

Geopacific to consolidate 100% of Woodlark Gold Project

Geopacific Resources Limited (**Geopacific**) has agreed to acquire from Kula Gold Ltd (**Kula**) all of Kula's rights and interests in the Woodlark Gold Project (**Woodlark**), consolidating Geopacific's 100% direct ownership of the gold project.

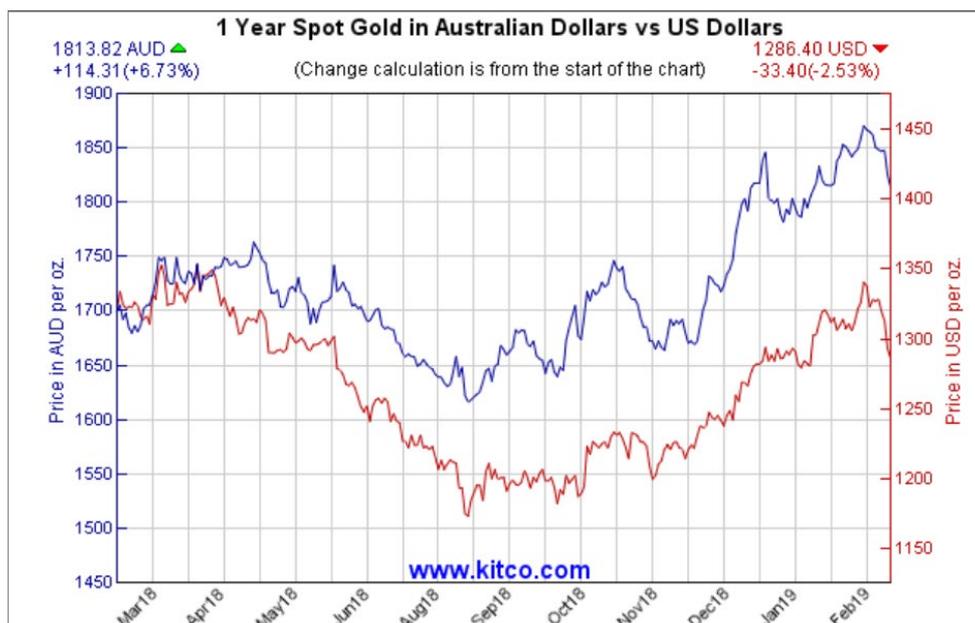
Highlights

- **Geopacific to consolidate 100% direct ownership of Woodlark**
- **Simplified ownership structure**
- **JV with Kula to be extinguished**
- **Significant corporate cost reductions**
- **Excellent timing with gold price well over the DFS pricing assumption**
- **Increases general market appeal**
- **Kula minority shareholders to also become Geopacific holders post transaction**
- **Kula to pursue new opportunities**

Managing Director, Ron Heeks said

"Acquiring 100% direct interest in Woodlark is a positive step in the the Project's development pathway. The simplified ownership structure enhances its attractiveness to potential financiers and positions it to take advantage of the growing A\$ margin as projected revenues and most costs are to be in Australian Dollars.

Ownership consolidation takes place as the gold price moves well above the DFS pricing assumption of A\$1,650/oz."



Source: Kito Metals Inc. as at 5 March 2019

Subject to requisite shareholder approvals of both companies, Geopacific will secure 100% ownership of Woodlark in return for issuing 150M Geopacific shares (**Consideration Shares**), and paying an estimated A\$0.7M cash to Kula concurrent with cancelling all of its 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**).

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

As a result, Geopacific will directly own 100% of the Woodlark Gold Project.

Kula will cease to be a subsidiary of Geopacific and pursue new opportunities. On Completion Messrs Heeks and Smith will both retire from the Kula board.

Agreement

An agreement signed 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.

Expected events

The Company intends to convene a general meeting of its shareholders to seek all necessary approvals for the 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 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	29 April 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 visit www.geopacific.com.au or contact Mr. Ron Heeks, Managing Director.

Company details	Board	Projects
Geopacific Resources Limited ACN 003 208 393 ASX Code: GPR info@geopacific.com.au http://www.geopacific.com.au T +61 8 6143 1820 HEAD OFFICE Level 1, 278 Stirling Highway, Claremont WA 6010. PO Box 439, Claremont WA 6910.	Milan Jerkovic Chairman Ron Heeks Managing Director Mark Bojanjac Non-Executive Director Ian Clyne Non-Executive Director Colin Gilligan Non-Executive Director Matthew Smith Company Secretary	PAPUA NEW GUINEA Woodlark Island Gold CAMBODIA Kou Sa Copper FIJI Nabila Gold, Rakiraki Gold, Sabeto Gold-Copper, Vuda Gold-Copper, Cakaudrove Gold-Silver

Summary of Agreement

Under an agreement signed 6 March 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 \$7.1million 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 (including Kula shareholder approval under Listing Rules 11.2 and 10.1 and Geopacific shareholder approval under Listing Rule 10.1 and 10.11);
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.