

ASX Announcement & Media Release

Quarterly Activities Report

For Period Ended 30 September 2018

Highlights

- Major regional exploration programme continues as the DFS enters its final stages of completion.
- Drilling at Great Northern discovers multiple high-grade gold intersections.
- Significant and extensive high-grade gold soil anomalies discovered at Watou – Talpos prospects.
- Significant copper values discovered at Loluai and Norac prospects.

OPERATIONAL OVERVIEW

Geopacific Resources Limited (“**Geopacific**”), continues to fund the Woodlark Island Gold Project through the Farm-in Agreement (“**Agreement**”). The second earn-in period of the Agreement was successfully completed as announced on 23 August 2018 and Geopacific have exercised their option to proceed to the third earn-in period.

Geopacific has advised that the DFS is in its final stages of review and the release is scheduled for the December 2018 quarter.

Due to the operating cost savings identified, The DFS base case has shown the benefits of all material being processed via the carbon in leach (CIL) circuit without requiring an early-stage upgrade plant. Geopacific is pleased with the cost profile determined by Mining Plus (mining costs) and Lycopodium (processing costs) and looks forward to integrating the benefits into the study.

Regional Exploration

Exploration activities continued on Woodlark Island, including ongoing regional soil sampling across outcropping volcanic sequences, the completion of a limited drilling campaign at the Great Northern Prospect and assessment of geophysical properties of the volcanoclastic sequence at the Great Circle target area.

Drilling

Drilling focused on the Great Northern prospect, with one diamond drill hole at Kulumadau East, assessing a possible plunge extension of mineralisation below the pit design. Three shallow drillholes were also completed around the Great Circle target area, confirming depth of cover thickness interpretation and assessing geophysical properties of volcanoclastic lithologies buried under shallow sedimentary cover.

Results from diamond drilling at the Great Northern prospect delineated several high-grade gold zones along the Kweiyau Fault (Figure 2). Highlights include:

- 10m @ 5.41g/t Au from 74m
- 7m @ 2.07g/t Au from 99m
- 3m @ 4.65g/t Au from 5m
- 3m @ 9.54g/t Au from 91m including 1m @ 19.4g/t Au

Drilling results have advanced the understanding of the Great Northern prospect geology and controls on gold mineralisation, with clear targets defined for follow up drilling using a lower cost RC rig in the near future.

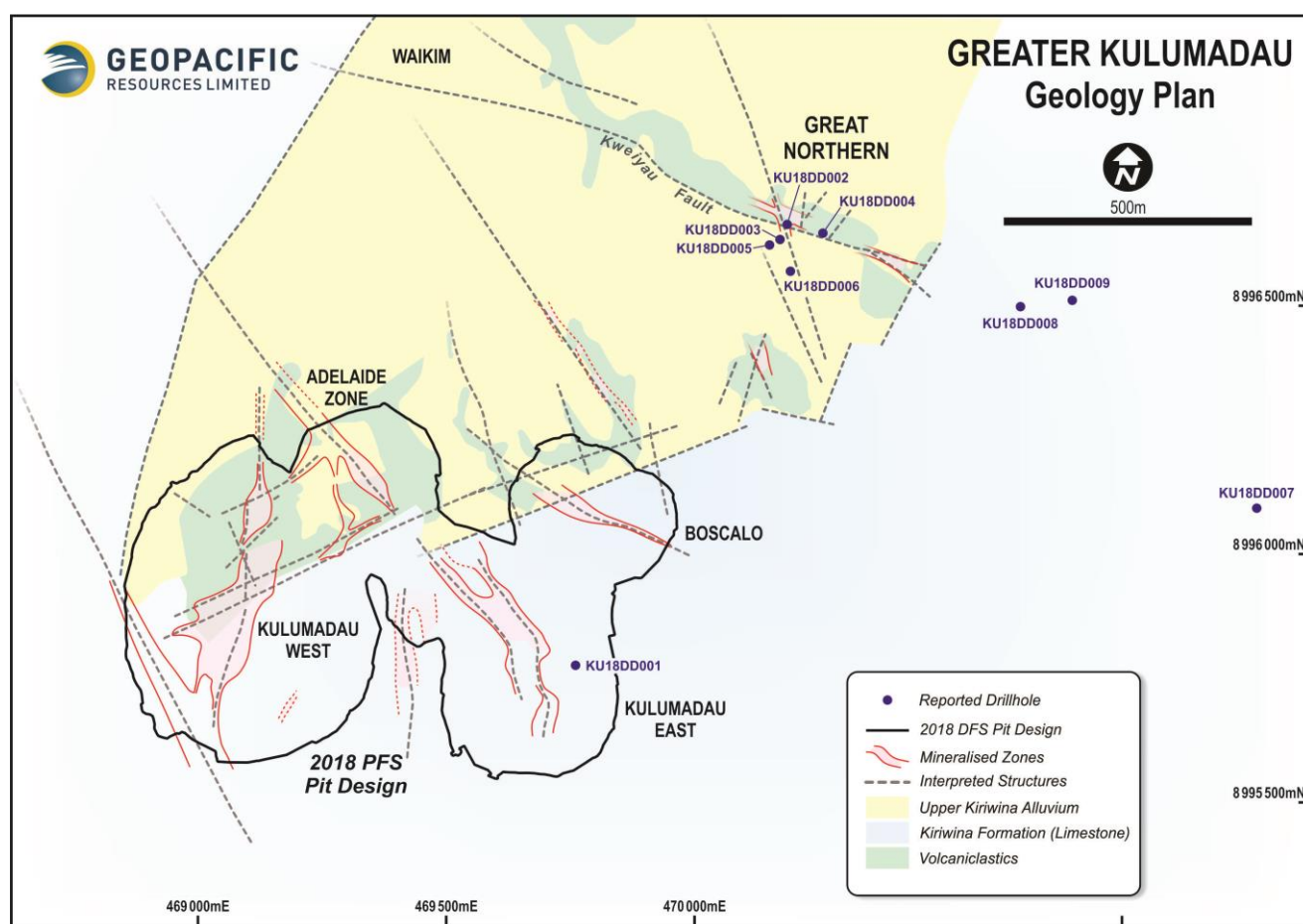


Figure 1: Great Northern and Great Circle Target Areas.

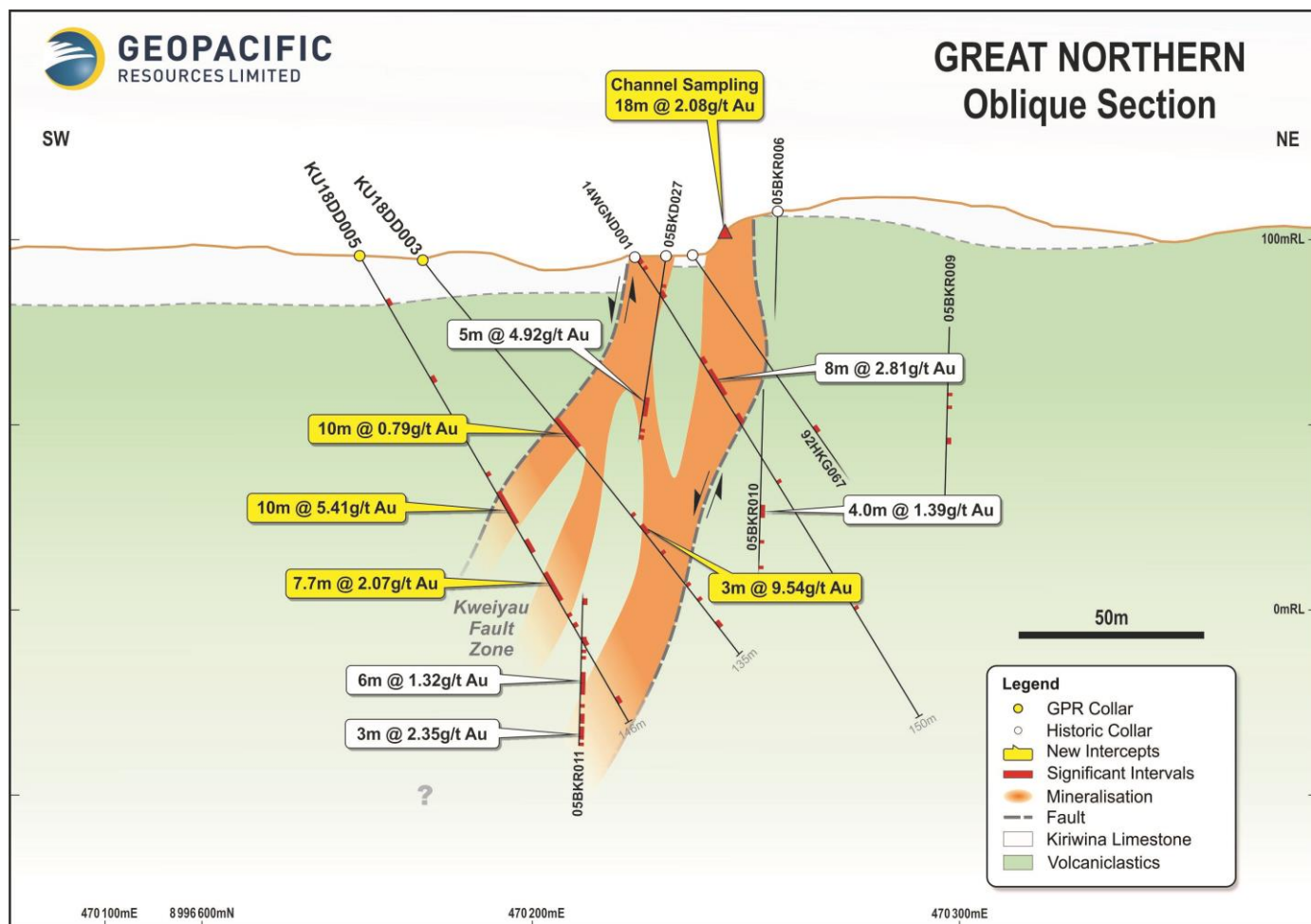


Figure 2: Great Northern Cross Section.

Soil Sampling

Soil sampling over the Suloga Peninsula, Watou and Talpos prospect area, was largely completed during the quarter. Soil geochemistry results received are highly encouraging, confirming strong gold anomalism over a 1.4km strike at the Watou prospect, with soil gold values up to **6.28g/t Au** and rock chip values to **48.41g/t Au**. These results will be followed up with geological mapping and trenching in preparation for drill testing.

Stream sediment from drainages in the Talpos and Watou prospect areas are systematically being gold panned, with observed gold grains assessed for degree of transportation and proximity to primary source. Several drainages with strong gold in pan concentrate levels were identified for detailed follow up.

High copper anomalism was recorded at the Norac and Loluai prospects, located on the Suloga Peninsula, along with very high grade gold values in soil sampling. Gold in soil to **32g/t Au** and copper values **0.97% Cu** were confirmed by rock chip values to **1.4% Cu** in rock chips. Follow up mapping and infill soil sampling is in progress.

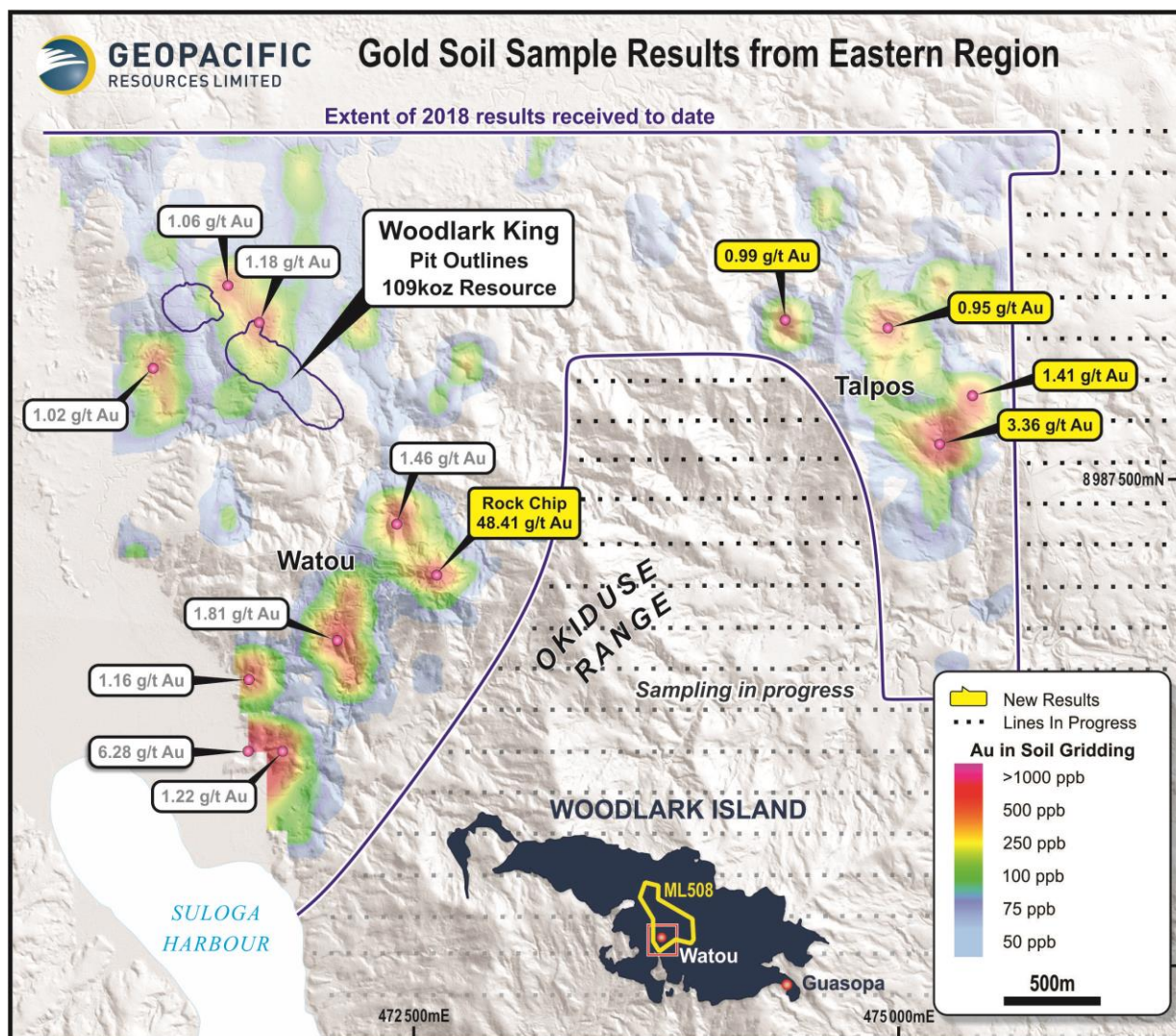


Figure 3: Gold Soil Geochemistry Anomalism in the Watou – Talpos Prospect Areas.

CORPORATE OVERVIEW

To date \$331,000 has been drawn down against the loan agreement with Geopacific for a loan of up to \$500,000, at zero interest and convertible to equity at the option of Geopacific either under the agreed terms under the Farm-in Agreement or at 30 day VWAP. The company continues to draw down funds from the existing loan agreement with Geopacific and has reduced costs to the absolute minimum while Geopacific continues to fund all on site expenditure through the Farm-in Agreement.



Background on the Woodlark Island Gold Project, PNG

Kula Gold Limited owns 49% of the Woodlark Island Gold Project, which has been granted an Environmental Permit and Mining Lease. Geopacific Resources Limited (“**Geopacific**”) holds the other 51% of the Project and is also Kula’s largest shareholder with 85% of the Company. The Project is located 600 kilometres east of Port Moresby in the Milne Bay Province, Papua New Guinea.

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

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

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

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

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Competent Person's Statement

The information in this announcement that relates to exploration results is based on information compiled by or under the supervision of James Kerr, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and General Manager, Geology for Geopacific. Mr Kerr has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kerr consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

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

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

Appendix A: Table 1. Woodlark Island 2018 Reserve Table

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

Table 2. Woodlark Island 2018 Resource Table

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