

Quarterly Report

For the period ending 31 March 2016

Highlights

- **Successful SPP raises approximately \$300,000**
- **Placement with major shareholders expected to raise approximately \$200,000**
- **MOU with Misima Gold Project – 1.7moz Gold Resource**
- **Six new gold targets identified on Woodlark**
- **Kulumadau Gold Deposit part of Larger System**
- **March 31 cash position A\$0.47 Million, excluding SPP and placement raisings**

Successful Share Purchase Plan (SPP)

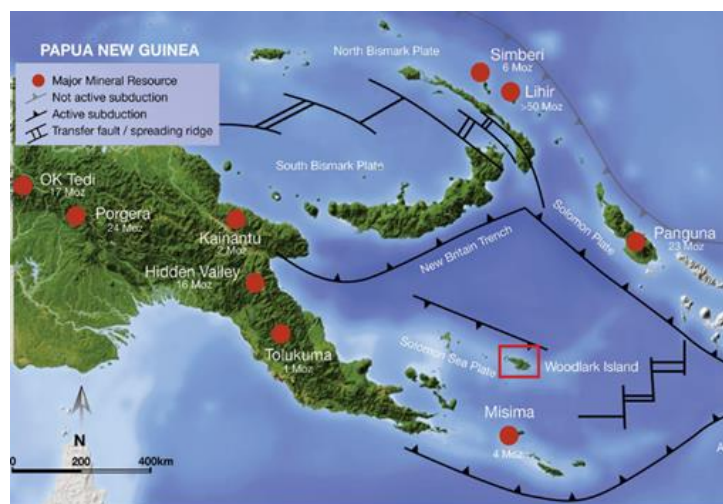
In March 2016 the Company conducted a Share Purchase Plan (SPP) offering shares at 3.1 cents each to eligible shareholders. Seventy shareholders took up the offer raising \$298,000. This resulted in the allotment of 9,612,896 shares on 1 April 2016. This will fund further detailed analysis of the significant database accumulated over 10 years of exploration and feasibility study work.

In additions, the Company's major shareholders, Pacific Road Resources Funds, have indicated their intention to take up a placement of shares for approximately \$200,000.

The focus will continue to be on significant gold resource expansion opportunities within and proximal to the existing Feasibility Study pits, as well as prospects within trucking distance to the proposed plant site.

MOU with Misima Gold Project – 1.7moz Gold Resource

The Company and WCB Resources Ltd (TSX.V:WCB) have signed a non-binding Memorandum of Understanding (MOU) in order to explore the possibility of a joint venture between the two companies and assess the benefits of joint development of WCB's Misima Gold Project (Misima) and Kula Gold's Woodlark Island Gold Project (WIGP). The Projects are located on adjacent islands in Milne Bay Province, Papua New Guinea, and the following figure shows the close proximity of Woodlark Island and Misima.

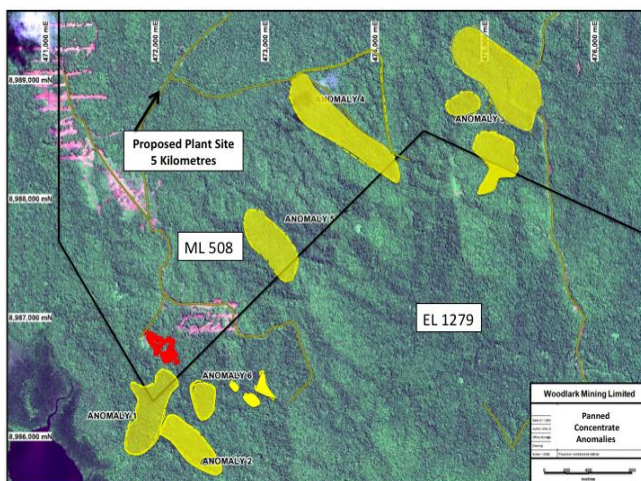


The Chairman of Kula Gold, David Frecker, said, "We see the MOU with WCB Resources as a logical and pragmatic step for Kula Gold. It opens up the possibility of combining our two projects into one large operation. The economies of scale may be the catalyst for the development of both projects, particularly in the currently low cost environment where costs have materially reduced for plant, equipment, energy and labour. If this combined development is successful it will deliver a larger gold project with expected economies of scale."

Six new gold targets identified on Woodlark

The results of a regional pan concentrate sampling program, initiated in late 2015, have identified potential resource targets on Woodlark Island. These are in an area of sub-cropping volcanic host rocks in the southern portion of the Okiduse Range and within trucking distance of the proposed plant site selected in the Feasibility Study for its Woodlark Island Gold Project.

A total of six individual pan concentrate anomalies were generated as can be seen in the figure below.

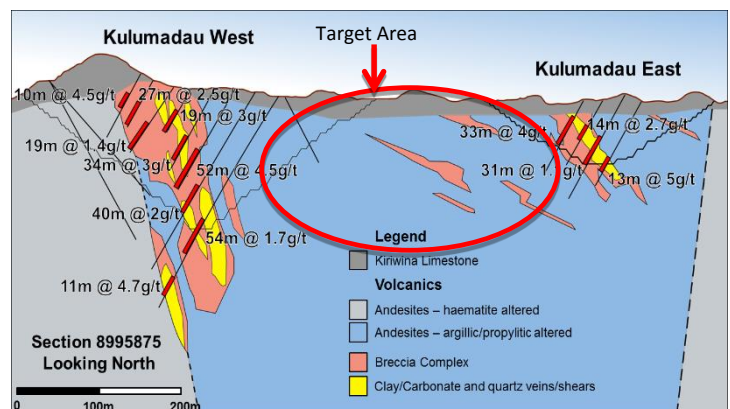


The pan concentrate anomalies demonstrate the following:

- The anomalies cluster along a four kilometre long NE trend which is parallel to the major horst bounding fault. This NE trend defines a previously unrecognised potentially mineralised fault structure
- The anomalies appear to be localised by intersecting NW faults and are generally characterised by extensive colonial sluicing operations. No conglomerates or other sediments are present with basement rocks generally andesitic volcanics and associated rock types, the host rocks of the gold resources on Woodlark
- The previously identified Watou mineralisation (defined by detailed trenching and shown in red in the figure above) occupies the southern portion of the four kilometre trend
- There is significant potential in the southern portion of the Okiduse range to increase Mineral Resources for the Project. A follow up trenching program is warranted.

Kulumadau Gold Deposit part of Larger System

Based on the geological review of the Kulumadau deposit on Woodlark Island, several targets have been generated at Kulumadau and priority rated. These targets have the potential to increase the Mineral Resources. There is potential for a drilling program in the target area (indicated in the figure below) with the objective to amalgamate the Kulumadau West and the Kulumadau East proposed pits into a single larger pit.



This could result in a significant reduction in overall strip ratios, and incorporate the Measured and Indicated Resources currently outside the Kulumadau West Pit.

Woodlark Island Gold Project

No Lost Time Injuries (LTI) or serious incidents occurred at the Project.

Management and staff continued with a number of community projects on Woodlark Island, stakeholder engagement and maintenance of the Project assets and infrastructure.

Corporate

The Company has reduced holding and corporate costs substantially, and continues to do so, while maintaining and protecting the assets. As at 31 March 2016, the Company had cash of approximately A\$0.47 million.

Background on Woodlark Island Gold Project, PNG

Kula Gold Limited is developing the 100% owned, Woodlark Island Gold Project, located 600 kilometres east of Port Moresby in the Milne Bay Province, Papua New Guinea.

The Feasibility Study, completed in September 2012, defined a 2004 JORC Resource of 2.1 million ounces and an Ore Reserve of 766,000 ounces based on a gold price of US\$1,200 per ounce. The nine year Project is based around three open pit mining areas and a 1.8Mtpa gravity and carbon in leach plant.

The Company has been granted the Environment Permit and the Mining Lease for the Project.

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

For further information, contact:

Garry Perotti
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Kula Gold Limited
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Directors

David Frecker	Chairman
Lee Spencer	Non-executive director
Louis Rozman	Non-executive director
Mark Stowell	Non-executive director
Arnold Vogel	Non-executive director
Garry Perotti	Company secretary

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Competent Person Statements

The information in this report that relates to Exploration Results are based on information compiled by Mr. Lee Spencer. Mr Spencer was the CEO of Kula Gold Limited until 1 July 2013 and remains on the Kula Gold Board as a Non-executive director. Mr. Spencer is a Member of The Australasian Institute of Mining and Metallurgy and 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. Spencer consents to the inclusion in the report of these matters based on information in the form and context in which it appears.

The information in this announcement that relates to the Mineral Resource estimates for Kulumadai, Busai and Woodlark King is based on information compiled by Mr. John Doepel, Principal Geologist for Continental Resource Management Pty Limited (Resource Report, Woodlark Island). CRM has acted as independent consulting geologist to WML since 2005 and has undertaken several visits to the island and to the sample preparation facilities. Mr. Doepel is a Member of The Australasian Institute of Mining and Metallurgy and 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. Doepel consents to the inclusion in this announcement of these matters based on information in the form and context in which it appears.

The information in this announcement that relates to Ore Reserves is based on information compiled by Mr. Linton Putland, Principal of LJ Putland & Associates and a consultant to Kula Gold's 100% subsidiary, Woodlark Mining Limited. Mr. Putland is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that 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. Putland consents to the inclusion in this announcement of these matters based on information in the form and context in which it appears.

Forward Looking Statements

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Kula Gold Limited (Kula Gold) are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the company, its directors and management of Kula Gold that could cause Kula Gold's actual results to differ materially from the results expressed or anticipated in these statements.

Kula Gold cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Kula Gold does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

Woodlark Island Gold Project Mineral Resources

Report as per JORC2004
As of July 2012 at a 0.5g/t Au lower cutoff

Deposit	Category	Resource (Mt)	Grade (Cut) (g/t Gold)	Gold (Cut) (Oz)
Kulumadai	Measured	5.0	1.78	285,000
Kulumadai	Indicated	4.4	1.75	245,000
Kulumadai	Inferred	8.6	1.4	375,000
Kulumadai	Totals	18.0	1.6	910,000
Busai	Measured	3.9	1.54	190,000
Busai	Indicated	10.4	1.4	480,000
Busai	Inferred	8.8	1.3	370,000
Busai	Total	23.1	1.4	1,040,000
Boniavai	Indicated	3.0	1.2	115,000
Boniavai	Inferred	1.0	1.8	60,000
Boniavai	Total	4.0	1.4	175,000
All	Measured	8.9	1.67	480,000
All	Indicated	17.8	1.5	840,000
All	Inferred	18.5	1.4	800,000
Totals*		45.1	1.5	2,120,000

Note 1: Totals may appear incorrect due to rounding
Note 2: The Busai Indicated Resource includes 0.4Mt @ 1.4/t Au for 20,000oz from overlying alluvial mineralisation.
Note 3: The Busai Inferred Resource includes 0.4Mt @ 1.2/t Au for 15,000oz from overlying alluvial mineralisation and 3.9Mt @ 0.9g/t Au for 110,000oz from Munasi (2km southeast of Busai).
Note 4: The Boniavai Inferred Resource includes 0.3Mt @ 3.0g/t for 30,000oz Au from Watou (1.5km south of Woodlark King).
Note 5: All Resources based on a 0.5g/t gold cut-off grade
Note 6: There have been no material changes to the reported Resources from what was previously reported under the 2004 JORC code

Woodlark Island Gold Project Mineral Resources

Report as per JORC2004
As of July 2012 at a 1g/t Au lower cutoff

Totals may appear incorrect due to rounding

Resource Category	Resource (Mt)	Au Cut (g/t)	Au Oz Cut
Measured	5.1	2.34	385,000
Indicated	7.6	2.5	615,000
Inferred	7.0	2.4	545,000
Totals	19.7	2.45	1,550,000

Woodlark Island Gold Project Ore Reserves

Report as per JORC2004
As of July 2012 at variable lower cutoffs

Totals may appear incorrect due to rounding

Deposit	Proved			Probable			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Busai	3,283,000	2.2	233,000	2,811,000	1.9	175,000	6,094,000	2.1	408,000
Kulumadai	3,144,000	2.2	223,000	751,000	2.4	59,000	3,863,000	2.3	282,000
Woodlark King				704,000	1.7	39,000	704,000	1.7	39,000
Kulumadai East				330,000	3.7	37,000	330,000	3.7	37,000
Total	6,427,000	2.2	456,000	4,596,000	2.1	310,000	10,991,000	2.2	766,000

The information in the three tables above was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Appendix 2 – Kula Gold Limited Mineral Tenements

Project	Tenement	Description	Location
Woodlark Island Gold Project	EL1172	Southern Woodlark Island	Papua New Guinea
	EL1279	Central Woodlark Island	Papua New Guinea
	EL1465	Western Woodlark Island	Papua New Guinea
	ML508	Central Woodlark Island	Papua New Guinea

Mining Tenements acquired or disposed

Nil

Beneficial percentage interests held in farm-in or farm-out agreements

Nil

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed

Nil

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

KULA GOLD LIMITED

ABN

83 126 741 259

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(541)	(541)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(49)	(49)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(586)	(586)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(5)	(5)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(5)	(5)
1.13	Total operating and investing cash flows (carried forward)	(591)	(591)

+ See chapter 19 for defined terms.

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(591)	(591)
1.20	Cash at beginning of quarter/year to date	1,059	1,059
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	468	468

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	22
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Remuneration of non-executive directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	195
4.2 Development	-
4.3 Production	-
4.4 Administration	45
Total	240

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	155	497
5.2 Deposits at call	313	562
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	468	1,059

+ See chapter 19 for defined terms.

Interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-
6.3 Interests in mining tenements existing	<p>EL1279</p> <p>Woodlark Island, Milne Bay Providence, Papua New Guinea</p> <p>EL1172</p> <p>Woodlark Island, Milne Bay Providence, Papua New Guinea</p> <p>EL1465</p> <p>Woodlark Island, Milne Bay Providence, Papua New Guinea</p> <p>ML508</p> <p>Woodlark Island, Milne Bay Providence Papua New Guinea</p>	<p>wholly owned</p> <p>wholly owned</p> <p>wholly owned</p> <p>wholly owned</p>	<p>100%</p> <p>100%</p> <p>100%</p> <p>100%</p>	<p>100%</p> <p>100%</p> <p>100%</p> <p>100%</p>

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	316,212,018	316,212,018		Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

7.7	Options (description and conversion factor)	3,000,000 KGDOPT ₅	Nil	<i>Exercise price</i> \$2.00 (1.5million vested 16 Dec 2011) (1.5million vested 16 Nov 2012)	<i>Expiry date</i> 16 December 2016
		500,000 KGDOPT ₆	Nil	\$0.1603 (500,000 vested 29 May 2013)	29 May 2016
		3,189,000 KGDOPT ₇	Nil	\$0.17 (vested 8 Nov 2013)	8 Nov 2018
		1,427,000 KGDOPT ₈	Nil	\$0.17 (vested 20 Dec 2013)	20 Dec 2018
		24,000,000 KGDOPT ₉	Nil	\$0.125 (vested 20 Dec 2013)	31 Aug 2018
		54,604,178 KGDOPT ₁₀	Nil	\$0.125 (vested 28 Nov 2014)	28 Nov 2016
7.8	Issued during quarter	Nil	Nil		
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired / cancelled during quarter	100,000 KGDOPT ₃	Expired	\$1.80 (vested 16 Nov 2012)	16 March 2016
		100,000 KGDOPT ₄	Expired	\$1.80 (Vested 16 Nov 2012)	16 March 2016
		1,000,000 KGDOPT ₆	Expired	\$0.48 (1,000,000 vested 25 Jan 2013)	25 January 2016
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 21 April 2016

(Company Secretary)

Print name: Garry Perotti

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.