



Kula Gold Limited

ABN 83 126 741 259

Interim report for the half-year ended 30 June 2019

Corporate Information

Directors

Mark Stowell	Non-executive chairman
Mark Bojanjac	
Garry Perotti	
Matthew Smith	- Resigned 2 July 2019
Ronald Heeks	- Resigned 2 July 2019
Glenn Zamudio	- Appointed 30 May 2019; Resigned 2 July 2019
Ian Clyne	- Appointed 30 May 2019; Resigned 2 July 2019

Company Secretary

Simon Adams

Registered Office

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20 Howard Street
Perth, WA 6000
Telephone: +61 8 6122 0592
Email: info@kulagold.com.au
Website: www.kulagold.com.au

Auditor

Greenwich & Company
L2, 267 St George's Terrace
Perth WA 6000
Telephone: +61 8 6555 9500

Share Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Telephone: 1300 554 474 or +61 2 8280 7111

Stock Exchange Listing

Australian Securities Exchange: ASX code: KGD

Kula Gold Limited

ACN 126 741 259

Interim report 30 June 2019

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by Kula Gold Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' report

Your directors present their report on Kula Gold Limited for the half-year ended 30 June 2019.

Directors

The following persons were directors of Kula Gold Limited during the whole of the half-year and up to the date of this report unless noted otherwise:

Mark Bojanjac
Mark Stowell
Garry Perotti
Matthew Smith (resigned 2 July 2019)
Ronald Heeks (resigned 2 July 2019)
Glenn Zamudio (appointed 30 May 2019; resigned 2 July 2019)
Ian Clyne (appointed 30 May 2019; resigned 2 July 2019)

Review of operations

On 25 June 2019 the transaction for the Company to sell its remaining share of Woodlark Mining Limited ("**WML**") (WML holds 100% of the Woodlark Mine Gold Project) to Geopacific Resources Limited ("**Geopacific**") was approved by both companies' shareholders.

Under the terms of the transaction for the sale of WML, which concluded on 2 July 2019 (post balance sheet date):

- Kula received 150 million Geopacific shares which were distributed pro-rata to the eligible Kula shareholders, as at the Record date, 2 July 2019, via an in-specie distribution of 2.55 Geopacific shares for every one Kula share held.
- Kula received sufficient cash from Geopacific to settle all company liabilities and remain with \$20,000 cash or cash equivalent.
- Kula completed a buy-back of all the Kula shares held by Geopacific (319,363,449 Kula shares), Kula transferred all of its shares in WML to Geopacific.
- Kula transferred the intercompany loan between Kula and WML to Geopacific (A\$7,139,031)
- Kula eliminated the loan payable to Geopacific (A\$725,382).

The Company recorded a profit of \$238,256 for the six months ended 30 June 2019 (2018: loss of \$206,282).

The entity had cash and cash equivalents at 30 June 2019 of \$67,745.

Significant matters relating to the ongoing viability of operations

At the date of this report the Company has a cash and cash equivalents balance of \$103,784. The Company has \$12,576 of trade payables and \$Nil other liabilities. The Directors are satisfied that they will be able to raise additional working capital as required dependant on and in line with the progress of business opportunities and thus it is appropriate to prepare the financial statements on a going concern basis. In arriving at this position, the Directors have considered the following pertinent matters:

- Line of credit funding has been put in place for up to \$150,000.
- With the disposal of the investment asset in Woodlark Mining Limited, the Company is in the position where there are zero liabilities and the operating costs are below \$5,000 per month.

Directors' report (continued)

Significant matters relating to the ongoing viability of operations (continued)

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Events occurring after the report period

On 1 July 2019, 2,500,000 Kula shares were issued to Mark Bojanjac, at 2.6 cents per share, pursuant to the consulting arrangement in relation to the sale of the Company's interest in Woodlark Mining Limited to Geopacific Resources Limited.

On 9 July 2019 the in-specie distribution of 2.55 Geopacific shares for every one (1) share held by eligible Kula shareholders at the record date, 2 July 2019, was concluded.

Kula has applied for two exploration licences in WA based on conceptual geological work by the company's geological consultants. These are principally targeting gold at this time. The two projects are:

1. Lake Rebecca, approx. 150km sq, (ELA 28/2942) NE of Kalgoorlie and south of Apollo Consolidated Ltd's (ASX: APC) recent gold discovery; and
2. Marvel Loch approx. 120km sq. (ELA 77/2621) south of Southern Cross, north of the Nevorla, Marvel Loch, Great Victoria and Yilgarn Star gold mines.

Geological Work is continuing and will commence on ground once tenements are granted.

A \$150,000 line of credit facility was provided to the Company to provide working capital to advance the Company's exploration projects as listed above.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument, amounts in the financial report and Directors' Report have been rounded off to the nearest dollar unless otherwise indicated.

This report is made in accordance with a resolution of directors.



Chairman

Perth

13 September 2019



Auditor's Independence Declaration

To those charged with the governance of Kula Gold Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2019 there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nick Hollens

Nick Hollens
Managing Director

13 September 2019

Perth
Western Australia

Kula Gold Limited
Interim statement of comprehensive income
For the half-year ended 30 June 2019

	Half-year 30 June 2019	30 June 2018
Notes	\$	\$
Proceeds of sale of intercompany loan account	1	-
Movement in fair value of investment	600,000	-
Other operating income	-	1
Total Income	600,001	1
Expenses		
Employee benefits expense	(137,416)	(140,767)
Professional and consulting expenses	(159,888)	(12,327)
Loss on disposal of Investment	(7,449)	-
Insurance expense	323	(8,357)
Other expenses	(57,315)	(45,199)
Profit/(Loss) before income tax	238,256	(206,649)
Income tax benefit/(expense)	-	-
Total profit/(loss) for the half-year net of tax	238,256	(206,649)
Other comprehensive income		
Items that may be reclassified to profit and loss		
Exchange differences on translation of foreign operations	-	-
Accumulated gains in foreign currency translation reserve transferred to profit or loss on disposal of subsidiary	-	-
Total Other comprehensive income / (loss) for the half-year	-	-
Total comprehensive income / (loss) for half-year attributable to Members	238,256	(206,649)
Earnings per share	Cents	Cents
From continuing operations		
- Basic and diluted profit/(loss) per share in cents	0.42	(0.05)
From total operations		
- Basic and diluted profit/(loss) per share in cents	0.42	(0.05)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Kula Gold Limited
Interim statement of financial position
As at 30 June 2019

		30 June 2019 \$	31 December 2018 \$
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents	3	67,745	8,014
Receivables and other assets		25,344	10,976
Financial assets held for sale	4	3,150,000	-
Total current assets		3,243,089	18,990
Non-current assets			
Furniture and Fittings		1,592	1,783
Financial assets	5	-	3,300,000
Total non-current assets		1,592	3,301,783
Total assets		3,244,681	3,320,773
LIABILITIES			
Current liabilities			
Trade and other payables		1,420	2,403
Loans and borrowings	5	-	416,000
Provisions		32,496	29,861
Total current liabilities		33,916	448,264
Total liabilities		33,916	448,264
Net assets		3,210,765	2,872,509
EQUITY			
Contributed equity	6	151,576,943	151,576,943
Reserves		498,758	(5,386,960)
Accumulated losses		(148,864,936)	(143,317,474)
Total equity		3,210,765	2,872,509

The above statement of financial position should be read in conjunction with the accompanying notes.

Kula Gold Limited
Interim statement of changes in equity
As at 30 June 2019

	Notes	Contributed equity	Share-based payments reserve	Fair value financial asset reserve	Consolidation reserve	Total reserves	Accumulated losses	Total equity
		\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2018		151,576,943	1,159,501	(325,148)	398,758	1,233,111	(142,897,466)	9,912,588
Comprehensive income / (loss) for the year		-	-	-	-	-	(206,649)	(206,649)
Balance at 30 June 2018		151,576,943	1,159,501	(325,148)	398,758	1,233,111	(143,104,115)	9,705,939

Balance at 1 January 2019		151,576,943	1,159,501	(6,945,219)	398,758	(5,386,960)	(143,317,474)	2,872,509
Reclassification of retained earnings			(1,159,501)	6,945,219		5,785,718	(5,785,718)	-
Share options issued		-	100,000		-	100,000	-	100,000
Comprehensive income for the half year		-	-	-	-	-	238,256	238,256
Balance at 30 June 2019		151,576,943	100,000	-	398,758	498,758	(148,864,936)	3,210,765

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Kula Gold Limited
Interim statement of cash flows
For the half-year ended 30 June 2019

	Half-year	
	30 June 2019	30 June 2018
	\$	\$
Notes		
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(206,874)	(213,504)
Interest income	-	1
Net cash (outflow) from operating activities	(206,874)	(213,503)
Cash flows from investing activities		
Loss of control over subsidiary's cash	-	-
Net cash (outflow) from investing activities	-	-
Cash flows from financing activities		
Proceeds from rights issue	-	-
Transaction costs on rights issue	-	-
Loan from Geopacific Resources Limited	266,604	176,000
Net cash inflow/(outflow) from financing activities	266,604	176,000
Net (decrease) in cash and cash equivalents	59,731	(37,503)
Cash and cash equivalents at the beginning of half year	8,014	40,505
Cash and cash equivalents at the end of the half-year	67,745	3,002

3

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Basis of preparation of half-year report

This interim financial report for the half-year reporting period ended 30 June 2019 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by Kula Gold Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new standards and interpretations as of 1 January, 2019. Newly adopted standards and interpretations have not had a material impact on the interim financial report.

The following additional accounting policies have been applied during the half-year.

(a) Significant matters relating to ongoing viability of operations

The entity recorded a profit of \$238,256 for the six months ended 30 June 2019 (2018: loss of \$206,649) and the company had a net cash inflow from operating, investing and financing activities of \$59,731 for the six months ended 30 June 2019 (2018: outflow \$37,503). The entity had cash and cash equivalents at 30 June 2019 of \$67,745.

The cashflow forecast for the period ending 31 August 2020 reflects that the Group will need to raise additional working capital to enable it to continue to fund its ongoing expenditure requirements.

The Directors are satisfied they will be able to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis. In arriving at this position, the Directors have considered the following pertinent matters:

- With the disposal of the investment asset in Woodlark Mining Limited, the Company is in the position where there are zero liabilities and the costs are below \$5,000 per month.
- The risk exposure is low until such time as investment assets are identified and pursued.
- In the event that the Directors identify suitable investment opportunities, these will only be pursued with the capital raising of existing and / or new shareholders.
- \$150,000 line of credit made available for the purpose of providing working capital.
- Application has been made for 2 exploration licenses in Western Australia which will provide ongoing operating activity in the exploration of minerals, in particular gold.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

2. Related party transactions

The Company occupied office space at the Geopacific Resources Limited ("Geopacific") offices until 2 July 2019 at zero rental.

The Company's Loan Facility agreement with Geopacific was terminated and fully repaid on 28 June 2019 following the shareholder approval, at the General Meeting held on 25 June 2019, to sell the Company's interest in Woodlark Mining Limited to Geopacific Resources Limited.

- Draw down Loan Facility with Geopacific was executed 19 December 2017
- Amount: up to \$750,000
- Interest free
- Unsecured
- Maturity date: 30 June 2019
- Full amount of \$725,038 was repaid to Geopacific on 28 June 2019.

	June 2019 \$	December 2018 \$
3. Cash and cash equivalents		
Cash at bank and in hand	67,745	8,014

4. Financial Asset at fair value through profit and loss

Financial asset at fair value at 1 January	2,550,000	-
Movement for the period	600,000	-
Financial asset at fair value 30 June	3,150,000	-

Financial assets are made up of shares in Geopacific Resources Ltd which were to be issued to the Company as part of the consideration for the sale of its remaining interest in Woodlark Mining Limited following shareholder approval of the transaction on 25 June 2019.

5. Non-current financial asset

Investment at fair value at 1 January	3,300,000	9,920,071
Movement for the period:		
Geopacific Resources Ltd shares obtained	Note 4 (2,550,000)	-
Cash received	(750,000)	-
Total loss for the period recognised in other comprehensive income	-	(6,620,071)
Investment at fair value at period end	-	3,300,000

The Company has disposed of its financial asset, being its investment in Woodlark Mining Limited ("WML") to Geopacific Resources Limited effective 25 June 2019. The Company received shares in Geopacific Resources Ltd and cash which was used to partially pay off the loan payable to Geopacific Resources Ltd (Loans and Borrowings as at 31 December 2018)

Kula Gold Limited
Notes to financial statements
30 June 2019
(continued)

June **December**
2019 **2018**
\$ **\$**

6. Contributed equity

1. Share capital

Ordinary shares	151,576,943	151,576,943
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2. Movement in share capital

Date	Details	Number of shares	Issue price \$	Total \$
1 January 2019	Opening balance	375,658,028		151,576,943
27 June 2019	Movement for the period	(319,363,449)		-
30 June 2019	Balance	56,294,579		151,576,943

As part of the agreement for the Company to sell its interest in WML, Geopacific Resources Limited agreed to sell its equity interest in Kula Gold Ltd back to the Company. This was carried out by way of a buyback and the shares that were acquired from Geopacific Resources Ltd were subsequently cancelled.

3. Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. All shares are fully paid.

7. Events occurring after the report period

On 1 July 2019, 2,500,000 Kula shares were issued to Mark Bojanjac, at 2.6 cents per share, pursuant to the consulting arrangement in relation to the sale of the Company's interest in Woodlark Mining Limited to Geopacific Resources Limited.

On 9 July 2019 the in-specie distribution of 2.55 Geopacific shares for every one (1) share held by eligible Kula shareholders at the record date, 2 July 2019, was concluded.

Kula has applied for two exploration licences in WA based on conceptual geological work by the company's geological consultants. These are principally targeting gold at this time. The two projects are:

1. Lake Rebecca, approx. 150km sq, (ELA 28/2942) NE of Kalgoorlie and south of Apollo Consolidated Ltd's (ASX: APC) recent gold discovery; and
2. Marvel Loch approx. 120km sq. (ELA 77/2621) south of Southern Cross, north of the Nevoria, Marvel Loch, Great Victoria and Yilgarn Star gold mines.

Geological Work is continuing and will commence on ground once tenements are granted.

A \$150,000 line of credit facility was provided to the Company to provide working capital to advance the Company's exploration projects as listed above.

A \$150,000 line of credit facility was provided to the Company to provide working capital while it identifies suitable projects to continue its business of mineral exploration. The details of the line of credit are as follows:

- Facility limit: \$150,000;
- Repayable: At call;
- Interest rate: 12% per annum
- Security: Unsecured
- Limits: Any other borrowings must first be approved by the lender in writing;
- Use of Funds: Working capital

8. Segment reporting

The Company operates in only one segment being the former holder of an interest in Woodlark Mining Limited which was disposed of effective 25 June 2019. Woodlark Mining Limited is involved in development of the Woodlark Island Gold Project in PNG.

In accordance with a resolution of the directors of Kula Gold Limited, I state that:

In the opinion of the directors:

- a) the financial statements and notes of Kula Gold Limited for the half-year ended 30 June 2019 are in accordance with the *Corporations Act 2001*, including:
- b) giving a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- c) complying with Accounting Standards and the *Corporations Regulations 2001*; and
- d) subject to achieving the matters set out in note 1(a), there are reasonable grounds to believe that Kula Gold Limited will be able to pay its debts as and when they become due and payable.

On behalf of the board



Director
Perth

13 September 2019

Independent Auditor's Review Report

To the members of Kula Gold Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kula Gold Limited, which comprises the condensed statement of financial position as at 30 June 2019, the condensed statement of profit or loss, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Kula Gold Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Kula Gold Limited's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Kula Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Kula Gold Limited would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kula Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Kula Gold Limited's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 1.a, which outlines that the going concern basis is dependent upon successful completion of funding strategies to generate or raise sufficient funds for its ongoing expenditure requirements.

As a result, there is material uncertainty related to events or conditions that may cast significant doubt on Kula Gold Limited's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nick Hollens

Nick Hollens
Managing Director

13 September 2019

Perth
Western Australia

Interest in Mining Tenements

As to 30 June 2019, the Company had no interest in mining tenements, having disposed of its investment in Woodlark Mining Limited, effective 25 June 2019.

APPENDIX 4D
ASX INFORMATION

The information that is required by the Australian Stock Exchange Limited Listing Rules is as follows.

1. Details of the results for this reporting period and the corresponding prior year period are provided elsewhere in this report.
2. Results for announcement to the market

	Change from prior period *	\$
2.1. Revenues from ordinary activities	-	-
2.2. Profit/(Loss) from ordinary activities after tax attributable to members	N/A	238,256
2.3. Net profit/(loss) for the period attributable to members	N/A	238,256
2.4. Dividends (distributions)	N/A	Nil

* Comparison of six months to 30 June 2019 with six months to 30 June 2018

3. Net tangible assets per security

	30 June 2019 \$	31 December 2018 \$
3.1. Net Tangible Assets per security	0.0544	0.0076

4. Control was neither gained nor lost over any entities during the half year.
5. No dividends were paid during the period
6. The Company does not have a dividend re-investment plan.
7. The Company does not have any Associated Companies or Joint Ventures.