

5 April 2017

GEOPACIFIC RESOURCES LIMITED
ACN 003 208 393

ASX Code: GPR

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DIRECTORS
Chairman: Milan Jerkovic
Managing Director: Ron Heeks
Executive Director: Philippa Leggat
Non-Exec Director: Mark Bojanjac
Non-Exec Director: Ian Clyne

COMPANY SECRETARY
Matthew Smith

PROJECTS
PAPUA NEW GUINEA:
Woodlark Island Gold

CAMBODIA:
Kou Sa Copper

FIJI:
Nabila Gold
Rakiraki Gold
Sabeto Gold-Copper
Vuda Gold-Copper
Cakaudrove Gold-Silver

Takeover Offer for Kula Gold Limited

The [Board](#) of Geopacific Resources Limited (ASX:GPR) (Geopacific) is pleased to announce its intention to make an off-market takeover offer (the Offer) to acquire all of the ordinary shares of Kula Gold Limited (ASX:KGD) (Kula). Pre-bid acceptance of the Offer has been secured from Franklin Advisers, Inc., as investment manager on behalf of certain funds and accounts, which holds 17% of Kula's issued capital.

Offer

Geopacific's Offer is 1 Geopacific share for every 1.4723 Kula shares.

The Offer allows Kula shareholders to continue their economic participation in the successful development of the Woodlark Gold Project (Woodlark) by exchanging shares in Kula for shares in Geopacific.

The Offer is equivalent to approximately \$0.028 per Kula Share compared to the closing price of Kula shares yesterday¹ of \$0.02, and represents:

- A 25% premium based on a 5 day vwap²
- A 77.5% premium to the current Kula Rights Issue price of \$0.015³

The Offer extends to any shares subscribed for under Kula's Rights Issue.

The Offer is subject to a limited number of conditions as set out in **Annexure A**, including a 90% minimum acceptance of the Offer.

Further details of the Offer will be set out in a Bidder's Statement which will be sent to Kula's shareholders shortly. The Bidder's Statement will also set out how to accept the Offer, provide further information about Geopacific and set out the reasons why Kula's shareholders should accept the Offer. Geopacific is not making an offer to acquire any of the options issued by Kula, though it will offer to acquire any shares issued as a result of the exercise of an option.

Why Geopacific is making the Offer to Kula's Shareholders

Geopacific has a strong management team with significant experience in developing mineral projects from the exploration stage into production.

Kula's shareholders are aware that in July last year the Board of Kula announced that Geopacific had been chosen to advance Woodlark in a joint venture (JV) transaction. The JV transaction allows Geopacific to earn up to an 80% interest in Kula's subsidiary company Woodlark Mining Limited, which holds all Woodlark assets, by meeting milestones over a period of up to four years.

The first stage of Geopacific advancing this plan involved Geopacific conducting due diligence on Woodlark and preparing a development plan. This stage was completed in October 2016 and Geopacific is progressing towards the next milestone, advancing Woodlark with economic studies and a development drilling programme.

¹ Geopacific's closing price of \$0.042 and Kula's closing price of \$0.020 on 4 April 2017

² Volume weighted average price (vwap) from 29 March 2017 to 4 April 2017, sourced from IRESS

³ Kula Rights Issue announced 20 March 2017



Having successfully advanced to this point, Geopacific believes there is compelling commercial logic in bringing the ownership of the Woodlark Gold Project under a single management structure.

Geopacific believes the current dual ownership structure causes inefficiencies for both sets of shareholders by prohibiting shareholders of either company having an unimpeded ownership interest in Woodlark. This diminishes the investment value to current and potential investors. The dual structure also duplicates governance, management and reporting structures, causing excess leakage of funds from development activities.

Benefits of the Offer

Geopacific is making the Offer to Kula shareholders as it believes that combining Woodlark under a single ownership structure is in the interests of the shareholders of both companies.

Geopacific believes that successful completion of the Offer will:

- enhance the investment value to existing and potential investors and financiers by consolidating ownership in a single company.
- Eliminate:
 - complex and overlapping contractual inter-relationships between Geopacific and Kula;
 - duplication of governance, management and reporting structures; and
 - duplication of ASX listing fees and related compliance expenses.
- Allow Geopacific as the owner of Woodlark, to give full and proper representation to other important stakeholders including:
 - the Papua New Guinea Government;
 - the Milne Bay Provincial Government; and
 - the Woodlark landowners.

Further details will be set out in the Bidder's Statement which will be forwarded to all Kula Shareholders.

Pre-bid Acceptance

Geopacific is pleased to advise that Franklin Advisers, Inc., as investment manager on behalf of certain funds and accounts, an international investment fund manager and substantial Kula Shareholder, has entered into a "Pre-bid Acceptance Agreement" with Geopacific under which it has agreed to sell the approximate 17% interest it manages in Kula into the Geopacific Offer. A copy of the Pre-bid Acceptance Agreement is attached under **Appendix B**.

Geopacific Managing Director, Ron Heeks commented

"Geopacific and Kula exist for the same ultimate objective of advancing the Woodlark Gold Project to development. However, the current dual ownership structure is inefficient, expensive and a combined, single entity is likely to be significantly more attractive for investors and financiers. Simplifying this structure is the next logical step in advancing the Project for the benefit of the shareholders of both companies."

CONTACT

For further information on this update or the Company generally, please visit our website at www.geopacific.com.au or contact:

Mr. Ron Heeks
Managing Director

Ms. Philippa Leggat
Executive Director Corporate

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.

Defined Terms

Announcement Date means the date of the announcement of the Offer by Geopacific on the ASX, being on or about 5 April 2017.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning set out in section 12 of the Corporations Act as if subsection 12(1) of the Corporations Act included a reference to this document and Kula was the designated body.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.

Authorisation means any approval, licence, consent, authority or permit.

Bidder's Statement means the statement of Geopacific under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

Business Day means a day that is not a Saturday, Sunday or public holiday or bank holiday in Perth.

Corporations Act mean *Corporations Act 2001* (Cth).

Geopacific means Geopacific Resources Limited (ABN 57 003 208 393).

Geopacific Share means a fully paid ordinary share in the capital of Geopacific.

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.

Kula means Kula Gold Limited (ABN 83 126 741 259).

Kula Group means Kula and each of its Subsidiaries and **Kula Group Member** means any member of the Kula Group.

Kula Option means an option, issued by Kula, to acquire a Kula Share.

Kula Share means a fully paid ordinary share in the capital of Kula.

Offer means the offer for Kula Shares by Geopacific on the basis of 1 Geopacific Share for every 1.4723 Kula Shares.

Offer Period means the period during which the Offer is open for acceptance in accordance with the Bidder's Statement.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Security Interest means an interest or power:

- (a) reserved in or over an interest in any asset; or
- (b) created or otherwise arising in or over any interest in any asset under a security agreement, a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to:

- (c) any agreement to grant or create any of the above; and

- (d) a security interest within the meaning of section 12(1) of the *Personal Property Securities Act 2009* (Cth).

Subsidiary has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

Takeover Bid means the off-market takeover bid constituted by the dispatch of the Offer in accordance with the Corporations Act.

Takeovers Panel means the Australian Takeovers Panel.

Tenements means any and all tenements that Kula or its Subsidiaries have a direct or indirect interest in from time to time (including as holder, owner, operator or joint venturer), including any tenement that is a successor, renewal, modification, extension or substitute for the whole or part of any such tenement.

Third Party means a person other than Geopacific and its Associates.

Annexure B

Pre-bid Acceptance Agreement

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

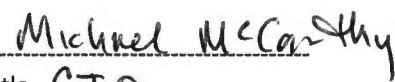


Name of Secretary/Director (print)

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.