

## ASX Announcement & Media Release

### Sale of Woodlark Gold Project

Kula Gold Limited (**Kula**) has agreed to sell all its rights and interests in the Woodlark Gold Project (**Woodlark**) to Geopacific Resources Limited (**Geopacific**) (ASX:GPR) (**Proposed Transaction**).

Subject to requisite shareholder approvals of both companies (including Kula shareholder approval under ASX Listing Rules 11.2 and 10.1), Kula will dispose of its interest in Woodlark in return for receiving 150M Geopacific shares (**Consideration Shares**), and an estimated A\$0.7M cash from Geopacific concurrent with cancelling all of Geopacific's existing 85% shareholding in Kula.

Kula will immediately apply the cash to repay its then-estimated A\$0.68M loan from Geopacific. Kula intends to ultimately distribute the Consideration Shares pro-rata to its shareholders once Geopacific's Kula shares are cancelled (**In-Specie Distribution**).

Geopacific has obtained a waiver from Listing Rule 10.7 to permit it to pay the above consideration under the Proposed Transaction. Accordingly, none of the Consideration Shares will be restricted from trading on the ASX once issued.

Kula will cease to be a subsidiary of Geopacific and pursue new opportunities. On completion of the Proposed Transaction Messrs Heeks and Smith will both retire from the Kula board. The Company does not expect to appoint any further directors at this stage.

An agreement signed on 6 March 2019 sets out the terms of Geopacific's acquisition. The agreement is subject to requisite shareholder approvals of both Geopacific and Kula. A summary of the agreement is attached to this announcement.

#### Support of independent Kula Directors

The Kula directors, independent of Geopacific, support the transaction and recommend that Kula shareholders vote for the transaction. Mr Mark Stowell, a Kula director and an indirect shareholder intends to vote for the transaction.

#### In-specie Distribution

If the In-specie Distribution is approved by Kula shareholders, each Kula shareholder will receive approximately 2.55 Geopacific shares for every Kula share held on the record date (which will be set following the shareholder meetings), rounded to the nearest whole number.

As the In-specie Distribution will involve an equal reduction of share capital under section 256B of the *Corporations Act 2001 (Cth)*, Kula shareholder approval will be required. It is anticipated that the general meeting of Kula shareholder to approve the In-specie Distribution will be held in April 2019.



It is anticipated that, subject to obtaining necessary regulatory approvals, overseas based Kula shareholders or those who would, on the distribution of the Kula shares, have less than a marketable parcel of Geopacific shares will, instead of receiving Geopacific shares, have the Geopacific shares to which they would have been entitled issued to a sale agent who will account to those Kula shareholders for the value received on the sale of those shares.

### Pro forma balance sheet

A pro forma balance sheet of financial position as at 31 December 2018 following completion of the Proposed Transaction is set out below:

Description	Unaudited Balance Sheet as at 31-Dec-2018	Adjustments to 30-Apr-2019	Disposal of Investment in Woodlark to Geopacific	In-specie Distribution of Geopacific Shares	Pro-Forma Balance Sheet Post Proposed Transaction
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	8,014	11,986			20,000
Receivables and other assets	10,976	(10,976)			-
<b>Total current assets</b>	<b>18,990</b>	<b>1,010</b>	<b>-</b>	<b>-</b>	<b>20,000</b>
Non-current assets					
Property, plant and equipment	1,783				1,783
Intercompany loan to WML	7,136,201		(7,136,201)		-
Available for sale financial assets	9,920,071		(9,920,071)		-
Shares in Geopacific (150M @ 1.7c)			2,550,000	(2,550,000)	-
<b>Total non-current assets</b>	<b>17,058,054</b>	<b>-</b>	<b>(14,506,272)</b>	<b>(2,550,000)</b>	<b>1,783</b>
<b>Total assets</b>	<b>17,077,045</b>	<b>1,010</b>	<b>(14,206,272)</b>	<b>(2,550,000)</b>	<b>21,783</b>
<b>LIABILITIES</b>					
Current liabilities					
Trade and other payables	1,774	(1,774)			-
Loan facility - Geopacific	416,000	246,943	(662,943)		-
Payroll liabilities	629	(629)			-
Provisions	29,861	(29,861)			-
<b>Total current liabilities</b>	<b>448,264</b>	<b>214,679</b>	<b>(662,943)</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>16,628,780</b>	<b>(213,669)</b>	<b>(13,843,329)</b>	<b>(2,550,000)</b>	<b>21,783</b>
<b>EQUITY</b>					
Equity	16,628,780	(213,669)	(6,460,879)	(2,550,000)	7,404,232
Loss on disposal of investment			(7,382,450)	-	(7,382,450)
<b>Total equity</b>	<b>16,628,780</b>	<b>(213,669)</b>	<b>(13,843,329)</b>	<b>(2,550,000)</b>	<b>21,783</b>



Note: This consolidated pro forma balance sheet of the Company is based on the financial report as at 31 December 2018, adjusted for:

- (a) Cash balance to be \$20k post the Proposed Transaction.
- (b) Estimated expenditure for the period 1 January 2019 to 30 April 2019, including but not limited to:
  - a. Administration expenses.
  - b. Payroll liabilities.
  - c. Legal expenditure associated with the Proposed Transaction.
- (c) Allocation of prepaid expenses.
- (d) Loan facility with Geopacific to cover liabilities such that Kula has zero liabilities post the Proposed Transaction.
- (e) In-specie distribution of Geopacific shares to eligible Kula shareholders.

As noted above, the Proposed Transaction will have the effect of strengthening the Company's balance sheet to enable the Company the financial flexibility to seek other investment opportunities. The Company notes, however, that any investment opportunity that it decides to pursue in the future is likely to require the Company to re-comply with chapters 1 and 2 of the ASX Listing Rules. In addition, in accordance with ASX policy, if the Company fails to pursue and announce a new investment opportunity within 6 months, its securities are likely to be suspended by the ASX until such investment opportunity is announced and the Company has re-complied with chapters 1 and 2 of the ASX Listing Rules. If this circumstance were to eventuate, the Company will endeavour to minimise the period of suspension as much as possible.

### Expected events

The Company intends to convene a general meeting of its shareholders to seek all necessary approvals for the Proposed Transaction. A notice of general meeting and explanatory statement containing further details will be circulated in due course.

Set out below is an indicative timetable for the Proposed Transaction:

Event	Date*
Dispatch of Geopacific notice of meeting	29 March 2019
Dispatch of Kula notice of meeting	5 April 2019
General meeting of Geopacific shareholders	29 April 2019
General meeting of Kula shareholders	5 May 2019
Anticipated completion of the Proposed Transaction and issue of Consideration Shares	10 May 2019

The above dates are indicative only and may change without notice. Each of the notices of meeting for Kula and Geopacific will contain an independent expert's report as required under the ASX Listing Rules. Any delays in finalising the notices of meeting (including those reports) will have the effect of delaying all other indicative dates.



## Contact

For further information on this update or the Company generally, please contact Mr. Garry Perotti, Executive Director on +61 8 6143 5411.

## Directors and Management

Mark Bojanjac	Non-executive Chairman
Mark Stowell	Non-executive Director
Matthew Smith	Director
Ronald Heeks	Director
Garry Perotti	Executive Director

## Registered office

Level 1, 278 Stirling Highway  
Claremont, WA 6010, Australia  
T: + 61 8 6143 5411  
E: [info@kulagold.com.au](mailto:info@kulagold.com.au)  
W: [www.kulagold.com.au](http://www.kulagold.com.au)  
Tw: [twitter.com/kulagold](https://twitter.com/kulagold)

## Auditor

Ernst & Young  
11 Mounts Bay Road,  
Perth, WA 6000, Australia  
Office: +61 8 9249 2222

## Share registry

Link Market Services Limited  
Level 12, 680 George Street  
Sydney, NSW 2000, Australia  
T: 1300 554 474 or +61 2 8280 7111



## Summary of Agreement

Under an agreement signed on 6 March 2019 2019 (**Agreement**) Kula Gold Limited (**Kula**) agreed to sell, free from all encumbrances and third party claims, and Geopacific Resources Limited (**Geopacific**) agreed to purchase, all of the outstanding shares in Woodlark Mining Limited (**Woodlark**) not currently owned by Geopacific (**Sale Shares**).

The purchase price payable under the Agreement comprises of:

1. the cancellation by way of selective buy back under section 257A of the *Corporations Act 2001* (Cth) of all of the shares in Kula held by Geopacific (**Kula Shares**);
2. subject to the cancellation of the Kula Shares, the immediate issue to Kula of 150,000,000 fully paid ordinary shares in Geopacific at a deemed issue price of 1.7c each (**Geopacific Shares**) proposed to be distributed to Kula shareholders (other than Geopacific) following regulatory approvals and procedures, in-specie or similar;
3. the payment by Geopacific to Kula of an amount (equal to the amount, as at completion, of the inter-company debt between Geopacific, as lender and Kula, as borrower (**Kula Debt Amount**)) (**Cash Consideration**) to be applied at completion against the Kula Debt Amount in accordance with the Agreement. The Parties anticipate the Kula Debt Amount to be between \$500,000 and \$750,000;
4. payment by Geopacific to Kula of \$20,000; and
5. assignment by Kula to Geopacific of the inter-company loan owed by Woodlark (being \$7.2million as at the date of the Agreement).

The Agreement is subject to and conditional upon several conditions precedent being satisfied including:

1. the Parties obtaining all shareholder, regulatory and other approvals necessary for the sale and purchase of the Sale Shares and the transactions contemplated by the Agreement;
2. Kula obtaining shareholder approval for the subsequent distribution of all Geopacific Shares to its shareholders on a pro rata basis; and
3. there being no material adverse change to the Sale Shares or their value, as determined by Geopacific.

In the event that each and all of the above conditions precedent are not satisfied by 30 June 2019 (**Drop Dead Date**), subject to extension by agreement in writing between the Parties, the Agreement will terminate.

Kula has agreed that it will not enter into discussions, negotiations or execute a formal agreement with any third party in respect of the sale or proposed sale of all or part of the Sale Share prior to the Drop Dead Date.

On and from completion Mr Heeks and Mr Smith will resign as Directors of Kula.

Following completion and subject to shareholder approval, Kula has agreed to distribute the Geopacific Shares to the Kula Shareholders registered at the date of the distribution on an in-specie basis, subject only to cancellation of the Kula Shares held by Geopacific as a precondition.

Up to completion Geopacific will provide Kula such funding as it reasonably requires to give effect to the transactions as summarised above and for general working capital. Such funding will form part of the Kula Debt Amount and be repaid at completion.

Kula has provided limited warranties to Geopacific in relation to Woodlark, consistent with Geopacific's existing history and involvement in Woodlark over recent years.



Subject to regulatory requirements, at completion Mark Bojanjac will be entitled to be issued 2,500,000 fully paid ordinary shares in Kula in consideration for services rendered on a fixed fee basis to co-ordinate completion of the transactions contemplated by the Agreement. These shares will be entitled to participate in the proposed in-specie distribution of the Geopacific Shares by Kula.