

ASX Announcement & Media Release

Geopacific Resources Elects to Proceed

- **Geopacific Resources Limited have completed their review and due diligence stage of the JV, and have elected to proceed to Tranche 2 sole expenditure of \$8m;**
- **Target is to take the Woodlark Island Gold Project reserve to 1.2Moz gold;**
- **Kula Gold is free carried for the next \$8m expenditure; and**
- **Kula Gold's holding costs substantially reduced to ~\$0.6m p.a.**

Kula Gold Limited (ASX: KGD) ("**Kula**" or "**the Company**") is pleased to announce that Geopacific Resources Limited ("**Geopacific**") have served their Election Notice to proceed to Tranche 2 of the Earn-in and Joint Venture Binding Term Sheet on the Woodlark Island Gold Project ("**WIPG**" or "**the Project**") following the successful completion of their due diligence and preparation of the initial work program.

Kula Chairman Mr David Frecker said that: *"It is pleasing that Geopacific has elected to proceed to the next stage after just three months of the six months anticipated for Tranche 1. The formal agreements to carry the Project forward are currently under consideration. We look forward to reporting the results of Geopacific's drilling and other work as it progresses."*

With the election to proceed, Geopacific has committed to spend up to \$8 million within 24 months (aiming to achieve the target of a 1.2Moz gold reserve for the Project) and has taken over all on site management and costs. As a result of this commitment, Geopacific is entitled to 5% equity in the Project, which will be delivered to it in the form of shares in Kula's PNG subsidiary, Woodlark Mining Limited ("**WML**") as soon as the agreements are signed.

Kula is free carried for the next \$8 million expenditure on the Project as Geopacific will be earning further equity in the Project. During this Tranche 2 earn-in phase Kula's total annual costs, including WML's corporate costs, will be in the order of \$600,000.

If Geopacific is successful in Tranche 2 and commits to Tranche 3, it will spend a further \$10 million on a Bankable Feasibility Study and Kula will be free carried through this phase as well.

Kula currently intends to fund its share of mine development costs to maintain a minimum holding of 20% in the Project at production.

Kula looks forward to working with Geopacific to progress the Project through to production in the shortest possible timeframe.



Background on the Woodlark Island Gold Project, PNG

Kula Gold Limited has advanced its Woodlark Island Gold Project to the point where it is permitted and ready to progress to the next stage. The Project is located 600 kilometres east of Port Moresby in the Milne Bay Province, Papua New Guinea.

Kula's Joint Venture Partner Geopacific Resources Limited is funding the next \$8m expenditure to advance the gold reserves to a target of 1.2Moz gold to earn additional equity in 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.

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 Feasibility Study defined a Project with a mine life of nine years based on three open pit mining areas and a 1.8Mtpa gravity and carbon in leach plant.

The Company's wholly-owned subsidiary, Woodlark Mining Limited, has been granted the Environment Permit and the Mining Lease for the Project.

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Directors and Management

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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 Kulumadau, 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)
Kulumadau	Measured	5.0	1.78	285,000
Kulumadau	Indicated	4.4	1.75	245,000
Kulumadau	Inferred	8.6	1.4	375,000
Kulumadau	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
Boniavat	Indicated	3.0	1.2	115,000
Boniavat	Inferred	1.0	1.8	60,000
Boniavat	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 @ 1.4t Au for 20,000oz from overlying alluvial mineralisation.
 Note 3: The Busai Inferred Resource includes 0.4Mt @ 1.2t 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 Boniavat 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
Kulumadau	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
Kulumadau 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.

There has been no change to previously reported gold resources and reserves and all underlying assumptions remain unchanged. Please refer to Appendix 1 on the ASX announcement on 23 March 2016 entitled "Kulumadau Gold Deposit part of Larger System".