

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Kula Gold Limited

ACN/ARSN 126 741 259

1. Details of substantial holder (1)

Name Geopacific Resources Limited

ACN/ARSN (if applicable) 003 208 393

The holder became a substantial holder on 5 / 4 / 2017

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Persons' votes (5)	Voting power (6)
Fully paid ordinary shares	56,291,886	56,291,886	16.86%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Geopacific Resources Limited	Arising pursuant to the agreement dated 5 April 2017 as Annexure A.	56,291,886 fully paid ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Geopacific Resources Limited	Franklin Advisers, Inc	Franklin Advisers, Inc	56,291,886 fully paid ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Geopacific Resources Limited	5 April 2017	Nil	Consideration to be offered under the proposed takeover bid of 1 fully paid ordinary share in Geopacific Resources Limited for every 1.4723 fully paid ordinary share in Kula Gold Limited	56,291,886 fully paid ordinary shares

- (8) If the substantial holder is unable to determine the identity of the person (eg. If the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

Geopacific Resources Limited ACN 003 208 393

This is Annexure A of 6 pages referred to in the Form 603 (Notice of Initial Substantial Holding).

Signed by:



Matthew Smith, Company Secretary

Date:

6 / 4 / 2017

4 April 2017

Franklin Advisers, Inc.
One Franklin Parkway
San Mateo, CA 94403
Attn: Steve Land; Christopher Chen

Dear Sirs

Kula Gold Limited

Geopacific Resources Limited (**Geopacific**) believes a strong business rationale exists to combine the businesses of Geopacific and Kula Gold Limited (**KGD**) and proposes making an off-market takeover offer for all of the issued shares of KGD on the basis set out below (**Offer**).

Franklin Advisers, Inc., as investment manager on behalf of certain funds and accounts (Franklin) is, at the date of this letter, the beneficial owner of 56,291,886 shares in KGD (Franklin Shareholding).

By this letter, and in consideration of the mutual promises contained in this letter, Geopacific enters into a pre-bid agreement with Franklin, whereby Franklin, by executing in the space provided below, agrees to accept Geopacific's Offer, in respect of the Franklin Shareholding, subject to the following terms and conditions:

- Geopacific will publicly announce on ASX, by no later than 5pm (Perth time) on the date two business days after the date Franklin returns this executed letter to Geopacific, its intention to make the Offer (on terms no less favourable to shareholders than those specified below).
- Geopacific will make the Offer (on terms no less favourable to shareholders than those specified below) by no later than the date required under s631(1) of the Corporations Act.
- The Offer will be a scrip bid, offering Geopacific ordinary shares in exchange for KGD shares. The Geopacific ordinary shares will be listed on the Australian Securities Exchange (ASX), will be pari passu with existing Geopacific shares and will be freely tradeable with no restrictions.
- The Offer consideration will be at an implied value of no less than a 25% premium to the VWAP of KGD shares in the five ASX trading days prior to announcement of the Offer, by reference to the VWAP of Geopacific shares over the last five days on which trading of Geopacific shares on ASX could occur.
- The conditions to the Offer are set out in their entirety in Annexure A, which may be waived (in full or in part) by Geopacific.
- If during the period of the Offer Geopacific increases the Offer consideration (including after Franklin tenders its acceptance as provided below), Franklin will be entitled to the increased Offer consideration on the same basis as all other offerees in accordance with the Corporations Act.
- Franklin will deliver a signed acceptance form (or if the holding is through one or more nominees,





cause the relevant nominee to deliver a signed acceptance form) in respect of all of the Franklin Shareholding to Geopacific within 21 days after the commencement of the Offer period (and as otherwise as provided in the Bidder's Statement).

- Franklin will be entitled to terminate this agreement by notice in writing if, prior to Franklin's acceptance of the Offer in accordance with this agreement:
 - (a) another party announces an intention to make an offer (by takeover bid or otherwise) to acquire, or (b) KGD announces a proposal under which another party will acquire (by way of scheme of arrangement or otherwise), all of the ordinary shares in KGD (Competing Offer);
 - at the time of announcement the Competing Offer values KGD shares at a premium to the Geopacific Offer (or any revised Offer announced prior to the Competing Offer); and
 - Geopacific does not announce an increase in the Offer consideration to equal or exceed the price or value offered under the Competing Offer (calculated at the date of Geopacific's announcement), with other material terms and conditions no less favourable than those offered under the Competing Offer, within 10 business days of the announcement of the Competing Offer.
- Franklin will be entitled to terminate this agreement by notice in writing if, prior to Franklin's acceptance of the Offer in accordance with this agreement, the Takeovers Panel makes a declaration of unacceptable circumstances in respect of the Offer.
- Franklin agrees not to dispose of or grant any other party an interest in the Franklin Shareholding.
- Geopacific agrees not to publicly disclose this letter, Franklin or the Franklin Shareholding in any press release, filing, document or otherwise without the prior written consent of Franklin (not to be unreasonably withheld or delayed), except to the extent required by applicable law, provided that (to the extent reasonably practicable in the circumstances) Geopacific provides advance notice of the form of such required disclosure.
- Geopacific agrees to indemnify and hold harmless Franklin and its affiliates from any reasonable costs and expenses (including attorneys fees) incurred in connection with this letter including, without limitation reasonable costs and expenses (including attorneys fees) incurred in connection with any Takeovers Panel proceedings.
- Geopacific agrees to reimburse Franklin for its reasonable legal costs incurred in connection with this letter.
- Except to the extent specifically set out in this letter, Franklin does not forego any rights it has under law in respect of the Offer.
- If Geopacific does not comply with its obligations under the terms and conditions set out in this letter, this agreement may be terminated immediately by Franklin by notice in writing.
- Upon provision of notice of termination by Franklin in accordance with these terms and conditions, Franklin will have no further obligations under this letter.
- Unless terminated earlier, the obligations of Franklin in this letter will cease at 5pm (Perth time) on 31 August 2017 (or such later date agreed to by the parties, acting reasonably) and this letter terminates at that time.
- This letter is governed by the laws of New South Wales.



GEOPACIFIC
RESOURCES LIMITED

Please indicate your agreement to these terms and conditions by signing this letter where indicated below.

Executed by Geopacific Resources Limited
ACN 003 208 393 in accordance with section 127
of the *Corporations Act* 2001 (Cth) by or in the
presence of:



Director Signature



Name of Director (print)



Secretary/Director Signature

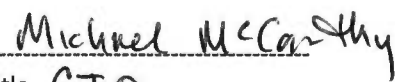


Name of Secretary/Director (print)

Franklin Advisers, Inc., as investment manager on behalf of certain funds and accounts, accepts
the Offer subject to the terms and conditions as listed above.



Authorised Signatory



Title CIO

Date: 4/4/17

Annexure A: Offer Conditions

The Offer and any contract arising from the acceptance of the Offer is subject to fulfilment or waiver of the following conditions before the end of the Offer Period.

1.1 Minimum Acceptance

During, or at the end of, the Offer Period, the number of Kula Shares in which Geopacific and any Associate of Geopacific together have Relevant Interests in is at least 90% (by number) of all Kula Shares on issue.

1.2 No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency;
- (b) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (c) no application is made to any Government Agency (other than by Geopacific or any Associate of Geopacific),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers and the completion of any transaction contemplated by the Bidder's Statement or which requires the divestiture by Geopacific of any Kula Shares or any material assets of Geopacific or any of its Subsidiaries.

1.3 Material adverse change

- (a) Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs (whether or not becoming public):
 - (i) an Event (including a decision of a Government Agency or a change in law) occurs or will or is reasonably likely to occur;
 - (ii) information is disclosed or announced by Kula concerning any Event; or
 - (iii) information concerning any event becomes known to Geopacific (whether or not becoming public),

(each of (1), (2) and (3) a **Specified Event**) which, whether individually or when aggregated with all such Events (including a decision of a Government Agency or a change in law) of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (iii) *a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects (**Material Adverse Effect**) of the Kula Group taken as a whole; or*
- (iv) without limiting the generality of the previous clause;
 - (A) the effect of a diminution in the value of the consolidated net assets of the Kula Group, taken as a whole, by at least A\$2.5 million against what it

would reasonably have been expected to have been but for such Specified Event; or

- (B) the effect of impairing, terminating or otherwise adversely affecting or changing any Tenements or any Authorisation in connection with any Tenements.

(b) A Specified Event shall not include an Event:

- (i) fully and fairly disclosed by Kula on the ASX within 6 months prior to the Announcement Date;
- (ii) relating to the state of securities markets in general; or
- (iii) resulting from any changes in the gold mining industry in general.

(c) In this paragraph, **Event** means any event, change, condition, matter or thing.

1.4 Prescribed occurrences

Between the Announcement Date and the date that is 3 Business Days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

- (a) Kula converting all or any of the Kula Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) Kula or any of its Subsidiaries resolving to reduce its share capital in any way;
- (c) Kula or any of its Subsidiaries entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) Kula or any of its Subsidiaries:
 - (i) issuing Kula Shares (other than Kula Shares issued as a result of the exercise of Kula Options);
 - (ii) granting an option over Kula Shares; or
 - (iii) agreeing to make such an issue or grant such an option;
- (e) Kula or any of its Subsidiaries issuing, or agreeing to issue, convertible notes;
- (f) Kula or any of its Subsidiaries disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) Kula or any of its Subsidiaries granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (h) Kula or any of its Subsidiaries resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of Kula or any of its Subsidiaries;
- (j) the making of an order by a court for the winding up of Kula or any of its Subsidiaries;
- (k) an administrator of Kula or any of its Subsidiaries being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Kula or any of its Subsidiaries executing a deed of company arrangement; or



- (m) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Kula or any of its Subsidiaries.

1.5 No litigation on foot or pending

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against any Kula Group Member which may reasonably result in a judgement of A\$2.5 million or more is commenced, is threatened to be commenced, is announced, or is made known to Geopacific (whether or not becoming public) or Kula, other than that which is in the public domain as at the Announcement Date.