ore Reserve and significant exploration potential on the surrounding tenements that warrant additional exploration.

During the preparation of this report and while reviewing all the technical documents associated with the WIGP no material errors were identified in the Mineral Resource Estimates, in the assumptions that underpin the Feasibility Study or the Ore Reserve Estimates.

The proposed mining and processing methodology, including metallurgical recoveries and cut-off grades are considered reasonable.

For this report, DRM interrogated and modified several inputs the GPR DCF model from the DFS. The inputs into the GPR financial model have been generated in Australian Dollars (A$) with these being developed from quotes and tender information from several suppliers. This valuation is based on the gold price and exchange rates as at 7 March 2019. DRM has also updated the discount rate used in the financial model to account for the project specific and non-technical risks associated with a project in PNG. The pre-tax discount rate was increased from a 8% used in the DFS to a pre-tax WACC of between 16% and 20%. This is based on an assumed 60-40 debt to equity ratio, likely, reasonable and assumed expected private equity return requirements for similar projects and for expected debt interest rates for PNG based projects. It is considered reasonable to assume that the cost of capital would be significantly higher than an Australian based project.

The mining costs used in the DFS have been used in the DCF for the pre-tax NPV. The project is however highly sensitive to any increase in the mining cost. A 20% increase in the mining cost to $3/t would reduce the pre-tax NPV of the project by between $23 million and $28 million depending on the discount rate.

The pre-tax NPV of the project is considered to be between $113.4 million and $159.2 million with a preferred valuation of $134.7 million.

In DRM's opinion it is very rare for an unfunded project to be sold at the full NPV of a project and additional discount has been applied due to the funding risk, therefore DRM has discounted the NPV by a nominal 35% to generate the fair market value of the project.

In DRM's opinion, the pre-tax Market Value of the development assets within the WIGP is between **A$73.7 million** and **A$103.5 million** with a preferred valuation of **A$87.5 million.** In addition to the value of the development assets there is significant value in the exploration assets which lie between **A$2.8 million** and **A$6.9 million** with a preferred valuation of **A$4.9 million**.

The market value of the Fijian exploration projects is considered to be minimal with a preferred valuation of $0.5 million and while DRM has determined a preferred fair market value of $4.6 million for the Cambodian project. Given the additional payments required to secure the Cambodian project is also considered to have minimal value. DRM notes that Geopacific has recently realised a significant impairment on both of these assets.

Therefore, DRM considers the combined value of the Geopacific mineral projects including the WIGP to be between **A$77.0 million** and **A$110.9 million** with a preferred value of **A$92.9 million**.

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1. Introduction

Dunbar Resource Management (DRM), the trading name of Jewell Dunbar Pty Ltd was engaged by Stantons International Securities Pty Ltd (Stantons) to undertake an Independent Technical Specialists Report or Independent Technical Assessment (ITA) on the Woodlark Island Gold Project (WIGP) located approximately 600km east of Port Moresby Papua New Guinea (PNG).

The ITAR was commissioned to provide technical information and a valuation of the Woodlark Island Gold Project, currently 100% owned by WML with the shares in WML being 51% held by Geopacific and the remaining 49% being owned by Kula. GPR currently owns approximately 85% of Kula. DRM understands that this ITAR will be included in the Notice of Meeting and the Independent Experts Report being prepared by Stantons to determine if the proposed transaction is fair and reasonable to the shareholders of Geopacific.

The Woodlark Island Gold Project is a joint venture between GPR and Kula. This Joint Venture was first announced on 11 July 2016 with GPR confirming on 6 October 2016 that it would proceed to stage two of a three stage earn-in agreement. Formal agreements between Kula and GPR have been executed and were announced to the Australian Stock Exchange (ASX) on 30 January 2017.

On 7 March 2019 GPR announced its intention to purchase Kula's share in WML. GPR's effective beneficial holding in WML is approximately 93% by virtue of its 51% shareholding in WML and the 85% shareholding in Kula.

2. Project Summary

The Woodlark Island Gold Project is located on Woodlark Island approximately 600km east of Port Moresby, Papua New Guinea. The project, consisting of one mining lease and three exploration licences and several additional tenements relating to the infrastructure associated with the mining lease, is majority owned by GPR. Within the mining lease there are three main gold deposits that collectively contains a Total Mineral Resource Estimate of approximately 1.5 million ounces (Moz) of gold (Au). A Feasibility Study was completed for the project in November 2018 with the Mineral Resource and Ore Reserves being reported according to JORC 2012. Significant portions of this ITAR are based on the technical information contained in or undertaken as a part of the 2018 Feasibility Study.

3. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

The ITAR has been prepared in accordance with the JORC Code 2012 and the VALMIN Code 2015. Both of these industry codes are mandatory for all members of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. These codes are also requirements under Australian Securities and Investment Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX)

This ITAR is as a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by GPR to the Competent Persons listed as signatories to this ITAR and additional publicly available information.

4. Scope of Work

DRM's primary obligation in preparing mineral asset reports is to independently describe mineral projects in compliance with the JORC Code which requires that the Public Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require for the purpose of making a reasoned and balanced judgement regarding the project.

DRM has compiled the ITAR based upon the principle of reviewing and interrogating both the work of GPR and Kula and independent specialists who have contributed to the technical information available for the project. This report is a summary of the work conducted to 7 March 2019 based on information supplied to DRM by GPR, its advisors and information that is in the public domain, to the extent required by the JORC Code and the VALMIN Code.

5. Statement of Independence

Dunbar Resource Management (DRM), the trading name of Jewell Dunbar Pty Ltd, was engaged to undertake an independent review and valuation of the mineral assets of GRP including the WIGP. This work has been conducted in accordance with the 2012 JORC and the 2015 VALMIN codes. In addition to these industry codes the work also complies with ASIC Regulatory Guideline 111 – Content of Expert Reports (RG111) and ASIC Regulatory Guidelines 112 Independence of Experts (RG112).

Mr Paul Dunbar and Dunbar Resource Management has previously been engaged by Kula to assist in technical analysis of the exploration activities and ASX reporting by Kula. In 2017 DRM undertook an Independent Technical Assessment Report (ITAR) and valuation as an independent consultant to Kula. Since that ITAR DRM has continued a sporadic professional engagement with Kula Gold whereby Mr Dunbar and DRM assists Kula Gold as an independent consultant assisting with Kula's JORC compliance and undertook a review of the Pre-Feasibility Study completed by GPR is early 2018. This review included an analysis of the Mineral Resource Estimate and Ore Reserves associated with the PFS. This engagement was essentially to review work conducted by GPR, as an independent consultant and to ensure that any public statements made by Kula Gold comply with the 2012 JORC code. The relationship between Kula Gold Limited and Jewell Dunbar Pty Ltd and Dunbar Resource Management is solely one of professional association between client and independent consultant.
Mr Dunbar nor Dunbar Resource Management, the trading name of Jewell Dunbar Pty Ltd has or has had any other association with GPR or Kula, its individual employees, or any interest in the securities of KGD or GPR, which could be regarded as affecting the ability to give an independent, objective and unbiased opinion. Neither DRM or Mr Paul Dunbar hold an Australian Financial Services Licence therefore the valuation contained within this report is limited to a valuation of the mineral asset being reviewed. Dunbar Resource Management will be paid a fee for this work on standard commercial rates for professional services. The fee is not contingent on the results of this review and is estimated as being between $14,000 and $17,500.

Two additional specialists have been engaged by DRM to undertake specific sections of this report. Both of these specialists have confirmed that they are independent of Kula Gold, neither has or has had any other association with Geopacific (GPR) or Kula (KGD), other than as an independent consultant, its individual employees, or any interest in the securities of GPR or KGD, which could be regarded as affecting the ability to give an independent, objective and unbiased opinion.

6. Competent Persons Declaration and Qualifications

This report was prepared by Mr Paul Dunbar as the primary author with specialist sections undertaken by Mr Alexander (Sandy) Moyle and Mr Scott McEwing. The primary author of the report and information that relates to geology, exploration and the mineral asset valuation is based on information compiled by Mr Paul Dunbar, BSc (Hons), MSc (Minex), 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 Jewell Dunbar Pty Ltd, trading as Dunbar Resource Management, a Geology and Exploration Management consultancy, which has been engaged by Stantons International Securities Pty Ltd. Mr Dunbar has a Master of Science in Mineral Exploration and Mineral Economics and 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) and a specialist under the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The 2015 VALMIN 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 review of the mining aspects of the Feasibility Study were undertaken by Mr Scott McEwing who is an employee of SRK Consulting Pty Ltd and a mining engineer with over 20 years' experience in due diligence, project management and technical mine planning and consulting activities. Mr McEwing on is a Fellow of the Australasian Institute of Mining and Metallurgy and has appropriate experience, qualifications and more than five years' experience in similar work to undertake this review as required by the JORC Code (2012) and the VALMIN Code (2015). Mr McEwing consents to the inclusion in this report of these matters based on information in the form and context in which it appears.

The information in this report that relates to the geological aspects, is based on information compiled by Mr. Alexander (Sandy) Moyle, Principal Geologist for A J Moyle and associates, an associate of DRM. Mr Moyle is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. He 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 Moyle consents to the inclusion in this report of these matters based on information in the form and context in which it appears.

7. Reliance on Experts

The authors of this report are not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the Papa New Guinea Mining Act. Dunbar Resource Management has viewed the PNG government website that confirmed that the tenements are reported as being in good standing and that all tenement matters including annual reports, rents and renewals have been lodged and are progressing in accordance with the PNG Mining Act. As DRM and the authors of this report are not experts in the PNG Mining Act no warranty or guarantee, be it express or implied, is made by the authors with respect to the completeness or accuracy of the legal aspects regarding the security of the tenure.

DRM has relied upon the WIGP Mineral Resource Estimates undertaken by Mr Nicholas Johnson and released by GPR in March 2018 (GPR ASX release 12 March 2018). Mr Johnson is 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, according to the GPR competent persons statements no economic, financial or pecuniary interest in the GPR. DRM considers Mr Johnson to be an independent consultant to GPR.

DRM has also relied on the Ore Reserve Estimates for the WIGP based on information compiled and reviewed by Mr John Battista, a Competent Person who is a Member and Chartered Professional of the Australasian 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, according to the GPR CP statements no economic, financial or pecuniary interest in the GPR. DRM considers that Mr Battista is an independent consultant to GPR.

8. Sources of Information

All information and conclusions within this report are based on information made available to Dunbar Resource Management and the associated specialists engaged to assist with this report by GPR and other relevant publicly available data to 7 March 2019. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and Joint Venturers to the areas, where it has been considered necessary. DRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this report and to ensure that it had access to all relevant technical. DRM has relied on the information contained within the reports, articles and databases provided by GPR as detailed in the reference list. A draft of this report has been provided to GPR to identify and address any factual errors or omissions prior to finalisation.

9. Site Visit

A site visit has not been undertaken by the primary author or specifically to support this ITAR. As there are currently no exploration activities on Woodlark Island there are no planned flights to the island, a site visit would require an extended journey by boat. Therefore, in DRM's opinion it is not feasible to undertake a site visit for this report. Given the Mineral Resources and the Ore Reserves have been undertaken by independent consultants who have visited the project in DRM's opinion there would be little gained by a site visit for this report. Nicolas Johnson of MPR visited the WIPGP in January 2018 to review the project geology and exploration field practices as part of the 2018 Mineral Resource update while John Battista (Principal Mining Consultant with Mining Plus and CP for Mining and Ore Reserves) visited site in January 2018

10. Woodlark Island

Woodlark Island forms part of the independent nation of Papua New Guinea (PNG), it has a long history of gold mining with gold being first discovered 1895 and a total of 212,463oz produced between 1895 and 1920 (McGee 1978). From 1921 to 1960 an additional 18,596oz was produced. The island is approximately double the area of the nearby island of Misima (160 kilometres to the south) which produced more than 5 million ozs of gold up until its closure in the early 2000's.

10.1. Location and Access

The island is located in the Solomon Sea, within the Province of Milne Bay (Latitude 09° 10' S, Longitude 152° 40' E), approximately 300km ENE of Alotau, the main administrative and commercial centre in Milne Bay, Figure 1 & 2. Woodlark is approximately 65 kilometres from east to west and 25 kilometres north to south in the centre of the island.

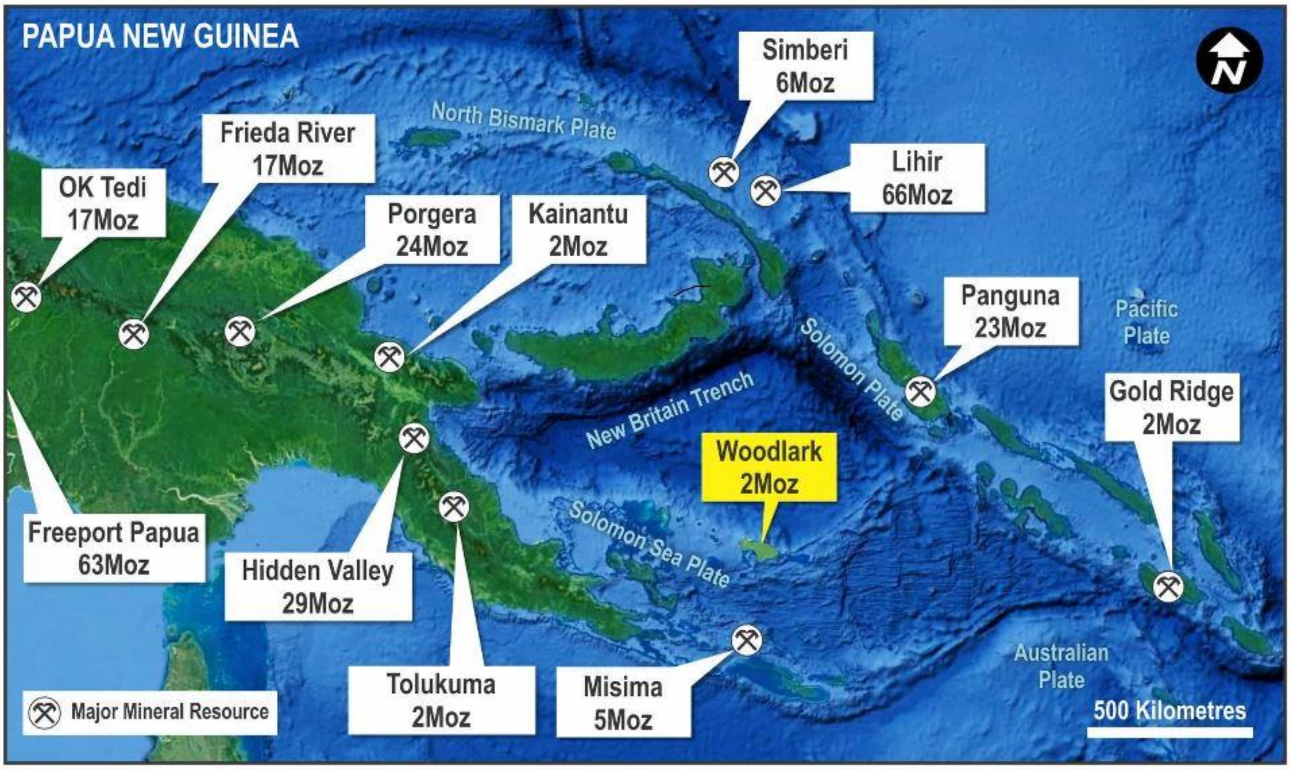


Figure 1: Location of Woodlark Island

Access to Woodlark is by air or sea. No regular public air service currently operates to the island therefore all flights are by private charter to the company maintained Guasopa airstrip, a grass airstrip on the eastern end of the island that was established during World War 2. Guasopa is approximately 1 hour 30 minutes by air from Port Moresby.

Coastal shipping consists of irregular small cargo and passenger vessels from Alotau to various communities on the island. These vessels generally carry up to 15t of passengers and cargo. Heavy machinery and supplies are brought in by tug supported or large landing craft type (LCT) barges on private charter to Boi Boi wharf.

Woodlark Mining Limited (WML), the PNG registered holding company of the Woodlark Island Gold Project has established bulk fuel storage at Boi Boi. A network of roads established by previous explorers & logging companies provides variable access to much of the island. Constant maintenance of the roads and associated bridges is required due to the high annual rainfall.

An exploration camp including a sample preparation laboratory, core yard, workshops and a health clinic has been established at Bomagai in the centre of the island and proximal to most of the exploration activity. WML has a significant earthmoving fleet to ensure a high level of road maintenance and to provide support for exploration activities including drill site preparation.
There is no established power or water supply on the island.

Communication to Alotau and intra-island between communities is by HF radio. There are few serviceable public or government vehicles on the island and no commuter service individual communities. Most local travel is by sail, powered canoe or walking.

There are minimal health clinics on the island with a few largely under provisioned clinics located at community centres and a medical centre located at Guasopa. Woodlark Mining Limited has modern communications at Bomagai and a moderately provisioned health clinic which is open to the relatives of employees or emergency medical cases.

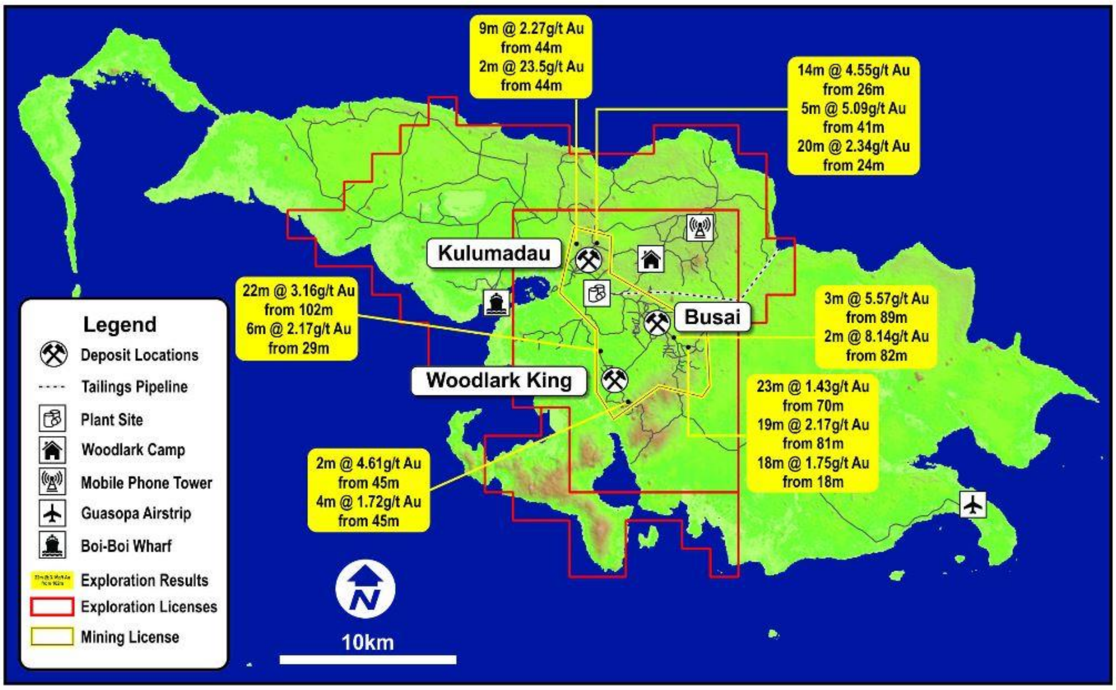


Figure 2: Project Location Map

10.2. Local Land Ownership

In Papua New Guinea, most land is owned by the local people as customary land. On Woodlark Island this is not the case. Large portions of the land had been alienated during colonial times and was therefore owned by the State as Government land and was the subject of State leases for agricultural purposes.

On 1 August 2016, the PNG government declared that three large portions of land (portion 138, 139 and 140) covering approximately 60,440 hectares or 75% of Woodlark Island had been returned to the local people and these areas now customary land. Importantly for the WIGP one of these portions of land includes the land planned to be used for relocation of the Kulumadau village when the Project proceeds.

10.3. Topography and Climate

The Island consists of approximately 850 square kilometres of flat low lying, raised coral reef and associated sediments, with a central zone of volcanic hills rising from sea level to 325m. Defined drainage patterns are confined largely to the volcanic terrain, the limestone being relatively porous with emerging sinkhole development. A well-developed karst topography only occurs on Nasai Island in the south of the island. Freshwater lakes occur in the western half of the island and large tracts of freshwater and marine swamp occur in the east.

The climate is low elevation humid with Southeast Trade winds during May to October and Northwest Monsoons from December to March. Doldrums occupy the transition periods during November and April. Woodlark is on the northern edge of the tropical cyclone belt, but high intensity cyclones are rare. Rainfall, averaging 4,000mm pa, is non-seasonal and is highly erratic. The highest recorded monthly rainfall is 1,171mm and the lowest 21mm. Similarly, the highest annual rainfall was 6,613mm and the lowest 1,601mm. These variations are strongly linked to the Pacific Southern Oscillation or el Niño la Niña climatic event. Temperatures range from 25°-33°C and humidity from 80-85%.

10.4. Fauna and Flora

Vegetation is dominantly small crowned forest with a dense 25-30m high canopy. Estuarine mangroves are well developed in the south and west coasts with a canopy of up to 30m. Much of the western half of the island has been selectively commercially logged until approximately 1995. Regrowth of logged areas exhibits a similar mix of species to the unlogged areas.

11. Woodlark Island Gold Project

11.1. Ownership

The Woodlark Island Gold Project is 100% owned by Woodlark Mining Limited (WML), which is 60% owned by Geopacific Resources and 40% owned by Kula Gold. Under the terms of a signed Joint Venture Geopacific has the right to acquire up to 75% of the project through a three staged earn in and dependent on exploration success. The Joint Venture terms are detailed in Section 11.2 below. Geopacific currently owns approximately 85% of the ordinary shares in Kula giving GPR a beneficial interest in the WIPG of approximately 94%.

The PNG Mining Act allows the government to acquire up to 30% of a project by reimbursement of project related expenditure. The PNG government has elected not to acquire its full entitlement but will acquire 5% of the shares in WML. The sale of the 5% to the government has not been finalised.

11.2. Kula Gold – Geopacific Resources Joint Venture

Under the terms of the three stage Joint Venture initially announced on 11 July 2016 Geopacific has the rights to earn equity in WML. DRM's understanding of the joint venture is that the three stage joint venture consists of;

- Stage 1 – Complete due diligence into the project within six months and spend $650,000 to develop an exploration and development plan. While there was a six month timeframe for this to be completed however Geopacific confirmed on 7 October 2016 that it was going to proceed to Stage 2. In completing Stage 1 and executing the required agreements it is understood that Geopacific has earnt a 5% interest in WML.

- Stage 2 – Under Stage 2 GPR has the right to earn an additional 35% in WML (for a total equity of 40%) by expending a minimum of $8M on exploration within two years as detailed in the work program developed in Stage 1. In addition to the expenditure of $8M there is the requirement for 15,000m of diamond drilling to be completed in the project for GPR to earn the additional 35%. There is also an imbedded incentive target whereby GPR can increase its equity to 51% if a Reserve of at least 1.2Moz is outlined.
  This stage was completed as reported by GPR on 23 August 2018 with notice provided with the incentive target being achieved and that GPR will proceed with Stage 3
- Stage 3 – Under Stage 3 GPR has the right to earn a total of 60% equity in WML by expending an additional $10M. Should the incentive target of 1.2Moz reserve be achieved by the end of Stage 3 and GPR having achieved "bankable" status for the project then GPR's equity in WML would increase to 75%.
  Kula announced in its annual report that GPR had expended a total of $19 million thereby GPR is entitled to a 60% equity in WML subject to GPR issuing a completion notice. In the Kula Annual Report it stated that as at the end of the reporting period (31 December 2018) GPR had a 51% direct shareholding in WML.

Once bankable status has been reached then Kula has the right to raise its share of the development funding proportionate to its interest in Woodlark. Should Kula be unable to, or elect not to, raise its share of development finance then Geopacific will have the right to arrange Kula's share of the development finance and thereby earn an additional 5% interest in WML.

As in DRM's opinion, the only aspect that is limiting GPR from being granted the additional equity in WML and bringing their equity to 60% is issuing a completion notice to Kula it is considered reasonable to assign a 60% equity to GPR with Kula retaining a 40% equity in WML.

11.3. Mineral Tenure

All the WIGP tenements are held 100% by WML.

The WIGP consists of one granted Mining Lease and three contiguous granted Exploration Licences covering approximately 579km^2 (Figure 2). The Kulumadau, Busai and Woodlark King gold deposits which occur within ML508. Associated with and linked to ML508 are a series of additional tenements including Mineral Easements and Lease for Mining Purpose. These are associated with the infrastructure needs associated with the project as outlined in the Feasibility Study. Table 1, below details the status of the all the tenements associated with WIGP.

Table 1 Tenements that constitute the Woodlark Island Gold Project.

Tenement	Application Date	Grant Date	End Date	Area	Status
EL 1172	23/2/1996	28/11/1997	21/11/2019	22 sub blocks	Renewal required 2019
EL 1279	9/3/1999	26/8/1999	25/8/2019	56.34 sub blocks	Renewal required 2019
EL 1465	28/9/2006	22/12/2008	21/12/2018	75 sub blocks	Renewal Pending
ML508	30/10/2012	4/7/2014	3/7/2034	59.6km^2	Active
LMP 89	16/7/2015	26/5/2016	3/7/2034	6.4ha	Active – Linked to ML508
LMP 90	16/7/2015	26/5/2016	3/7/2034	3.6ha	Active – Linked to ML508
LMP 91	16/7/2015	26/5/2016	3/7/2034	151.27ha	Active – Linked to ML508
LMP 92	16/7/2015	26/5/2016	3/7/2034	661.06ha	Active – Linked to ML508
LMP 93	16/7/2015	26/5/2016	3/7/2034	71.59ha	Active – Linked to ML508
ME 85	4/8/15	26/5/16	3/7/2034	30.62ha	Active – Linked to ML508
ME 86	4/8/15	26/5/16	3/7/2034	47.02ha	Active – Linked to ML508

ML508 has several tenement conditions including one which requires construction to be complete and commence commercial production by 5 July 2017. Woodlark submitted an application to extend the timeframe associated with this condition and was granted a 30 month extension. If this condition is not achieved the government could apply for the mining lease to be terminated. While DRM are not specialists in PNG mining law or the PNG mining act it is considered likely that the ground covered by the mining lease would revert to the underlying exploration lease, which remains 100% owned by WML. If this were to occur it is DRM's opinion that WML would be required to apply for a new Mining Lease and all the development approvals would need to be re lodged. It is likely that the underlying exploration licence provides security to the mineral resources.

11.4. Royalties

The following royalties are applicable for the project;
An Ad-valorem royalty of 2.25% is payable to the government of Papua New Guinea for all production from the project.

This royalty has been included in the financial analysis of the project.

12. Geology

The geological information within this section, other than that generated by GPR is sourced from three separate sources being Corbett 1994 and 2011, Lee Spencer 2010 and 2013 and various reports by Kula and GPR. Significant information has been sourced from reports provided to DRM by GPR as a part of this ITAR. Additional information has been sourced including various journals, technical papers and publicly available reports including various company ASX releases.

12.1. Tectonic Setting and Regional Geology

Woodlark Island is located within the Papuan Island Terrane of Williamson and Hancock (2005) which represents the eastward extension of the Papuan Peninsula. The Terrane includes the D'Entrecasteaux Islands, Louisiade Archipelago (including Misima, Sudest and Rossel Islands), Woodlark Island and the Trobriand Islands. All these islands are located on oceanic highs within the Solomon Sea. Woodlark Island is located on the Woodlark Rise which is separated from the other islands to the south by the Woodlark Basin spreading centre (Figure 1).

The Woodlark Rise trends NW and is parallel to the Trobriand Trough subduction zone to the north of Woodlark Island. A major NE trending fault, the Nubara Fault, cuts the Woodlark Rise in the eastern portion and separates Woodlark Island from the Laughlin Islands in the east. The Woodlark Rise may constitute, at least in part, an emerging Miocene volcanic arc.

12.2. Local Geology

The bulk of Woodlark Island is covered by a veneer of Plio-Pleistocene Kiriwina Formation consisting of coralgal limestone with associated marine clays and basal conglomerates. The oldest basement rocks are the Eocene Loluai Volcanics, comprising low-potassium ocean ridge basalts and volcaniclastics (Ashley and Flood, 1981), overlain unconformably by the Early Miocene Nasai Limestone. This in turn is overlain by the volcanolithic Early to Mid-Miocene Wonai Hill Beds, comprising sediments, agglomerate and andesite, and Mid to Early Miocene Okiduse Volcanics, comprising high-potassium to calc-alkaline epiclastics, porphyritic andesite to dacite flows, breccias and tuffs with co-magmatic porphyritic microdiorite and andesite intrusions (Ashley and Flood, 1981; Joseph and Finlayson, 1991). The Miocene Okiduse Volcanics are exposed in a central elevated portion of the island which has been interpreted as a 'basement' horst block (Joseph and Finlayson, 1991).

The Woodlark Island Miocene volcanics and intrusives are postulated to belong to the Maramuni Event which represents the main period of magmatism and related mineralisation in PNG stretching some 750 kilometres from the Indonesian border with PNG to the Wau district south of the Huon Gulf as a 40-60 kilometre wide belt and sporadically onto the offshore islands. Some of the mineralisation systems related to this event include Frieda River and Wafi (Corbett, 2005).

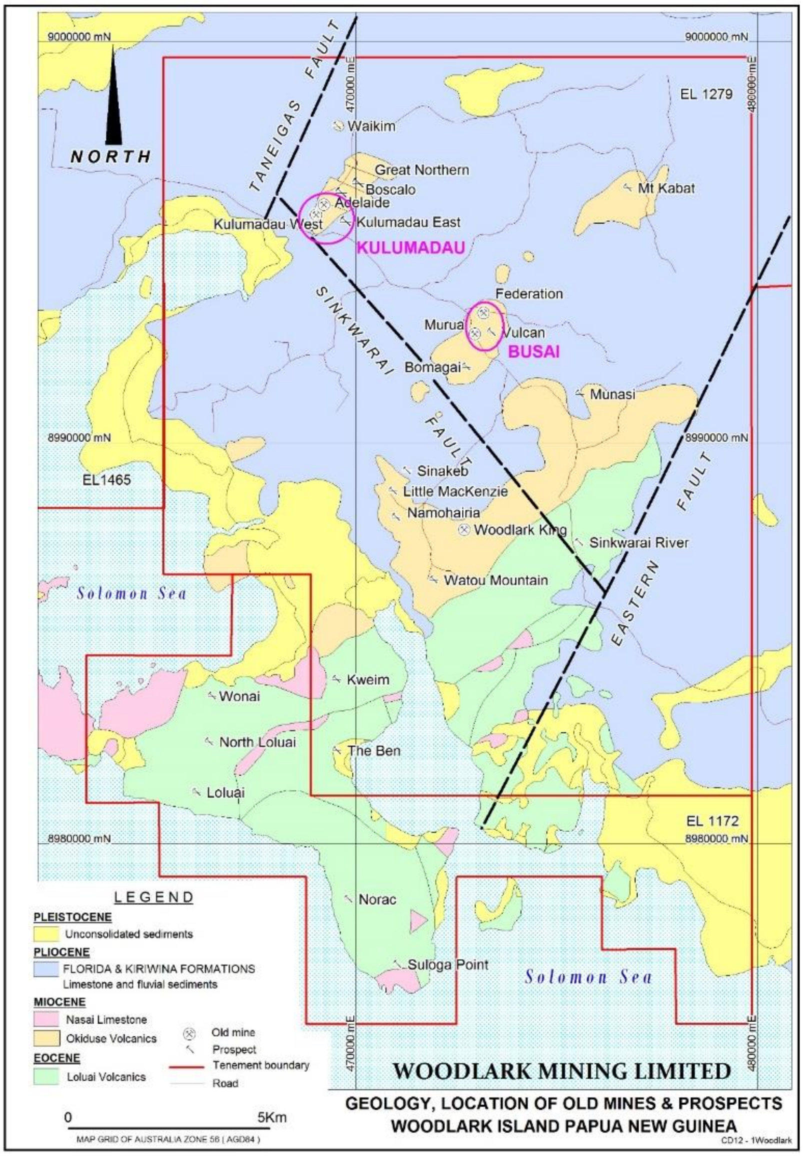


Figure 3: Local geology of the central Woodlark Island Gold Project

12.3. Deposit Geology and Mineralisation

Corbett (1991) undertook a detailed structural interpretation of Woodlark Island from aerial photographs, BHP aeromagnetic data, literature and limited fieldwork (Figures 3 and 4). The following structural trends were recognized:

- Two prominent northeast trending structures define a 'horst' block in the central portion of locally outcropping Okiduse Volcanics and Kiriwina Formation sediments. The structures are protracted through time as they actively fault Kiriwina sediments.
- Three sets of northwest trending structures cut the central horst block and roughly parallel the north coastline of Woodlark. These were termed the Kabat Structure, Bomagai Structures passing through and near the Busai mineralisation and the Boniavat Structure which hosts several colonial workings including the Woodlark King resource.
- East-west structures were identified as the Lake Lelua Structure in the western portion of the island and the Muniai Structure in the central portion of the horst block.
- North-northeast trending structures were recorded through the colonial workings at Busai and at Kulumadau where north-northeast structures have deformed earlier mineralisation.
- North-south structures particularly through mineralisation at Wonai on the Suloga Peninsula.

On the above basis, Corbett et al. (1994) concluded that gold mineralisation on Woodlark was structurally controlled dominantly within north-northwest strike slip structures as zones and that mineralized veins trend toward a north-south orientation reflecting local dilatational locations.

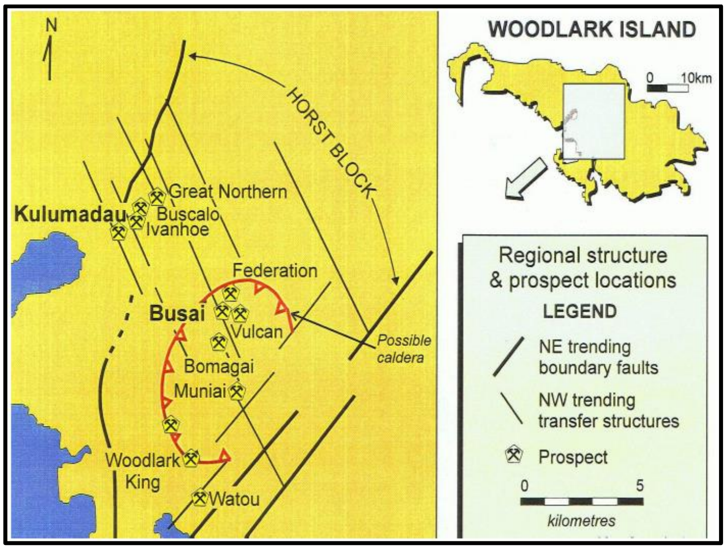


Figure 4: Regional Structures and Historical gold workings (after Corbett et.al., 1994)

A reinterpretation of the regional structure of the Central Horst Block and district scale structure at Busai was undertaken by Lennox (2009). This structural reinterpretation was based on Shuttle Radar Topography Mission (SRTM) analysis at various sun angles, field observations and diamond core logging (Figure 5).

The lower image D in Figure 5 shows the major faults and the proposed movement direction as determined from the development of Riedel faults, the bending of faults or through coastline displacement. The timing relationships for the major fault sets demonstrate no simple pattern which indicate that these faults overlapped in their period of development.

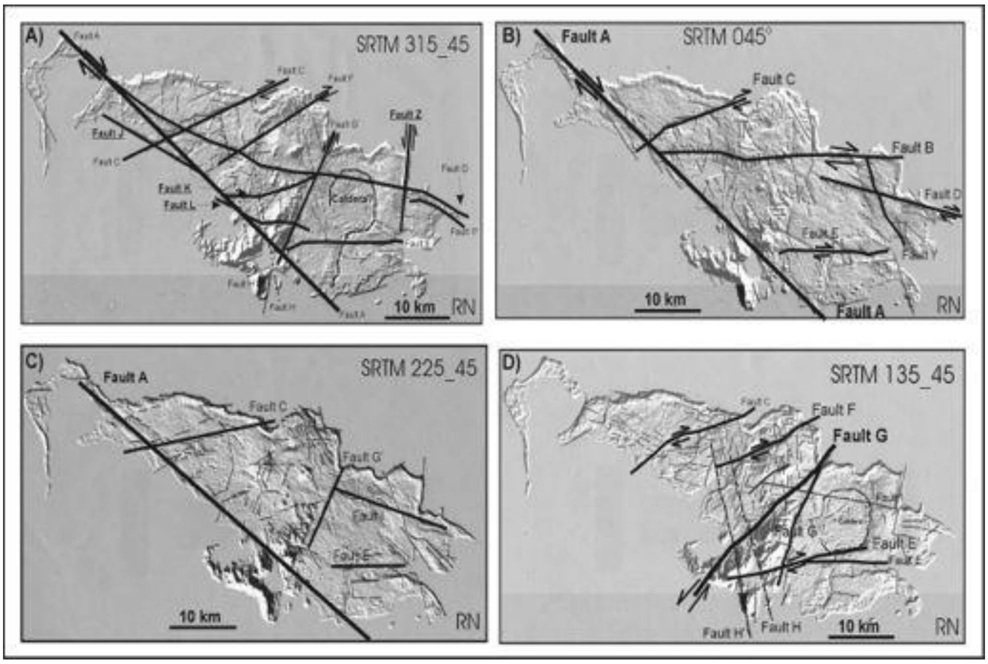


Figure 5: Analysis of Major Observed Faults with Sun Azimuths at 315° (A), 045°(B), 225° (C) and 135° (D). After Lennox (2009).

12.3.1. Kulumadau Deposit Geology

Corbett (1991) has defined the Kulumadau deposit mineralisation as a "structurally controlled mesothermal siliceous breccia/vein stockwork system which is hosted within a reactivated structural zone on the margin of a non-outcropping porphyry body and is deformed by post mineral shearing." Based on examination of diamond drill core from Highland's Gold exploration at Kulumadau (8 holes), Corbett identified a pattern of overprinting alteration: 1. Regional propylitic alteration characterized by chlorite replacement of mafic minerals in the andesitic volcanics. 2. Potassic alteration overprinting early propylitic, potassic altered breccia fragments, inferred to be from a deeper potassic intrusive.

3. Structurally controlled phyllic alteration consisting of silica + sericite + pyrite +/- base metals and gold.

4. Anhydrite veins. Corbett (1991) interpreted anhydrite veins as typical porphyry related alteration. 5. Carbonate flooding of all previous alteration, especially adjacent to post mineral breccia zones.

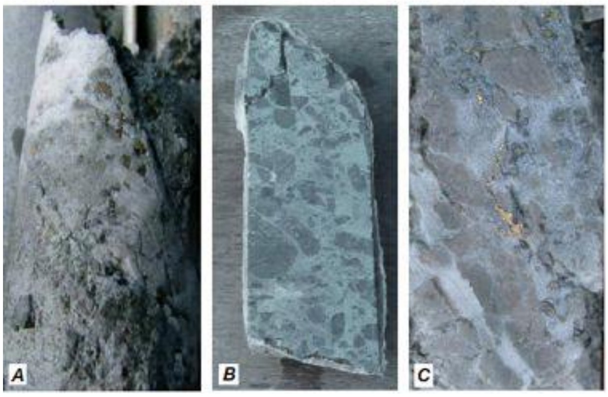


Figure 6: Mineralisation styles for gold at Kulumadau

Figure 6 illustrates three of the numerous mineralisation styles recognised over the Kulumadau project area. These include siliceous veining in brecciated matrix with gold and sulphides (A), polymictic brecciated clasts with gold (B) and base metal association in clay breccias with gold (C).

More recent studies by Burkett et al. (2015) have described the Kulumadau deposit as an intermediate-sulfidation epithermal gold deposit with an Ag/Au ratio of 1. Mineralisation is primarily confined to hydrothermal breccias within fault zones, where it is disseminated throughout a hydrothermal matrix comprising chlorite-quartz-adularia-illite-illite/smectite clays-calcite-pyrite.

The host sequence represents numerous mid-Miocene andesitic pyroclastic flow eruptions within a tectonically active emergent shallow marine to subaerial depositional setting. Subsequent growth faulting was responsible for debris avalanches, which were subsequently cut by reverse faults. Faults were exploited by hydrothermal fluids, with the heightened porosity at the juncture between faults and debris material facilitating boiling of the ore constituents. Fluid inclusion studies suggest that fluid mixing between meteoric fluids and magmatic fluids, accompanied by boiling, were the primary mechanisms for gold deposition. The occurrence of anhydrite/gypsum as late-stage veins and their sulphur and oxygen isotopic values indicate post-mineralisation mixing of sea water with hydrothermal fluids (Burkett et al., 2015).

The locations of the Kulumadau deposit and surrounding gold mineralisation areas are displayed on Figure 7. An east-west cross-section displaying interpreted geology of the Kulumadau deposit is displayed on Figure 8 (Burkett et al., 2015).

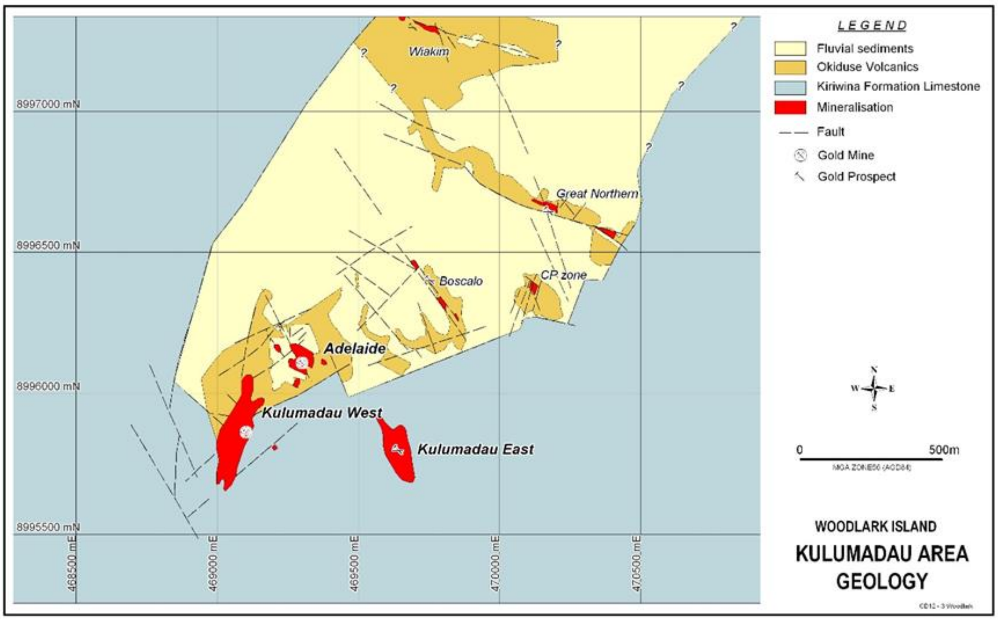


Figure 7: Kulumadau Area mineralisation

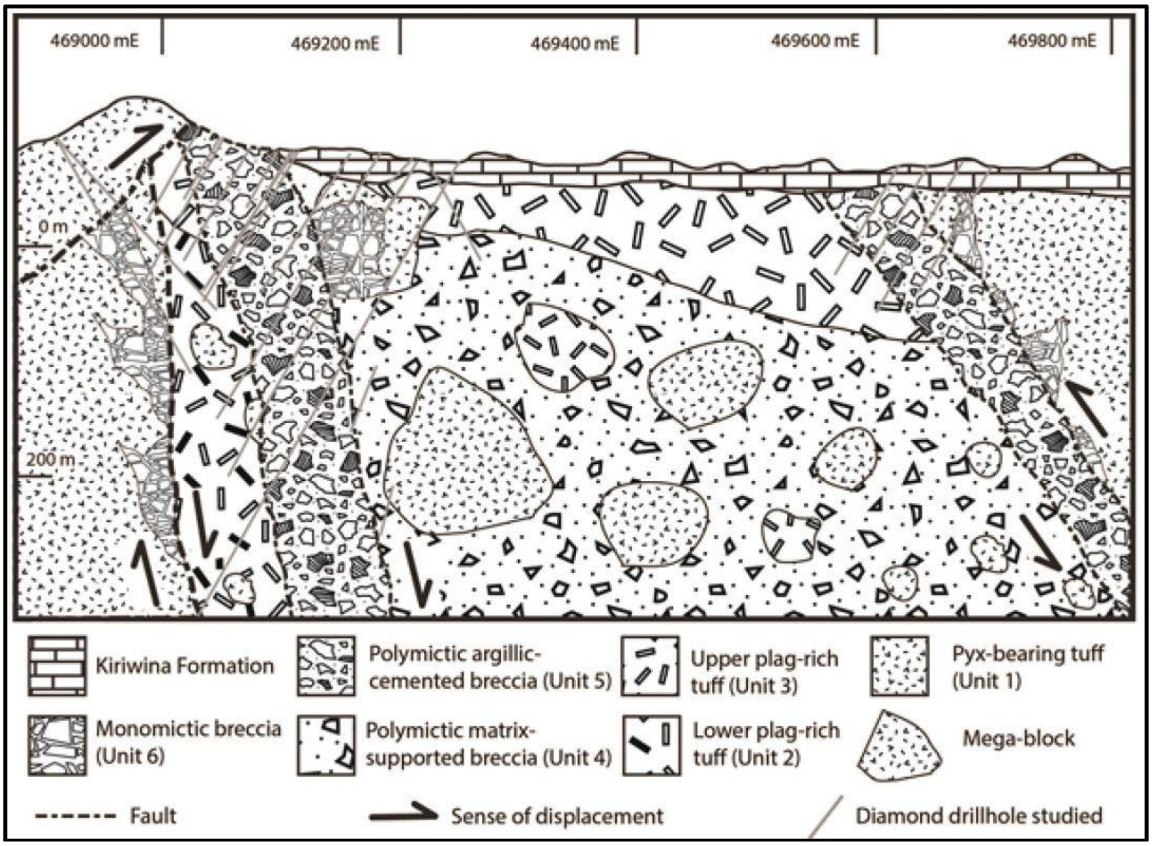


Figure 8: Cross-section 8995875N interpreted geology, Kulumadau deposit (Burkett et al., 2015)

12.3.2. Busai Deposit Geology

A review of the of exploration conducted by BHP and Highlands in the Busai district was conducted in 1991 (Corbett G., 1991). The Busai district was described as containing several discrete prospects scattered over an area of 4 square kilometres, including:

1. Busai Pit (Murua United)
2. Federation
3. Vulcan, and
4. Bomagai.

Mineralisation at the Busai Resource was interpreted to lie on a restricted jog along a northwest structure with mineralisation contained in steep structures as well as a flat lying lithological control. Mineralisation at Federation and Vulcan was interpreted to be isolated zones related to regional northwest trending structures. It was noted that most previous explorers were drilling to the west. It was also noted that zones of northeast argillic alteration were mapped with little coincident drilling, Corbett G., 1991. In total, three phases of gold mineralisation have been defined over the Busai project area which are represented by sections of drill core in Figure 9.

Figure 9: Mineralisation styles for gold at Busai

Early phase hydrothermal brecciation is associated with low-grade gold mineralisation with pyrite and occasional quartz and carbonate veinlets. Phase 2 mineralisation is characterized by quartz veins and associated silicification while Phase 3 carbonate overprints all other phases. The tenor of gold mineralisation directly relates to the amount and intensity of quartz veining associated with Phase 2 mineralisation and the intensity and associated porosity of host volcaniclastics of the late stage carbonate overprint.

The mineralisation at the Woodlark King prospect, to the south of Busai, is consistent with the mineralisation styles observed over the Busai area.

12.4. Exploration Potential

Within the greater WIGP there is considerable exploration potential. The general resource areas cover several prospects which warrant additional exploration. These include Waikim, Great Northern and CP Zone prospects proximal to the Kulumadau 2018 DFS pit design, Figure 10.

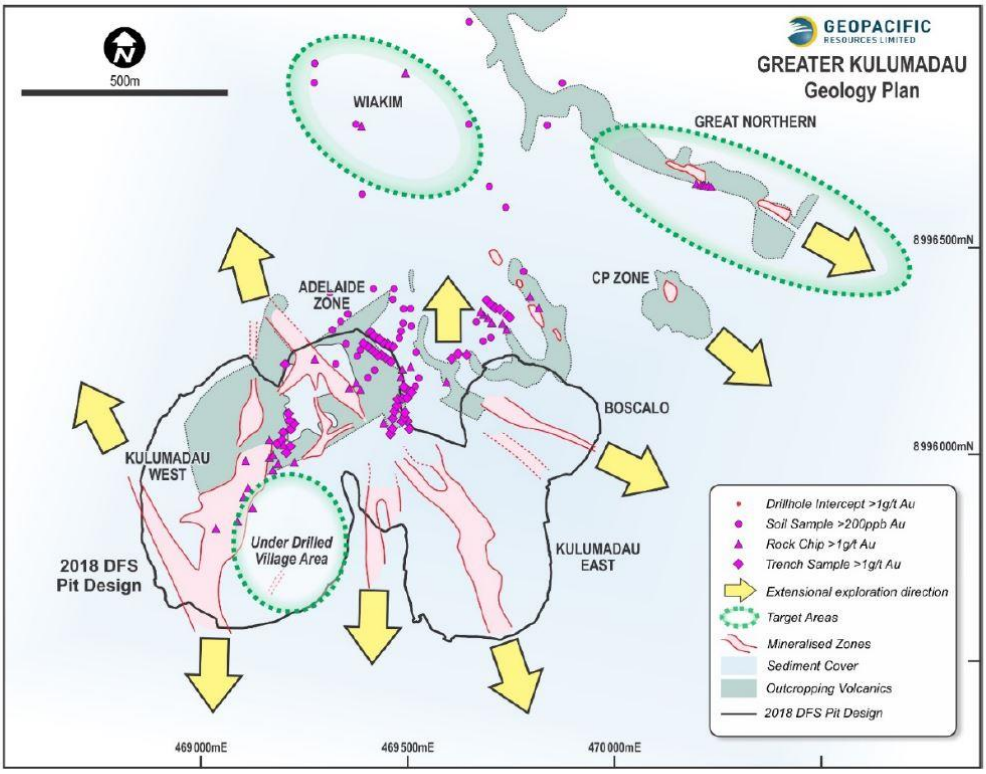


Figure 10: Kulumadau deposit area with exploration targets and adjacent prospects (GPR ASX DFS release 7/11/2018)

Substantial potential exists to expand the current reserves at Kulumadau through conversion of existing Inferred Resources to Measured or Indicated Resources. Areas immediately peripheral to the Kulumadau 2018 DFS pit design warrant additional drilling, Figure 11.

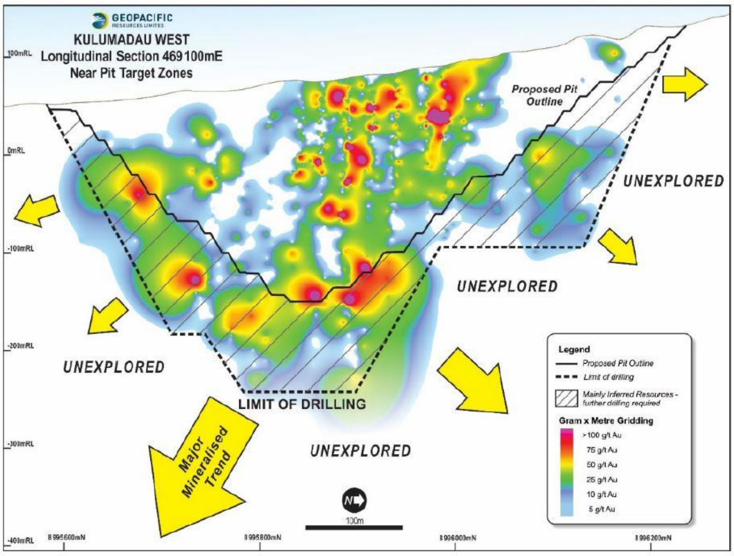


Figure 11: Kulumadu deposit 2018 DFS Pit Design cross-section indicating exploration potential adjacent to the pit down-dip and along-strike (GPR ASX DFS release 7/11/2018)

Outside the defined deposit resource areas there are extensive areas of prospective volcanic host lithologies covered by limestone of the Plio-Pleistocene Kiriwina Formation which has had limited exploration activity to date. With additional exploration utilising modern exploration targeting techniques within the prospective volcanic units and under the cover sequence it is considered likely that additional mineralisation would be delineated. A major regional soil sampling programme was conducted in 2018 which identified several new gold targets which warrant further investigation, Figure 12. These targets include areas proximal to the historic Watou, Talpos, Munasi and Norac workings.

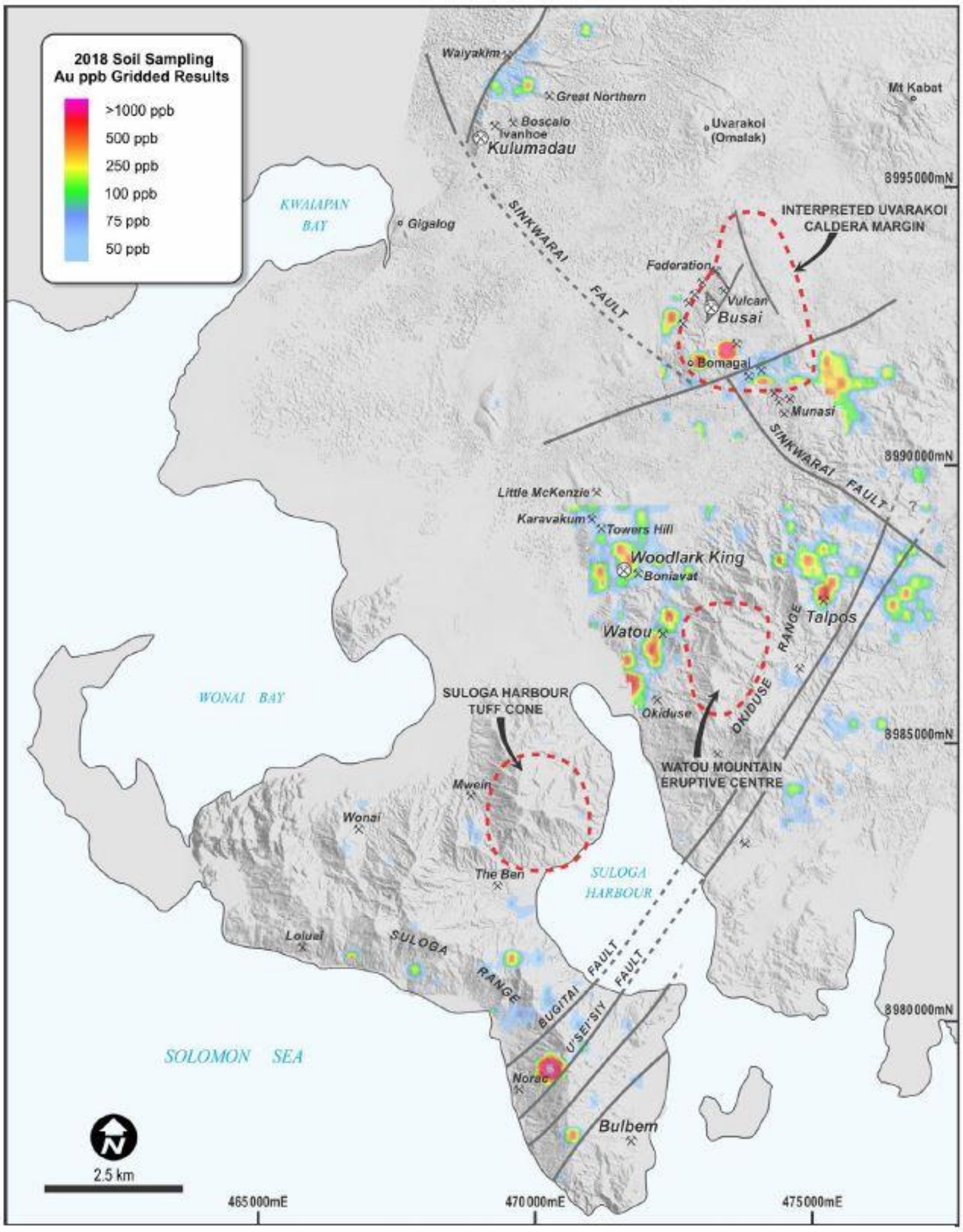


Figure 12: 2018 soil sample anomalous gold exploration targets (GPR December 2018 Quarterly Report ASX release 31/1/2019)

13. Previous Exploration and Historical Mining

Gold was discovered on Woodlark Island in 1895 (McGee 1978a, Corbett 1994, Spencer 2009) with intermittent production over several periods since. Total historical gold production exceeds 200,000oz with the majority being mined from several quartz lodes or reefs associated with quartz veining within several mines.

13.1. Historical Mining

Detailed chronology and descriptions of the historical mining on Woodlark 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.

These mines are within and associated with the current resource areas of Kulumadau, Busai and Woodlark King. These three deposits have smaller scale historical mines within the larger resource areas.

Modern exploration activities commenced in the early 1980's with extensive drilling to December 2017 including a total of 2,291 drill holes over 288,705m of drilling. This drilling comprises 373 diamond drill holes for 55,378m, 22 RAB holes for 1,729m and 1,896 RC drill holes for 231,599m

Of this total, Geopacific completed 90 diamond drill holes for 14,240.2 metres plus 109 RC drill holes for 11,373 metres used in resource estimations. Additional Geopacific drilling included metallurgical and geotechnical diamond drill holes.
Drilling undertaken by Geopacific focused on;

- converting Inferred Resources to Measured and Indicated categories
- replacing historical drill holes that were removed from the database
- twin diamond and RC drill holes for quality control and assurance purposes
- extensional drilling beneath the Kulumadau West and Busai deposits
- the discovery and drill out of the Boscalo deposit
- sterilisation drilling
- geotechnical drilling and
- metallurgical testwork drilling.

In addition to this drilling there has been extensive other exploration including geological mapping and geochemical sampling (including soil, rock chip and stream sediment samples). Multiple geophysical surveys have also been conducted including aeromagnetic surveys and IP.

13.2. Recent Exploration

The recent exploration activities have all been reported in accordance with JORC 2012 and released to the ASX since the recent exploration commenced. This section in not intended to detail all the recent exploration, therefore the reader is directed to the GPR website and the various ASX releases.

Recent exploration activities away from the main deposits has included extensive soil sampling, geological mapping and minor regional scout drilling.

14. Mineral Resource Estimates

This section of the ITAR is compiled from work and reports completed and written by MRP Geological Consultants Pty Ltd as reported in the Pre-Feasibility Study in March 2018 (GPR ASX release 12 March 2018). Resource Estimations were undertaken for the Kulumadau, Busai, Woodlark King and Munasi deposits using drilling information from several generations of exploration. The drilling database has been rigorously interrogated by Geopacific and MPR and any deficiencies identified have been removed, replaced or infilled with new drilling which meets JORC 2012 QA/QC standards.

14.1. Previous Mineral Resource Estimates

Previous mineral resource estimates were made by, or on behalf of, the previous explorers, additionally CRM has provided a number of estimates for WML. In general, each successive estimate has reported a larger resource, as the area of drilling has expanded, and more mineralisation has been discovered. The estimates reported by the previous explorers are, in summary:

- BHP - Tonnage/grade estimates aggregating 2.44Mt @ 3.82g/t Au (300,000oz) were defined at the Busai, Kulumadau, Woodlark King, and Federation prospects;
- Highlands – Global resources of 2.249Mt @ 3.41g/t Au at Busai;
- Auridium - Resource estimations for Kulumadau, Busai, and Ivanhoe (Adelaide) were carried out by Snowden Associates Pty Ltd (Snowden) in late 1996.
- Kula Gold previously reported both JORC 2004 and JORC 2012 estimates for Kulumadau, Busai , Woodlark King and Munsai. These are detailed below in Table 2 and Table 3.

Table 2 Mineral Resource Estimates for the combined Busai and Kulumadau Deposits 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.
4: As per ASX release 31 January 2017

Table 3 Mineral Resource Estimates for the Woodlark King and Munsai Deposits 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)
Munsai	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	280,000

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 updated4: As per ASX release 31 January 2017

14.2. Current Mineral Resource Estimates

This work resulted in the majority of the Resource inventory for Busai and Kulumadau reporting to Measured and Indicated, giving greater confidence in deposit modelling and orebody continuity. A critical review of the historical drill hole data resulted in the removal of all RC drilling completed prior to 1996 due to concerns of downhole contamination caused by outdated drilling methods.

Independent consultants MPR used the method of Multiple Indicator Kriging (MIK) with block support adjustment to estimate gold resources into blocks with dimensions of 20 metres (east) by 25 metres (north) by 5 metres (elevation). MIK of gold grades used indicator variography based on the two-metre resource composite sample grades. MIK was used as the preferred method for estimation of gold Resources at Woodlark as the approach has been demonstrated to work well in a large number of deposits of diverse geological styles. The gold mineralisation seen at Woodlark is typical of that seen in most structurally controlled epithermal gold deposits where the MIK method has been found to be of most benefit.

MIK resources are considered fully diluted and do not need the further step of applying ore loss and dilution factors in the reserve calculation phase. MIK resources are therefore inherently lower grade than other resource estimation techniques that do not have an inbuilt allowance for dilution or ore loss. The Mineral Resource estimates can be reasonably expected to provide appropriately reliable estimates of potential mining outcomes at the assumed selectivity without application of additional mining dilution or mining recovery factors.

The estimate of Mineral Resources is constrained to an optimal pit shell generated using cost and revenue parameters derived from the current PFS and a gold price of A$2,400/oz. The cut-off of 0.4g/t Au for reporting Mineral Resource estimates reflects the approximate average break-even cut-off that derives from the same economic parameters and gold price.

The price of A$2,400/oz reflects the company's view of potential upside long-term gold price.
The initial Geopacific Woodlark Mineral Resource Estimate is JORC 2012 compliant. Global Resource Estimates and individual deposit Resource Estimates are presented below Table 4 to Table 8 below.

Table 4 Combined Mineral Resource Estimate – WIGP

Category (>0.4g/t lower cut)	Tonnes (Million)	Grade g/t Au	Ounces (Thousand)
Measured	21.24	1.10	754
Indicated	18.94	0.98	597
Inferred	6.8	1.00	222
Total	**47.04**	**1.04**	**1,573**

Table 5 Kulumadau Mineral Resource Estimate

Category (>0.4g/t lower cut)	Tonnes (Million)	Grade (g/t Au)	Ounces (Thousand)
Measured	8.88	1.30	372
Indicated	8.54	1.10	303
Inferred	2.90	1.20	108
Total	**20.32**	**1.20**	**784**

Table 6 Busai Mineral Resource Estimate

Category (>0.4g/t lower cut)	Tonnes (Million)	Grade (g/t Au)	Ounces (Thousand)
Measured	12.36	0.96	382
Indicated	7.16	0.84	193
Inferred	1.40	1.10	48
Total	**20.93**	**0.93**	**623**

Table 7 Woodlark King Mineral Resource Estimate

Category (>0.4g/t lower cut)	Tonnes (Million)	Grade (g/t Au)	Ounces (Thousand)
Indicated	3.24	0.96	100
Inferred	0.20	1.10	9
Total	**3.49**	**0.97**	**109**

Table 8 Munasi Mineral Resource Estimate

Category (>0.4g/t lower cut)	Tonnes (Million)	Grade (g/t Au)	Ounces (Thousand)
Inferred	2.30	0.80	58
Total	**2.30**	**0.80**	**58**

14.2.1. Comment on Mineral Resource Estimates

DRM has reviewed the Mineral Resource Estimates for the WIGP and the associated JORC Table 1 which is included in the GPR ASX release of 12 March 2018.

Overall DRM considers the estimate to be conducted to a standard that is consistent with industry accepted processes and procedures however there are several items that could, in DRM's opinion could disclosed in more detail within the ASX release and the associated JORC Table 1.

The aspects that DRM consider should be better disclosed in JORC Table 1 include the number of and details of the bulk density measurements used for each of the deposits along with a comment on the spatial relationship, geological domains and representativeness of these measurements to the overall deposits. In addition to more through reporting of the density measurements in DRM's opinion additional disclosure around the quality controls (QAQC) for the assay data should be reported including the frequency of QAQC samples (blanks, duplicates and standards) and when these samples were inserted into the sample sequence. That QAQC samples were inserted by GPR staff on the drill site (or core yard where the diamond core was samples).

Finally, in DRM's opinion the use of twined drill holes and the exclusion of and reasons for excluding historical drill holes and a comparison between the results from RC and Diamond drilling should also be reported and documented in JORC Table 1.

15. 2018 Feasibility Study Summary

This section summarises the DFS completed in late 2018 (GPR ASX release 7 November 2018). All the technical assumptions from that feasibility study remain valid. GPR reported that fatal flaw analysis was conducted by SRK Consulting who found no aspects that were considered to be fatal flaws in the DFS. The DFS was managed by Lycopodium Limited (ASX LYL) with the majority of the mining aspects completed by Mining Plus Pty Ltd with the Ore Reserves being based on the Mineral Resource Estimate of MRP and as reported in the Pre-Feasibility Study completed in early 2018. (GPR ASX release 12 March 2018).

15.1. Mining

This Report and mining review is based on information provided to DRM and SRK by GPR. The data included pit optimisations and all reports associated with the 2018 DFS.

A regional map showing the location of the Kulumadau, Busai and Woodlark King deposits on Woodlark Island is shown in Figure 2 and the location of Woodlark Island on a more regional basis in Figure 1 above.

15.1.1. Mining Methods

As proposed in the 2018 feasibility study, mineralisation would be exploited via a standard conventional style load and haul, drill and blast open cut mining operation.

The Kulumadau and Busai deposits are proposed to be mined as four stage open pits while Woodlark King is essentially mined in a single stage (defined as two stages but they are proposed to be mined concurrently).

The DFS proposed an owner operator mining development with the mining rates steadily increasing from 6Mt in year one to 20Mt in year 6. For this mining schedule there would be a steady increase in the equipment required to ensure a steady increase in the mining rates.

The DFS proposes having a single excavator (with one spare) in year one with additional excavators required once Busai is fully operational and a fourth when Woodlark King is developed. There would also need to be an increase in the fleet of haul trucks over the duration of the operation. The equipment evaluated in the DFS and pit designs were undertaken assuming a 60t articulated dump truck design similar to a Bell B60E with a maximum of 23 trucks required on site in year four.

The DFS was based on pit optimisations using a gold price of A$1,650/oz.

15.1.2. Geotechnical

The geotechnical aspects of the DFS were undertaken by Peter O'Bryan and Associates.

Factors contributing to the shallow wall angle for open pit mining at Kulumadau and Busai pits are:

- The highly-fractured nature of the ore and host rock;
- The presence of numerous clay rich shear zones at Kulumadau;
- The presence of substantial clay alteration at Kulumadau and of an upper saprolitic zone at Busai; and
- The very high annual rainfall.

The DFS included a geotechnical assessment for each of the pits and recommended suitable pit wall slope angles and berm placement. The overall wall angles for each of the pits, based on the geotechnical assessment and excluding provision for pit ramps are:

Table 9 Busai Geotechnical Summary

Face Height	10m to base of Cover sequence
	15m to top of fresh rock (TOFR
	20m to base of pit
Face Angle	60^0 to base of Cover sequence
	60^0 to top of fresh rock (TOFR)
	65^0 to base of pit
Berm Width	5m at 10m intervals
	6m at 15m intervals
	7m at 20m vertical intervals

Table 10 Kulumadau Geotechnical Summary

Face Height	10m
Face Angle	60^0
Berm Width	5m at 10m intervals

Table 11 Woodlark King Geotechnical Summary

Face Height	5m to base of Cover sequence
	15m to top of fresh rock (TOFR
	20m to base of pit
Face Angle	60^0 to base of Cover sequence
	60^0 to top of fresh rock (TOFR)
	70^0 to base of pit
Berm Width	4m at 10m intervals
	6m at 15m intervals
	7m at 20m vertical intervals

15.1.3. Pit Optimisations

A pit optimisation process was used to define the both the final pit limits and pit staging logic.
A summary including a table summarising the inputs and reasonableness of the inputs is present below in Table 12.

Table 12 – Summary Whittle Optimisation Parameters

Item	Unit	Value
Mill throughput	ktpa	2,400
Gold price	$/oz	1,650
Royalty - State	%	2.25
Processing recovery (All ore types)	%	92% for Kulumadau
Processing cost	$/t milled	18.26
General and administration	$/t milled	4.31
Grade control	$/t milled	0.42
Road haulage	$/t mined	Vary by bench and material
Average mining cost	$/t	2.51
Drill and Blast costs	$/t	0.28 for weathered coral

		0.65for weathered (oxide/transitional) 0.86 Fresh
Dilution	%	Included in resource models
Mining recovery	%	Included in resource models
Slope angles	Degree	60 degrees in coral, weathered and transitional, 65 in the fresh

Based on the above parameters the cut-off was estimated at 0.4g/t.

Mining Plus followed the guidance from the resource estimator, that the mineral resource model was a "recoverable model". In other words, no additional modifying factors to allow for operational mining factors were considered. SRK notes that there is a risk that additional ore loss and dilution factors may need to be incorporated into the estimate to allow for the operational aspects of mine planning including mining accuracy dilution, and drill and blast movement.

The inputs are considered in the optimisation are reasonable, although SRK note that the mining operating costs, are supported by first principle cost estimation and there is a risk that the mining costs are under called for a number of reasons including:

- The mine planning is based on a well-run, well supported mining operation, as would be expected in mainland Australia.
- limited account is taken in the study of the challenges that are likely to be experienced in recruitment, turnover and training whilst establishing a mining operation in a remote location using an indigenous workforce.
- Mobile equipment overhaul and replacement is not well defined.
- Some of the productivity assumptions appear optimistic.

Four pit shells were in the optimisation phase of work, including, 2 for Woodlark King, 1 each for the Busai and Kulumadau deposits.

15.1.4.Pit Designs

The pit designs were based on the optimisation pit shells and included starter pits for managing the strip ratio and providing early access to high-grade ore, which is reasonable for the maturity for the stage of study.

The inventory of the pit designs supports the Ore Reserve estimate as reported in Table 16 below.

Figures for the pit designs and site layout are shown in Figure 13 to Figure 15.

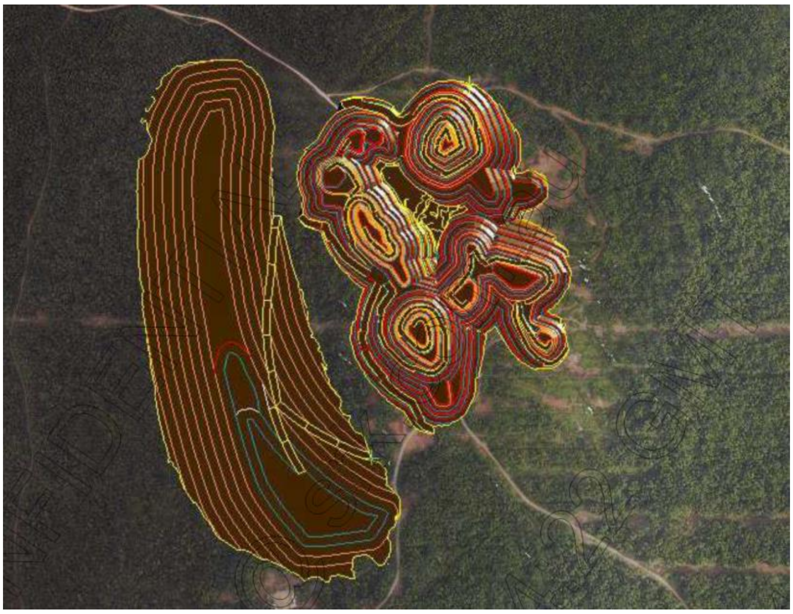


Figure 13 Busai Final Pit and Dump Design

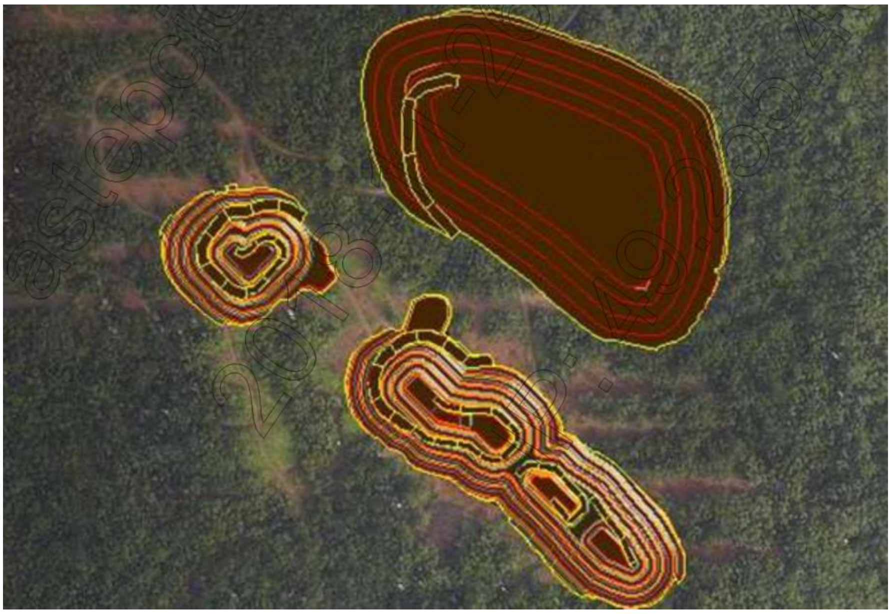


Figure 14 Woodlark King Final Pit and Dump Design

Figure 15 Kulumadau Final Pit Design

15.1.5.Mining Schedule

The mine production schedule incorporates a 9-month pre-strip period whilst ramping up to 2.4Mtpa of ore production.

The schedule delays waste production whilst targeting low strip ratio, high grade ore via the use of staged pit designs. The highest grades are found in the Kulumadau Stage 1 and Stage 2 hence these pits are targeted in the early mine life. As these pits are depleted the focus of mining moves to Busai Main, before Woodlark King is mined in Year 4.

The annual mining rate increases to a peak of 20Mtpa in Year 6 due to the deferral of waste. The production schedule is shown in Figure 16. As shown, the mining operation has a planned life of 9 years excluding the pre-strip period of 9 months.

The stripping ratio average is 3.9:1 (waste : ore).

This is mining schedule is considered reasonable.

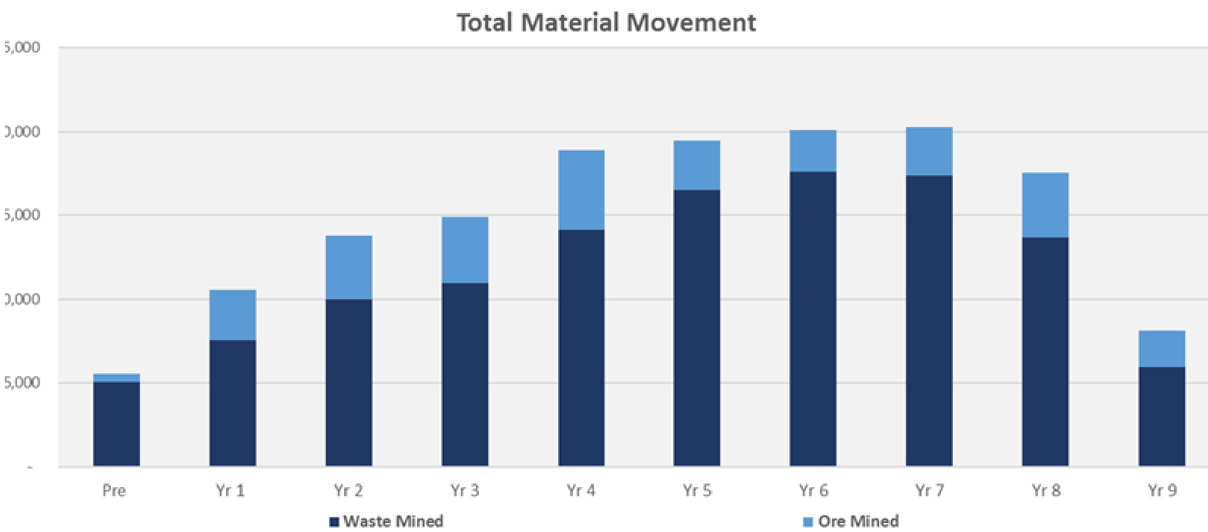


Figure 16 WIGP DFS Mining Schedule

15.2. Mine Closure / Rehabilitation

At the end of the mine life there is an allowance in the financial models of $6.2 million. While this cost is considered by DRM to be low one reason is due to the tailings disposal being via a deep sea tailings placement rather than a land based tailings storage facility which would require rehabilitation and ongoing management, especially due to the climatic conditions on Woodlark Island. While this cost is considered low as it is modelled to occur at the end of the overall mine life it is considered to have a minimal impact on the overall valuation of the project due to the discount rates applied in this report.

15.3. Processing

This section is a summary of the November 2018 DFS including the metallurgy, comminution, processing plant design, tailings disposal, infrastructure requirements, production forecasts.

15.3.1. Metallurgical Testwork

There has been extensive metallurgical testing over an extended period. This has been broken into pre GPR studies and recent (2017 and 2018) metallurgical and comminution studies to support the DFS. The DFS metallurgical testwork programme was carried out from October 2017 to June 2018 by ALS Perth under the direction of Lycopodium.

Samples for the DFS testwork programme were selected to represent the range of ore types predominantly from the two main ore sources being the Kulumadau and Busai deposits.

The metallurgical treatment route proposed in the DFS has been based on the recent studies.

The following conclusions can be drawn from the current and previous metallurgical and comminution testwork programmes:

- The Woodlark ores have a wide range of comminution parameters, but typically have moderate to high natural fracturing, low to medium competency, low resistance to impact breakage, moderate grinding energy requirements and low abrasion. A SAG and ball mill comminution circuit was selected to accommodate the wide spectrum of rock competencies.
- Gold leach extraction is relatively independent of grind size up to a maximum P80 of 106 µm. A grind size of P80 106 µm was selected as optimum.
- There is a high proportion (>60%) of gravity gold in the Kulumadau and Busai ore while the Woodlark King ore contains less gravity gold. Due to this high gravity component a gravity circuit has been included in the DFS process plant flowsheet.
- The gold shows rapid leach kinetics with recoverable gold typically extracted within eight hours. If the gravity circuit is offline, all recoverable gold is extracted within 24 hours. A carbon in leach (CIL) circuit residence time of 24 hours has been included in the process plant flowsheet.
- Recoveries from Kulumadau and Woodlark King ore are high gold extraction increasing with increased grade.
- Recoveries from the Busai ore is variable with gold extraction typically showing an inverse relationship with arsenic.
- Silver extraction was moderate for all ore types and capacity has been allowed in the plant flowsheet for silver recovery.
- Some cyanide soluble copper is present in the Woodlark ores. A cold cyanide wash to assist in removing adsorbed copper from the loaded carbon has been included in the process plant flowsheet.
- Cyanide consumptions are low, and the required lime addition is low to moderate when using fresh water. Lime consumptions are significantly higher if sea water is used.

Average recoveries from the three mining areas are 92.0% from Kulumadau, 85.5% from Busai and 91.2% from Woodlark King.

15.3.2. Processing Plant

The feasibility study developed an optimal processing flowsheet that utilises a standard processing plant, designed to process a nominal 2.4Mt based on the ore types from the WIGP.

- The treatment plant design incorporates the following unit process operations:
- Primary jaw crushing to produce a coarse crushed product.
- A SAB milling circuit comprising a SAG mill and a ball mill in closed circuit with hydro cyclones.
- Gravity gold recovery and treatment of concentrate by cyanidation and electrowinning.
- A CIL circuit to leach and adsorb gold and silver onto carbon.
- A pressure Zadra elution circuit, electrowinning and gold smelting to doré.
- Dewatering of CIL tails slurry.
- Tailings slurry pumping via overland pipe to a deep sea tailings placement facility.

The grinding circuit is fed directly from the primary crusher, i.e. there is no coarse ore stockpile or surge bin to decouple the grinding circuit and the crushing circuit. The plant utilisation factor has been set accordingly. An emergency feed hopper has been included to allow temporary feeding of the mill in the event of crusher downtime. The plant design has been based on a nominal capacity of 2.4 Mtpa of the Woodlark ore type.

15.3.3. Forecast Production

Based on the mine schedule, the processing flowsheet and metallurgy described above the DFS derived a forecast production from the WIGP. Figure 18 details the production schedule in accordance with the DFS. Importantly this production forecast is a forward-looking statement and the required uncertainty and caution is required in assessing this forward looking statement. The ability of the WML to achieve these forward-looking or forecast production is dependent on numerous factors that are beyond DRM's control and that would be unreasonable for DRM anticipate. While DRM has used this production modelling in the valuation there is no certainty that any of these assumptions will eventuate and all due care is required in assessing the production forecasts.

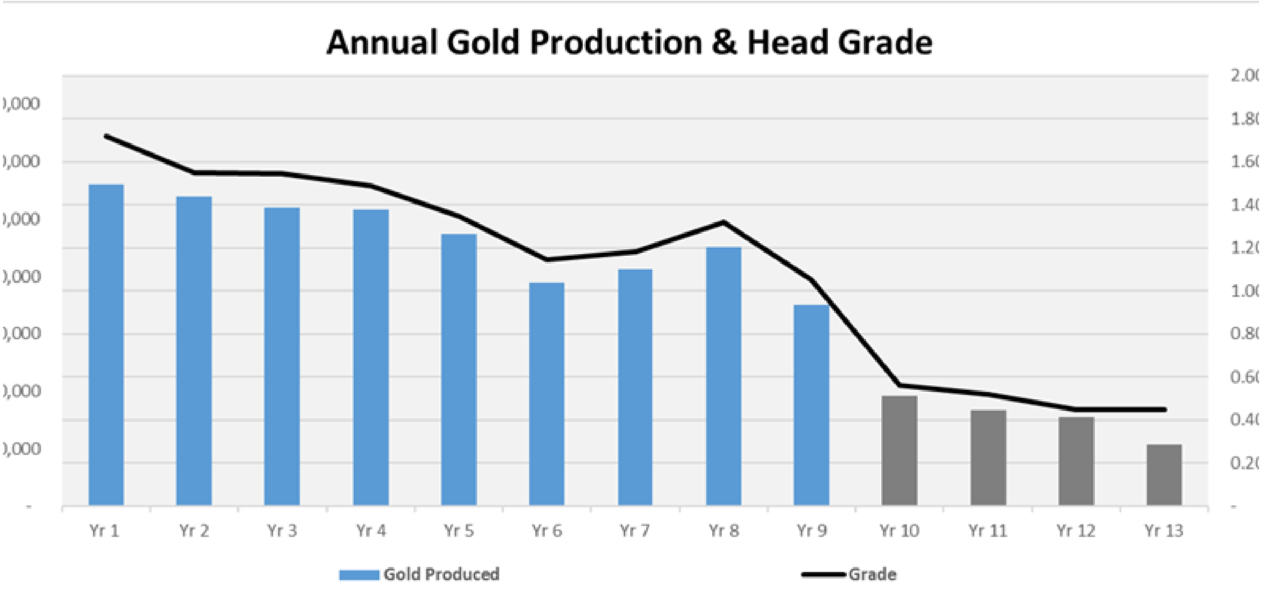


Figure 17 WIGP Production Forecast from the November 2018 DFS.

15.3.4. Associated Infrastructure

As the WIGP is located on a remote island with minimal infrastructure a significant capital cost is associated with the required infrastructure including a port, road network, staff accommodation camp, relocation of the Kulumadau Village and bulk storage of spares including fuel and critical spares. The DFS included estimates and details of all the infrastructure that is required for the development of the project. The details of the infrastructure, the capital costs and logistics to advance the project are all included in the DFS OPEX and CAPEX costs assumed in the feasibility study. These assumptions have been included in this report and valuation.

15.3.5. Tailings Disposal

The 2012 feasibility study evaluated two viable options for the tailings disposal from the processing plant, being a standard earthen bunded tailings dam and the second a deep-sea tailing placement (DSTP). In the 2018 DFS only the DSTP option was assessed.
In DRM's opinion given the high rainfall along with the seismically active location of the project the deep-sea tailings disposal option is considered to be a suitable option for tailings disposal. In 2014 Kula obtained environmental approval from the PNG regulators for DSTP for the WIGP.
As a part of the environmental approvals there was significant study into the DSTP option including an optimal discharge location along with ocean currents, location of the final tailings, bathymetry of the discharge area and natural sedimentation studies. The location of the DSTP discharge is into a deep basin on the northern edge of Woodlark Island where the water depths are up to 3,500m deep. While the DSTP has several challenges, based on the climatic and tectonic risks associated with a land based tailings storage it is considered reasonable to develop the project with a DSTP facility as opposed to the alternatives.

15.4. Operating costs

There are two main areas that combined determine the operating costs, these are the mining costs and the processing and administration costs.

The operating costs assumed in the DFS have been used in this report and valuation.

Below, Table 13 and Table 14 outline the mining costs and the processing and administration costs breakdown from the DFS

Table 13 Mining costs

Mining Costs	Total Mining Cost (A$)	Mining Cost per Tonne (A$)
Salaries and On-Costs	89,832,729	0.60
Equipment Ownership	39,735,366	0.27
Diesel	69,894,053	0.47
Equipment Maintenance	58,152,430	0.39
GET	5,621,747	0.04
Tyres	14,559,292	0.10
Explosives	74,607,181	0.50
Grade Control Drilling	21,498,079	0.14
Technical Services	1,263,185	0.01
Total	**375,164,061**	**2.51**

Table 14 Processing and Administration costs

Processing & Admin Operating Costs	LOM Unit Cost A$/t processed	Gross LOM Cost A$M
Power	7.16	217.0
Consumables	3.30	100.1
Maintenance	1.05	31.9
Laboratory	0.11	3.2
Process & Maintenance	2.15	65.1
Total Processing	**13.77**	**417.3**
Infrastructure Power	0.87	26.3
Admin Labour	2.18	66.0
General & Admin	1.43	43.3
Total G&A	**4.47**	**135.6**

In DRM's opinion the processing and administration costs are broadly in line with comparable studies for Australian based projects. There are other material risks to these costs as noted in section 19 below especially associated with foreign exchange movements.

15.5. Capital Costs

The capital costs developed for the WIGP as developed in the DFS are shown in Table 15 below. These were developed based on the metallurgy process flowsheet, mining studies, infrastructure and power requirements as determined in the various studies that constituted the DFS.

The overall project capital cost estimate of $198 million was compiled by Lycopodium from inputs developed by Lycopodium, Tetratech, Mincore, Mining Plus and Geopacific.

Table 15 below details the capital costs derived from the feasibility study.

Table 15 Capital cost estimates for the WIGP.

Main Area	A$'000
000 Construction Distributables	18,115
100 Treatment Plant Costs	46,425
200 Reagents and Plant Services	9,068
300 Infrastructure	27,018
400 Mining	18,801
500 Management Costs	16,878
600 Owner's Project Costs	26,960
700 Owner's Operation Costs - Mining Pre-strip	13,098
700 Owner's Operation Costs - Working Capital	7,676
Subtotal	**184,039**
Contingency	13,800
Taxes & Duties	646
Escalation	Excl.
Grand Total	**198,485**

There are other material risks to these costs as noted in section 19 below especially associated with foreign exchange movements.

15.6. Site Layout

The feasibility study identified and planned a specific site layout for the project including the accommodation village, processing facilities, waste dump locations, tailings disposal facility, the port, and the associated road network. Figure 18 below shows the proposed site layout.

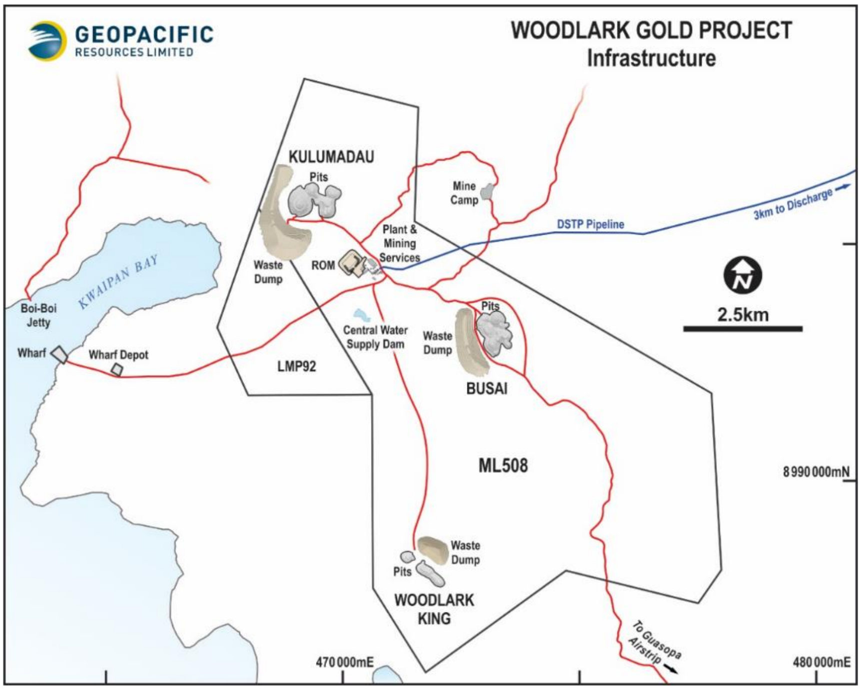


Figure 18 Site Layout for the Woodlark Island Gold Project showing the pits, mill and associated infrastructure.

15.7. Environmental Studies and Approvals

As a part of this report DRM has undertaken a review of the environmental plans and proposals contained in the DFS and associated with the Environmental approvals obtained in 26 February 2014.

The feasibility study identified the environmental and social risks associated with the development of the project. The purpose of the investigation was to document the existing environmental aspects of the area, identify the environmental impacts and determine suitable avoidance, management or mitigation measures.

A conceptual closure plan was prepared and presented in the Environmental Impact Study (EIS). The EIS proposed progressive rehabilitation during the operational phase of the mine. Closure and decommissioning the project aims to provide a post mining land use compatible with the current land-uses of the area and removing any public safety hazards.

DRM understands that WML is currently in compliance with all its environmental conditions however, neither the principal author nor DRM are specialists in environmental compliance.

16. Current Ore Reserve Estimate

The November 2018 DFS determined a JORC 2012 Ore Reserve with the estimate detailed in Table 16 below.

In DRM's opinion all of the material assumptions that underpin the JORC 2012 Reserve from the November 2018 DFS remain valid and DRM is not aware of any modifying factors that would materially change the Reserve estimate as presented below.

Table 16 Current JORC 2012 Reserve Estimates for the WIGP 7 November 2018

Total by deposit	Category (>0.4g/t lower cut)	Tonnes (Mt)	Grade (g/t)	Ounces (oz)
Busai	Proven	9.3	1.03	307,300
	Probable	4.3	0.87	120,900
Kulumadau	Proven	7.4	1.37	324,700
	Probable	5.2	1.17	196,900
Woodlark King	Proven	1.9	1.06	65,000
	Probable	0.8	0.84	22,800
	Proven	**18.6**	**1.17**	**697,000**
Total Ore Reserve	**Probable**	**10.4**	**1.02**	**340,600**
	Total	**28.9**	**1.12**	**1,037,600**

17. Other Mineral Projects

In addition to the its interest in the WIGP GPR has additional mineral projects in Cambodia and Fiji. These projects were the main focus of GPR until it acquired the interest in the WIGP through the initial Joint Venture with Kula Gold. The projects in Cambodia and Fiji are both at a much earlier exploration stage when compared to the WIGP. There are copper gold resources within the Cambodian project while the separate tenements that constitute the Fijian projects are all very early exploration projects. Due to the early stage of these projects this section is a brief description of the technical aspects of these projects.

17.1.1. Tenure

Table 17 Other Mineral Project tenements

Country	Location	Project	Tenement	Area (km^2)	Interest
Fiji	Nadi, Viti Levu	Vuda - Sabeto Project	SPL 1368 & SPL 1361	82.3	100%
Fiji	Nadi, Viti Levu	Nabila Project	SPL 1216 & SPL 1415	50.10	100%
Cambodia	Preah Vihear Provence	Kou Sa Project	Kou Sa Project	158	85%

The Kou Sa project tenement is held by Geopacific however there are payments as a part of deferred consideration of US$1.575 million payable by 21 September 2019 and 36 equal monthly payments of $131,250 totalling US$4.725 million from the payment of US$1.575 million. Geopacific has continued exploration on the project with considerable exploration success.

The Fijian projects are all owned 100% by GPR however in the recent GPR Annual Report these tenements have been re classified as assets for sale or divestment as GPR is actively reviewing the projects with the aim to divest the projects.

Both the Kou Sa and the Fijian projects have recently had significant impairments realised by GPR. In the case of Kou Sa the impairment was approximately $43 million.

17.2. Kou Sa Project, Cambodia

The Kou Sa Project is located in the northern Cambodia's Chep District, Phreah Vihear Province of Cambodia, Figure 19.

The project is 5-hour drive to Phnom Penh and a 3-hour to Siem Reap International Airport, is directly adjacent to a regional highway and is reported as having excellent logistics and infrastructure.
The project comprises a 158 Km^2 Exploration Licence with very low relief, limited outcrop and large areas of thin, semi-lateritic weathering

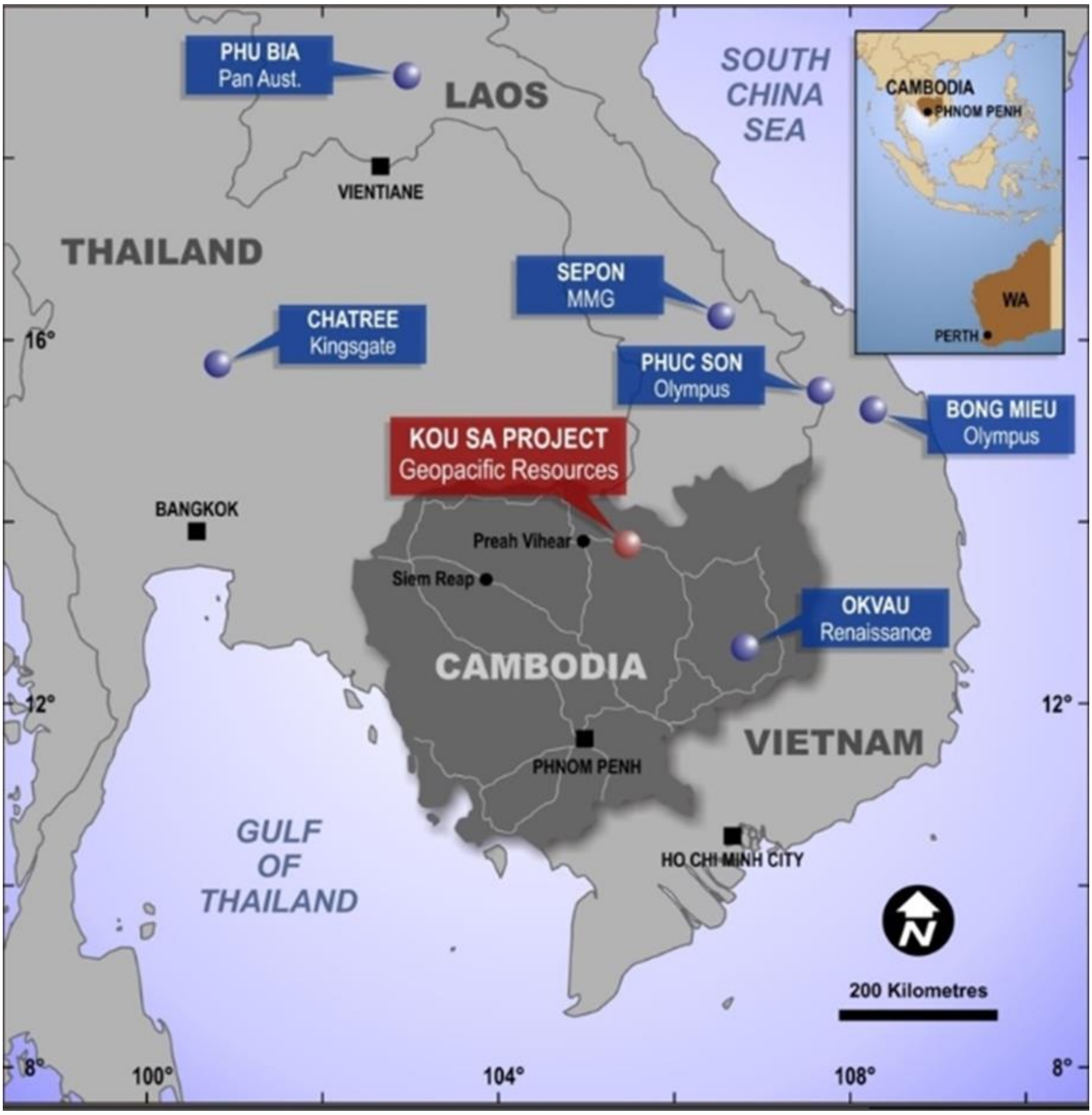
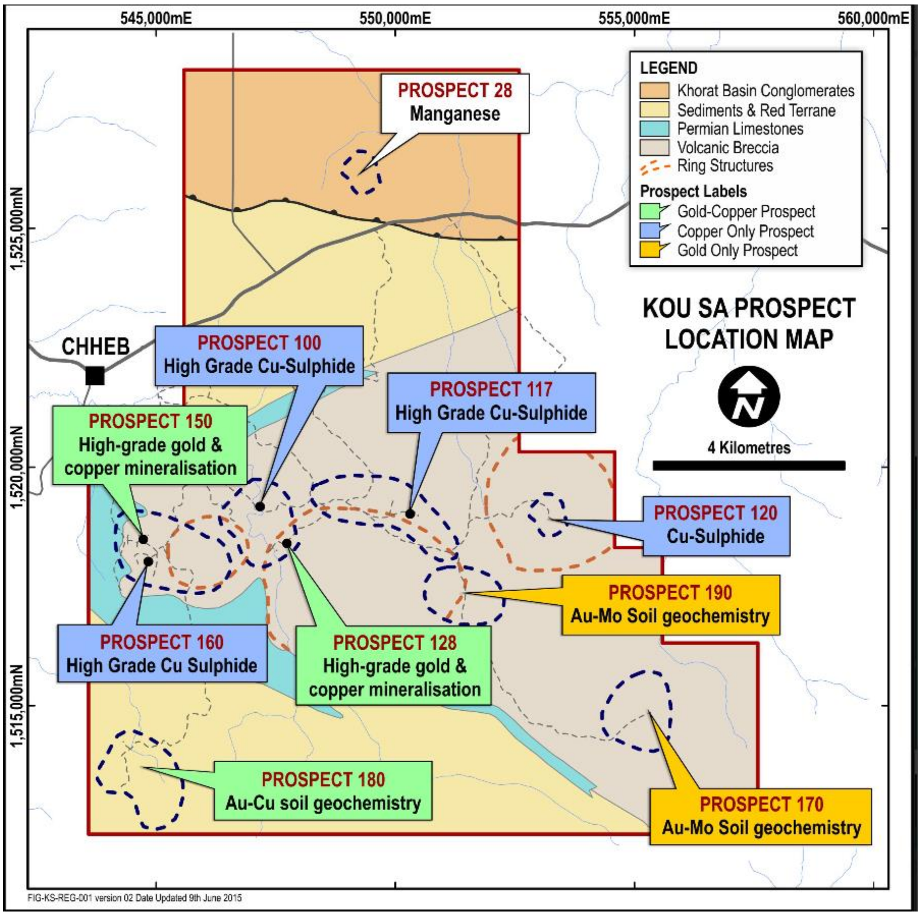


Figure 19: Kao Sa Project Location. Source: GPR website

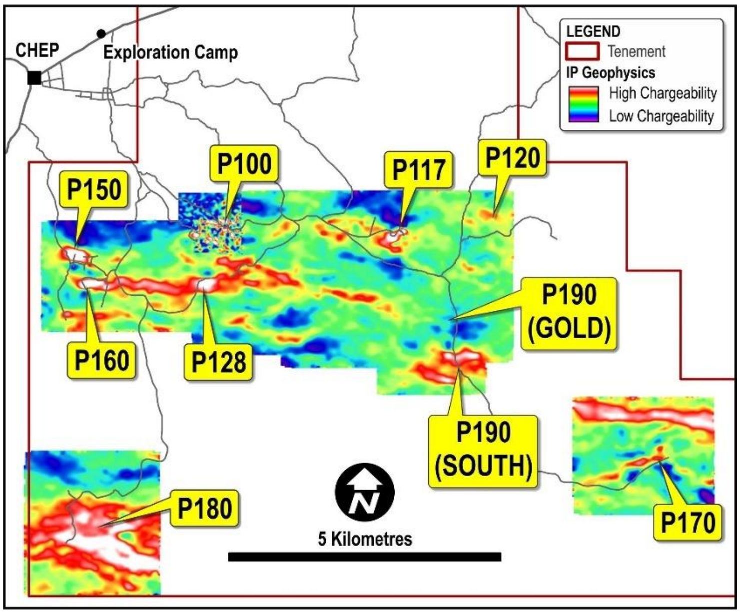
17.2.1. Geology and Exploration Potential

The Kou Sa Project has been explored by Geopacific since early 2013 and has discovery potential for hosting large copper, gold and silver polymetallic deposits. Modern exploration techniques including systematic geochemistry and geophysics, including Induced Polarisation geophysics ("IP") and ground magnetics, have outlined exploration targets. These exploration targets and the tenement boundary are displayed in Figure 20 and Figure 21.
The Kou Sa Project is situated within volcanic breccias and intercalated limestones. The host geology and mineralogy vary from prospect to prospect (Figure 20).



Source: GPR website.

Figure 20: Kou Sa Project Tenure, Surface Geology, Prospects and contained minerals.



Source: GPR website.

Figure 21: Kou Sa Project Tenure, access and Prospects overlain on IP Geophysical Survey images.

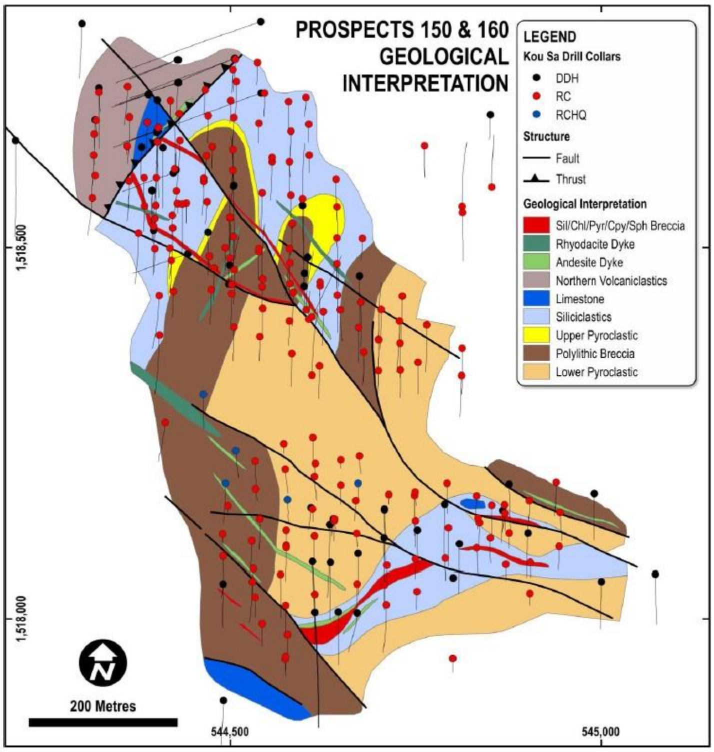
The two most advanced prospects are Prospect 150 and Prospect 160 which have JORC Resources estimated. Prospects 100 and 128 are earlier stage prospects. The locations of these prospects are displayed in Figure 20. Other geochemical and geophysical targets are yet to be fully tested.

Prospects 150 and 160

In general, the stratigraphy at Prospects 150 and 160 is flat to moderately west-northwest dipping consisting of a thick lower felsic pyroclastic sequence which contains an intermediate siliclastic/limestone sequence developed locally at P160, Figure 22. The lower felsic pyroclastic sequence is overlain by an epiclastic, polylithic volcanic breccia, a thin upper pyroclastic sequence, a shallow shelf carbonate upper limestone unit and finally a fine to medium grained felsic volcaniclastic unit.

The mineralisation Prospects 150 and 160 is hosted within an intercalated sequence of dominantly sub-aerial to shallow sub-aqueous felsic volcaniclastics with calcareous sediments deposited between Lower Permian and Lower to Middle Triassic times. The entire stratigraphic sequence has been intruded by several generations of high-level mafic, intermediate and felsic dyke swarms which postdate mineralisation.

Depth of the base of oxidation in the mineralised areas averages around 15 m.



Source: GPR ASX release 11 July 2016.

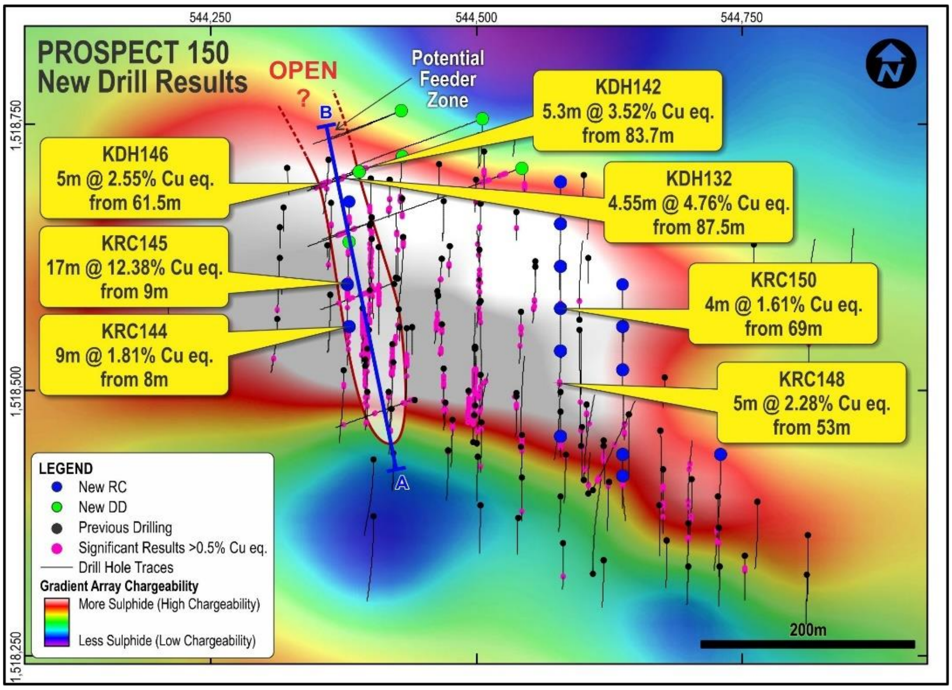
Figure 22: Geological Interpretation and Drill Dole Locations at Prospects 150 and 160 (located in the north and south respectively).

High-grade, near-surface gold and copper mineralisation has been encountered at Prospect 150 and near-surface copper mineralisation at Prospect 160, which is located 400 metres to the south of Prospect 150. The mineralisation at both areas has a shallow dip to the north-east and a gentle plunge to the north-west. The Prospect 150 mineralisation is stratigraphically higher than the Prospect 160 mineralisation suggesting that further repetitions across strike and at depth are possible. Polymetallic Cu-(Au-Zn) mineralisation associated with silica-chlorite alteration has formed as open space fill and calcareous sediment replacement in a relatively shallow sub-epithermal environment. Prospect 150 is a structurally controlled banded vein hosted Cu-Au system.

Prospect 160 has formed at a lower stratigraphic level than Prospect 150 and is described as a lithological, structure controlled limestone replacement and subsequent infill Cu system.

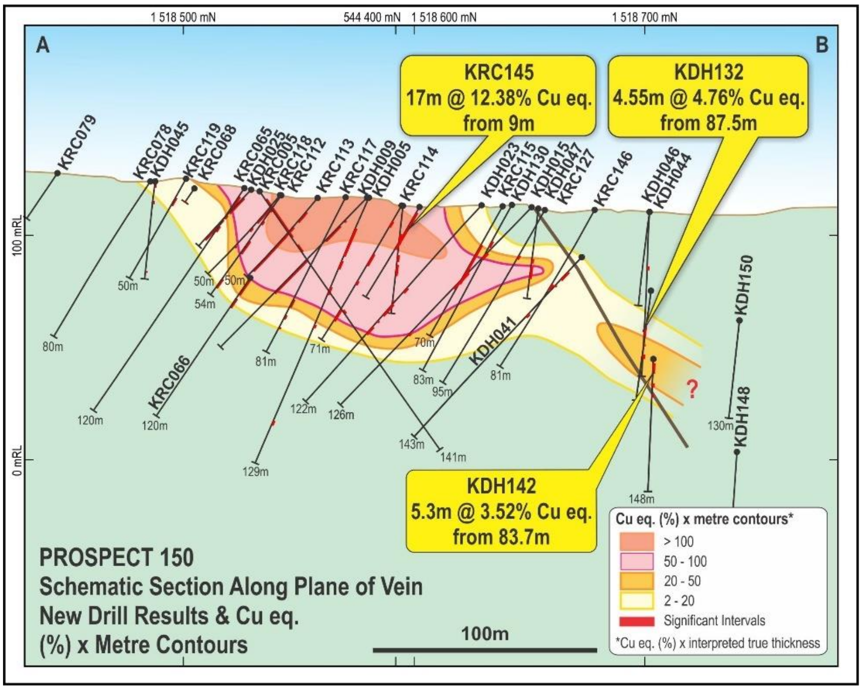
The sulphide mineralisation at both prospects constitutes early relatively subhedral pyrite-chalcopyrite-sphalerite and a late, finer-grained pyrite event. Prospect 150 contains a higher gold content than Prospect 160.

The locations of drill holes and dimensions of the mineralisation at Prospect 150 are displayed in plan-view in Figure 23 and in sectional view in Source: GPR website
Figure 24.



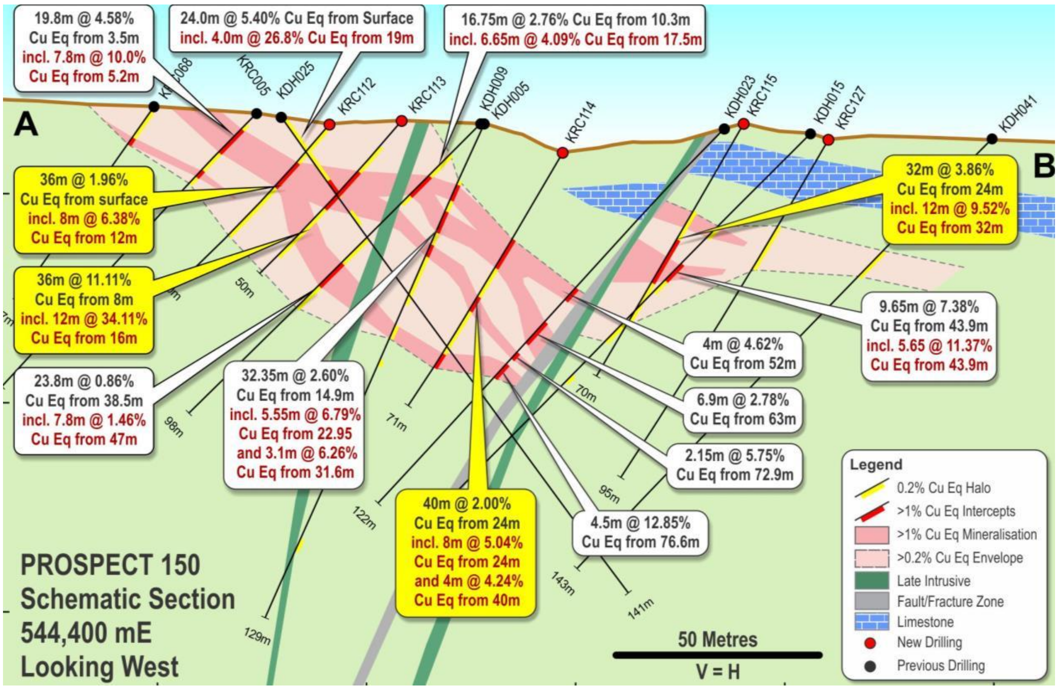
Source: GPR website

Figure 23: Prospect 150 Drill Hole Locations displayed over an IP Chargeability Anomaly



Source: GPR website

Figure 24: Prospect 150 Schematic Cross-section (A-B on Figure 21) along plane of vein.



Source: GPR ASX release 11 July 2016.

Figure 25: Prospect 150 schematic N-S cross-section at 544,400mE looking west displaying high-grade, near surface drill results.

Prospect 100

Prospect 100 is situated approximately 2.5km east of Prospect 150

Several holes have been drilled into the Prospect 100 area which was identified from geophysics. These holes have intercepted high-grade copper and low-grade gold mineralisation near surface. Further drilling is required to extend the zone to depth and along strike.

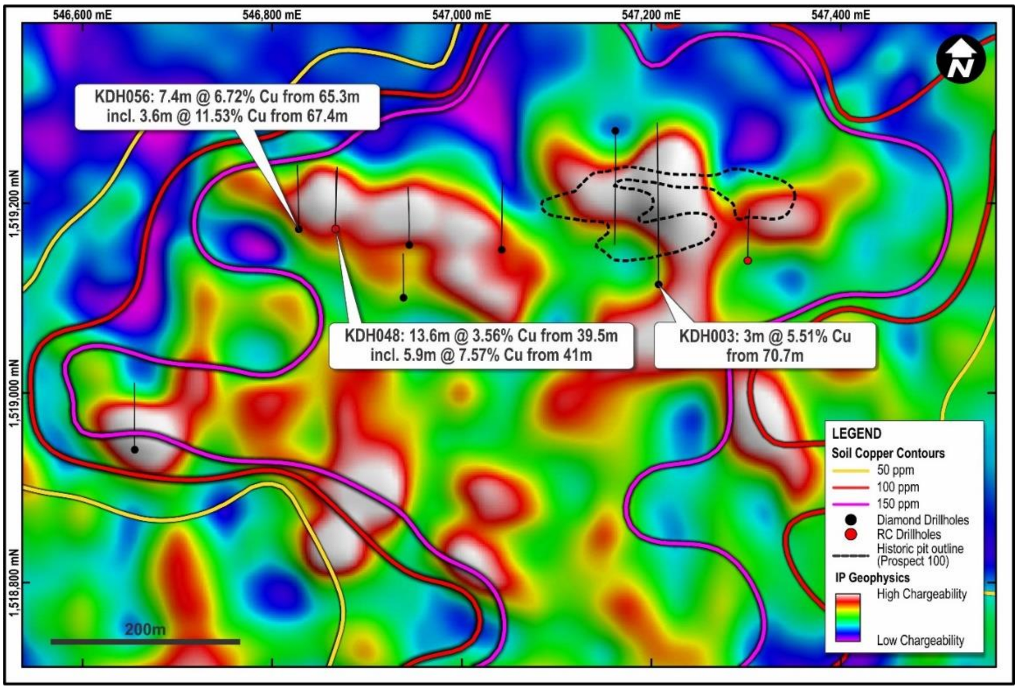
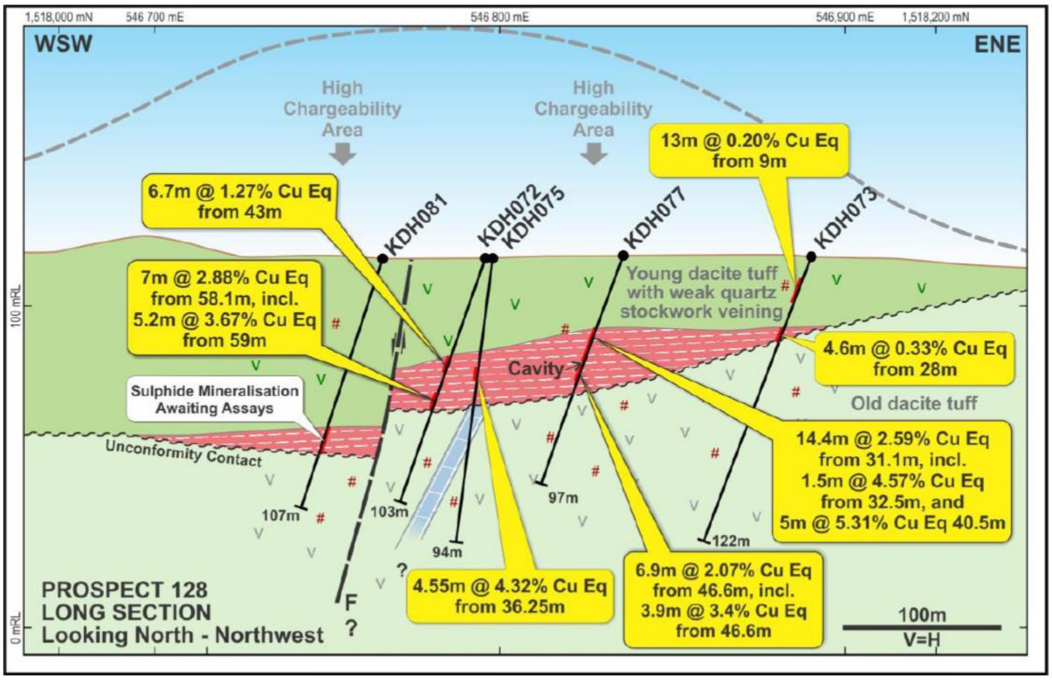


Figure 26: Prospect 100 Soil Cu Geochemistry Contours and Drill Hole Locations with High-Grade Cu Intercepts over IP Geophysics. Source: GPR website.

Prospect 128

Prospect 128 is situated approximately 2km east of Prospect 160.
The area of mineralisation at Prospect 128 has been systematically drilled on a 40m x 40m pattern. The mineralisation is predominantly copper sulphide of good grade and is near surface, forming a zone 40 to 50m wide, 200m long and up to 25m thick. A west-southwest to east-northeast section through this prospect displays the drill hole Cu Eq. intercepts, Figure 27.



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Source: GPR ASX release 7 May 2015.

Figure 27: Project 128 cross section displaying geology and the drill hole Cu Eq. intercepts.

17.2.1.1. Mineral Resources

The Kou Sa Project Mineral Resource estimate released to the ASX by GPR on 11th July 2016 was undertaken by MPR Geological Consultants Pty Ltd (MPR). The information cited below is primarily sourced from that report. The estimate includes gold, copper and silver grades combined into a copper equivalent (Cu Eq.). The resource estimates were calculated using Multiple Indicator Kriging (MIK), which provides an estimate described as representative of what could be reasonably extracted by mining. As such, GPR has termed this a recoverable resource stating that it could be considered fully diluted and no further mining loss and dilution factors need to be added to move the resource into reserve status. A high proportion of the resource is in the Indicated category, attributed to the detail of the drilling to date. Moving the resource to Measured status will require some additional infill drilling and further twining of RC drill holes.
Drilling information available for the July 2016 Resource Estimate includes 255 RC and diamond holes completed by Geopacific since December 2013 for 24,919 metres of drilling.

Table 18 Prospect 150 and 160 Resource Estimates

0.5% Cu Equivalent cut-off										
Deposit	**Category**	**Mt**	**Grades**				**Contained Metal**			
			Cu	**Au**	**Ag**	**CuEq**	**Cu**	**Au**	**Ag**	**Cu Eq**
			%	**g/t**	**g/t**	**%**	**kt**	**koz**	**koz**	**kt**
Prospect	Indicated	1.98	0.76	1.17	6.64	1.73	15.0	74.5	423	34.2

150	Inferred	0.09	0.7	0.6	5.2	1.2	0.6	1.7	15	1.1
	Subtotal	2.07	0.76	1.15	6.58	1.71	15.7	76.2	438	35.3
Prospect 160	Indicated	0.95	1.10	0.07	4.27	1.20	10.5	2.1	130	11.4
	Inferred	0.17	0.8	0.1	4.5	0.9	1.4	0.5	25	1.6
	Subtotal	1.12	1.05	0.07	4.30	1.16	11.8	2.7	155	13.0
Total	Indicated	2.93	0.87	0.81	5.87	1.56	25.5	76.6	553	45.7
	Inferred	0.26	0.8	0.3	4.7	1.0	2.0	2.3	40	2.7
	Total	3.19	0.86	0.77	5.78	1.52	27.5	78.9	593	48.4

Source: GPR ASX release 11 July 2016.

17.3. Fijian Projects

There are two distinct projects that constitute the Fijian projects, these are the The Vuda-Sabeto Project, located 10km from the international airport and 15km from the town of Nadi and the Nabila Project, an epithermal gold project which includes the Faddy's Prospect. The Nabila project is the most advanced prospect in GPR's Fijian portfolio. It is well located, just off the main bitumen road and 20 kilometres from the International Airport at Nadi. The Faddy's Prospect has been drilled extensively however additional work is required in order to achieve JORC compliance. The anniversary date of Vuda-Sabeto tenements is 23/4/2019, the Fijian regulations require a report and extension of term application is made however DRM is unsure if such a report has been or will be submitted.

17.3.1. Geology and Exploration Potential

The Nabila Project is an epithermal gold project which includes the Faddy's Prospect which has been the focus of considerable historical exploration while the Vuda-Sabeto project is an earlier stage exploration project with minor previous exploration.

Nabila Project including the Faddy's Gold Prospect

Previous exploration has included IP geophysics, metallurgy, numerous trenches, 121 RC and 112 diamond drill holes. A historical non JORC inferred resource estimate has previously been reported.

High-grade channel samples collected from the trenches include:

28m @ 9.71g/t Au incl. 1m of 233 g/t Au
2m of 37.5g/t Au in a road cut channel sample
1m of 19.4g/t Au in a road cut channel sample
54m @ 1.26g/t Au incl. 1m of 66g/t Au

Drilling at the Faddy's Prospect shows that mineralisation extends to depth with better intersections including;

22m @ 4.0 g/t Au from 73m incl. 0.5m @ 73.2 g/t Au
11m @ 4.24g/t gold from 156m incl. 1.0m of 13.0g/t Au, 72g/t Ag, 4.43% Zn, 2.06% Pb and 0.62% Cu from 166m

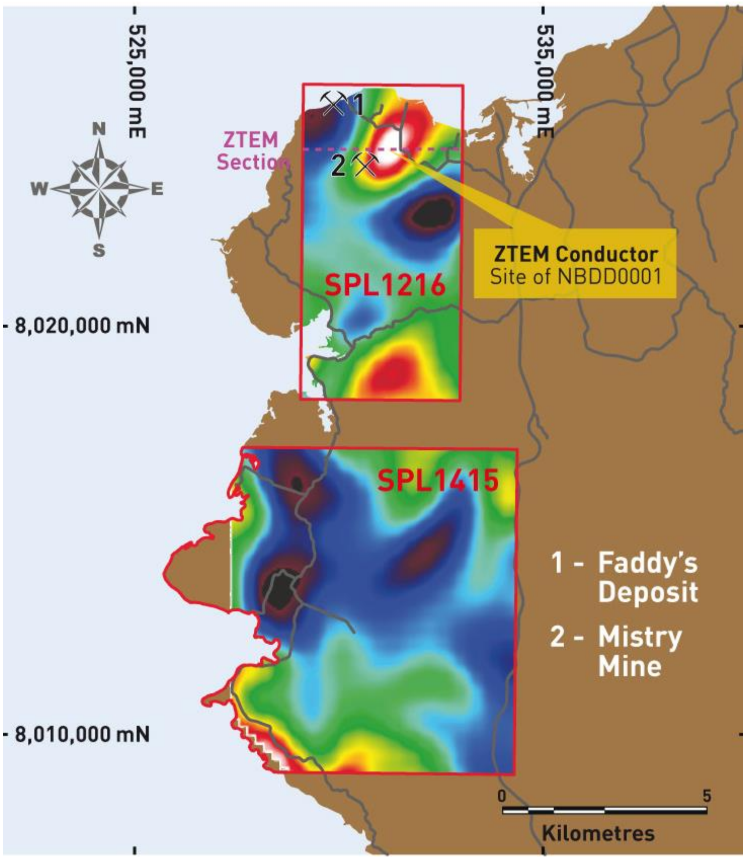

Figure 28 Nabila Project tenement outlines and regional aeromagnetic data.

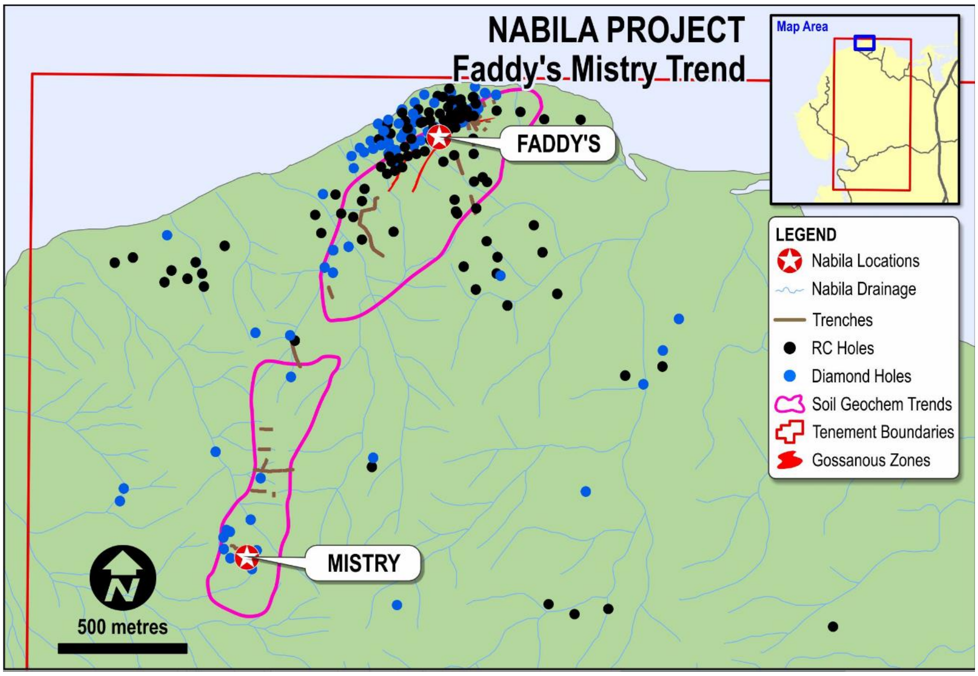

Figure 29 Nabila Project drill hole location plan for the Faddy's and Mistry prospects

Vuda - Sabeto Project

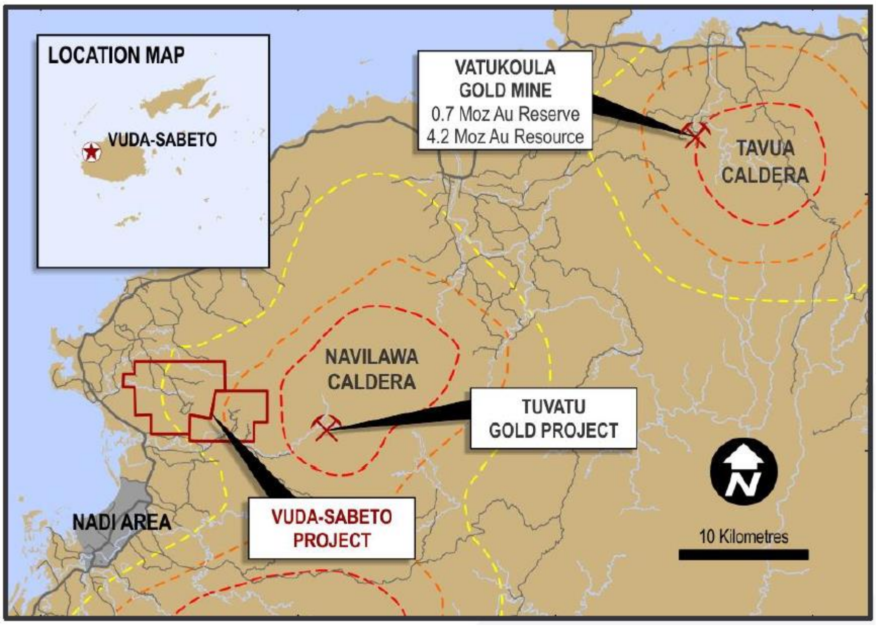

Figure 30 Location of the Vuda - Sabeto project in relation to the known gold deposits of Vatukoula and Tuvatu.

Vuda - Sabeto project is interpreted to be part of the same mineral system. Vuda is potentially a large alteration system with epithermal gold mineralisation intersected in historic drilling around the upper rim of an interpreted 1.5km wide porphyry. At Sabeto; initial exploration has identified a porphyry with anomalous copper and gold mineralisation. Drilling has only tested the upper regions of the system.

Together these Projects are interpreted by GPR to form part of a larger porphyry system with the epithermal upper levels of the system present at Vuda and an adjacent deeper part of the system present at the nearby Sabeto Project.

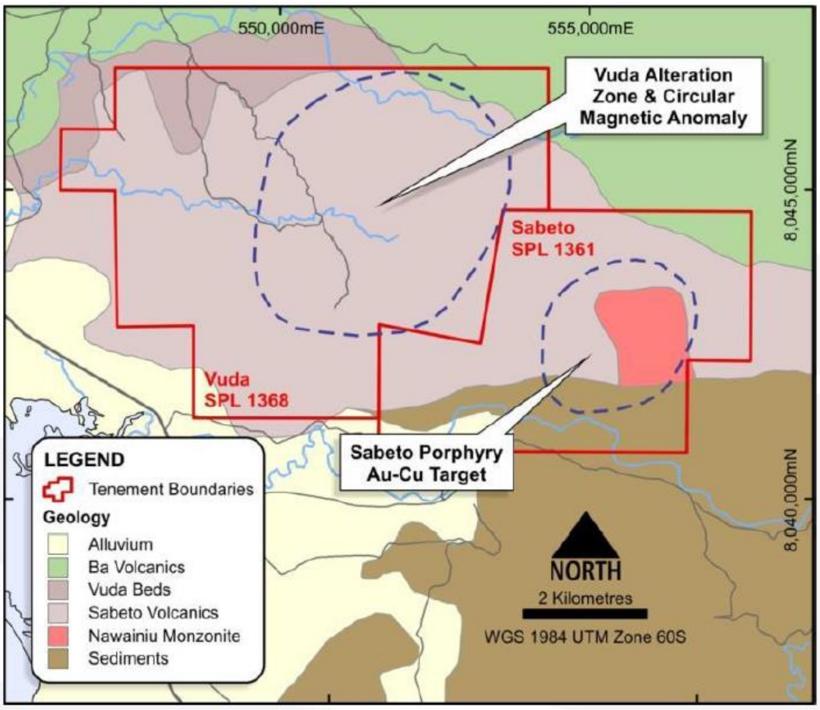

Figure 31 Vuda - Sabeto Project geology and magnetic anomalies

VUDA PROJECT

There are several distinct epithermal vein-hosted prospects around a magnetic anomaly.

Drilling the Vuda epithermal mineralisation has produced significant intersections from several different zones situated around the edge of the geophysical anomaly.

High-grade gold in drilling intersections include:

- 38m @ 1.76ppm Au from 29m
- 5m @ 4.98ppm Au from 0.5m
- 9m @ 13.06ppm Au from surface

SABETO PROJECT

Exploration completed by GPR on the tenement includes 5 diamond drill holes, trenching, shallow IP geophysics, regional coarsely spaced magnetics, detailed geological mapping and surface geochemical sampling. Previous drilling intersected a 32-metre zone of weak porphyry-related gold-copper mineralisation grading 0.24g/t Au and 0.12% Cu

18. Valuation of the Geopacific Mineral Assets

The VALMIN code outlines various valuation approaches that are applicable for projects at various stages of the development pipeline. These include a valuation based on market based transactions, income based or cost based. Table 21 below, from the VALMIN code provides a guide as to the most applicable valuation techniques for different assets.

Table 19 Valuation approaches and their suitability for mineral projects at different development stages from extracted from the VALMIN Code 2015

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

18.1. Valuation Subject to Change

The valuation of any mineral project is subject to several critical inputs most of these change over time and this valuation is using the most recent information available as of 7 March 2019. This valuation is subject to change due to variations in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the project, the current and future gold prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While DRM has undertaken a review of multiple aspects that could impact the valuation there are numerous factors that are beyond the control of DRM. This valuation assumes several forward-looking production and economic criteria which would be unreasonable for DRM to anticipate.

18.2. General assumptions

The Woodlark Island Gold Project has been valued using appropriate methodologies as described in the following sections. The valuation is based on a number of specific assumptions detailed above, including the following general assumptions;

- that all information provided to DRM and its associates is accurate and can be relied upon,
- the valuations only relate to the Wooklark Island Gold Project and not GPR or Kula nor their shares or the market value,

- that the mineral rights, tenement security and statutory obligations were fairly stated by GPR to DRM and that the mineral licences will remain active,
- that all other regulatory approvals for exploration and mining will be obtained in the required and expected timeframe
- that the owners of Woodlark Mining Limited can obtain the required funding to advance the project as assumed,
- that the current mineral resource and / or mineral reserve estimates and any modifying factors assumed in their estimation remain reasonable and valid,

18.3. Gold Market

The gold price is fundamentally different to many of the other commodities as the gold price is frequently seen as a pseudo currency and is considered by many as a safe haven investment option, especially in the current monetary policies of many of the major countries reserve banks. Figure 32 below shows the gold price over the last year. Due to the significant variations in the price over such a short period it is considered critical to ensure that any transactions that are used in a market or transactional based valuation are normalised to the current gold price. This allows a more accurate representation of the value of the mineral asset under the current market environment.

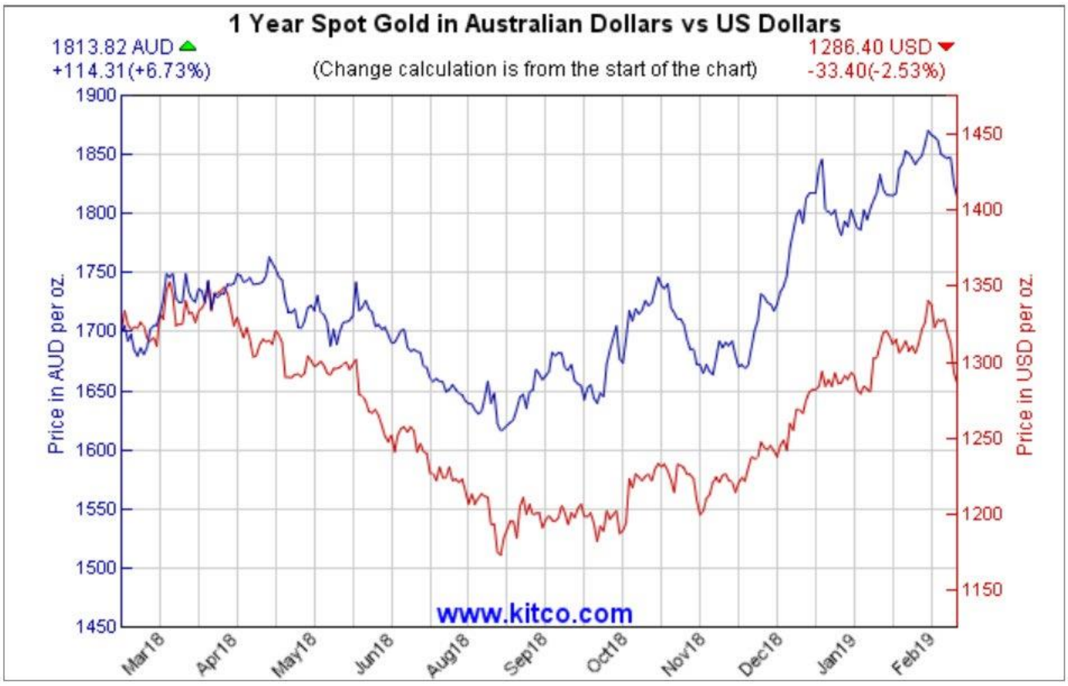

Figure 32 Historical gold price (US$) over the last year (source kitco.com)

19. Valuation WIGP

This report uses two separate valuation techniques to determine the valuation of the development asset being the Busai, Kulumadau and Woodlark King deposits and the exploration potential in the surrounding area. Table 20 details the valuation methods used for the mineral assets.

Table 20 Valuation methods used for the Woodlark Island Mineral assets.

Asset	Development Stage	Licence	Area (km^2)	Reserves and Resources	Valuation Basis	Valuation Methods / Approach
WIGP Resources	Development – Completed	Portion of ML508	~59km^2	1.037Moz P&P Reserve,	Reserves with completed	DCF (Income), Comparable

	Feasibility Study			1.5Moz MI&I Resource	Feasibility Study	Transactions (Market) Yardstick (Market)
WIGP Exploration Potential	Early Stage Exploration	Exploration leases	579km^2	N/A	Tenement Area / Geology	Geoscientific (Cost)

19.1. Income Approach Valuation – DCF Model

GPR provided DRM the financial model used in the DFS and DRM has reviewed and modified the model as considered necessary and reasonable. The financial model was developed based on costs and information provided to GPR as a part of the DFS. The financial model is based in Australian dollars. Overall the model in the November 2018 DFS is clear and all of the technical inputs are considered reasonable. The pit optimisations were undertaken at a gold price of A$1,650/oz that remains below the current and assumed gold price. The costs used in the DFS were generated from a first principals' basis in Australian dollars.

The processing recovery assumed in the DFS and this valuation was generated from extensive tests from all three deposits. While these recoveries were, variable depending on the specific domain being mined as a part of the open pit mining schedule, the overall mining recovery are reasonable. The proposed processing plant is a standard CIP gold plant. The 2.4Mtpa proposed processing plant, while historically considered a large is now considered to be a moderate size. The significant advantage of a processing plant of this scale allows the processing unit costs to be significantly reduced when compared to a smaller processing facility. This cost reduction allows the cut-off grades for the mining and milling operation to be reduced therefore significantly reducing the risks associated with mining dilution.

19.1.1. Production parameters

This valuation, which is based on the general assumptions included in the feasibility study, assumes a steady state processing of 2.4Mtpa with the processing of the ore reserves being undertaken over nine years with four additional years of processing low grade stockpiles.

19.1.2. Gold price assumptions

The Australian dollar gold price used was the price as at 7 March 2019, being US$1285.60/oz and an Australian to US exchange rate of 0.70416 which results in an Australian dollar gold price of $1825.72/oz. As there are various forecast prices for gold over the short to medium term DRM considers it reasonable to use the current spot gold price in Australian dollars as the assumed price over the duration of the financial model. Additionally, as there are no hedging or forward sales contracts nor other financial instruments currently in place for the project none have been assumed in this valuation.

19.1.3. Taxation

As DRM are not specialists in the tax implications that are applicable to the project or the corporate structure for WML and GPR the valuation in this report is a pre-tax value.

19.1.4. Exchange rates

The valuations, both the DCF valuations and the market based valuations have all been undertaken with the base currency being Australian dollars as such there is no requirement to model the variations in the exchange rates for the valuation. The exchange rates have only been considered where the previous or historic market based transactions have been used in the resource multiple or yardstick valuations to generate a normalised resource multiple.

19.1.5. Discount rate

While the November 2018 DFS used a discount rate of 8%, DRM considers that rate a discount rate of 8% does not, in DRM's opinion, accurately reflect the financing, geopolitical and associated risks with operating in PNG. The debt component of a potential development and the interest rates associated with the debt, are expected to be between 15% - 20% (16% assumed in the WACC calculations). It is also likely that any financiers would require a significant gold hedge facility to be put in place as security for the debt. The currently low market valuations for small to medium sized overseas development companies suggests that the equity component of development funding would be highly dilutive to the existing shareholders especially if that equity funding is generated by significant capital raisings. DRM has assumed that the post-tax equity returns required for private equity investment in GPR would be approximately 20%. In determining the WACC the equity returns have been increased to account for the company tax rate, therefore, assuming a 30% company tax rate the equity cost of capital has been determined as being 26%. With the assumption of $30 million of working capital in addition to the project CAPEX and the current market capitalisation the and the 60%/40% debt to equity ratio the WACC has been determined to be 18.2%.

Assuming GPR is able to attract debt and equity finding for the project it is expected that a debt to equity ratio of 60%/40% may be achievable. When funding risks are included in determining the weighted average cost of capital (WACC) along with the inherent geopolitical and social risks associated with operating on a remote island in PNG DRM considers that a pre-tax WACC of between 16% and 20% would be realistic. Therefore, DRM has used discount rates of 16%, 18% and 20% to determine the range in the Net Present Value of the project. The preferred valuation has been determined by using a 18% discount rate.

19.1.6. Discounted Cashflow Valuation

DRM considers the discounted cashflow (DCF) modelling approach as the most appropriate method for valuing the advanced and development ready Kulumadau, Buasi and Woodlark King deposits that constitute the WIGP. Table 21 below details the DCF findings. This valuation approach is the best understood valuation method associated with advanced projects and allows an analysis of a project while considering the true cost of an investment decision when compared to other potential investment alternatives. The weighted average cost of capital is assigned to generate an inflation and interest rate corrected valuation with that valuation being a current currency based valuation. In this case, the currency Australian dollars based in 2019. It accounts for all the factors associated with a development and is relatively easy to apply according to a range of discount rates, and factors in all revenue, operating costs, selling costs, capital costs, depreciation and tax. The exploration assets associated with these three deposits have been valued separately using valuation methods that are more suitable for early stage exploration assets.

Several inputs were modified from the GPR DFS. These included a modification of the NPV calculation to determine the NPV based on the entire development timeframe rather than a discount only on the future cashflows.

A sensitivity analysis of various inputs into the DCF has been undertaken and is summarised below.

Table 21 DCF NPV valuation ranges derived from the modified financial model

Valuation	Low	Preferred DCF Valuation	High
Discount Rate	20%	18%	16%
Pre Tax NPV	$113.4	$134.7	$159.2

Therefore, based on the modified financial model derived from the inputs generated in the 2018 DFS the Pre-Tax NPV of the WIGP is between **A$113.4 million** and **A$159.2 million** with a preferred valuation of **A$134.7 million.**

As this report is to determine the fair market value of the project an additional discount to the NPV determined above is considered appropriate especially as it is extremely rare for an unfunded project to transact at the NPV of the project. Additionally, there is a risk that the debt and equity finding may not be readily available or there may be considerable delays in securing project financing. On that basis an additional discount to the NPV is required to determine the Fair Market Value of the project. As the project is best described as a low grade gold deposit located on a remote island of PNG DRM considers a nominal 35% discount to the NPV as an appropriate discount to determine the fair market value of the project.

When this discount is applied to the NPV detailed above the fair market value of the project is documented in Table 22 below

Table 22 Discounted DCF valuation ranges derived from the modified financial model.

Valuation	Low	Preferred DCF Valuation	High
Discount Rate	20%	18%	16%
Pre Tax NPV	$73.7	$87.5	$103.5

Therefore, based on the modified financial model derived from the inputs generated in the 2018 DFS the fair market valuation of the currently defined deposits within the WIGP is between **A$73.7 million** and **A$103.5 million** with a preferred valuation of **A$87.5 million.**

This valuation does not include the exploration potential of the project which has been valued below using a geoscientific or Kilburn valuation method.

19.1.7. Sensitivity Analysis WIGP

DRM has undertaken a brief sensitivity analysis of the pre-tax NPV of the WIGP. The main aspects that were investigated to determine the sensitivity of the project were increases and decreases in the mining costs, processing costs and capital costs of the project and the gold price. The analysis below is based on the full NPV of the project rather than the discounted NPV where the additional discount detailed above was applied due to the funding risks associated with the project.

Table 23 Sensitivity analysis inputs to determine the pre-tax NPV sensitivity

Sensitivity Item	-20%	-10%	Base Case	+10%	+20%
Mining Cost ($/t)	$2.01	$2.26	$2.51	$2.77	$3.02
Processing Cost ($/t)	$14.6	$16.42	$18.24	$20.07	$21.89
Capital Cost ($ million)	$161.9	$181.1	$202.3	$222.6	$242.8
Gold Price (AUS$/oz)	$1,460.58	$1,643.15	$1,825.72	$2,008.29	$2,190.86

Table 24 Pre-Tax NPV$_{(18)}$ Sensitivity Analysis

Sensitivity Item	-20%	-10%	Base Case	+10%	+20%
Mining Cost ($ million)	160.2	147.4	134.7	121.9	109.1
Processing Cost ($ million)	165.2	149.9	134.7	119.4	104.1
Capital Cost ($ million)	164.8	149.7	134.7	119.6	104.5
Gold Price ($ million)	21.2	77.9	134.7	191.4	248.1

In addition to the sensitivity of these aspects the valuation above also details the sensitivity of the project to the cost of capital which has been used to determine a range in the pre-tax valuation. If the cost of capital were 12% rather than the preferred discount rate of 18% then the Pre-tax NPV would be $220.8 million.

19.2. Comparable Transaction Valuation

The information for the comparable transactions has been derived from various sources including the ASX releases associated with these transactions, a database compiled by DRM for advanced stage exploration and development ready projects and a monthly publication by PCF Capital termed the Resource Thermometer.
This valuation method is the secondary valuation method as recommended in the 2015 VALMIN code and is primarily used as a check of the validity of the DCF valuation documented above. Only transactions that have been completed since 2012 were considered comparable due to the changes in the global economy since that time.

The comparable transactions have been compiled for advanced projects where Resources and Reserves have been estimated. There are very few transactions since 2012 for development ready projects in South East Asia and PNG. There are several transactions involving active mining operations and multiple transactions involving advanced exploration projects where no Reserves have been estimated. Therefore, DRM has used four Australian projects that have transacted in 2016 and 2017 to determine a potentially comparable resource multiple for advanced projects where a DFS has been completed or the former mine is on care and maintenance. These comparable transactions provide a guide of the likely Resource multiples that can be then assigned to the Resources within the WIGP. The transactions all occurred in Australian dollars. As this report and valuation along with the primary valuation method (DCF) have been undertaken in Australian dollars exchange rate variations have no impact on the valuation.

The Resource multiples used in this valuation average $45.7/oz while the median of the transactions is $43.4/oz. To determine a range for the valuation DRM has used the 75th and 25th percentiles of the transactions which resulted in a lower valuation based on a resource multiple of $25.1/oz and an upper valuation based on $68.6/oz. Details of the transactions and the resultant resource multiples are detailed in Appendix A. As these transactions were all based in Australia a discount to account for the valuation differences between PNG based projects and Australian projects has been assigned to these resource multiples. DRM has used the average resource multiples for the two recent transactions for the Misima gold project, an exploration project that has no reserves. As detailed above the two most recent transactions for the Misima project average $6.22/oz this compares to the lower resource multiples for exploration stage projects in Australia of $8.5/oz. A higher discount could be applied if only the recent transaction for Misima were used as that was at a 50% discount to the Australian resource multiples. Therefore, in DRM's opinion a 25% discount to the resource multiple valuation is reasonable.

The validity of these Resource multiples used by DRM has been checked by reviewing the March 2019 PCF Capital Resource Thermometer. This report details, amongst other information, the Resource and Reserve multiples for projects at an exploration, development, mining and care and maintenance stage for gold, copper, iron ore and nickel. PCF Capital does not provide any warranty of the accuracy of these resource and reserve multiples. Significantly these resource and reserve multiples are a global compilation of the transactions and not specific to any particular region. It is reasonable to assume that the resource and reserve multiples would be significantly different if they were limited to specific geological and geographical locations. The resource multiples detailed in the "Resource Thermometer" over the past year, three years and five years range from US$34/oz to US$36/oz. Using the exchange rate as at the valuation date these equate to approximately A$48/oz which is within the range being used in this valuation.

As the WIGP has all approvals in place and a completed feasibility study reported it is considered by DRM to be a Development project.

From the analysis of the recent comparable transactions DRM considers that a reasonable Resource multiple for the Resources is between **A$25/oz** and **A$68/oz** with a preferred of **A$43/oz**. A 25% discount has been applied to these multiples to account for the geopolitical risks and transactional differences between Australia and PNG.

Table 25 below details the Resource and Reserve multiples and the comparable transaction valuation of the WIGP

Table 25 Summary of the Resource multiple valuation for the WIGP.

	Contained Gold	Resource Multiples (A$/oz)			Valuation (A$ million)		
	(oz)	Low	Preferred	High	Low	Preferred	High
Australian Resource Multiples	1,573,000	$25.1	$43.4	$68.6	$39.5	$68.3	$107.9
Discounted (25%) Resource Multiples	1,573,000	$18.5	$31.9	$50.4	$29.6	$51.2	$80.9
Total Valuation					$29.6	$51.2	$80.9

The global Resource is approximately 1.5Moz. The breakdown of the classification of the Resources and Reserves is documented above in this report. Therefore, DRM considers the WIGP to be valued, based on comparable transaction basis at between **A$29.6 million** and **A$80.9 million** with a preferred valuation of **A$51.2 million**. This is broadly within the range derived from the DCF valuation.

19.3. Yardstick Valuation

A yardstick valuation was undertaken as a check of the comparable transactions. This yardstick valuation is based on a rule of thumb as supported by a large database of transactions where resources and reserves at various degrees of confidence are multiplied by a percentage of the spot price. The database is an in-house compilation of historical publicly announced transactions (dominantly from ASX releases) from 2010 to 2018 with various resources classifications. The yardstick valuation factors used in this report are in line with other yardstick valuation factors commonly used in other VALMIN reports such as Naidoo et.al. (2016).

Table 26 details the yardstick multiples that are commonly used for gold resources. Typically, base metal and other commodities which are sold as concentrates use significantly lower yardstick multiples to reflect the proportion of the value of the metal in concentrate that is paid to the producer. Gold is typically sold directly to a refinery or mint as gold Dore (an alloy of gold and silver) and a very high proportion of the metal value is paid to the producer, often >97% while concentrates result in a much lower proportion of the metal value being paid to a producer (often as low as 50-60% of the metal value).

The spot gold price as of 7 March 2019 of US$1,285.60/oz. and an exchange rate of 0.70416, resulting in an Australian Dollar Gold price of $1,825.72/oz was used to determine the yardstick valuation.

Table 26 Yardstick multiples used for gold projects

Resource or Reserve Classification	Lower Yardstick Multiple	Upper Yardstick Multiple
	(% of Spot price)	(% of Spot price)
Ore Reserves	5%	10%
Measured Resources (less Proved Reserves)	2%	5%
Indicated Resources (less Probable Reserves)	1%	2%
Inferred Resources	0.5%	1%

Due to the geopolitical, tenement and environmental risks along with the funding risks associated with a low grade gold project in PNG DRM has elected to undertake an additional discount to these yardstick multiples. The discounted yardstick multiples are tabulated in below. The discounted yardstick valuation is detailed in Table 28 below. The preferred valuation has been determined as the mid-point between the upper and lower yardstick valuations.

Table 27 Discounted Yardstick Multiples

Resource or Reserve Classification	Lower Yardstick Multiple (% of Spot price)	Upper Yardstick Multiple (% of Spot price)
Ore Reserves	3.0%	5.0%
Measured Resources (less Proved Reserves)	1.0%	3.0%
Indicated Resources (less Probable Reserves)	0.5%	1.0%
Inferred Resources	0.2%	0.5%

Table 28 Discounted Yardstick valuation

	Oz	Au Price (A$/oz)	Low	Preferred	High
Proved Reserves	697,000	$1,825.72	$38.2	$50.9	$63.6
Prob Reserves	340,600	$1,825.72	$18.7	$24.9	$31.1
Measured	57,000	$1,825.72	$1.0	$2.1	$3.1
Indicated	256,400	$1,825.72	$2.3	$3.5	$4.7
Inferred	222,000	$1,825.72	$0.8	$1.4	$2.0
Total	1,573,000		$61.0	$82.8	$104.5

19.4. Geoscientific / Kilburn Exploration Valuation

To generate an overall value of the entire project it is important to value all the separate parts of the mineral assets under consideration. In the case of the WIGP the most significant value drivers for the overall project are the advanced deposits, while this is currently the main contributor to the projects value if there is significant exploration potential then this potential value is important to quantify.

To attribute value to the early stage exploration opportunity within the WIGP a very different valuation approach is required to the income based DCF valuation and the comparable transaction valuations where a resource estimate can be used as the basis of the valuation. To assign one valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any mineral resources or reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential. While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly and by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are the proximity to, both adjacent to and along strike of a major deposit (Off Property Factors), the occurrence of a mineral system on the tenement, the success of previous exploration within the tenement and the geological prospectively of the geological terrain covered by the mineral claims or tenements.

While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated where favourable or unfavourable ranking criteria to be spread over a large tenement.

For the WIGP the tenements being valued are the mining lease but excluding the actual defined deposits, the tenement adjacent to the mining lease (EL 1279) and the other two tenements that are more distal to the historical mining areas and the current Reserves and Resources. The majority of the exploration work has been conducted within and adjacent to the mining lease, as such the geoscientific rankings for those tenements are higher than the other more distal tenements.

Table 29 below documents the ranking criteria while Table 30 details the inputs and assumptions that were used to derive the base acquisition cost (BAC). These costs were sourced from the PNG Mineral Resources Authority website, with the tenement identification and targeting costs assumed to be AUS$50,000 per tenement.

Table 29 Ranking criteria are used to determine the geoscientific technical valuation

Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally favourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within tenement	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified, initial indications positive	
2.0	Resource targets identified	Exploration targets identified		Favourable geological setting
2.5			Significant intersections - not correlated on section	
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production		Mineralised zones exposed in prospective host rocks
3.5			Several significant ore grade intersections that can be correlated	
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

Table 30 inputs into the Base Acquisition Costs used in the geoscientific valuation.

Input to BAC	Unit	Cost (kina)	Cost (AUS$)
Tenement Age	Assumed 3 years		
Tenement Application Fee	Per tenement	K5,000	$2,108.08
Annual Rent – EL	Per sub block	K470	$58.11
Annual Rent – ML	Per km^2	K1200	$505.94
Minimum Exploration Commitment (EL)	Per sub block	K2000	$843.23
Minimum Exploration Commitment (ML) Assumed to be the same as an EL	Per sub block	K2000	$843.23
Targeting and Evaluation Cost	Per tenement		$50,000

Note the costs derived from the PNG government website were converted to AUS$ based on an exchange rate of 0.4216. Additionally, the costs that are derived on a per sub block are converted to a cost per km2 on the basis that 1 sub block is 3.41km2.

Using the ranking criteria from Table 29 along with the base acquisition costs derived from Table 30 an overall technical valuation was determined. Appendix B details the ranking criteria, technical valuation and the market valuation for each of the tenements.

The technical valuation was discounted to derive a market valuation. A market factor was derived to account for the geopolitical risks of operating in PNG and due to the remote nature of the project (20% discount) while a slight (5%) discount was also applied to account for the lack of support in the general market for overseas development ready gold projects. This market factor resulted in a market factor of 76%. Table 31 below details the lower, upper and preferred geoscientific valuations.

Table 31 Summary of the Geoscientific Ranking Valuation Method

Project Area	Low (A$ M)	Preferred (A$M)	Upper (A$M)
579km^2	2.8	4.9	6.9

20. Risks and Opportunities

DRM has reviewed the feasibility study and the supporting reports and documentation and has identified that there are several risks and opportunities with the project development. There are risks and opportunities within three main areas, being the resource, financial risks and the social, tenure and permitting aspects of the project.

With all Mineral Resource Estimates and evaluations there are inherent risks and opportunities that could have a significant impact on the overall project. The main risks associated with the Resources are, in the opinion of DRM, associated with the estimation of grade continuity within what are structurally complex mineral systems. The extensive faulting and structural controls within the deposit appear to be both a risk and an opportunity with additional mineralisation potentially being delineated in either orientations that have been poorly tested or a lack of geological continuity of mineralisation previously interpreted as being as indicated by several of the recent GPR drill holes. In undertaking a MIK mineral resource estimate DRM considers that the structural complexity and geological and grade continuity may be incorrectly identified and modelled. This modelling approach commonly results in a lower resource grade with higher tonnes.

The financial model has been generated in Australian dollars with the costs developed from first principals. As with all mineral projects a significant risk is in the foreign exchange movements, as the project would be exposed to several currencies including US dollars, PNG Kina and Australian dollars the variations in these currencies will have an impact on the viability of the project. GPR has minimal ability to mitigate these risks. While there are financial instruments that could be put into place to mitigate some of this risk these instruments could also have a significant impact on the overall long term viability of the project depending on the currency exchange movements.

Finally, there is a risk associated with the mining lease which has a tenement condition where the project has to be completed and in production by late 2019. Given the two year construction timeframe detailed in the DFS it is clear that construction and commissioning cannot be completed before the end of 2019. DRM has been informed that GPR have commenced discussions and made submissions to the PNG government to have this timeframe either removed from the tenement conditions or extended to allow the re-evaluation and construction to commence in an appropriate timeframe. DRM understands that if the development condition is not adjusted the PNG government could commence a process to cancel the mining lease. While this is an extreme outcome it is considered unlikely to occur as it would result in a significant deterioration of the exploration and mining sector in PNG and increase the sovereign risks to investment in PNG. If the mining lease were cancelled is it reasonable to assume that the area associated with the mining lease would revert to either the underlying exploration licence, which remains in good standing or a new exploration licence. In the unlikely event that the mining lease were cancelled, and it reverted to the granted exploration licence the main risk is an extended timeframe to have a new mining lease granted and the need to recommence the approvals process.

21. Valuation of Other Mineral Projects

DRM has undertaken an assessment of the other GPR mineral projects, being a series of tenements in Fiji and the Kou Sa project in Cambodia.

21.1. Valuation of Kou Sa Project, Cambodia

The same methodology as used for the WIGP has been undertaken for the Kou Sa project with the resource multiple valuation being used for a nominal area around the existing resources and a Kilburn valuation being used to determine a value for the exploration potential around the resources. DRM maintains a database of transactions including copper resource multiples for various projects, the resource multiples for early stage copper projects are currently within a range of US$0.006/lb and US$0.021/lb of copper equivalent. These resource multiples compare to the multiples published by PCF Capital in their monthly resource thermometer where the current (March 2019) copper resource multiples are within a range of US$0.010/lb and US$0.023/lb of copper equivalent. While the secondary valuations are based on a yardstick (discounted due to the project being assumed to produce a copper gold concentrate) while the area based comparable transaction valuation has been used to determine an estimate of the value of the exploration potential around the resources. A range of area based valuations for copper projects in the south east Asian region has been used and is based on recently completed transactions where ed at between $2,000/km^2 and $5,000/km^2. Note the resource multiples and yardstick valuations have been undertaken using the resource grades and tonnes at 0.5% copper equivalent cut-off and the copper equivalent grade has been re calculated by DRM at the current commodity prices and the recoveries from the metallurgical testing hence there is a slight difference in the contained copper equivalent used in the valuation of the Kou Sa project and the resources detailed above. The contained copper equivalent has been determined by DRM to total 48314t of contained copper equivalent (45,303t Indicated and 3,012t Inferred) compared to the stated resource of 48,400t of copper equivalent.

Primary Valuation for the Kou Sa project

Table 32: Summary of Kou Sa Valuation

Project	Valuation Methodology	Low (A$ million)	High (A$ million)	Preferred (A$ million)
Kou Sa	Resource Multiples – Exploration Project	0.9	3.2	2.0
Kou Sa	Kilburn includes Exploration*	1.1	3.9	2.5
Preferred Valuation including Exploration Potential		**2.0**	**7.1**	**4.6**

* excludes Kilburn Valuation for Resource Areas

* Appropriate rounding of the valuations has been done to the level of accuracy of the valuation.

Secondary valuation methods for the Kou Sa project

Comparable Transactions Area for the exploration potential

GPR	Area	Low (A$ million)	High (A$ million)	Preferred (A$ million)
Comparable transactions ($/km^2)		2,000	5,000	3,500
Cambodia	158km^2	$0.3	$0.8	$0.6

Yardstick for the Kou Sa Resources

Yardstick Multiples	Low	High
Reserves	3.0%	6.0%
Measured	1.2%	3.0%
Indicated	0.6%	1.2%
Inferred	0.30%	0.6%

	Contained Copper Equivalent	Copper Price (A$/t)	Low (A$ million)	Preferred (A$ million)	High (A$ million)
Indicated	45,303	$9,185	2.5	3.7	5.0
Inferred	3,012	$9,185	0.1	0.1	0.2
Valuation	**48314**		**2.6**	**3.9**	**5.2**

Note the difference between the contained copper equivalent as determined by DRM and the Copper Equivalent as documented in the resource, the difference is due to DRM re calculating the copper equivalent based on updated commodity prices and metal recoveries.

Therefore, in DRM's opinion the Kou Sa project in Cambodia has a fair market value of between $2.0 million and $7.1 million with a preferred fair market valuation of $4.6 million.

As there are deferred payments of US$6.3 million for GPR to secure the project. Therefore, the project is considered to have minimal value to GPR. We note that GPR has impaired the project carrying value to match the deferred payment. Which is consistent with DRM's assessment of the project value.

Given the fair market value as determined above and the required payments for GPR to secure the project in DRM's opinion the Kou Sa project has minimal value to GPR.

21.2. Valuation of Fijian Exploration Projects

Two separate valuation methods have been undertaken to value the early stage exploration projects within Fiji. GPR has been actively marketing the projects and has recently relinquished several of the tenements listed in their last quarterly report. The two methods used are a geoscientific or Kilburn valuation and an area based comparable transaction multiple. The same methodology as used for the WIGP has been undertaken for the Kilburn valuation while the area based comparable transactions are based on a range of area based valuations for copper projects in the south east Asian region. These have recently transacted at between $2,000/km^2 and $5,000/km^2.

Fijian Projects – Kilburn Valuation

Prospects	Technical Valuation ($)			Fair Market Valuation ($ million)	
	Lower	Upper	Preferred	Lower	Upper
Nabila Project - Highly prospective area (Proximal to non JORC Resources)	37,400	147,200	92,300	0.03	0.13
Nabila Project lower prospective area	173,300	780,100	476,700	0.15	0.67
Vuda prospect	179,800	674,400	427,100	0.15	0.58
Sabeto prospect	67,300	224,300	145,800	0.06	0.19
Total Valuation	**457,800**	**1,826,000**	**1,141,900**	**0.4**	**1.6**

Fijian Projects – Comparable Transactions

GPR	Area	Low ($ M)	High ($ M)	Preferred ($ M)
Comparable transactions ($/km^2)		2000	5000	3500
Fiji	132.4km^2	$0.3	$0.7	$0.5

In DRM's opinion the Fijian projects have a fair market value of between $0.4 million and $1.6 million. As GPR is currently trying to divest these projects and has elected to surrender several tenements to it is considered reasonable to assume that there is minimal interest in the tenements resulting in the preferred fair market value of the retained projects to be closer to the lower valuation. Therefore, DRM considers the preferred fair market value of the Fijian projects to be $0.5 million.

22. Preferred Valuations

Based on the valuation techniques detailed above Table 33 provides a summary of the various valuation techniques for the WIGP with the preferred valuation techniques for both the Development and Exploration assets in bold

Table 33 Summary of the various Valuation techniques completed of the WIGP. The valuations considered by DRM as the preferred valuations are bold.

Mineral Asset	Valuation Technique	Lower Valuation (A$ million)	Preferred Valuation (A$ million)	Upper Valuation (A$ million)
Development Assets	Discounted Pre-tax NVP	$73.7	**$87.5**	$103.5
	Comparable Transactions	$29.6	$51.2	$80.9
	Yardstick	$61.0	$82.8	$104.5
Exploration Assets / Potential	Geoscientific / Kilburn	$2.8	**$4.9**	6.9

The two preferred valuation methods considered by DRM as the most robust are the DCF valuation method as supported by the extensive feasibility study completed in 2012 and partly updated for this report for the development assets where there are defined Reserves and Resources while the preferred valuation method for the exploration assets is a Geoscientific or Kilburn valuation. As these valuations are mutually exclusive therefore it is reasonable to combine these valuations to determine an overall preferred valuation for the WIGP.

In DRM's opinion and based on the DCF valuation, the development assets are valued at between A$73.7 million and A$103.5 million with a preferred valuation of A$87.5 million while the exploration assets are valued at between A$2.8 million and A$6.9 million with a preferred valuation of A$4.9 million.

Therefore, DRM considers the combined value of the WIGP to be between **A$76.5 million** and **A$110.4 million** with a preferred value of **A$92.4 million.**

23. Conclusion

The WIGP has a completed DFS with a resultant 1Moz reserve and over 1.5Moz in Resources contained within four main mineralised bodies. In addition to these deposits there is considerable exploration potential within the large tenement holding which consists of one mining lease and three exploration licences.

During the preparation of this report and while reviewing all the technical documents associated with the WIGP no material technical errors were identified in the Mineral Resource Estimates or the Ore Reserves. The majority of the assumptions that underpin the DFS are considered reasonable. There are however several aspects that could be further de-risk the project.

DRM was provided the DCF model from the DFS and had made several adjustments and modifications to the model. These included updating the gold price to the current price and modifying the NPV formula to generate the net present value over the entire development timeframe rather than limiting the discount to the cash generating portion of the development. DRM also validated the financial model to ensure that all of the critical inputs from the

DFS were correctly included in the financial model. While some minor discrepancies were identified these are considered to be minor and made no material difference to the valuation.

DRM has also updated the discount rate used in the financial model to account for the project specific and non-technical risks associated with a project in PNG. The pre-tax discount rate was increased to between 16% and 20% based on the expectation that using a standard debt to equity ratio and the risks associated with a project located in PNG it is reasonable to assume that the debt would be at a higher interest rate than say an Australian based project.

In DRM's opinion, the Market Value of the development assets within the WIGP is between A$73.7 million and A$103.5 million with a preferred valuation of A$87.5 million. In addition to the value of the development assets there is significant value in the exploration assets which lie between A$2.8 million and A$6.9 million with a preferred valuation of A$4.9 million.

Therefore, DRM considers the combined value of the WIGP to be between **A$76.5 million** and **A$110.4 million** with a preferred value of **A$92.4 million.**

The other GPR mineral assets are considered to have minimal value due to the deferred payments required on the Kou Sa project and the early stage exploration activities at Fiji.

While this report has determined a fair market value of the Kou Sa project as being between $2.0 million and $7.1 million with a preferred fair market valuation of $4.6 million there are deferred payments of US$6.3 million for GPR to secure the project. Therefore, in DRM's opinion the Kou Sa project has minimal value. And the Fijian projects have, due to their early exploration stage have a fair market value of between $0.4 million and $1.6 million however due to GPR actively divesting the projects and several tenements being surrendered rather than transacted it is considered reasonable to assign a fair market value closer to the lower valuation. Therefore, DRM considers the Fijian projects to be valued at approximately $0.5 million.

24. References

The unpublished reports associated with the November 2018 DFS completed by Lycopodium with reserves determined by Mining Plus and resources by MRP and associated reports and studies have not been included in the references below. No GPR ASX releases are listed below, any references to the GPR ASX releases within the report are sources from the ASX or GPR website. The 2012 DFS completed by Arccon Mining Services and associated reports are not included in this reference list as that work has been superseded by the November 2018 DFS.

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25. Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral www.webmineral.com, Wikipedia www.wikipedia.org,
The following terms are taken from the 2015 VALMIN Code

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Australasian means Australia, New Zealand, Papua New Guinea and their off-shore territories.

Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

Corporations Act means the Australian Corporations Act 2001 (Cth).

Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.

Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.

Independent Expert Report means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as either:

(a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;

(b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;

(c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;

(d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study;

(e) **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power and other technical requirements spanning commissioning, operation and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis or composition.

Mineral P**r**oject means any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resources is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

Mining means all activities related to extraction of Minerals by any method (eg quarries, open cast, open cut, solution mining, dredging etc).

Mining Industry means the business of exploring for, extracting, processing and marketing Minerals.

Modifying Factors is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

Ore Reserves is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resource and **Petroleum Reserve** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers. Refer to http://www.spe.org for further information.

Practitioner is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

(a) admits members primarily on the basis of their academic qualifications and professional experience;

(b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and

(c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade or build good will.

Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.

Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Reasonableness implies that an assessment which is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

Royalty or Royalty Interest means the amount of benefit accruing to the royalty owner from the royalty share of production.

Securities has the meaning as defined in the Corporations Act.

Securities Expert are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.

Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

Specialist are persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

Status in relation to Tenure means an assessment of the security of title to the Tenure.

Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.

Appendices

Appendix A – Comparable Transactions

Recent Development or Producing Asset transactions – Australian Projects. Transactions that are highlighted in green are considered potentially comparable to the Woodlark Island Gold Project

Development Projects

Date	Project	Project Status	Seller	Buyer	Equity Sold	Consideratio	Reserves				Resources				Comparable	
						(AUS$ M)	Mt	g/t	oz	$/ Reserve	Mt	g/t	Million oz	$/ Resource oz		Comments
26/03/2019	Higginsville	Operating	Westgold	RNC Minerals	100	50	5.945	1.92	0.349	143.3	29.746	2.01	1.906	26.2	No	Higginsville
30/08/2018	Pogo	Operating	Suminito	Northern Star	100%	347		11.9	0.76	456.6		12.3	4.1	84.6	No	Alaska - Exploraiton and mining upside
18/03/2018	South Kalgoorlie	Operating	Westgold	Northern Star	100%	80	3.643	2.15	0.252	317.5	58.011	2.15	4.016	19.9	No	Mill and strategic expansion of operations in the ar
3/08/2017	Darlot	Operating	Goldfields	Red 5	100%	25	0.452	3.84	0.056	446.4	1.2	6	0.224	111.6	No	Non core asset divested
15/08/2016	Plutonic	Operating	Northern Sta	Superior Gold	100%	66.2	2.741	2.5	0.218	303.7	13.653	3.9	1.717	38.6	No	Not tier 1 asset (<300,000oz/year)
13/05/2014	Jundee	Operating	Newmont	Northern Star	100%	82.5	2.997	0.43	0.411	200.7	3.582	4.4	0.507	162.7	No	Non core asset divested
23/01/2014	Kundana	Operating	Barrick	Northern Star	100%	75	3.646	5.3	0.62	121.0	6.507	4.3	0.905	82.9	No	Non core asset divested
3/08/2017	King of the Hills	Care and Maintence	Saracen	Red 5	100%	16				N/A	2.71	4.6	0.402	39.8	Yes	Non core asset divested
26/09/2017	Red October	Care and Maintence	Saracen	Matsa	100%	2				N/A	0.446	6.9	0.099	20.2	Yes	Non core asset divested
7/11/2016	Gold Road	Completed DFS	Gold Road	Goldfields	50%	250	91.6	1.2	1.76	142.0	153.64	1.34	3.3	75.8	Yes	Development Partner
22/12/2016	Dalgaranga	Completed DFS	Individual	Gascoyne Resources	20%	10.51	13.3	1.29	0.1104	95.2	25.7	1.4	0.2232	47.1	Yes	Increasing equity to 100% of the project
23/12/2013	Plutonic	Operating	Barrick	Northern Star	100%	25	0.978	6.6	0.2	125.0	5.048	10.8	1.75	14.3	No	Non core asset divested

Resource Multiples Development Projects

Australian Multiples	Average	$45.71
	Median	$43.44
	75th Percentile	$68.59
	25th percentile	$25.10
PNG Multiples Discounted	Average	$33.61
	Median	$31.94
	75th Percentile	$50.43
	25th percentile	$18.46

Appendix B Woodlark Island Gold Project Geoscientific (Kilburn) Ranking Table and Criteria

Woodlark Island Kilburn Valuation ranking criteria – Exploration Potential away from the Development Projects

Tenements	Blocks	Area (km2)	BAC (AUS$)	Deeped	Equity	Off Property		On Property		Anomaly Factor		Geology Factor	
						Low	High	Low	High	Low	High	Low	High
EL1465	75	255.75	130,212	509	100%	1.5	2	1	1.3	1	1.3	0.9	1
ML508	59.6	59.65	210,710	3,532	100%	2	2.5	2.5	3	2	2.5	1.5	2
EL1279	56.34	192.12	110,781	577	100%	3	3.5	1.5	2	1.5	2	0.9	1
EL1172	22	71.61	73,977	1,033	100%	1.5	2	1.3	1.8	1	1.3	0.9	1

Woodlark Island Gold Project Kilburn Valuation – Exploration Potential away from the Development Projects

Tenements	Technical Valuation			Fair Market Valuation (AUS$M)		
	Lower (AUS$)	Upper (AUS$)	Preferred (AUS$	Lower	Upper	Preferred
EL 1465	$ 175,800	$ 440,100	$ 307,950	$ 0.12	$ 0.30	$ 0.21
ML 508	$ 3,160,600	$ 7,901,600	$ 5,531,100	$ 2.13	$ 5.33	$ 3.73
EL 1279	$ 673,000	$ 1,550,900	$ 1,111,950	$ 0.45	$ 1.05	$ 0.75
EL 1172	$ 129,800	$ 346,200	$ 238,000	$ 0.09	$ 0.23	$ 0.16
Total	**$ 4,139,200**	**$ 10,238,800**	**$ 7,189,000**	**$ 2.8**	**$ 6.9**	**$ 4.9**

Kula Gold Limited

ABN: 83 126 741 259

Email **gperotti@kulagold.com.au**

By Mail:

Level 1, 278 Stirling Highway

Claremont, WA 6010

All enquiries to: Telephone: +61 8 6413 5411

[SHAREHOLDER DETAILS]

PROXY FORM

I/We being a member(s) of Kula Gold Limited and entitled to attend and vote hereby appoint:

STEP 1 — APPOINT A PROXY

☐ The Chair of the Meeting (mark with an 'X') **OR** Write here the name of the person you are appointing if this person **is someone other than** the Chair of the Meeting.

or failing the person named, or if no person is named, the Chair of the Meeting, as my/our proxy to attend and act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as my/our proxy sees fit) at the Meeting of Kula Gold Limited to be held in Perth on Tuesday, 25 June 2019 at Level 1, 278 Stirling Highway, Claremont, WA 6010 commencing at 9:30 am WST, including to vote or abstain as my/our proxy thinks fit in respect of any procedural resolution, and at any postponement or adjournment of that Meeting.

Important for Resolution 2: If the Chair of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intentions below, you expressly authorise the Chair of the Meeting to exercise the proxy in respect of Resolution 2 even though the Items are connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business. If you have appointed the Chair of the Meeting as your proxy (or the Chair of the Meeting becomes your proxy by default), and you wish to give the Chair specific voting directions on an item, you should mark the appropriate boxes opposite those items below (directing the Chair to vote for, against, or to abstain from voting).

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒ to indicate your directions.

STEP 2 — VOTING DIRECTIONS

	For	Against	Abstain *
Resolution 1: Approval of the Proposed Transaction	☐	☐	☐
Resolution 2: Approval to issue shares to Mr Mark Bojanjac	☐	☐	☐

*If you mark the Abstain box for a Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 — SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1	Shareholder 2	Shareholder 3
Sole Director & Sole Company Secretary	**Director**	**Director/Company Secretary**

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS PROXY FORM

1. YOUR NAME AND ADDRESS

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint Shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise heir broker of any changes. Please note, you cannot change ownership of your securities using this form.

2. APPOINTMENT OF A PROXY

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chair of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a Shareholder of the Company.

3. VOTES ON RESOLUTIONS

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your Shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

If you direct your proxy how to vote validly in accordance with these instructions and your proxy fails to either attend the Meeting or vote on any directed Resolution, the Chair of the Meeting is taken to have been appointed as the proxy for the purposes of voting on that Resolution at the Meeting and must vote in accordance with your proxy.

4. VOTING ENTITLEMENTS

In accordance with the Corporations Act, the Company has determined that the Shareholding of each person for the purpose of determining entitlements to attend and vote at the Meeting will be the entitlement of that person set out in the Company's share register as at 5:00pm (WST) on 23 June 2019. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

5. VOTING IN PERSON

A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the attached proxy form to the Meeting to assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the Meeting to facilitate this registration process.

A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate is enclosed with this Notice of Meeting

6. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company Secretary on +61 8 6143 5411 or you may photocopy this form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

7. SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, all of the Shareholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

8. LODGING YOUR PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the Meeting being no later than 5:00 pm on 23 June 2019. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

In Person	Level 1, 278 Stirling Highway, Claremont, WA 6010
By Mail	Level 1, 278 Stirling Highway, Claremont, WA 6010
By Scan and Email	gperotti@kulagold.com.au