

Kula Gold Limited

Notice of General Meeting

The General Meeting of the Company will be held at Suite 2, 20 Howard Street, Perth, Western Australia 6000 on 31 March 2023 at 10.00am (WST).

This notice of general meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Please contact the Company Secretary on +61 466 319 424 or email cosec@kulagold.com.au if you wish to discuss any matter concerning the Meeting.

Kula Gold Limited has obtained an independent expert's report from Stanton Corporate Finance Pty Ltd opining on whether the Acquisition is fair and reasonable to Shareholders whose votes are not to be disregarded.

The Independent Expert has opined that the Acquisition is not fair but reasonable to unrelated Shareholders.

A copy of the Independent's Expert's report accompanies this Notice of Meeting, and Shareholders are urged to read the report in full and obtain their own advice if they have any queries.

Kula Gold Limited
ACN 126 741 259

Notice of General Meeting

Notice is hereby given that the general meeting of the Shareholders of Kula Gold Limited will be held at Suite 2, 20 Howard Street, Perth, Western Australia 6000 on 31 March 2023 at 10.00am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form forms part of this Notice of Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 10.00am (WST) on 29 March 2023.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in SCHEDULE 1 of the Explanatory Memorandum.

Agenda

RESOLUTION 1 ACQUISITION OF 70% INTEREST IN THE KIRUP PROJECT

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

“That for the purposes of Listing Rule 10.1 and for all other purposes, Shareholder approval is given for the Company to acquire a 70% interest in the Kirup Project under the Acquisition and on the terms set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

Stantons Corporate Finance Pty Ltd has opined that the Resolution is not fair but reasonable to Shareholders whose votes are not to be disregarded. A copy of their report accompanies this Notice of Meeting.

RESOLUTION 2 ISSUE OF CONSIDERATION SHARES TO SENTINEL EXPLORATION LIMITED

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

“That for the purposes of Listing Rules 10.11 and for all other purposes, Shareholder approval is given for the Company to issue the Consideration Securities to Sentinel Exploration Limited or its nominees under the Acquisition and on the terms set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

INTER-CONDITIONAL RESOLUTIONS

Resolutions 1 and 2 are inter-conditional. All Resolutions will be withdrawn if any of Resolutions 1 and 2 are not approved.

VOTING PROHIBITION AND EXCLUSION STATEMENTS

Listing Rules

The Listing Rules prohibit votes being cast (in any capacity) on the following resolutions by any of the following persons or their associates:

Resolution	Persons excluded from voting
Resolution 1 - Acquisition of a 70% interest in the Kirup Project	Sentinel Exploration Limited and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of *ordinary securities in the entity).
Resolution 2- Issue of Consideration Securities	Sentinel Exploration Limited and any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By order of the Board of Directors

A handwritten signature in black ink, appearing to be 'KB' followed by a stylized flourish.

Keith Bowler
Company Secretary
Kula Gold Limited
3 March 2023

Kula Gold Limited
ACN 126 741 259

Explanatory Memorandum

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Suite 2, 20 Howard Street, Perth, Western Australia 6000 on 31 March 2023 at 10.00am (WST). The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

Shareholders can attend the Meeting in person or through appointing a proxy. See section 1 for details.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

- 1 ACTION TO BE TAKEN BY SHAREHOLDERS, INCLUDING ATTENDING THE MEETING 4
- 2 RESOLUTION 1 - ACQUISITION OF THE KIRUP PROJECT 6

A Proxy Form is located at the end of Explanatory Memorandum.

Any forward looking statements in this Explanatory Memorandum are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its board, which could cause actual results, performance or achievements expressed or implied by forward-looking statements in this Explanatory Memorandum.

This Explanatory Memorandum does not take into account any person's investment objectives, financial situation or particular needs. If you are in any doubt about what to do in relation to the Meeting you should consult your financial or other professional advisor.

This Explanatory Memorandum includes exploration results and resource statements first announced by the Company to ASX on 28 November 2022. The Company confirms that it is not aware of any new information or data that materially affects these exploration results and resource statements.

Please contact the Company Secretary on +61 466 319 424 or cosec@kulagold.com.au if you wish to discuss any matter concerning the Meeting.

1 ACTION TO BE TAKEN BY SHAREHOLDERS, INCLUDING ATTENDING THE MEETING

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to attend and vote on the Resolutions.

1.1 Proxies

All Shareholders are invited and encouraged to attend the Meeting. If a Shareholder is unable to attend in person, they can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form. The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 10.00am (WST) on 29 March 2023. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

By Mail	Advanced Share Registry Limited 110 Stirling Hwy, Nedlands WA 6009; or PO Box 1156, Nedlands WA 6909
By Facsimile	+61 8 6370 4203
By Hand	Advanced Share Registry Limited 110 Stirling Hwy, Nedlands WA 6009
Online:	www.advancedshare.com.au/investor-login or admin@advancedshare.com.au

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

1.2 Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry (www.advancedshare.com.au/investor-login).

1.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 7.00pm (EST) on 29 March 2023.

2 RESOLUTION 1 - ACQUISITION OF THE KIRUP PROJECT

2.1 Introduction

On 28 November 2022, the Company announced that it has signed a conditional agreement (**Agreement**) with Sentinel Exploration Limited (**Sentinel**) to purchase a 70% interest in the rights to explore for and mine lithium and related minerals (**Lithium Rights**) in a 117 km² exploration tenement known as the Kirup Project. The Acquisition is subject to certain conditions, including Shareholder approval, which will be sought at this Meeting.

The Kirup Project is located 200km South of Perth. With an area of 117km², the Project was originally acquired by Merchant Ventures Pty Ltd, now a wholly owned subsidiary of Sentinel due to the proximity to the Greenbushes Lithium Mine and the numerous geological mapping and mineral occurrences and geophysical structures. The Project area commences approximately 25km West of the Greenbushes open pit mining operation (Figure 1).

Greenbushes is currently the largest hard-rock lithium mine in the world, operating since May 2014 by Talison Lithium Pty Ltd, an incorporated joint venture between Tianqi Lithium Corporation (51%) and Albemarle Corporation (49%). Greenbushes produces a concentrate of the lithium mineral, spodumene, to feed both China and Western Australia based mineral conversion plants or consumers of spodumene concentrates in Europe, North America and China. Australian mining company IGO Limited recently signed a deal to acquire a 24.99% stake in Greenbushes from Tianqi Lithium Corporation.

Reports of work by earlier explorers and the Geological Survey of Western Australia* within the Project record the presence of pegmatites - a rock that may host spodumene - and so provides immediate exploration targets. Much of this earlier work focused on the discovery of the minerals cassiterite (tin) and tantalite (tantalum), as Greenbushes was at different times mining for these minerals before spodumene (lithium) became the major driver of revenue.

Recent data review by Sentinel involved desk top reviews of all available WAMEX historical reports as per Table 1 and 2 and georeferencing maps, collating geochemical, all auger, percussion/reverse circulation (RC) and diamond core drilling data into modern GIS format, collating all historical geophysical data and numerous site visits collecting samples. These samples have been sent to the lab for assays, results of which will be reported in due course.

A prospectively target map has been created following both geological and geophysical interpretation from the data preparation, collation and review and is ready to start field work early in the new year upon settlement of the purchase agreement.

Minimal field work has been carried out until this precursory technical review had been performed.

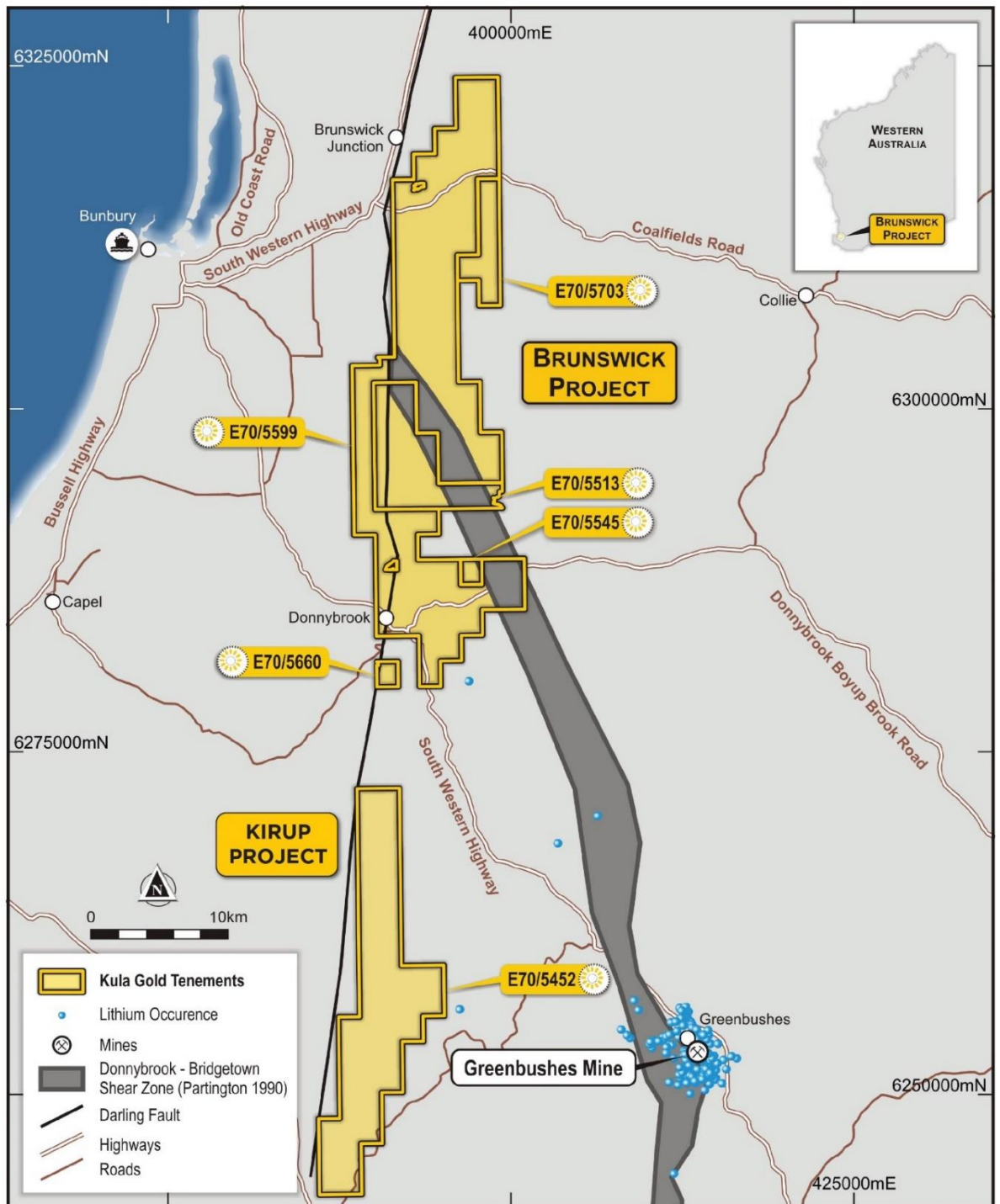


Figure 1 - location of the Kirup Project and Kula's existing Brunswick Project

Planned future work on Kirup includes detailed and targeted pegmatite mapping and geochemical sampling over all the accessible pegmatites from the historical mapping as well as part of the due diligence process verification of historical mapped pegmatites.

Targets from geochemistry anomalies and possibly the planned geophysical survey and will then be priority ranked for drill testing.

Plans are proceeding to securing and targeting a new low-level magnetics and radiometric surveys, quotes have been requested and are subject to availability and awaiting completion of the acquisition.

Further information on the Kirup Project is set out in the Technical Assessment Report.

2.2 Terms of the Acquisition

The terms of the Agreement are as follows:

- (a) Kula will acquire a 70% interest in the Lithium Rights in the Kirup Project, tenement E70/5452;
- (b) The acquisition is conditional upon the following being satisfied by no later than 31 March 2023:
 - (i) Kula completing due diligence to its satisfaction.
 - (ii) Kula obtaining all approvals under the Listing Rules for the acquisition (including approval by ASX for the terms of the deferred consideration) (such approval to be sought at the Meeting).
 - (iii) The parties obtaining all approvals required under the Mining Act.
- (c) The consideration to be paid by Kula is:
 - (i) \$70,000 upon signing the Agreement (this has been paid) and \$130,000 upon completing the Acquisition, for reimbursement of exploration expenditure costs incurred to date by Sentinel;
 - (ii) 12,000,000 Shares issued at Completion. As a result of ASX Listing Rule 10.7, these shares will be subject to a 12-month escrow period from the date of issue;
 - (iii) Performance Rights with a face value of \$2m that convert to Shares at the 10-day VWAP, with a minimum conversion price of \$0.04, on completion of a JORC maiden inferred resource on the Kirup Project of a minimum of 10mt of ore at a grade of 1% lithium (or metal equivalent) or greater within 5 years of the Lithium Rights being acquired. As a result of ASX Listing Rule 10.7, these securities will be subject to a 12-month escrow period from the date of issue; and
 - (iv) Sentinel is free carried for its 30% interest in the Kirup Project to the completion of an economic feasibility study viable for bank finance.
- (d) The term sheet contains warranties and mineral access rights typical for a transaction of this nature.

2.3 Effect on the capital structure of the Company and dilution

The effect of the various issues on the capital structure of the Company is as follows (assuming all Resolutions are passed and no other securities are issued):

	Undiluted		Fully diluted ¹	
Existing Shares on issue	361,211,921	96.78	361,211,921	82.44
Existing Options on issue	14,925,000		14,925,000	3.41
Resolution 2 (Shares and Performance Rights)	12,000,000	3.22	62,000,000	14.15
Total	373,211,921	100	438,136,921	100

1 This assumes no further Shares are issued.

2.4 Timetable

Completion of the Acquisition is expected to occur shortly after the Meeting.

2.5 Regulatory requirements

Listing Rule 10.1 provides as follows:

An entity (or, in the case of a trust, the responsible entity of the trust) must ensure that neither the entity, nor any of its child entities, acquires or agrees to acquire a substantial asset from, or disposes of or agrees to dispose of a substantial asset to, any of the following persons without the approval of the holders of the entity's ordinary securities.

10.1.1 A related party of the entity.

10.1.2 A child entity of the entity.

*10.1.3 A person who is, or was at any time in the 6 months before the transaction or agreement, a *substantial (10%+) holder in the entity.*

10.1.4 An associate of a person referred to in rules 10.1.1 to 10.1.3.

10.1.5 A person whose relationship to the entity or a person referred to in rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by security holders.

The notice of meeting to obtain approval must comply with rule 10.5.

Listing Rule 10.5 requires the notice of meeting to include an independent expert's report opining on whether the proposed transaction is fair and reasonable to shareholders who may vote. Resolution 1 seeks that approval and this Notice of Meeting includes the Independent Expert's Report.

ASX Listing Rule 10.11 provides as follows:

Unless one of the exceptions in rule 10.12 applies, an entity must not issue or agree to issue equity securities to any of the following persons without the approval of the holders of its ordinary securities.

10.11.1 A related party.

10.11.2 A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the entity.

10.11.3 A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the entity and who has nominated a director to the board of the entity (in the case of a trust, to the board of the responsible entity of the trust) pursuant to a relevant agreement which gives them a right or expectation to do so.

10.11.4 An associate of a person referred to in rules 10.11.1 to 10.11.3.

*10.11.5 A person whose relationship with the entity or a *person referred to in rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by *security holders.*

The notice of meeting to obtain approval must comply with rule 10.13.

If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1. Shareholder approval of the issue of the securities to Sentinel means that these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

If Resolutions 1 and 2 are passed, the Company can complete the Acquisition and issue the Consideration Securities. In addition, the issue will be excluded from calculating the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1. If the Resolutions are not passed, the Agreement will be terminated and the Acquisition will not occur.

The independent Directors, Messrs Mark Bojanjac and John Hannaford, consider the financial benefit received by Messrs Stowell and Adams under the Agreement to be on terms that would be reasonable in the circumstances if the Company and Messrs Stowell and Adams were dealing at arm's length, so that Shareholder approval is not required under Chapter 2E of the Corporations Act.

2.6 Resolution 1 - Information required by Listing Rule 10.5

For the purposes of Listing Rule 10.5, the following information is provided about the Acquisition:

- (a) The person from whom the Company is acquiring the substantial asset is Sentinel Exploration Limited.
- (b) Director Mark Stowell and former Director Simon Adams (having resigned as a Director on 2 November 2022) are directors of Sentinel and collectively hold approximately 37.59% of its issued capital, and as a result the ASX has determined that Sentinel is a person to whom Listing Rule 10.1 applies (i.e by reason of Listing Rule 10.1.5).
- (c) The Company is proposing to purchase a 70% interest in the Lithium Rights.
- (d) The consideration for the Acquisition is set out in section 2.2(c) above.

- (e) The intended source of funds to pay for the Acquisition are as follows:
 - (i) The cash component will be from the Company's existing cash reserves (\$1.734 million as at 31 December 2022).
 - (ii) The equity securities competent will be approved by Shareholders under Listing Rule 10.11 (being Resolution 2).
- (f) The timetable for the Acquisition is set out in section 2.4 above.
- (g) A summary of the material terms of the agreement are set out in section 2.2 above.
- (h) A voting exclusion statement is included in the Notice.

2.7 Independent Expert's Report

To comply with Listing Rule 10.5.10, an independent expert's report prepared by Stantons Corporate Finance Pty Ltd accompanies this Notice of Meeting. The report opines that the Acquisition is not fair but reasonable for Shareholders whose vote is not to be disregarded.

2.8 Resolution 2 - Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue of securities:

- (a) The Consideration Securities will be issued to Sentinel, an entity that ASX has determined is, as Director Mark Stowell and former Director Simon Adams (having resigned as a Director on 2 November 2022) are directors of Sentinel and collectively hold approximately 37.59% of its issued capital, a person to whom Listing Rule 10.11 applies (i.e by reason of Listing Rule 10.11.5), or its nominee.
- (b) The number of securities to be issued are:
 - (i) 12,000,000 fully paid ordinary shares in the capital of the Company; and
 - (ii) 2,000,000 Performance Rights that convert to fully paid ordinary shares in the capital of the Company at issue price equal to the 10-day VWAP (commencing upon announcing the resource), with a minimum issue price of \$0.04, on completion of a JORC maiden inferred resource on the Kirup Project of a minimum of 10mt of ore at a grade of 1% lithium (or metal equivalent) or greater within 5 years of the Lithium Rights being acquired.
- (c) The terms of the securities issued are fully paid ordinary shares and Performance Rights, the terms of which are set out in SCHEDULE 2.
- (d) The securities will be issued no later than 1 month after the date of the meeting (or such later date to the extent permitted by any ASX waiver or

modification of the Listing Rules) and it is intended that issue will occur on the same date.

- (e) The Consideration Securities will be issued for nil cash consideration as part consideration for the Acquisition, and no funds will be raised from the issue.
- (f) Other than those set out in this section, there are no other material terms in relation to the issues.
- (g) A voting exclusion statement is included in the Notice.

2.9 Directors' recommendation

The Directors (other than Mr Stowell who has a personal interest in the matter) recommend that Shareholders vote in favour of Resolutions 1 and 2. These will allow the Company to complete the Acquisition and issue the Consideration Independent Directors' recommendation

In doing so, the Independent Directors note the following:

- (a) Advantages
 - (i) The Directors believe that the Tenement is prospective for lithium and associated minerals.
 - (ii) The Company is well funded to undertake exploration on the Tenement.
 - (iii) A significant proportion of the Consideration Securities is success based, and dependent upon increasing the resources and announcing a reserve for Kirup.
 - (iv) Significant growth in the electric vehicle and battery storage industries may further drive demand for lithium and related minerals as a critical component of lithium-ion and other batteries. Lithium also complements the Company's early stage exploration projects.
 - (v) The Kirup Project is located in Western Australia, a mining friendly state with low sovereign country risk.
 - (vi) The advantages set out in section 10 of the independent expert's report.
- (b) Disadvantages
 - (i) There has been limited exploration on the Kirup Project.
 - (ii) Existing Shareholders will be diluted by up to 14.65%, assuming the Performance Rights convert and no other Shares are issued.
 - (iii) There are significant exploration and development risks associated with any resource development.

- (iv) The Lithium Rights consist of contractual rights to explore and mine for certain (but not all) minerals found in the Tenement. Contractual rights are less secure than outright ownership of tenements.

SCHEDULE 1 DEFINITIONS

In this Notice and Explanatory Memorandum:

Acquisition	means the acquisition of a 70% interest in the Lithium Rights contained in the Kirup Project under the Agreement.
Agreement	has the meaning given in section 2.1.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Chairman	means the Chairman of the Company.
Company, Kula or KGD	means Kula Gold Limited (ACN 126 741 259).
Completion	means completion of the Acquisition, including the issue of the Consideration Securities and acquisition of a 70% interest in the Lithium Rights in the Kirup Project.
Consideration Securities	mean the Consideration Shares and Performance Rights.
Consideration Shares	means 12,000,000 Shares to be issued by the Company to Sentinel in consideration of the Acquisition under the Agreement.
Constitution	means the constitution of the Company as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of the Company.
EST	means Eastern Standard Time.
Explanatory Memorandum	means this explanatory memorandum.
Independent Directors	has the meaning given in section 2.1.
Independent Expert	means Stantons Corporate Finance Pty Ltd.
Independent Expert's Report	means the report prepared by the Independent Expert, a copy of which is SCHEDULE 3.
Listing Rule	means the listing rules of the ASX.

Lithium Rights	means the right to explore for and mine the elements Lithium, Tin, Tantalum, Scandium, Caesium, Gallium, Niobium, Yttrium, Tungsten, Rubidium and the Total Rare Earth Oxides located on the Tenement.
Meeting	means the meeting convened by this Notice (as adjourned from time to time).
Notice	means this notice of meeting.
Option	means an option to be issued a Share.
Performance Rights	means a performance right to be issued a Share on the terms in SCHEDULE 2.
Proxy Form	means the proxy form attached to this Notice.
Resolution	means a resolution set out in the Notice.
Sentinel	means Sentinel Exploration Limited.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Technical Assessment Report	means the technical assessment report included in the Independent Expert's Report.
Tenement	means exploration tenement 70/5452.

SCHEDULE 2 PERFORMANCE RIGHTS

2.1 Definitions

Words with capitalized letters in this schedule have the following meaning, unless the context requires otherwise:

Holder means a holder of a Performance Right.

Shares means fully paid ordinary shares in the capital of the Company.

Performance Hurdle means the Company announcing a JORC compliant Inferred Resource of at least 10 million tonnes of ore at a grade of at least 1% lithium or metal equivalent from the Project by no later than 5 years from the grant of the Performance Right.

Conversion Event means:

- (a) the achievement of a Performance Hurdle; or
- (b) the happening of any of the events detailed in Term 2.3(e).

Deal means to sell, transfer, assign, novate, vary, mortgage, encumber, create any equitable interest, share any rights, otherwise deal with any right, title or interest, or agreement to do any of those actions.

Expiry Date means the expiry date for a Performance Hurdle as specified in the Performance Hurdle.

Performance Right means a right to be issued a Share upon achievement of the Performance Hurdle, issued on the terms and conditions detailed in these Terms.

Shareholder means a holder of Shares.

Terms means these terms of issue which apply to Performance Rights.

Project means the Kirup Project.

Conversion Price means the greater of:

- (a) the Volume Weighted Average Market Price of Shares in the 10-day period following the Company satisfying the Performance Hurdle; and
- (b) \$0.04.

Volume Weighted Average Market Price has the meaning given in the Listing Rules.

Shares means a fully paid ordinary share in the capital of the Company.

2.2 Performance Rights

- (a) Each Performance Right has a face value of \$1.00.
- (b) The Performance Rights are issued subject to the Terms.
- (c) Where lawful, these Terms prevail to the extent of any inconsistency with the Constitution.

2.3 Conversion

- (a) Subject to Terms 2.3(e) and 2.3(e)(iii), the Company will procure that the Performance Rights convert to Shares upon achievement of the Performance Hurdle before (and including) the Expiry Date at the Conversion Price, failing which these Performance Rights will lapse.
- (b) For the purposes of determining whether a specific Performance Hurdle is achieved, the Company's Directors who do not have any personal interest in the determination will cause the Company to obtain an opinion from a suitably qualified independent expert on whether a specific Performance Hurdle is achieved.
- (c) Conversion into Shares will occur as soon as possible after achievement of the relevant Performance Hurdle but in any event within 15 business days after confirmation from the independent expert appointed under Term 2.3(c) that the Performance Hurdle has been achieved.
- (d) The Performance Hurdle must be met before the relevant Expiry Date, failing which the Performance Rights will automatically lapse.
- (e) All Performance Rights on issue will automatically convert into Shares up to a maximum number that is equal to 10% of the Company's issued share capital (as at the date of conversion) upon any of the following events occurring:
 - (i) an offeror (who at the date the Performance Rights are issued does not control the Company) under a takeover offer for all Shares announcing that it has achieved acceptances in respect of more than 50.1% of Shares and that the takeover bid has become unconditional; or
 - (ii) an arrangement (other than one under which a person who controls the Company at the date the Performance Rights are issued increases their control) under which all of the Company's Shares are to be either cancelled, transferred to a third party, or a Court by order approves the proposed scheme of arrangement.
 - (iii) The Company will at the request of the Holder and if there are reasonable grounds to believe that a Performance Hurdle will be satisfied and conversion will result in a breach of section 606 of the Corporations Act, seek shareholder approval under section 611 for the acquisition of Shares as a result of the conversion. If approval is not

obtained, the conversion of that number of Performance Rights will be delayed until conversion can occur without any breach of section 606.

2.4 Voting rights

Each Holder has the right to receive notice of and attend but has no right to vote, except as required by law.

2.5 Dividends

The Performance Rights do not have any right to receive dividends (whether cash or non-cash) from the profits of the Company at any time.

2.6 Dealings

A Holder must not Deal with Performance Rights.

2.7 Access to documents and information

A Holder has the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders, and a right to attend Shareholder meetings.

2.8 Other terms and conditions

- (a) A Holder will not be entitled to a return on capital, whether in a winding upon, upon reduction of capital or otherwise.
- (b) A Holder will not be entitled to participate in the surplus profit or assets of the Company on winding up.
- (c) There are no participating rights or entitlements inherent in the Performance Rights and Holders will not be entitled to participate in new issues (such as bonus issues) or pro-rata issues of capital to Shareholders.
- (d) The Company will issue each Holder with a new holding statement for Shares upon conversion of Performance Rights as soon as practicable following the conversion of Performance Rights.
- (e) The Performance Rights will not be quoted on ASX and are not transferable.
- (f) All Shares issued upon conversion will rank equally in all respects with the then-issued Shares. the Company must, within the time frame required by the Listing Rules, apply to ASX for quotation of the Shares on ASX.
- (g) A Performance Right does not give the Holder any rights other than those expressly provided by these Terms and those provided at law where such rights cannot be excluded.
- (h) The Terms may, subject to the Corporations Act, be amended as necessary by the Directors to comply with the Listing Rules or any directions of ASX regarding the Terms, it being understood that the Company shall use best

endeavours to ensure that the Terms are amended only to the extent necessary to comply with the Listing Rules or any reasonable directions of ASX regarding the Terms, and provide both copies of all correspondence with ASX and the Holder a reasonable opportunity to make submissions to ASX.

3 March 2023

The Independent Directors
Kula Gold Limited
PO Box Z5207
St Georges Terrace
Perth WA 6831

Dear Independent Directors,

Independent Expert's Report Relating to Acquisition from a Related Party

1 Executive Summary

Opinion

- 1.1 In our opinion, the proposed transaction outlined in Resolution 1 of the Notice of Meeting ("**NoM**") relating to the acquisition by Kula Gold Limited ("**Kula**" or the "**Company**") of a 70% interest in the rights to explore for and mine lithium and related minerals¹ ("**Lithium Rights**") located on the Kirup Project (as defined below) from Sentinel Exploration Limited ("**Sentinel**"), is considered **NOT FAIR** but **REASONABLE** to the non-associated shareholders of Kula as at the date of this report.
- 1.2 Our fairness opinion is **NOT FAIR** by default, as we have been unable to form reasonable grounds to value the consideration paid for the acquisition.

Introduction

- 1.3 Stantons Corporate Finance Pty Ltd ("**Stantons**") was engaged by the independent directors of Kula to prepare an Independent Expert's Report ("**IER**") on the fairness and reasonableness of a proposal involving the acquisition by Kula of a 70% interest in the Lithium Rights to the Kirup Project.
- 1.4 Kula is an Australian public company listed on the Australian Securities Exchange ("**ASX**") that has operations in mineral exploration, predominantly gold and lithium, in Western Australia ("**WA**"). The Company's projects comprise the Brunswick Project in south WA, several projects located near Southern Cross including the Marvel Loch, Westonia, Rankin Dome and Burracoppin tenements, the Lake Rebecca gold project in the Kurnalpi region and Boorabbin North in the Coolgardie region.
- 1.5 Sentinel is an Australian public unlisted company that holds the exploration tenement E70/5452, referred to as the Kirup Project ("**Kirup Project**") located approximately 200km south of Perth, Western Australia. The Kirup Project covers an area of 117 square kilometres and is located approximately 25 kilometres west of the Greenbushes Lithium Mine. Kula Chairman Mark Stowell and former director Simon Adams (who resigned on 2 November 2022) are directors of Sentinel and hold approximately 37.59% of its outstanding capital.

¹ The related minerals comprise the elements tin, tantalum, scandium, caesium, gallium, niobium, yttrium, tungsten, rubidium and total rare earth oxides

- 1.6 On 28 November 2022, Kula announced it had entered into a binding term sheet (the "**Acquisition Agreement**") with Sentinel to acquire a 70% interest in the Lithium Rights in the Kirup Project.
- 1.7 The key components of the Acquisition Agreement are that Kula will:
- i) acquire a 70% interest in the Lithium Rights to the Kirup Project;
 - ii) pay to Sentinel \$70,000 upon signing the Acquisition Agreement and \$130,000 upon completing the acquisition as reimbursement for historical exploration costs;
 - iii) issue 12,000,000 ordinary shares in Kula to Sentinel (that will be subject to escrow for 12 months);
 - iv) issue 2,000,000 performance rights to Sentinel that may convert into ordinary shares to the value of \$2,000,000 (the "**Deferred Share Payment**") based on the 10-day volume weighted average price ("**VWAP**") with a minimum issue price of \$0.04 on completion of a JORC² maiden inferred resource on the Kirup Project of at least 10mt of ore at a grade of 1% lithium (or metal equivalent) or greater within 5 years (the "**Performance Right Condition**"); and
 - v) free carry Sentinel on the Kirup Project until a Feasibility Study (as defined in the JORC Code²) is completed.

(collectively, the "**Transaction**").

Purpose

ASX Listing Rule 10.1

- 1.8 Under ASX Listing Rule 10.1, a listed company may not acquire or sell a substantial asset to a related party without shareholder approval. Under ASX Listing Rule 10.2, an asset is substantial if its value, or the value of the consideration being paid or received by the entity for it, is 5% or more of the equity interests of the entity as set out in the latest accounts provided to the ASX.
- 1.9 Furthermore, ASX Listing Rule 10.5 requires that the NoM to approve a transaction must include an IER stating the expert's opinion as to whether the transaction is fair and reasonable to the Non-Associated Shareholders.
- 1.10 For the purpose of ASX Listing Rule 10.1, Sentinel is considered to be a related party of Kula due to Mark Stowell and Simon Adams being (or recently being) directors of both companies.
- 1.11 Kula's reported book value of shareholder's equity as at 30 June 2022 was \$1,362,200 (refer to Table 10). Therefore, assuming the Performance Right Condition is achieved, the proposed consideration for the Transaction is greater than 5% of the equity interests of Kula.
- 1.12 Accordingly, Kula intends to seek approval from the shareholders who are not restricted from voting on the resolution (the "**Non-Associated Shareholders**") for the acquisition of a 70% interest in the Lithium Rights to the Kirup Project pursuant to ASX Listing Rule 10.1 (Resolution 1) and the issue of shares to Sentinel pursuant to ASX Listing Rule 10.11 (Resolution 2).
- 1.13 The proposed Transaction is described in the NoM and Explanatory Statement ("**ES**") to be forwarded to shareholders ahead of a general meeting of shareholders. This IER provides an opinion on the fairness and reasonableness of the Transaction for Non-Associated Shareholders and will be attached to the NoM.

Basis of Evaluation

- 1.14 With regard to the Australian Securities and Investments Commission ("**ASIC**") Regulatory Guide 111: Content of Expert Reports ("**RG111**"), the Transaction is not considered a control transaction, and we have assessed it as:
- fair if the value of the financial benefit to be provided by the entity to the related parties is

² Joint Ore Reserves Committee's Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves

equal to or less than the value of the consideration received by the entity; and

- reasonable if it is fair, or if despite not being fair there are sufficient reasons for Non-Associated Shareholders to accept the offer.

Valuations

Kula Pre-Transaction Share Value

- 1.15 We engaged an independent specialist, Valuation & Resources Management Pty Ltd (“VRM”) to provide a valuation of the existing mineral interests of Kula and the Lithium Rights to the Kirup Project. The valuation was contained in the report titled “*Technical Assessment and Valuation Report of Kula Gold Ltd*” prepared by VRM and dated 23 February 2023 (the “VRM Report”). We have relied on the VRM Report valuations.
- 1.16 We assessed the fair market value of a Kula ordinary share before the Transaction as at 9 February 2023, using a net assets approach as our primary methodology, as follows.

Table 1. Pre-Transaction Net Asset Valuation of Kula Shares

	Ref	Low value	Preferred value	High value
Mineral interests (\$)	Table 15	4,900,000	9,100,000	13,200,000
Other net assets (\$)	Table 13	2,034,934	2,034,934	2,034,934
Pre-Transaction net assets / (liabilities) (\$)		6,934,934	11,134,934	15,234,934
Less: options value (\$)	Table 17	(117,813)	(117,813)	(117,813)
Value attributable to ordinary shareholders		6,817,121	11,017,121	15,117,121
Number of ordinary shares on issue	Table 6	361,211,921	361,211,921	361,211,921
Value per ordinary share (\$) (control basis)		0.0189	0.0305	0.0419
Discount for minority interest (%)	6.15	23.1%	23.1%	23.1%
Value per ordinary share (\$) (minority interest)		0.0145	0.0235	0.0322

Source: Stantons analysis

- 1.17 Accordingly, we assessed the fair value of a pre-Transaction Kula ordinary share on a minority interest basis to be between \$0.0145 and \$0.0322, with a preferred value of \$0.0235.

Fairness Assessment

Value of Financial Benefit Provided

- 1.18 With regard to RG 111, ASIC’s Regulatory Guide 170 *Prospective Financial Information* (“RG 170”) and Information Sheet 214 *Mining and Resources: Forward Looking Statements* (“IS 214”), we do not believe there are reasonable grounds to place a value on the consideration paid by Kula due to the uncertainty around the Deferred Share Payment and hypothetical future value of the Lithium Rights to the Kirup Project if the Performance Right Conditions are met. Assessing the value would require numerous speculative predictions about circumstances relating to the Kirup Project. We are not able to make the assumptions required to predict values that are sufficiently narrow or predictable to determine the probability and timing of meeting the conditions nor a future hypothetical value. Further details of our reasoning are set out from Paragraph 7.5.
- 1.19 Our assessment of the value of the consideration to be paid immediately on completion of the Transaction, i.e., excluding the Deferred Share Payment, is as set out below.

Table 2. Value of Initial Consideration Paid

	Ref	Low value	Preferred value	High value
Number of ordinary shares	Table 6	12,000,000	12,000,000	12,000,000
Value per ordinary share (\$)	Table 14	0.0145	0.0235	0.0322
Value of shares (\$)		174,212	281,542	386,318
Cash reimbursement (\$)	7.7	130,000	130,000	130,000
Total value (\$)		304,212	411,542	516,318

Source: Stantons analysis

- 1.20 We note the initial cash reimbursement payment of \$70,000 has already been paid and is therefore considered a sunk cost. Accordingly, we did not include the \$70,000 cash payment in the above assessment.

Value of Consideration Received

- 1.21 The consideration received by Kula is a 70% interest in the Lithium Rights to the Kirup Project, which were valued by VRM in the VRM Report. We have relied on the VRM valuation.

Table 3. Value of Consideration Received by Kula

	Ref	Low value	Preferred value	High value
Total value of Kirup Project (\$)	Table 24	400,000	700,000	1,000,000
Interest acquired by Kula (%)	8.1	70%	70%	70%
Value received by Kula (\$)		280,000	490,000	700,000

Source: Stantons analysis

Fairness Assessment

- 1.22 As we are unable to opine on the value of the consideration paid based on a lack of reasonable grounds to assess the Deferred Share Payment, we consider that by default Resolution 1 of the NoM is **NOT FAIR** to the Non-Associated Shareholders for the purpose of ASX Listing Rule 10.1.
- 1.23 For informative purposes, we have provided an assessment of the Transaction excluding the Deferred Share Payment, i.e., only considering the consideration paid at the time of the acquisition. Under these assumptions, the value of the financial benefit provided and consideration received by Kula are as set out below.

Table 4. Indicative Value Assessment (excluding Deferred Share Payment)

	Ref	Low value	Preferred value	High value
Value of consideration paid (\$)	Table 22	304,212	411,542	516,318
Value received (\$)	Table 23	280,000	490,000	700,000

Source: Stantons analysis

Reasonableness Assessment

- 1.24 We considered the following likely advantages and disadvantages of the proposed Transaction to Non-Associated Shareholders.

Table 5. Reasonableness Assessment of the Transaction

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ The number of shares to be issued under the Deferred Share Payment is based on the VWAP of Kula's shares at the time, subject to a maximum number that may be issued. If the Performance Right Condition is met it is likely to have a positive (but unquantifiable) impact on the Kula share price. ▪ The Deferred Share Payment is contingent on achieving a project milestone, which may be value accretive to Kula ▪ Consideration is structured to align the interests of Kula with Sentinel, who will be a joint venture partner in the Kirup Project ▪ The Transaction is still subject to due diligence by Kula ▪ Based on the immediate consideration paid, the value of the consideration received is less than the value of the financial benefit provided in our preferred and high scenarios 	<ul style="list-style-type: none"> ▪ Success of the Kirup Project and achievement of the Performance Right Condition is highly uncertain ▪ Dilution of Non-Associated Shareholders

Source: Stantons analysis

Conclusion

- 1.25 In our opinion, the Transaction proposal subject to Resolution 1 is **NOT FAIR** but **REASONABLE** to the Non-Associated Shareholders of Kula for the purpose of ASX Listing Rule 10.1. The not fair opinion is by default due to a lack of reasonable grounds to assess the value of the financial benefit provided by Kula.
- 1.26 This opinion must be read in conjunction with the more detailed analysis included in this report, together with the disclosures, Financial Services Guide, and appendices to this report.

Financial Services Guide

Dated 3 March 2023

Stantons Corporate Finance Pty Ltd

Stantons Corporate Finance Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("**Stantons**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients decide as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- a) who we are and how we can be contacted;
- b) the services we are authorized to provide under our **Australian Financial Services Licence, Licence No: 448697**;
- c) remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- d) any relevant associations or relationships we have; and
- e) our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without considering your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report, you should seek advice from a registered financial adviser.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Our fee for preparing this report is expected to be up to A\$20,000 exclusive of GST.

You have a right to request for further information in relation to the remuneration, the range of amounts or rates of remuneration and you can contact us for this information.

Except for the fees referred to above, neither Stantons nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

Stantons employees and contractors are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

Stantons is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd, a professional advisory and accounting practice. From time to time, Stantons and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons Corporate Finance Pty Ltd
Level 2
40 Kings Park Road
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaint within 10 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("**AFCA**"). AFCA has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001

Telephone: 1800 931 678

Stantons confirms that it has arrangements in place to ensure it continues to maintain professional indemnity insurance in accordance with s.912B of the TCA 2001 (as amended). In particular our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the sum

insured for Stantons and our authorised representatives / representatives / employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative / representative / employee who has ceased work with Stantons for work done whilst engaged with us.

Contact details

You may contact us using the details set out at above or by phoning (08) 9481 3188 or faxing (08) 9321 1204.

Table of Contents

1	Executive Summary.....	1
2	Summary of Transaction.....	10
3	Scope.....	12
4	Profile of Kula	14
5	Valuation Methodology	19
6	Pre-Transaction Valuation of Kula Shares.....	20
7	Value of Financial Benefit Provided by Kula.....	26
8	Value of Consideration Received by Kula.....	29
9	Fairness Evaluation.....	30
10	Reasonableness Evaluation	31
11	Conclusion	33

2 Summary of Transaction

Background

- 2.1 Kula is an Australian public company listed on the ASX that has operations in mineral exploration, predominantly gold and lithium, in WA. The Company's projects comprise the Brunswick Project in south WA, several projects located near Southern Cross including the Marvel Loch, Westonia, Rankin Dome and Burracoppin projects, the Lake Rebecca gold project in the Kurnalpi region and the Boorabbin North project in the Coolgardie region.
- 2.2 On 28 November 2022, Kula announced it had entered into the Acquisition Agreement to implement the Transaction.
- 2.3 The key components of the Acquisition Agreement are that Kula will:
- i) acquire a 70% interest in the Lithium Rights to the Kirup Project. Kula and Sentinel will enter into an unincorporated joint venture concerning the Lithium Rights;
 - ii) pay to Sentinel \$70,000 upon signing the Acquisition Agreement and \$130,000 upon completing the acquisition as reimbursement for historical exploration expenditure incurred;
 - iii) issue 12,000,000 ordinary shares in Kula to Sentinel (that will be subject to escrow for 12 months);
 - iv) issue 2,000,000 performance rights, that may convert into ordinary shares to Sentinel to the value of \$2,000,000 based on the 10-day VWAP following the Company satisfying the performance hurdle, with a minimum issue price of \$0.04. The performance condition is completion of a JORC³ maiden inferred resource on the Kirup Project of at least 10,000,000 tonnes of ore at a grade of 1% lithium (or metal equivalent) or greater within 5 years; and
 - v) free carry Sentinel until a Feasibility Study (as defined in the JORC Code) is completed.
- 2.4 Following the completion of a bankable feasibility study, each party will be responsible for all joint venture costs incurred in proportion to their respective percentage interests in the joint venture.
- 2.5 Conditions precedent to the Transaction are:
- i) Kula to complete due diligence to its satisfaction;
 - ii) Kula obtaining all approvals under the ASX Listing Rules for the Transaction; and
 - iii) the parties obtaining all approvals required under the Mining Act.
- 2.6 If the conditions precedent have not been satisfied by 31 March 2023 then either party may terminate the Acquisition Agreement.
- 2.7 The impact of the Transaction on Kula's capital structure is as set out below.

³ Joint Ore Reserves Committee's Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves

Table 6. Capital Structure Impact of Transaction

Transaction	Number of ordinary shares at Transaction	Interest at Transaction (%)	Maximum Potential number of ordinary shares	Maximum Post-Transaction interest (%)
Total pre-Transaction ordinary shares	361,211,921	96.78%	361,211,921	85.35%
Ordinary shares issued under Transaction	12,000,000	3.22%	12,000,000	2.84%
Deferred Share Payment	-	-	50,000,000	11.81%
Shares held by Sentinel shareholders	12,000,000	3.22%	62,000,000	14.65%
Total ordinary shares	373,211,921	100.00%	423,211,921	100.00%

Source: NoM, Stantons analysis

3 Scope

Purpose of the Report

- 3.1 Under ASX Listing Rule 10.1, a listed company may not acquire or sell a substantial asset to a related party without shareholder approval. Under ASX Listing Rule 10.2, an asset is substantial if its value, or the value of the consideration being paid or received by the entity for it, is 5% or more of the equity interests of the entity as set out in the latest accounts provided to the ASX.
- 3.2 Furthermore, ASX Listing Rule 10.5 requires that the NoM to approve a transaction must include an IER stating the expert's opinion as to whether the transaction is fair and reasonable to the Non-Associated Shareholders.
- 3.3 For the purpose of ASX Listing Rule 10.1, Sentinel is considered to be a related party of Kula due to Mark Stowell and Simon Adams being or recently being directors of both companies.
- 3.4 Kula's reported book value of shareholder's equity as at 30 June 2022 was \$1,362,200 (refer to Table 10). Therefore, assuming the Performance Right Conditions are achieved, the proposed consideration for the Transaction is greater than 5% of the equity interests of Kula.
- 3.5 Accordingly, Kula intends to seek approval from the Non-Associated Shareholders for the acquisition of a 70% interest in the Lithium Rights to the Kirup Project pursuant to ASX Listing Rule 10.1 (Resolution 1) and the issued of ordinary share to Sentinel pursuant to ASX Listing Rule 10.11 (Resolution 2).

Basis of Evaluation

- 3.6 In determining the fairness and reasonableness of the Transaction, we have had regard to the guidelines set out by ASIC's RG111.
- 3.7 RG111 requires a separate assessment of whether a transaction is "fair" and whether it is "reasonable".
- 3.8 We therefore considered the concepts of "fairness" and "reasonableness" separately. The basis of assessment selected and the reasons for that basis are discussed below.

Fairness

- 3.9 As per RG111, the Transaction is not considered to be a control transaction.
- 3.10 To assess whether the proposed Transaction is fair in accordance with RG111, we compared:
- the fair market value of the financial benefit provided by Kula; with
 - the fair market value of the consideration received by Kula.
- 3.11 The value of a Kula ordinary share is assessed at fair market value, which is defined by the International Glossary of Business Valuation Terms as:
- "The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts."*
- 3.12 While RG111 contains no explicit definition of value, we believe the above definition of fair market value is consistent with RG111.11 and common market practice.
- 3.13 RG 111 guidance states:

"An expert's opinion should be based on reasonable grounds.

...

An expert should not include prospective financial information (including forecasts and projections) or any other statements or assumptions about future matters in its report unless there are reasonable grounds for the forward-looking information...

...

RG 170 gives detailed guidance on what we consider is a reasonable basis for stating prospective financial information."

3.14 RG 170 provides the following guidance related to "reasonable grounds":

"The making of a statement that contains prospective financial must have reasonable grounds or it will be taken to be misleading. To demonstrate reasonable grounds, an issuer must be able to point to:

- a) some facts or circumstance;*
- b) existing at the time of publication of the information;*
- c) on which the issuer in fact relied;*
- d) which are objectively reasonable; and*
- e) which supports the information.*

What constitutes 'reasonable grounds' must be judged according to the facts and circumstances of each case and the requirement of the Corporations Act.

...

Issuers of prospective financial information need to ensure that all material assumptions, including implied assumptions, are reasonable."

3.15 In light of the above guidance, we considered there are insufficient reasonable grounds to assess a fair market value for the Deferred Payment Shares component of the consideration paid by Kula for reasons outlined in paragraphs 7.2 to 7.6.

Reasonableness

3.16 In accordance with RG111.12, we have defined the proposed Transaction as being reasonable if it is fair, or if despite not being fair we believe that there are sufficient reasons for the Non-Associated Shareholders to accept the proposal.

3.17 In order to determine whether there are sufficient reason for Non-Associated Shareholders to accept the proposal despite it not being fair, we compared the advantages and disadvantages to Non-Associated Shareholders of approving the proposed Transaction.

Individual Circumstances

3.18 We have evaluated the proposed Transaction for Non-Associated Shareholders generically. We have not considered the effect on the circumstances of individual investors. Due to their personal circumstances, individual investors may place different emphasis on various aspects of the proposed Transaction from those adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the proposed Transaction is fair and reasonable. If in doubt, investors should consult an independent financial adviser about the impact of the proposed Transaction on their specific financial circumstances.

4 Profile of Kula

History and Principal Activities

- 4.1 Kula is an Australian public company listed on the ASX that has operations in mineral exploration, predominantly gold and lithium, in WA. The Company's projects comprise the Brunswick Project in south WA, several projects located near Southern Cross including the Marvel Loch, Westonia, Rankin Dome and Burracoppin tenements, the Lake Rebecca gold project in the Kurnalpi region and the Boorabbin North project in the Coolgardie region. The Company's key projects are described below.

Brunswick Project

- 4.2 The Brunswick Lithium Project comprises 5 granted exploration tenements covering an area of approximately 300 square kilometres located south of Perth, between the towns of Donnybrook and Brunswick Junction. The project is located about 45 kilometres north of the Greenbushes Lithium Mine, which is the largest hard rock lithium mine in the world. On 14 November 2022, Kula announced it had mapped a 2km by 300m Pegmatite target on the Brunswick Project. The Company has currently located 11 prospective pegmatite targets on the project.
- 4.3 The Brunswick Project also includes the Donnybrook Gold Mine Prospect.

Southern Cross

- 4.4 The Company has several projects in the Southern Cross area of WA.
- 4.5 The Boomerang Kaolin Project is located on the Marvel Loch – Airfield tenements. On 20 July 2022, the Company announced a maiden JORC Resource Estimate of a total resource of 93.3mt of kaolinized granite, which is comprised of an indicated resource of 15.2mt and an inferred resource of 78.2mt.
- 4.6 The Westonia Nickel/PGE/Copper Project is located less than 5 kilometres south of the Edna May Gold Mine owned by Ramelius Resources Limited. The Company has completed a maiden exploration program on the project. On 23 January 2023, the Company announced that it had defined an "eye" structure via a helicopter VTEM and drone magnetic survey.
- 4.7 On 9 August 2022, the Company announced it had entered into a farm-in and joint venture agreement with Australian Critical Minerals Pty Ltd to allow the earn-in of up to 51% of the Rankin Dome Project. This allows the Company to prioritise development and exploration activities on the Boomerang Kaolin Project and Westonia Nickel/PGE/Copper Project. The Company has the option to retain a 49% interest in the Rankin Dome Project.

Lake Rebecca Project

- 4.8 The Lake Rebecca Project covers an area of approximately 150 square kilometres and is located 150 kilometres northeast of Kalgoorlie, WA. The Company has carried out early-stage soil sampling and drilling on the project and has planned further exploration works.

Recent Corporate Activity

- 4.9 On 19 September 2022, the Company announced it had received commitments from investors to raise \$1,844,847 (before costs) via a placement of 92,242,383 ordinary shares at \$0.02 per share. The placement was completed over 2 tranches. The first tranche consisting of 67,242,383 ordinary shares issued to clients of Taylor Collison, who acted as Lead Manager, completed on 28 September 2022. The second tranche consisted of 25,000,000 ordinary shares issued to Terra Capital and were issued on 11 November 2022 following shareholder approval. The Company also issued 6,000,000 unlisted options to Taylor Collison as a part compensation for acting as Lead Manager to the placement.

Kula Gold Tenement List

- 4.10 The tenements currently held by the Company comprise the following.

Table 7. Kula Gold Tenements

Tenement	Project Name	Region	Status	Kula interest
E77/2709	Rankin Dome	Southern Cross	Granted	100%
E77/2753	Rankin Dome	Southern Cross	Granted	100%
E77/2768	Rankin Dome	Southern Cross	Granted	100%
E77/2756	Westonia	Southern Cross	Granted	100%
E77/2757	Westonia	Southern Cross	Granted	100%
E77/2762	Westonia	Southern Cross	Granted	100%
E77/2766	Westonia	Southern Cross	Granted	100%
E77/2621	Marvel Loch - Airfield	Southern Cross	Granted	100%
E77/2806	Marvel Loch - Airfield	Southern Cross	Granted	100%
M77/1302	Marvel Loch - Airfield	Southern Cross	Application	0%
E70/5693	Burracoppin	Southern Cross	Granted	100%
E70/5599	Brunswick	South West	Granted	100%
E70/5703	Brunswick	South West	Granted	100%
E70/5513	Brunswick	South West	Granted	100%
E70/5645	Brunswick	South West	Granted	100%
E70/5660	Brunswick	South West	Granted	100%
E28/2942	Lake Rebecca	Kurnalpi	Granted	100%
E28/3029	Lake Rebecca	Kurnalpi	Granted	100%
E15/1819	Boorabbin North	Coolgardie	Granted	100%

Board of Directors

4.11 The current board of directors of Kula, as at 3 March 2023, is as follows.

Table 8. Kula Board of Directors

Director	Position	Date Appointed	Details
Mark Stowell	Non-Executive Chairman	16 September 2010	Mr Stowell is a Chartered Accountant with over 20 years of corporate finance and resource business management experience. He served as manager in the corporate division of Arthur Andersen and was subsequently involved in the establishment and management of a number of successful ventures as principal, including resource companies operating in Australia and internationally. He was a founder of Anvil Mining Ltd (DRC) and on its Board for seven years until 2000. He was also a founder and non-executive director of Incremental Petroleum Ltd, and oil and gas producer with operations in Turkey and the USA until its takeover in 2009. He was Chairman and founder of Mawson West Ltd, a copper producer and explorer which completed an IPO on the Toronto Stock Exchange.
Mark Bojanjac	Non-Executive Director	21 August 2017	Mr Bojanjac is a Chartered Accountant with over 25 years of experience in developing resource companies. He was a founding director of Gilt-Edged Mining Ltd, which discovered a high-grade gold mine in Australia and was Managing Director of a public company that successfully developed and financed a 2/4 m oz gold resources in Mongolia. He also co-founded a 3 million oz gold project in China. He was most recently Chief Executive Officer of Adamus Resources Ltd and oversaw its advancement from an early-stage exploration project through its definitive feasibility studies and managed the debt and equity financing of its successful Ghanian gold mine.
John Hannaford	Non-Executive Director	25 May 2020	Mr Hannaford is an experienced company director & executive including with ASX-listed companies. He is a qualified Chartered Accountant and Fellow of the Securities Institute of Australia and has founded several companies that have listed on ASX. He has also advised numerous companies through the ASX listing process in his corporate advisory career.

Source: Kula Annual Report 2021

- 4.12 We note Simon Adams, who is a director of Sentinel, was a non-executive director of Kula before resigning on 2 November 2022.

Financial Performance

- 4.13 Kula's audited Statements of Profit or Loss and Other Comprehensive Income for the years ended 31 December 2020 and 31 December 2021 and reviewed for the six-months to 30 June 2022 are set out below.

Table 9. Kula Statement of Profit or Loss and Other Comprehensive Income

	Audited 12 months to 31 December 2020 (\$)	Audited 12 months to 31 December 2021 (\$)	Reviewed 6 months to 30 June 2022 (\$)
Other income	36,601	14,541	31,406
Administration expenses	(296,598)	(536,319)	(338,041)
Share-based payment expenses	-	(86,047)	(29,182)
Exploration expenses	(281,869)	(1,037,697)	(476,228)
Finance costs	(7,410)	-	(928)
Gain/(loss) on disposal of asset	331	-	-
Profit/(loss) from continuing operations	(548,945)	(1,645,522)	(812,973)
Income tax expense	-	-	-
Net income/(loss) for period	(548,945)	(1,645,522)	(812,973)
Other comprehensive income/(loss)	-	-	-
Total comprehensive income/(loss)	(548,945)	(1,645,522)	(812,973)

Source: Kula 31 December 2021 Annual Report and 30 June 2022 Half Year Report

Financial Position

- 4.14 Set out below is the reviewed Statement of Financial Position of Kula as at 30 June 2022 and the unaudited Statement of Financial Position as at 31 December 2022, prepared on a consolidated basis. We are not aware of any material transactions that have occurred since 31 December 2022. The unaudited accounts as at 31 December 2022 were provided to us by Kula management. We did not undertake a review of Kula's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Information" and do not express an opinion on the financial information.

Table 10. Kula Statement of Financial Position

	Audited as at 31 December 2021 (\$)	Reviewed as at 30 June 2022 (\$)	Unaudited as at 31 December 2022 (\$)
Assets			
Current assets			
Cash and cash equivalents	2,138,935	513,146	1,764,307
Receivables and other assets	152,177	130,296	488,709
Total current assets	2,291,112	643,442	2,253,016
Non-current assets			
Property plant and equipment	-	59,079	52,525
Right of use assets	26,769	17,895	8,874
Exploration tenement	408,189	925,993	1,662,161
Total non-current Assets	434,958	1,002,967	1,723,560
Total assets	2,726,070	1,646,409	3,976,576
Liabilities			
Current liabilities			
Trade and other payables	(520,999)	(231,149)	(228,846)
Provisions	(5,292)	(2,520)	(10,761)
Lease liabilities	(17,895)	(17,895)	(9,690)
Total current liabilities	(544,186)	(251,564)	(249,297)
Non-current liabilities			
Provisions	(31,000)	(31,000)	(31,000)
Lease liability	(10,501)	(1,645)	-
Total non-current liabilities	(41,501)	(32,645)	(31,000)
Total liabilities	(585,687)	(284,209)	(280,297)
Total net assets	2,140,383	1,362,200	3,696,279
Equity			
Share capital	152,838,508	152,838,508	155,506,534
Reserves	549,805	579,187	766,856
Accumulated losses	(151,247,930)	(152,055,495)	(152,577,111)
Total equity	2,140,383	1,362,200	3,696,279

Source: Kula 31 December 2021 Annual Report, 30 June 2022 Half Year Report and management accounts as at 31 December 2022

Capital Structure

Ordinary Shares

- 4.15 As at 3 March 2023, Kula had 361,211,921 ordinary shares on issue, with the top 20 holders being as follows.

Table 11. Top 20 Shareholders

Shareholder	Number held	Percentage (%)
Bowman Gate Pty Ltd <The Discovery A/C>	38,100,000	10.55%
JP Morgan Nominees Australia Pty Ltd	28,043,160	7.76%
Citicorp Nominees Pty Ltd	16,323,104	4.52%
Merchant Holdings Pty Ltd	10,937,500	3.03%
Merchant Holdings Pty Ltd	10,091,228	2.79%
Richard Caldwell	8,500,000	2.35%
Henggeler Super Pty Ltd <Top Bananas Super Fund A/C>	8,000,000	2.21%
John & Emma Hannaford Superannuation Pty Ltd <Hannaford Super Fund A/C>	6,875,000	1.90%
Amber Cloud Pty Ltd	5,812,500	1.61%
Sailors of Samui Pty Ltd	5,318,018	1.47%
Calama Holdings Pty Ltd <Mambat Super Fund A/C>	5,245,092	1.45%
College Search Pty Ltd	4,918,208	1.36%
Alan Conigrave	4,220,277	1.17%
Peterlyn Pty Ltd <RPC Salmon Super Fund A/C>	4,000,000	1.11%
Kalarra Holdings Pty Ltd	3,750,000	1.04%
Ascot Park Enterprises Pty Ltd	3,750,000	1.04%
Harbour View Capital Pty Ltd	3,500,000	0.97%
Adam Anderson	3,250,000	0.90%
MVM Invest Pty Ltd <Merry SF A/C>	2,718,398	0.75%
Durbeck Pty Ltd	2,706,250	0.75%
Top 20 shareholders	176,058,735	48.74%
Non-top 20 shareholders	185,153,186	51.26%
Total shares on issue	361,211,921	100.00%

Source: Kula register of shareholders

Options

4.16 As at 3 March 2023, the Company had the following options on issue.

Table 12. Kula Options

Option	Number	Exercise Price	Expiry date
KGDA A	575,000	\$0.085	1 August 2025
KGDA A A	8,350,000	\$0.060	1 July 2026
KGDA A C	6,000,000	\$0.080	7 November 2025

Source: Kula ASX announcements

5 Valuation Methodology

Available Methodologies

- 5.1 In assessing the value of Kula, we considered a range of common market practice valuation methodologies in accordance with RG111, including those listed below.
- Capitalisation of future maintainable earnings (“**FME**”)
 - Discounted future cash flows (“**DCF**”)
 - Asset-based methods (“**Net Assets**”)
 - Quoted market prices or analysis of traded share prices
 - Common industry rule-based methodologies
- 5.2 Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and the availability of required information. A detailed description of these methods and when they are appropriate is provided in Appendix B.

Selected Methodology

Valuation methodology

- 5.3 Our primary valuation methodology to value Kula's shares is a Net Assets on a going concern based approach.
- 5.4 In selecting an appropriate valuation methodology to value the shares of Kula, we considered the following factors:
- Kula is currently loss-making and has negligible revenue generating activities. As such FME methodology is not considered appropriate.
 - Reliable cash flow forecasts are not available and therefore DCF methodology is not appropriate.
 - Trading in Kula's shares represents a reasonable level of liquidity for a junior exploration company. Therefore, we have considered traded prices as a secondary methodology.
 - Kula's assets are predominantly comprised of early-stage mineral exploration projects. Furthermore, the assets being acquired have been valued by a technical specialist. Accordingly, a Net Assets based approach is the most suitable for a comparable valuation assessment.

Reasonable Grounds for Valuation Assumptions

- 5.5 After taking into consideration the nature of the Performance Right Condition applicable to the Deferred Share Payment, we do not consider that assumptions with reasonable grounds can be made to derive a hypothetical future value of the Company upon meeting the Performance Right Condition, or the likelihood or timing of the Deferred Share Payment.

Secondary Cross-Check Methodology

- 5.6 The traded volumes of Kula's shares on ASX over the past 12 months indicate a moderate level of liquidity. However, we also considered other market-based factors affecting the reliability of traded share prices for valuation purposes (refer to paragraphs 6.21 to 6.26) and accordingly considered traded share prices as a secondary cross-check methodology only.

6 Pre-Transaction Valuation of Kula Shares

Net Assets Valuation of Kula Shares

- 6.1 To assess the value of a Kula ordinary share pre-Transaction, we used a Net Assets on a going concern approach, which sums the market values of Kula's assets and liabilities to arrive at a net value of the Company.
- 6.2 In relation to our approach, we note the following:
- The Net Assets approach assumes a 100% control interest in the company. As the proposed issue of shares to Sentinel represents a minority interest, we applied a discount for minority interest to our valuation (refer to paragraph 6.15).
 - The valuation date is 9 February 2023.
 - The mineral interests of Kula have been valued by an independent specialist, VRM. A summary of VRM's valuation is provided below from paragraph 6.6, and the VRM Report is appended in Appendix E.
 - The value of all other assets and liabilities are assumed to be the book values as presented in Table 10, though have excluded the right of use assets and lease liabilities. The value of the Company's non-project assets and liabilities are adopted at book values as follows.

Table 13. Kula Non-Project Net Assets

	Value (\$)
Cash and cash equivalents	1,764,307
Receivables and other assets	488,709
Property plant and equipment	52,525
Trade and other payables	(228,846)
Provisions	(41,761)
Other net assets	2,034,934

Source: Kula management accounts as at 31 December 2022, Stantons analysis

- 6.3 Our pre-Transaction Net Assets based valuation of a Kula share is set out below.

Table 14. Valuation of Kula Shares Pre-Transaction

	Ref	Low	Preferred	High
Mineral interests (\$)	Table 15	4,900,000	9,100,000	13,200,000
Other net assets (\$)	Table 13	2,034,934	2,034,934	2,034,934
Pre-Transaction net assets (\$)		6,934,934	11,134,934	15,234,934
Less: options value (\$)	Table 17	(117,813)	(117,813)	(117,813)
Value attributable to ordinary shareholders		6,817,121	11,017,121	15,117,121
Number of ordinary shares on issue	Table 6	361,211,921	361,211,921	361,211,921
Value per ordinary share (\$) (control basis)		0.0189	0.0305	0.0419
Discount for minority interest (%)	6.15	23.1%	23.1%	23.1%
Value per ordinary share (\$) (minority interest)		0.0145	0.0235	0.0322

Source: Stantons analysis

- 6.4 The assessed value of a Kula share under the Net Assets approach, on a minority interest basis, is between \$0.0145 and \$0.0322, with a preferred value of \$0.0235.

VRM Report

Engagement of VRM

- 6.5 Stantons engaged VRM as a technical specialist to undertake a market valuation of the Company's mineral interests. We have used and relied on the VRM Report and note VRM has declared that:
- VRM is a suitably qualified consulting firm and has relevant experience in assessing the merits and preparing asset valuation of mineral resource projects. The principal authors of the VRM Report, Dr Louis Bucci and Mr Paul Dunbar, are also suitably qualified and experienced.
 - VRM is independent of all parties involved in the Transaction.
 - The valuation was prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets 2015 ("**VALMIN Code**") and the Australasian Code for Reporting Exploration Targets, Mineral Resources and Ore Reserves 2012 ("**JORC Code**").

VRM Report Valuation Summary

- 6.6 The VRM Report provides a valuation of each of the projects held by Kula as at a valuation date of 20 January 2023.

Primary Methodology – Geoscientific/Kilburn Method

- 6.7 As the projects, except for the Boomerang Kaolin Project, are all in early-stage exploration, the geoscientific or Kilburn approach was used by VRM. Despite being in advanced exploration to early development stage, VRM also used the geoscientific approach to value the Boomerang Kaolin Project, due to a lack of available kaolin transactions to use in a market-based approach. The Geoscientific/Kilburn valuation methodology is described in section 9.5 of the VRM Report.
- 6.8 The valuation of Kula's projects determined by VRM is as follows. Full details of the valuation assumptions and methodology are located in Section 10 of the VRM Report.

Table 15. VRM Report Valuation Summary of Kula's Mineral Interests

	Project	Low (\$)	Preferred (\$)	High (\$)
Southern Cross				
E77/2709	Rankin Dome	160,000	380,000	610,000
E77/2753	Rankin Dome	60,000	150,000	240,000
E77/2768	Rankin Dome	110,000	250,000	400,000
E77/2756	Westonia	120,000	440,000	760,000
E77/2757	Westonia	110,000	390,000	680,000
E77/2762	Westonia	30,000	120,000	210,000
E77/2766	Westonia	40,000	160,000	280,000
E77/2621	Marvel Loch-Airfield	1,850,000	2,850,000	3,840,000
E77/2806	Marvel Loch-Airfield	1,790,000	2,880,000	3,980,000
M77/1302	Marvel Loch-Airfield	-	-	-
E70/5693	Burracoppin	200,000	410,000	620,000
Total Southern Cross		4,470,000	8,030,000	11,620,000
Brunswick				
E70/5599	Brunswick	180,000	370,000	560,000
E70/5703	Brunswick	40,000	90,000	130,000
E70/5513	Brunswick	40,000	90,000	130,000
E70/5645	Brunswick	20,000	40,000	70,000
E70/5660	Brunswick	20,000	40,000	70,000
Total Brunswick		300,000	630,000	960,000
Kurlnalpi				
E28/2942	Lake Rebecca	50,000	130,000	210,000
E28/3029	Lake Rebecca	30,000	80,000	130,000
E15/1819	Lake Rebecca	90,000	190,000	290,000
Total Kurlnalpi		170,000	400,000	630,000
Total Kula mineral interests (rounded)		4,900,000	9,100,000	13,200,000

Source: VRM Report

Secondary Valuation – Prospectivity Enhancement Multiplier

- 6.9 The VRM Report used the prospectivity enhancement multiplier (“**PEM**”) method as a secondary cross-check methodology. A description of the PEM method is contained in section 9.7 of the VRM Report.

VRM Valuation Summary

- 6.10 The VRM Report valued Kula's existing mineral interests to be between \$4,900,000 and \$13,200,000, with a preferred value of \$9,100,000, based on the Geoscientific method valuation.

Options Valuation

- 6.11 We derived a value for the existing options in accordance with *AASB 2: Share Based Payments*, using the Black Scholes option methodology. The input assumptions for our Black Scholes model valuations were as follows:

- A valuation date of 9 February 2023.
- Exercise prices and expiry dates as per the proposed terms of the options to be issued.

- An underlying spot price consistent with a Net Asset based value of a post-Transaction minority interest Kula share. We have used \$0.0235 as an approximation of the Net Assets price, though note the circularity between the calculation of the Net Asset value and the option valuation.
- The Australian government bond rate for the nearest available period commensurate with the remaining term of the options was used as a proxy for the risk-free rate, being 3 years. We accordingly used the 3-year rate (on a continuously compounded basis), as at 9 February 2023, being 3.28%.
- A volatility factor of 95% based on the historical 3-year annualised volatility of Kula.
- No dividends are to be paid or announced during the term of the options.

6.12 Set out below is a summary of the inputs to our Black Scholes derived valuations for the options.

Table 16. Option Black Scholes Valuation

Option	Exercise price (\$)	Expiry date	Underlying price (\$)	Volatility (%)	Risk-free rate (%)	Black Scholes value (\$)
KGDA A	\$0.0850	1 Aug 25	0.0235	95	3.28	0.0056
KGDA A A	\$0.0600	1 Jul 26	0.0235	95	3.28	0.0090
KGDA A C	\$0.0800	7 Nov 25	0.0235	95	3.28	0.0065

Source: ASX announcements, Stantons analysis

6.13 Accordingly, the Black Scholes methodology option values are set out below.

Table 17. Option Values

Option	Number	Total value (\$)
KGDA A	575,000	3,245
KGDA A A	8,350,000	75,449
KGDA A C	6,000,000	39,119
Total	14,925,000	117,813

Source: Stantons analysis

Discount for Minority Interest

- 6.14 We note a Net Asset based valuation assumes a 100% interest in the Company. As the Kula shares proposed to be issued to Sentinel will represent a minority interest, we applied a discount to the control value.
- 6.15 Generally, historical evidence of control premiums offered on takeovers for small-cap companies are in the range of 20% to 40%⁴ (although outcomes outside this are not uncommon) with 30% a commonly accepted benchmark where a 100% interest is being acquired. We have considered the factors in Appendix C and concluded that a control premium of 30% is appropriate to apply in this circumstance. Accordingly, we applied a minority interest discount of 23.1% (being the inverse of a 30% control premium) to the value of a Kula post-Transaction ordinary share.

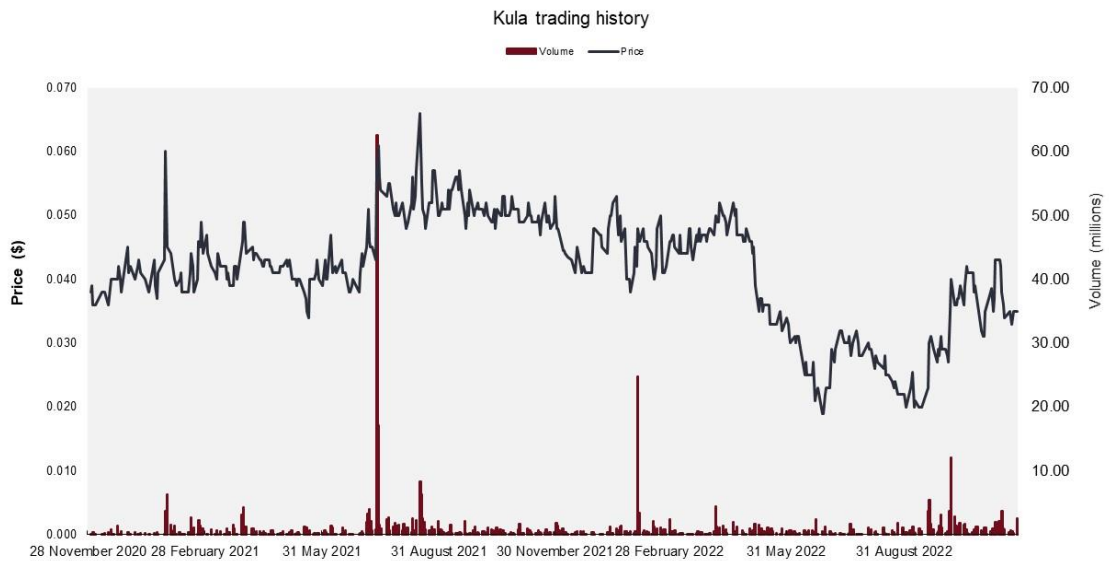
⁴ "Control Premium Study 2017", RSM

Trading History

Analysis of Trading History

- 6.16 We considered the recent trading history of Kula shares on the ASX prior to the announcement of the Transaction, as traded prices following the announcement may incorporate the impact of the Transaction.
- 6.17 Quoted market prices reflect a minority interest in the Company.
- 6.18 Kula announced the Transaction via ASX on 28 November 2022. Accordingly, the trading history of Kula on ASX for the two-year period to 28 November 2022 is set out below.

Figure 1. Kula ASX Trading History



Source: S&P Capital IQ

- 6.19 As at 28 November 2022, the Company had an undiluted market capitalisation of approximately \$12,642,420.
- 6.20 Further details of Kula's trading history as at 28 November 2022 are set out below.

Table 18. Kula ASX Trading History

Trading Days	Low Price (\$)	High Price (\$)	VWAP (\$)	Cumulative volume traded	Percentage of Total Shares (%)	Annual Equivalent (%)
1 Day	0.035	0.038	0.0360	2,532,790	0.70%	178.80%
10 Days	0.033	0.045	0.0364	10,787,090	2.99%	76.15%
30 Days	0.031	0.047	0.0376	26,946,960	7.78%	66.16%
60 Days	0.019	0.047	0.0345	74,400,000	23.27%	98.91%
90 Days	0.019	0.047	0.0332	84,951,540	29.82%	84.50%
180 Days	0.019	0.055	0.0353	132,034,430	52.81%	74.81%
1 Year ⁵	0.019	0.065	0.0398	196,123,360	81.80%	81.80%

Source: S&P Capital IQ, Stantons analysis

⁵ 255 trading days

- 6.21 Generally, the market is a fair indicator of what a share is worth, however for a quoted market price to be a reliable indicator of a company's value, the company's share must trade in a "liquid and active" market. We consider that a liquid and active market would typically be characterised by:
- regular trading in the company's securities;
 - trading of at least 1% of a company's securities on a weekly basis;
 - the spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of the company; and
 - no significant but unexplained movements in the share price.
- 6.22 Kula's shares have historically demonstrated trading volumes above 1% per week, with 81.80% of the outstanding ordinary shares being traded in the twelve-month period before the announcement of the Transaction.
- 6.23 In addition, Kula completed a placement over 2 tranches in September 2022 and November 2022. The Company issued a total of 92,242,383 ordinary shares at \$0.02 per share.
- 6.24 As per RG111.58/111.32, we have also considered the volatility of the market price of Kula shares. The historical volatility of Kula shares to 28 November 2022 over various periods is shown below.

Table 19. Volatility

Period	Low (\$)	High (\$)	Volatility (%)
1 year	0.019	0.065	108.36
2 year	0.019	0.073	103.29
3 year	0.019	0.073	94.32

Source: S&P Capital IQ, Stantons analysis

- 6.25 We note that these volatilities are relatively high for an ASX-listed company, though are not unusual for a junior exploration company.
- 6.26 Other key considerations for assessing traded prices of Kula shares include:
- Kula shares typically demonstrate a relatively high bid-ask spread, due to the ASX minimum tick size of \$0.001 representing a large percentage of the current market price
 - Early-stage mineral exploration company valuations are typically highly subjective and therefore investors may hold a wide range of opinions on the value of the shares
 - Trading in early-stage exploration company shares such as Kula may be driven by technical chartist traders, market sentiment, the involvement of key individuals and/or expectation/speculation of corporate activity
 - Kula is not covered by any major research analysts
 - Kula is not included in any indices
- 6.27 Based on the above, we consider the value of a Kula share using a quoted market prices methodology is as set out below. We note that this valuation is used as a secondary cross-check only. The low and high valuations are based on the low and high price in the past 30-days of trading, and our preferred valuation was based on the 30-day VWAP as at the announcement of the Transaction.

Table 20. Quoted Market Prices Valuation

	Low value (\$)	Preferred value (\$)	High value (\$)
Quoted market price value	0.0310	0.0376	0.0470

Source: Stantons analysis

Valuation Summary

- 6.28 Based on the above analysis, our valuation of a Kula share on a minority interest basis is as follows.

Table 21. Valuation Summary

	Low value (\$)	Preferred value (\$)	High value (\$)
Net Assets valuation	0.0145	0.0235	0.0322
Quoted market prices valuation	0.0310	0.0376	0.0470
Adopted value	0.0145	0.0235	0.0322

Source: Stantons analysis

- 6.29 As we consider the quoted market prices as a secondary cross-check methodology only, our adopted minority interest value of a Kulas share is between \$0.0145 and \$0.0322, with a preferred value of \$0.0235.

7 Value of Financial Benefit Provided by Kula

Financial Benefit Provided

- 7.1 The financial benefit proposed to be provided by Kula to Sentinel for the acquisition of a 70% interest in the Lithium Rights to the Kirup Project includes:
- a prior payment of \$70,000 to Sentinel upon signing the Acquisition Agreement
 - a cash payment of \$130,000 upon completing the acquisition;
 - the issue of 12,000,000 ordinary shares in Kula to Sentinel (that will be subject to escrow for 12 months);
 - the issue of 2,000,000 performance rights that may convert into ordinary shares to the value of \$2,000,000 based on the 10-day VWAP with a minimum issue price of \$0.04. The rights are subject to completion of a JORC maiden inferred resource on the Kirup Project of at least 10mt of ore at a grade of 1% lithium (or metal equivalent) or greater within 5 years; and
 - to free carry Sentinel on the Kirup Project until a Feasibility Study (as defined in the JORC Code) is completed.

Deferred Share Payment

- 7.2 The Deferred Share Payment of \$2,000,000 will be settled based on the 10-day VWAP with a minimum issue price of \$0.04 on achieving the Performance Right Condition, being a JORC maiden inferred resource on the Kirup Project of at least 10mt of ore at a grade of 1% lithium (or metal equivalent) or greater within 5 years.
- 7.3 However, if the Performance Right Condition is not met, no ordinary shares will be issued and the Deferred Share Payment will have a value of nil. To appropriately value the financial benefit provided by Kula, we would be required to assess the probability and timing of the Performance Right Condition being achieved. In addition, we would be required to determine the future value of the Kirup Project at the time of meeting the Performance Right Condition in order to provide a conclusion on fairness.
- 7.4 In addition, to assess to total benefit we would be required to quantify the value of Kula's free carry obligation to Sentinel.
- 7.5 Assumptions required to assess the probability and timing of meeting the Performance Right Condition and determine the future value of the free carry benefit include:
- Exploration expenditure required;
 - Likelihood of success of future exploration work;
 - Likelihood of achievement of a sufficiently defined mineral resource;
 - Estimates of potential resource grades;
 - Feasibility of the Kirup Project including key economic metrics;
 - Forecast capital costs to develop the Kirup Project in the event it is economical to do so;
 - Timing of future development and required capital expenditure; and
 - Future market prices and the supply and demand profile for lithium.
- 7.6 Taking into account the above factors, we do not believe there are sufficient available reasonable grounds for the assumptions required to assess the likelihood and timing of meeting the Performance Right Condition, nor the value of the free carry benefit.

Initial Consideration Paid

7.7 For information purposes, we have set out below the value of the financial benefit that will be provided by Kula with certainty on completing the Transaction. We note the following concerning our assessment:

- The value of a Kula ordinary share was determined by our Net Assets based valuation set out in Section 6.
- The initial cash reimbursement of \$70,000 has already been paid on signing the Acquisition Agreement and is therefore considered a sunk cost. Accordingly, we have excluded this payment from the calculation.

Table 22. Valuation of Initial Financial Benefit Provided by Kula

	Ref	Low	Preferred	High
Number of ordinary shares	Table 6	12,000,000	12,000,000	12,000,000
Value per ordinary share (\$, minority interest)	Table 14	0.0145	0.0235	0.0322
Value of shares (\$)		174,212	281,542	386,318
Cash reimbursement (\$)	7.7	130,000	130,000	130,000
Total value (\$)		304,212	411,542	516,318

Source: Stantons analysis

8 Value of Consideration Received by Kula

Consideration Received

- 8.1 The consideration to be received by Kula is a 70% interest in the Lithium Rights to the Kula Project.
- 8.2 Stantons engaged VRM to determine the value of the Lithium Rights to the Kirup Project, which is contained in the VRM Report. We note the declarations by VRM cited at paragraph 6.5 regarding the engagement.
- 8.3 The value of the Lithium Rights to the Kirup Project to be received by Kula, based on the valuation determined in the VRM Report, on which we have relied, is as set out below.

Table 23. Value of Consideration Received

	Ref	Low	Preferred	High
Total value of Kirup Project (\$)	Table 24	400,000	700,000	1,000,000
Interest acquired by Kula (%)	8.1	70%	70%	70%
Value received by Kula (\$)		280,000	490,000	700,000

Source: Stantons analysis

VRM Report Valuation Summary

- 8.4 The VRM Report provides a valuation of a 100% interest in the Lithium Rights to the Kirup Project as at a valuation date of 20 January 2023.

Primary Methodology – Geoscientific/Kilburn Method

- 8.5 As the Kirup Project is in early-stage exploration, the geoscientific or Kilburn approach was used by VRM. The Geoscientific/Kilburn valuation methodology is described in section 9.5 of the VRM Report.
- 8.6 The valuation of the Lithium Rights to the Kirup Project determined by VRM is as follows. Full details of the valuation assumptions and methodology are located in Section 10 of the VRM Report.

Table 24. VRM Report Valuation Summary of the Kirup Project

	Project	Low (\$)	Preferred (\$)	High (\$)
E70/5452	Kirup	360,000	680,000	1,000,000
Total Kirup Project value (100%, rounded)		400,000	700,000	1,000,000

Source: VRM Report

Secondary Valuation – Prospectivity Enhancement Multiplier

- 8.7 The VRM Report used the PEM method as a secondary cross-check methodology. A description of the PEM method is contained in section 9.7 of the VRM Report.

VRM Valuation Summary

- 8.8 The VRM Report valued a 100% interest in the Kirup Project to be between \$400,000 and \$1,000,000, with a preferred value of \$700,000, based on the Geoscientific method valuation.

9 Fairness Evaluation

Fairness Assessment

- 9.1 In determining the fairness of the Transaction including Resolution 1, we have had regard to the guidelines set out by ASIC's RG111.
- 9.2 As per RG111, we consider the Transaction (including the proposal outlined in Resolution 1 of the NoM) to be fair if:
- the value of the financial benefit provided by Kula; is less than
 - the value of the consideration received by Kula.
- 9.3 As there is a lack of reasonable grounds to assess the probability and timing of meeting the Performance Right Condition and the value of the free carry benefit we are unable to determine the value of the Deferred Share Payment or free carry benefit and therefore the financial benefit to be provided by Kula. Therefore, we are unable to opine on the fairness of the Transaction. Accordingly, by default pursuant to ASIC's RG 111, the Transaction is considered **NOT FAIR** to the Non-Associated Shareholders of Kula.
- 9.4 For informational purposes we note the relative value of the financial benefit provided to the consideration received by Kula excluding the value of the Deferred Share Payment and free carry benefit (i.e., only considering upfront consideration paid on completing the Transaction) is as set out below.

Table 25. Indicative Value Assessment (excluding Deferred Share Payment)

	Ref	Low	Preferred	High
Value of financial benefit provided (\$)	Table 22	304,212	411,542	516,318
Value received (\$)	Table 23	280,000	490,000	700,000

Source: Stantons analysis

Conclusion

- 9.5 As the value of the financial benefit provided by Kula cannot be reliably determined due to a lack of reasonable grounds to assess the value of the Deferred Shares Payment and free carry benefit, the Transaction, including Resolution 1 of the NoM, is considered by default to be **NOT FAIR** to the Non-Associated Shareholders of Kula for the purpose of ASX Listing Rule 10.1.

10 Reasonableness Evaluation

10.1 Under RG111, a transaction is considered “reasonable” if it is “fair”, or if despite not being “fair” there are sufficient reasons to accept the proposal.

10.2 We have considered the following advantages, disadvantages and other factors in assessing the reasonableness of the Transaction.

Advantages

Provides Kula with exposure to a new project

10.3 Completion of the Transaction provides Kula with exposure to a new exploration project, which may be economically beneficial to the Company.

The number of shares issued under the Deferred Share Payment is based on the VWAP of Kula's shares at the time, subject to a maximum number that may be issued

10.4 The number of shares that will be issued by Kula under the Deferred Share Payment on meeting the Performance Right Milestones will be determined at the time the condition is met. The payment is subject to a minimum issue price of \$0.04, which corresponds to a maximum number of 50,000,000 ordinary shares that may be issued. However, if the share price of Kula appreciates on meeting the condition to be above \$0.04, the number of shares to be issued will be reduced and the Deferred Share Payment will not be as dilutive to the Non-Associated Shareholders. We note that achievement of the condition of a JORC maiden inferred resource of at least 10mt of ore at a grade of 1% lithium would likely be value appreciative to Kula, though we are unable to determine the quantum of any value increase to the Kula share price as a result.

The issue of the Deferred Share Payment is contingent upon achieving a project milestone

10.5 The Deferred Share Payment is the most significant component of the compensation to be paid by Kula and is only payable subject to the Company achieving a key project milestone. Therefore, the consideration is structured such that the majority of the payment will only be settled in the instance the Kirup Project is further advanced by Kula, which is likely to be value appreciative to the Company.

Consideration is predominantly share-based

10.6 As the consideration is predominantly to be paid in Kula shares, the Company will preserve its cash resources for use in exploration activities on its projects.

Consideration is structured to align the interests of Kula with Sentinel

10.7 Following the completion of the Transaction, Kula and Sentinel will enter into an unincorporated joint venture arrangement. The Deferred Share Payment structures the consideration to further align the interests of Kula and Sentinel.

The Transaction is still subject to due diligence by Kula

10.8 A condition precedent to the Transaction is that Kula completes due diligence to its satisfaction. Therefore, the Company still has the option to withdraw from the Transaction should further information come to light that leads it to believe the Transaction doesn't represent fair value to the Non-Associated Shareholders.

Based on the immediate consideration paid, the value of the consideration received is less than the value of the financial benefit provided in the preferred and high scenarios

10.9 We note our assessment in Table 25 of the relative values of the consideration that will be paid by Kula immediately on completion of the Transaction, which will be less than the assessed value of the interest in the Lithium Rights to the Kirup Project that will be received by Kula in the preferred and high scenarios.

Disadvantages

Success of the Kirup project and achievement of the Performance Right Condition is highly uncertain

- 10.10 We note the Kirup Project is in the early exploration stage and is subject to a high degree of uncertainty regarding the potential for success on the project and likelihood of achieving the Performance Right Condition. Given the nature of early stage resource exploration projects, it is difficult to predict when and if the Company will make a return on its investment in the Kirup Project.

Dilution of Non-Associated Shareholders

- 10.11 As a result of the Transaction, Non-Associated Shareholders of Kula may be diluted by up to 14.65%, assuming the maximum of 50,000,000 ordinary shares is issued under the Deferred Share Payment. The initial dilution of Non-Associated Shareholders on completion of the Transaction will be 3.22%.

11 Conclusion

Opinions

- 11.1 The proposed Transaction, including the proposal outlined in Resolution 1 of the NoM that allows for the acquisition of a 70% interest in the Lithium Rights to the Kirup Project from Sentinel, is considered **NOT FAIR** but **REASONABLE** to the Non-Associated Shareholders of Kula as at the date of this report for the purpose of ASX Listing Rule 10.1. We note the not fair opinion is by default due to a lack of reasonable grounds to assess the value of the Deferred Share Payment and free carry benefit.

Shareholders Decision

- 11.2 Stantons was engaged to prepare an IER setting out whether in its opinion the proposed Transaction is fair and reasonable to Non-Associated Shareholders and to state reasons for that opinion. Stantons has not been engaged to provide a recommendation to shareholders as to whether to approve the Transaction.
- 11.3 The decision whether to approve Resolution 1 pertaining to the acquisition of an interest in the Lithium Rights is a matter for individual shareholders based on each shareholder's views as to the value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure, and tax position. If in any doubt as to the action they should take in relation to the proposal under Resolution 1, shareholders should consult their professional advisor.
- 11.4 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Kula. This is an investment decision upon which Stantons does not offer an opinion and is independent on whether to accept the proposal under Resolution 1. Shareholders should consult their own professional advisor in this regard.

Source Information

- 11.5 In making our assessment as to whether the proposed Transaction, including Resolution 1, is fair and reasonable to Non-Associated Shareholders, we reviewed published available information and other unpublished information of the Company that is relevant to the current circumstances. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the directors and management of Kula.
- 11.6 Information we have received includes, but is not limited to:
- Drafts of the NoM and ES to shareholders of Kula
 - The Binding Term Sheet between Kula and Sentinel
 - Kula's Annual Reports for the financial years ended 31 December 2020 and 31 December 2021
 - Kula's Interim Financial Report for the half year ended 30 June 2022
 - Unaudited management accounts of Kula as at 31 December 2022
 - Register of Kula shareholders as at 2 February 2023
 - The VRM Report, dated 23 February 2023
- 11.7 Our report includes the appendices, our declarations, and our Financial Services Guide.

Yours Faithfully

STANTONS CORPORATE FINANCE PTY LTD



James Turnbull, CFA
Authorised Representative

APPENDIX A

GLOSSARY

	Definition
Acquisition Agreement	The binding term sheet between Kula and Sentinel announced on 28 November 2022
AFCA	Australian Financial Complaints Authority
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Company	Kula Gold Limited
DCF	Discounted future cash flows valuation methodology
Deferred Share Payment	Ordinary shares to be issued by Kula to Sentinel to the value of \$2,000,000, to be determined by the 10-day VWAP subject to a minimum price of \$0.04, on meeting the Performance Right Condition
ES	Explanatory Statement
FME	Capitalisation of future maintainable earnings valuation methodology
FSG	Financial Services Guide
IER	Independent Expert's Report
IS214	ASIC Information Sheet 214: Mining and Resources: Forward Looking Statements
JORC Code	Australasian Code for Reporting Exploration Targets, Mineral Resources and Ore Reserves 2012
Kirup Project	The exploration tenement E70/5452 held by Sentinel
Kula	Kula Gold Limited
Lithium Rights	The rights to explore for and mine lithium and related minerals (comprising the elements tin, tantalum, scandium, caesium, gallium, niobium, yttrium, tungsten, rubidium and total rare earth oxides) located on the Kirup Project
Net Assets	Asset-based valuation methodologies
NoM	Notice of Meeting
Non-Associated Shareholders	Shareholders not restricted from voting on Resolution 1
PEM	Prospectivity Enhancement Multiplier
Performance Right Condition	Kula achieving a JORC maiden inferred resource on the Kirup Project of at least 10mt of ore at a grade of 1% lithium (or metal equivalent) or greater within 5 years of the Transaction
RG74	ASIC Regulatory Guide 74: Acquisitions Approved by Members
RG111	ASIC Regulatory Guide 111: Content of Expert Reports
RG170	ASIC Regulatory Guide 170: Prospective Financial Information
Sentinel	Sentinel Exploration Limited
Stantons	Stantons Corporate Finance Pty Ltd
TCA	The Corporations Act 2001
Transaction	The acquisition of a 70% interest in the Lithium Rights to the Kirup Project by Kula from Sentinel for the issue of 12,000,000 ordinary shares, \$200,000 in cash reimbursement and the Deferred Share Payment
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets 2015
VRM	Valuation and Resources Management Pty Ltd
VRM Report	The Technical Assessment and Valuation Report of Kula Gold Limited dated 23 February 2023 prepared by VRM
VWAP	Volume Weighted Average Price
WA	Western Australia

APPENDIX B

VALUATION METHODOLOGIES

Introduction

In preparing this report we have considered several valuation approaches and methods. These approaches and methods are consistent with:

- Market practice
- The methods recommended by the Australian Securities and Investments Commission in Regulatory Guide 111
- The International Valuation Standards
- The International Glossary of Business Valuation Terms

A valuation approach is a general way of determining an estimate of the value of a business, business ownership interest, security or intangible asset. Within each valuation approach, there are a number of specific valuation methods, which are specific ways to determine an estimate of value.

There are three general valuation approaches as follows:

i) **Income Approaches**

Indicates value by converting future cash flows to a single present value. Examples of an income approach are:

- The discounted cash flow method ("**DCF**")
- The capitalisation of future maintainable earnings method ("**FME**")

ii) **Asset/Cost Approaches**

Indicates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction.

iii) **Market Approaches**

Indicates value by comparing the subject asset with identical or similar assets for which price information is available. The main examples of the market approach are:

- Analysis of recent trading
- Industry rules of thumb

1. **Discounted Cash Flow Method**

Of the various methods noted above, the DCF method has the strongest theoretical basis. The DCF method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A DCF valuation requires:

- A forecast of expected future cash flows
- An appropriate discount rate
- An estimate of terminal value

It is necessary to project cash flows over a suitable period (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite-life project or asset, this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue and cost drivers, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current-day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under FME below). This terminal value is then discounted to current-day terms and added to the net present value of the forecast cash flows to provide an estimate for the overall value of the business.

The DCF method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All these assumptions can be highly subjective, sometimes leading to a valuation conclusion presented that is too wide to be useful.

A DCF approach is usually preferred when valuing:

- Early-stage companies or projects
- Limited life assets such as a mine or toll concession
- Companies where significant growth is expected in future cash flows
- Projects with volatile earnings

It may also be preferred if other methods are not suitable, for example, if there is a lack of reliable evidence to support an FME approach. However, it may not be appropriate if:

- Reliable forecasts of cash flow are not available and cannot be determined
- There is an inadequate return on investment, in which case a higher value may be realised by liquidating the assets than through continuing the business

A DCF approach is not recommended when assets are expected to earn below the cost of capital. Also, when valuing a minority interest in a company, care needs to be taken if a DCF based on earnings for the whole business is prepared, as the holder of a minority interest would not have access to, or control of, those cash flows.

2. Capitalisation of Future Maintainable Earnings Method

The FME method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a DCF, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The FME methodology involves the determination of:

- A level of future maintainable earnings
- An appropriate capitalisation rate or multiple

Any of the following measures of earnings can be used:

Revenue – mostly used for early-stage, fast-growing companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

EBITDA – most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

EBITA – in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business

EBIT – whilst commonly used in practice, multiples of EBITA are usually more reliable as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation)

NPAT – relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g., financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value whole businesses for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing minority interests in a company as the investor has no control over the level of debt.

A normalised level of maintainable earnings needs to be determined for the selected earnings measure. This excludes the impact of any gains or losses that are not expected to reoccur and allows for the full-year impact of any changes (such as acquisitions or disposals) made partway through a given financial year.

The selected multiple to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money captured in a single number. Multiples can be derived from three main sources.

- Using the comparable trading multiples, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business that are actively traded on a free and open market, such as the ASX
- The comparable transactions method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business.
- It is also possible to build a multiple from first principles based on an appropriate discount rate and growth expectations.

It is important to use the same earnings periods (historical, current or forecast) for calculating comparable multiples, as the period used for determining FME. For example, a multiple based on historical earnings of comparable companies should be applied to historical earnings of the subject of the valuation and not to forecast earnings.

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. The method is less appropriate for valuing companies or assets if:

- There are no (or very few) suitable alternative listed companies or transaction benchmarks for comparison
- The asset has a limited life
- Future earnings or cash flows are expected to be volatile
- There are negative earnings, or the earnings of a business are insufficient to justify a value exceeding the underlying net assets
- Working capital requirements are not expected to remain stable

3. Asset or Cost Approaches

The asset approach to value assumes that the current value of all assets (tangible and intangible) less the current value of the liabilities should equate to the current value of the entity. Specifically, an asset approach is defined as a general way of determining a value indication of a business, business ownership interest, or security using one or more methods based on the value of the assets net of liabilities. A cost approach is defined as a general way of determining a value indication of an individual asset by quantifying the amount of money required to replace the future service capability of that asset.

The asset-based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset-based methods including:

- Orderly realization
- Forced liquidation
- Net assets on a going concern

The orderly realisation of assets method estimates fair market value by determining the amounts that would be distributed to shareholders, after payments of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The forced liquidation method is similar to the orderly realisation of assets except the liquidation method assumes the assets are sold in a shorter time frame. Since wind-up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the fair market values of the net assets of a company but does not take account of realisation costs.

The asset/cost approach is generally used when the value of the business' assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than the economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset/cost approach will be the most appropriate method.

An asset-based approach is a suitable method of valuation when:

- An enterprise is loss-making and not expected to become profitable in the foreseeable future
- Assets are employed profitably but earn less than the cost of capital
- A significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments)
- It is relatively easy to enter the industry (e.g., small machine shops and retail establishments)

Asset-based methods are not appropriate if:

- The ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets
- A business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets

An asset-based approach is often considered as a floor value for a business assuming the business has the option to realise all its assets and liabilities.

4. Analysis of Recent Trading

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

5. Industry Specific Rule of Thumb

Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as traffic for internet businesses or the number of beds for a nursing home. These methods are typically fairly crude and therefore only appropriate as a cross-check to a valuation determined by an alternative method.

Selecting an Appropriate Valuation Approach and Method

The choice of an appropriate valuation approach and methodology is subjective and depends on several factors such as whether a methodology is prescribed, the company's historical and projected financial performance, stage of maturity, the nature of the company's operations and availability of information. The selection of an appropriate valuation method should be guided by the actual practices adopted by potential acquirers of the company involved and the information available.

APPENDIX C

CONTROL PREMIUM

Background

The difference between a control value and a minority value is described as a control premium. The opposite of a control premium is a minority discount (also known as a discount for lack of control). A control premium is said to exist because the holder of a controlling stake has several rights that a minority holder does not enjoy (subject to shareholders' agreements and other legal constraints), including to:

- Appoint or change operational management
- Appoint or change members of the board
- Determine management compensation
- Determine owner's remuneration, including remuneration to related party employees
- Determine the size and timing of dividends
- Control the dissemination of information about the company
- Set the strategic focus of the organisation, including acquisitions, divestments, and restructuring
- Set the financial structure of the company (debt/equity mix)
- Block any or all the above actions

The most common approach to quantifying a control premium is to analyse the size of premiums implied from prices paid in corporate takeovers. Another method is the comparison between the prices of voting and non-voting shares in the same company. We note that the size of the control premium should generally be an outcome of a valuation and not an input into one, as there is significant judgement involved.

Based on historical takeover premia that have been paid in Australian acquisitions in the period 2005-2015, the majority of takeovers have included a premium in the range of 20-50%, with 30% being the most commonly occurring. This is in line with standard industry practice, which tends to use a 30% premium for control as a standard.

Intermediate Levels of Ownership

There are several intermediate levels of ownership between a portfolio interest and 100% ownership. Different levels of ownership/strategic stakes will confer different degrees of control and rights as shown below.

- 90% - can compulsorily purchase remaining shares if certain conditions are satisfied
- 75% - the power to pass special resolutions
- <50% - gives control depending on the structure of other interests (but not absolute control)
- <25% - ability to block a special resolution
- <20% - power to elect directors, generally gives significant influence, depending on other shareholding blocks
- < 20% generally has only limited influence

Conceptually, the value of each of these interests lies somewhere between the portfolio value (liquid minority value) and the value of a 100% interest (control value). Each of these levels confers different degrees of control and therefore different levels of control premium or minority discount.

APPENDIX D

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons Corporate Finance Pty Ltd trading as Stantons Corporate Finance dated 3 March 2023, relating to the proposed Transaction.

At the date of this report, Stantons Corporate Finance does not have any interest in the outcome of the proposal. There are no relationships with Kula other than Stantons Corporate Finance acting as an independent expert for the purposes of this report. Stantons Corporate Finance Pty Ltd undertook an independence assessment and considered that there are no existing relationships between Stantons Corporate Finance and the parties participating in the Transaction detailed in this report which would affect our ability to provide an independent opinion. The fee (excluding disbursements) to be received for the preparation of this report is based on time spent at normal professional rates plus out-of-pocket expenses. Our fee for preparing this report is expected to be up to A\$20,000 exclusive of GST. The fee is payable regardless of the outcome. Except for that fee, neither Stantons Corporate Finance Pty Ltd nor Mr James Turnbull have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the preparation of this report.

Stantons Corporate Finance Pty Ltd does not hold any securities in Kula. There are no pecuniary or other interests of Stantons Corporate Finance Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons Corporate Finance and Mr James Turnbull have consented to the inclusion of this report in the form and context in which it is included as an annexure to the NoM.

QUALIFICATIONS

We advise Stantons Corporate Finance Pty Ltd is the holder of an Australian Financial Services License (No 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. Stantons Corporate Finance Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic financial planning for both listed and unlisted businesses.

Mr James Turnbull, the person with overall responsibility for this report, has experience in the preparation of valuations for companies, particularly in the context of listed company corporate transactions, including the fairness and reasonableness of such transactions. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of Kula to assist Non-Associated Shareholders of Kula to assess the merits of the Transaction to which this report relates. This report has been prepared for the benefit of Kula shareholders and those persons only who are entitled to receive a copy for the purposes under the Corporations Act 2001 and does not provide a general expression of Stantons Corporate Finance's opinion as to the longer-term value of Kula, its subsidiaries and/or assets. Stantons Corporate Finance does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Kula or their subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons Corporate Finance Pty Ltd to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stantons Corporate Finance Pty Ltd with due care and diligence. However, except for those responsibilities which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons Corporate Finance Pty Ltd (and Stantons International Audit and Consulting Pty Ltd ("**SIAC**"), the parent company of Stantons Corporate Finance, its directors, employees or consultants) for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stantons Corporate Finance may rely on information provided by Kula and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons Corporate Finance's experience and qualifications), Kula has agreed:

- (a) to make no claim by it or its officers against Stantons Corporate Finance Pty Ltd (and SIAC) to recover any loss or damage which Kula may suffer as a result of reasonable reliance by Stantons Corporate Finance Pty Ltd on the information provided by Kula; and
- (b) to indemnify Stantons Corporate Finance Pty Ltd against any claim arising (wholly or in part) from Kula, or any of its officers, providing Stantons Corporate Finance Pty Ltd with any false or misleading information or in the failure of Kula or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons Corporate Finance Pty Ltd.

A final draft of this report was presented to Kula for a review of factual information contained in the report. Comments received relating to factual matters were considered, however the valuation methodologies and conclusions did not change as a result of any feedback from Kula.

APPENDIX E**TECHNICAL ASSESSMENT AND VALUATION REPORT OF KULA GOLD LIMITED
PREPARED BY VALUATION & RESOURCES MANAGEMENT PTY LTD**



TECHNICAL ASSESSMENT AND VALUATION REPORT FOR KULA GOLD LIMITED

Presented To:
Stantons Corporate Finance

Date Issued:
February 23, 2023



Date Issued:
February 23, 2023



Document Reference	Kula ITAR Jan 2023 Draft Rev 3
Distribution	Kula Gold Limited Stantons Corporate Finance Valuation and Resource Management Pty Ltd
Principal Authors	Louis Bucci B AppSc Hons (Geology) PhD (Economic Geology) MAIG
Contributor / VRM Approval	Paul Dunbar BSc Hons (Geology) MSc (Minex) M AusIMM M AIG
Valuation Date	23 February 2023

A handwritten signature in black ink, appearing to read 'Louis Bucci', positioned above a horizontal line.

Date: 23 February 2023

A handwritten signature in black ink, appearing to read 'Paul Dunbar', positioned below the signature of Louis Bucci.

Executive Summary

Stantons Corporate Finance (Stantons) commissioned Valuation and Resource Management Pty Ltd (VRM) to prepare an Independent Technical Assessment and Valuation Report (ITAR or Report) on the Mineral Assets owned or proposed to be acquired by Kula Gold Limited (ASX: KGD) (Kula or the Company).

This report was prepared as a public document, in the format of a Specialist Report and in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – the 2015 VALMIN Code (VALMIN) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the 2012 JORC Code (JORC).

This Report is a technical review of the Lake Rebecca Project, four (4) projects in the Southern Cross region (Burracoppin, Westonia, Rankin, and Marvel Loch – Airfield Projects) and the Brunswick Projects – all Projects are located in Western Australia. In addition, the Company is proposing to acquire the rights to Lithium, Rare Earth Elements (REE) and associated metals within the Kirup Project from Sentinel Exploration Limited (Sentinel), a related party due to common directors and their shareholding in the unlisted Sentinel.

There is a JORC 2012 Mineral Resource estimate within the Marvel Loch – Airfield Project, being the Boomerang Kaolin Deposit. There are no Ore Reserves estimated within any of the projects.

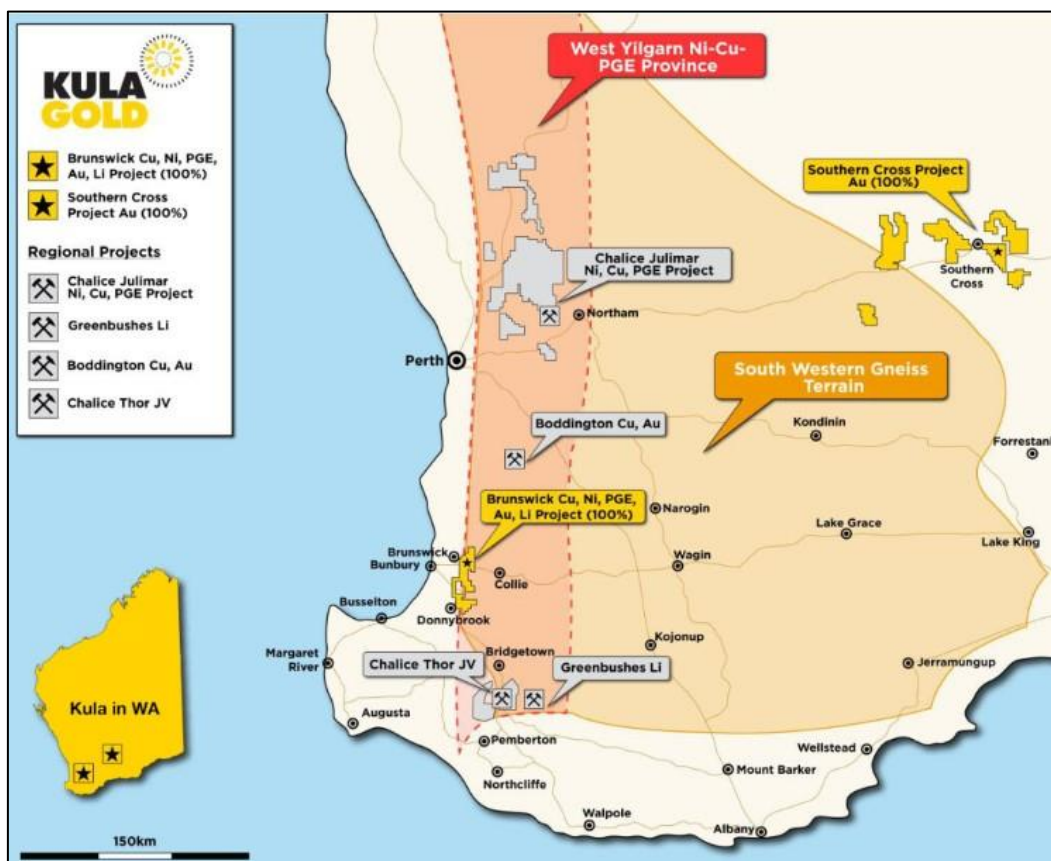


Figure 1: Location of the Projects reviewed in this report.

(Source: Kula Gold Ltd)

Summary of the Southern Cross Region Projects

The Southern Cross Region Projects comprises eleven (11) active Exploration Licences covering 1,116 km² of ground in the Southern Cross region of Western Australia. The Projects cover prospective Archean greenstone-granite terranes, although are mostly situated over granitic rocks.

Rankin Dome

Located in a region historically recognised - for gold production from shear-zone greenstone hosted deposits, the Company has identified Total Rare Earth Elements (tREE) enrichment within highly fractionated granitic rocks, as well as similar enrichment within the intruded metasedimentary units. The area remains prospective for REE mineralization as well as for gold mineralization of an orogenic lode gold style as is known in the district.

Westonia

The area is characterised by a series of predominantly amphibolite-grade metamorphic rocks as well as granitic rocks and their metamorphosed equivalents. Through auger-based geochemical sampling, the Company has identified anomalous Au, Pt and Pd results, as well as anomalous Cu and PGE co-incident with magnetic structures and gossanous outcrop. Although a genetic model for mineralization is currently unclear, the Project remains prospective for Cu-Au and Pt-Pd mineralization.

Marvel Loch – Airfield

The Project is located within the prolifically Au-mineralized Marvel Loch area, where mining has historically been within amphibolite facies grade mafic-ultramafic sequences. Two (2) Au prospects are identified with tenements and return anomalous Au and Mo9 values. Notwithstanding the Au potential, the Company to date has mainly focussed on the kaolin Mineral Resource (JORC, 2012) at their Boomerang Project, where preliminary studies indicate potential for a metakaolin product.

Burracoppin

Located within an area of historic gold workings, Burracoppin has not seen any significant modern-day exploration. Interpreted to be underlain by an Archean granite/gneiss-greenstone terrane, previous explorers report As, Mo, W and Bi anomalism. Albeit at a very early stage of exploration, the area remains prospective for gold mineralization of an orogenic lode gold style.

Summary of the South West Region Projects

Brunswick

The Project is hosted within Archean sequences of predominantly amphibolite and hornblende schists. The Company has identified numerous targets considered prospective for Li, including a large ~2km long and up to 300m wide pegmatite interpreted as akin to that proximal to the Greenbushes mine. Initial geochemical sampling indicates elevated Au in rock chips, and soil samples with anomalous Au and Cu. The Company are exploring for Ni-Cu-PGE, epithermal Au, and Archean Cu-Au within the Project.

Summary of the Kurnalpi and Coolgardie Region Projects

Lake Rebecca

Located on the eastern edge of the Kurnalpi Terrane, the Company is using geophysical data to identify structural positions considered prospective for orogenic lode-gold mineralization. Preliminary exploration has identified hematite and silica alteration within host rocks, with no significant gold mineralization as yet defined.

Boorabbin North

Located within Archean rocks of the Southern Cross Belt, historic explorers have identified anomalous gold and arsenic in rocks chips and RAB drilling. Although still a very early-stage reconnaissance project for the Company, the Project remains prospective for orogenic lode gold mineralization.

Summary of the Kirup Project

Located south of Kula's existing Brunswick Lithium Project, the area has been historically evaluated for tin-tantalum mineralization within granitic and pegmatitic host rocks. Based on historic exploration data, a prospectivity target map has been created following both geological and geophysical interpretations. The Company intends to immediately commence detailed and targeted pegmatite mapping and geochemical sampling over previously identified pegmatites, with a focus on lithium mineralization of a Greenbushes style.

Conclusions

Based on the technical review and the analysis undertaken by VRM the market value of the mineral assets of Kula and the Kirup Project has been determined in accordance with the guidelines of the VALMIN Code, including using two separate valuation methods. VRM has applied appropriate rounding to the valuation in line with the variability associated with valuations of this nature.

VRM considers that the mineral assets of Kula have a market value between \$4.9 million and \$13.2 million with a preferred value of \$9.1 million. This valuation is based on a Geoscientific or Kilburn valuation approach and is supported by the prospectivity enhancement multiplier valuation method as a supporting or secondary method.

In addition to the Kula mineral assets VRM has also determined the likely value of the Kirup Project that Kula proposes to acquire from a company that is considered a related party due to common directors and Kula directors having a significant shareholding in the company that is divesting the Kirup Project. The market value of the Kirup Project has been assessed by VRM to be between \$0.4 million and \$1.0 million with a preferred value of \$0.7 million.

Contents

TECHNICAL ASSESSMENT AND VALUATION REPORT FOR KULA GOLD LIMITED 0

Executive Summary i

List of Figures vi

List of Tables vi

1. Introduction 1

1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides 1

1.2. Scope of Work 1

1.3. Statement of Independence 2

1.4. Competent Persons Declaration and Qualifications 2

1.5. Reliance on Experts 3

1.6. Sources of Information 3

1.7. Site Visits 3

2. Mineral Assets 4

2.1. Mineral Tenure 4

3. Southern Cross Region Projects 6

3.1. Location and Access 6

3.2. Rankin Dome Projects 6

3.2.1. Geology and Exploration History 6

3.2.2. Exploration Potential 8

3.3. Westonia Projects 9

3.3.1. Geology and Exploration History 9

3.3.2. Exploration Potential 11

3.4. Marvel Loch-Airfield Projects 11

3.4.1. Geology and Exploration History 12

3.4.2. Boomerang Mineral Resource Estimate 13

3.4.2.1. VRM Review of the Boomerang Mineral Resource Estimate 15

3.4.3. Exploration Potential 16

3.5. Burracoppin Project 16

3.5.1. Geology and Exploration History 16

3.5.2. Exploration Potential 16

4. South West Region Project (Brunswick) 17

4.1. Geology and Exploration History 17

4.2. Exploration Potential 18

5. Kurnalpi Region Project (Lake Rebecca) 20

5.1. Geology and Exploration History 20

5.2. Exploration Potential.....	21
6. Coolgardie Region Project (Boorabbin North)	22
6.1. Geology and Exploration History	22
6.2. Exploration Potential.....	22
7. Kirup Project	23
7.1. Geology and Exploration History	23
7.2. Exploration Potential.....	24
8. Risks and opportunities.....	25
9. Valuation Approach	26
9.1. Previous Valuations	26
9.2. Valuation Subject to Change.....	26
9.3. General Assumptions.....	27
9.4. Exploration Asset Valuation	27
9.5. Geoscientific (Kilburn) Valuation.....	28
9.6. Comparable Market Based Transactions	30
9.7. Prospectivity Enhancement Multiplier (PEM) Valuation	31
10. Valuation of Kula Gold tenements.....	32
10.1. Geoscientific / Kilburn valuation	32
10.1.1.Southern Cross Region Projects	32
10.1.2.South West Region Project (Brunswick)	33
10.1.3.Kurnalpi & Coolgardie Region Projects	34
10.1.4.Combined Kula Mineral Asset Valuation	34
10.1.5.Kirup Project.....	35
10.2. Prospectivity Enhancement Multiplier (PEM) Valuation	35
10.3. Potential Value of future Mineral Resource estimates.....	36
11. Preferred Valuation Range.....	38
12. References.....	39
12.1. Published References.....	39
12.2. Project Specific References	40
12.2.1.Southern Cross Region Projects.....	41
12.2.2.South West Region Project (Brunswick)	43
12.2.3.Kurnalpi Region Project (Lake Rebecca)	43
12.2.4.Coolgardie Region Project (Boorabbin North)	44
12.2.5.Kirup Project	44
13. Glossary	46
Appendix A - Geoscientific Valuation of the Southern Cross Region Projects	50

Appendix B - Geoscientific Valuation of the South West Region Project (Brunswick).....	51
Appendix C - Geoscientific Valuation of the Kurnalpi and Coolgardie Projects.....	52
Appendix D - Geoscientific Valuation of the Kirup Project	53

List of Figures

Figure 1: Location of the Projects reviewed in this report.....	i
Figure 2: Location of the Southern Cross Projects.....	6
Figure 3: Geological interpretation of the Rankin Dome Project area	7
Figure 4: Preliminary Li and Au exploration results at Rankin Dome.....	8
Figure 5: Location and interpreted geology at the Westonia Project	9
Figure 6: Preliminary results in auger samples at the Westonia Project.....	10
Figure 7: Secondary exploration results from rock chip and auger samples at the Westonia Project	10
Figure 8: Location of the Marvel Loch-Airfield Projects	12
Figure 9: Geochemistry results at G Star Prospect.....	13
Figure 10: Location of Boomerang Kaolin Deposit proximal to Marvel Loch township.....	14
Figure 11: Location of the Brunswick Project and simplified geology	17
Figure 12: Delineation of the Donnybrook-Bridgetown shear zone within the Brunswick Project	18
Figure 13: Preliminary Au exploration results at the DBGM Prospect within the Brunswick Project.....	19
Figure 14: Preliminary Cu exploration results at the DBGM Prospect within the Brunswick Project.....	19
Figure 15: Geophysical interpretation of the Lake Rebecca Project area.....	20
Figure 16: Location of the Kirup Project relative to Brunswick	23
Figure 17: Geological interpretation over geophysical data at the Kirup Project.....	24
Figure 18: The various valuations and VRM’s preferred valuation range.....	38

List of Tables

Table 1: Tenements considered in this Report.....	5
Table 2: Boomerang Kaolin Mineral Resource	14
Table 3: Boomerang Kaolin Mineral Resource above 30% Al ₂ O ₃ cut-off	15
Table 4 - VALMIN Code 2015 valuation approaches suitable for mineral properties.....	26
Table 5 - Ranking criteria are used to determine the geoscientific technical valuation.....	29
Table 6 Prospectivity Enhancement Multiplier (PEM) ranking criteria.....	31
Table 7: Geoscientific Market Valuation of the Southern Cross Region Projects.....	33
Table 8: Geoscientific Valuation of the South West Region Project (Brunswick)	34
Table 9: Geoscientific Valuation of the Kurnalpi & Coolgardie Region Projects	34
Table 10: Geoscientific Valuation of the Kirup Project	35
Table 11: PEM Valuation for all granted exploration tenements.....	36

1. Introduction

Stantons Corporate Finance (Stantons) commissioned Valuation and Resource Management Pty Ltd (VRM) to prepare an Independent Technical Assessment and Valuation Report (ITAR or Report) on the Mineral Assets owned by Kula Gold Limited (ASX: KGD) (Kula or the Company), and the Kirup project which Kula proposes to acquire from Sentinel Exploration Limited (Sentinel), a related party due to common directors and their shareholding in the unlisted Sentinel. It is the acquisition of the Kirup Project that has required Stantons to prepare an Independent Experts Report (IER) to consider if the proposed transaction is fair and reasonable to the non-related party shareholders of Kula. This ITAR is intended to be appended to the Stantons IER.

The minerals assets considered in this review include seven (7) Projects all 100%, owned by Kula, and one (1) Project which the Company proposes to acquire from Sentinel (Table 1). All Projects are located in Western Australia, with only one (1) of the Projects containing current Mineral Resource estimates (JORC 2012).

1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

This ITAR is prepared applying the guidelines and principles of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – the 2015 VALMIN Code (VALMIN) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the 2012 JORC Code (JORC). Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). These codes are also requirements under Australian Securities and Investments Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX).

This Report is a Public Report as described in the VALMIN Code (clause 5) and the JORC Code (clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by Kula as referenced in this Report and additional publicly available information.

This ITAR contains statements attributable to third parties. These statements are made or based upon statements made in previous technical reports that are publicly available from either government departments or the ASX. The authors of these previous reports have not consented to the statements' use in this report and these statements are included in accordance with ASIC Corporations (Consent to Statements) Instrument 2016/72.

1.2. Scope of Work

VRM's primary obligation in preparing mineral asset reports is to independently describe mineral projects in compliance with the JORC and VALMIN Codes. These require that the Public Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the project.

VRM has compiled the ITAR based upon the principle of reviewing and interrogating both the work of Kula Gold and independent specialists who have contributed to the technical information available for the projects. This report is a summary of the work conducted to January 2023 and is based on information

supplied to VRM by Kula and its advisors as well as information that is in the public domain, to the extent required by the JORC and VALMIN Codes.

VRM understands that its review and report will be appended to the Stanton's IER report, and as such, it is understood that VRM's review will be a public document. Accordingly, this report has been prepared in accordance with the requirements of the VALMIN Code.

Much of this report is based on information provided by Kula along with publicly available data, including ASX releases and public data from various companies currently or previously working existing and nearby tenements. VRM has made all reasonable endeavours to confirm the accuracy, validity and completeness of the technical data that forms the basis of this report. In VRM's opinion the information that has been provided is reasonable requirements of both the JORC and VALMIN codes and conforms with the Reasonable Grounds Requirements of the Corporations Act 2001 and the ASIC Information Sheet 214 (INFO214). The opinions and statements in this report are given in good faith and under the belief that they are accurate and not false nor misleading.

1.3. Statement of Independence

VRM was engaged to undertake an ITAR on the mineral assets of Kula Gold and the Kirup Project which is subject to the proposed transaction. This work has been conducted in accordance with the JORC and VALMIN Codes. It also complies with ASIC Regulatory Guideline 111 – Content of Expert Reports (RG111) and ASIC Regulatory Guidelines 112 Independence of Experts (RG112).

Dr Louis Bucci and Mr Paul Dunbar and VRM have no association with Kula, Sentinel, their individual employees, or any interest in the securities of either company, which could be regarded as affecting the ability to give an independent, objective, and unbiased opinion. VRM will be paid a fee for this work on standard commercial rates for professional services. The fee is not contingent on the results of this review and is estimated at approximately \$35,000 (ex GST).

1.4. Competent Persons Declaration and Qualifications

This Report was prepared by Dr Louis Bucci and Mr Paul Dunbar

The information in this Report that relates to Technical Assessment of Mineral Assets and the mineral asset valuation reflects information compiled and conclusions derived by Dr Louis Bucci, who is a Member of the AIG and who has a PhD in economic geology and B AppSc Honours in geology. He is an associate of VRM, a Geology and Exploration Management consultancy.

The Technical Assessment sections of this report have been peer-reviewed by Mr Paul Dunbar. Additionally, Mr Dunbar contributed and supervised the valuation sections of the report. Mr Dunbar, who has a MSc in mineral exploration and BSc Honours in geology, is employed by VRM and he takes overall responsibility for compilation of the Report. He has sufficient experience relevant to the Technical Assessment of the Mineral Assets under consideration and to the activity that he is undertaking to qualify as a Practitioner as defined in the 2015 edition of the VALMIN Code. Mr Dunbar consents to the inclusion in the Report of the matters based on the information in the form and context in which it appears.

1.5. Reliance on Experts

The authors of this Report are not qualified to provide extensive commentary on the legal aspects of the tenure of the mineral properties or the compliance with the legislative environment and permitting. VRM has relied on the information publicly available and the following:

- Information and/or reports obtained from Kula Gold;
- Various ASX releases, including from previous owners and neighbouring companies; and
- Publicly available information, including maps, datasets, and technical publications of the Geological Survey of Western Australia.

This report contains references or statements made by other parties sourced from the following:

- Academic and technical papers and abstracts in publicly available journals;
- ASX Releases by various Companies; and
- Published and unpublished Annual Technical reports for the Tenements.

The authors of these reports have not consented to the use of their statements in this report. These statements are issued in accordance with ASIC Regulatory Guide 55 and ASIC Corporations (Consents to Statements) Instrument 2016/72.

1.6. Sources of Information

All information and conclusions within this report are based on information made available to VRM to assist with this report by Kula Gold and other relevant publicly available data to 20 January 2023. Reference has been made to sources of information, published and unpublished, including government reports and reports prepared by previous parties to the areas. VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this report and to ensure that it had access to all relevant technical information. VRM has relied on the information contained within the reports, articles and databases provided by Kula Gold as detailed in the reference list. In addition, much of the technical information provided by Kula Gold is also available in ASX releases by previous owners; it is referenced as such in the report below.

A draft of this report has been provided to Kula Gold to identify and address any factual errors or omissions prior to finalisation of the report.

1.7. Site Visits

Site visits to the Projects were not undertaken during the preparation of this report. VRM has verified the information from previous owners via Government agencies and ASX releases and considered that site visits would not result in additional material information given the early-stage nature, remote location, limited outcrop, and minimal sampling associated with the tenements.

2. Mineral Assets

Kula's mineral tenements under consideration are detailed in Figure 1 where the Project description denotes the section below where it is discussed on a location (Figure 1) and geological framework basis.

2.1. Mineral Tenure

According to the Government of Western Australia Department of Mines, Industry Regulations and Safety databases, accessed in January 2023, the licences associated with the Kula Gold Ltd and the Kirup Project are in good order as indicated to the best of VRM's knowledge. They remain in good standing with all statutory filings, reports and documentation including renewals supplied to the various government departments.

The authors of this report are not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the relevant laws governing mining. As VRM and the authors of this Report are not experts in mining law, no warranty or guarantee, be it expressed or implied, is made by VRM with respect to the completeness or accuracy of the legal aspects regarding the security of the tenure.

Table 1: Tenements considered in this Report.

Tenement	Region	Project	Holder	Equity	Status	Grant date	Expiry date	Minimum Expenditure (\$)
E77/2709	Southern Cross	Rankin Dome	Kula Gold Ltd	100%	Live	08/10/2021	08/10/2026	55,000
E77/2753	Southern Cross	Rankin Dome	Kula Gold Ltd	100%	Live	08/10/2021	08/10/2026	22,000
E77/2768	Southern Cross	Rankin Dome	Kula Gold Ltd	100%	Live	26/03/2021	216/03/2026	36,000
E77/2756	Southern Cross	Westonia	Kula Gold Ltd	100%	Live	08/10/2021	08/10/2026	55,000
E77/2757	Southern Cross	Westonia	Kula Gold Ltd	100%	Live	08/10/2021	08/10/2026	49,000
E77/2762	Southern Cross	Westonia	Kula Gold Ltd	100%	Live	08/10/2021	08/10/2026	15,000
E77/2766	Southern Cross	Westonia	Kula Gold Ltd	100%	Live	08/10/2021	08/10/2026	20,000
E77/2621	Southern Cross	Marvel Loch-Airfield	Kula Gold Ltd	100%	Live	03/09/2020	03/09/2025	40,000
E77/2806	Southern Cross	Marvel Loch-Airfield	Kula Gold Ltd	100%	Live	19/07/2022	19/07/2027	58,000
M 77/1302	Southern Cross	Marvel Loch-Airfield	Kula Gold Ltd	100%	Pending	15/12/2022 (lodgement)	N/A	
E70/5693	Southern Cross	Burracoppin	Kula Gold Ltd	100%	Live	11/05/2021	11/05/2026	34,000
E70/5599	South West	Brunswick	Kula Gold Ltd	100%	Live	26/07/2021	26/07/2026	84,000
E70/5703	South West	Brunswick	Kula Gold Ltd	100%	Live	26/05/2021	26/05/2026	20,000
E70/5513	South West	Brunswick	Kula Gold Ltd	100%	Live	23/02/2021	23/02/2026	20,000
E70/5645	South West	Brunswick	Kula Gold Ltd	100%	Live	06/05/2021	06/05/2026	10,000
E70/5660	South West	Brunswick	Kula Gold Ltd	100%	Live	28/04/2021	28/04/2026	10,000
E28/2942	Kurnalpi	Lake Rebecca	Kula Gold Ltd	100%	Live	21/04/2020	21/04/2025	31,250
E28/3029	Kurnalpi	Lake Rebecca	Kula Gold Ltd	100%	Live	3/10/2021	10/03/2026	20,000
E15/1819	Coolgardie	Boorabbin North	Kula Gold Ltd	100%	Live	27/01/2022	27/01/2027	20,000
E70/5451#	Kirup	Sentinel Project	Merchant Ventures	70%#	Live	4/01/2021	04/01/2026	41,000

This report is being completed to assess Kula's potential acquisition of 70% of the lithium and associated metals and Rare Earth Element (REE) Kirup Project from Merchant Ventures.

3. Southern Cross Region Projects

3.1. Location and Access

The Southern Cross Region Projects comprises eleven (11) active Exploration Licences in the Southern Cross region of Western Australia (Figure 2; Table 1). The Projects are distributed along a stretch of prospective Archean greenstones, broadly centred on the township of Southern Cross, and stretching ~30-40km NW and SE along the greenstone trend (Figure 2). The tenements cover the Bullfinch (2736) 1:100,000 GSWA map sheet within the Southern Cross (SH5016) 1:250,000 map sheet, with access via the sealed Southern Cross - Bullfinch road north from Southern Cross, then a combination of sealed and unsealed roads and bush tracks to specific tenement locations.

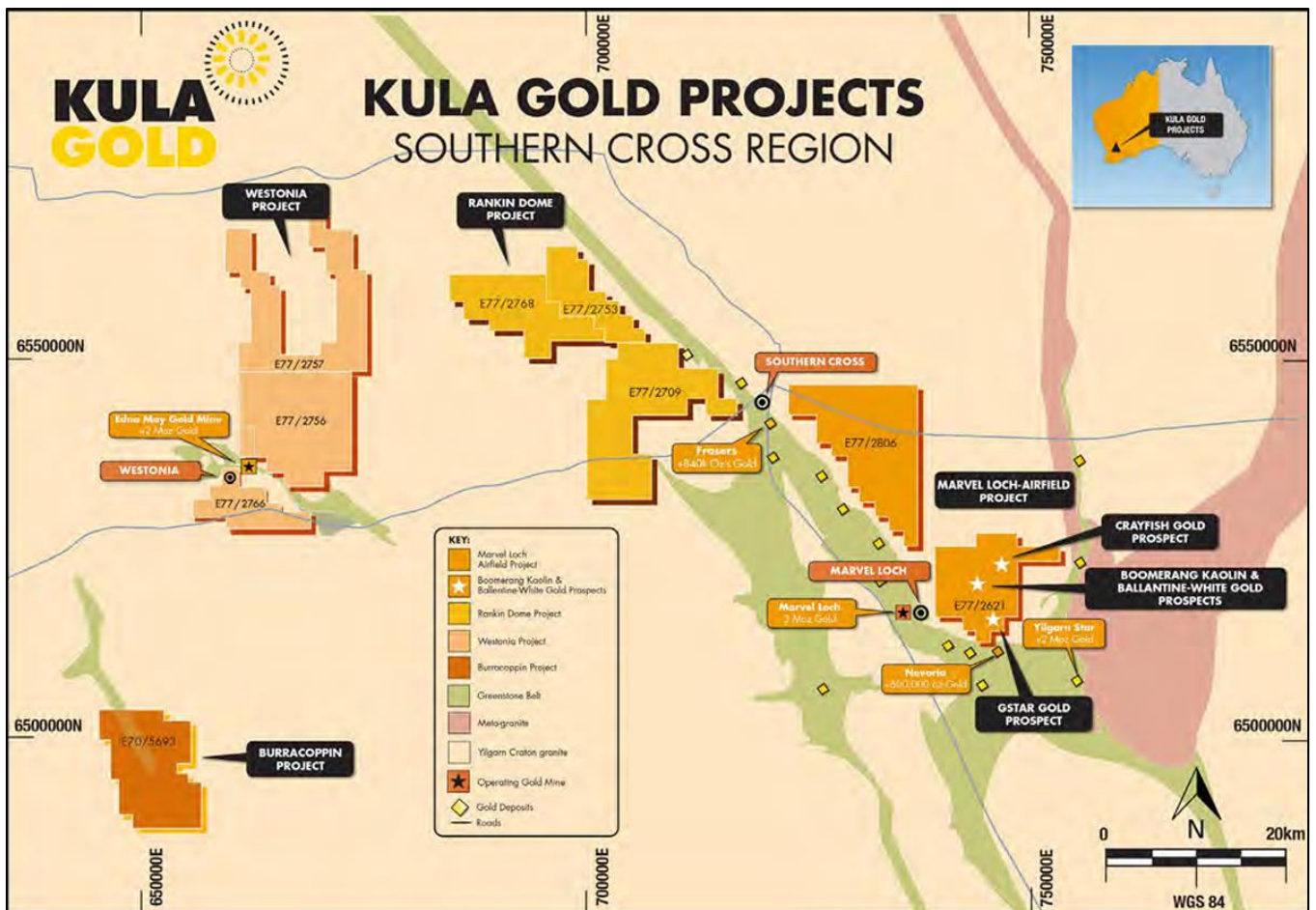


Figure 2: Location of the Southern Cross Projects

(Source: Kula)

3.2. Rankin Dome Projects

The Project encompasses tenements E 77/2709, &&/2753 and 77/2768, located along a NW trend from the township of Southern Cross (Figure 3).

3.2.1. Geology and Exploration History

The tenements are situated to the west of the ~170 km long Archean Southern Cross greenstone belt which consists of an NNW-trending layered sequence of ultramafic, mafic, and metasedimentary rocks. These units

are crosscut by late tectonic pegmatites and Proterozoic dolerite dykes. Much of the area is covered with Quaternary sediments consisting of sandy loams and alluvial deposits with topographic highs delineated by lateritic cover (WAMEX 84314).

Historically, the belt is known for gold production derived from shear-hosted deposits (e.g., Marvel Loch, Yilgarn Star and Frazer’s) and to a lesser extent fold hinge deposits, usually in BIF (e.g., Copperhead, Golden Pig and Bounty) (see Reddell & Schmullian 1990). The dominant sulphide minerals associated with gold ores of the district are pyrite and pyrrhotite with minor arsenopyrite and chalcopyrite as well as sporadic galena and scheelite. Gold mineralization is considered to be of an orogenic lode gold style (see Groves et al., 1998)

Kula is focussed on lithium and gold mineralization at Rankin Dome. The Company commenced an auger drilling program in February 2022, which identified preliminary Li anomalism (see Kula ASX announcement 3 February 2022). Phase 2 drilling resulted in 70% of the 375 samples returning > 115ppm Total Rare Earth Elements (tREE) with 2 samples peaking at 1080ppm from Phase 2 geochemical program (Figure 4; see Kula ASX Announcement 7 April 2022).

Subsequent geochemistry results show two distinct populations of tREE enrichment suggesting two potential sources and hosts for tREE enrichment at Rankin Dome; a peralkaline intrusive host (akin to Dubbo Zirconia – Australian Strategic Minerals Ltd) (ASX: ASM) and a sedimentary host from secondary enrichment processes suggestive of an ion adsorption clay style enrichment (similar to Mukutu – Ionic Rare Earths Ltd) (ASX: IXR)(see Kula ASX Announcements 13 May 2022 and 15 July 2022, and CP statements therein).

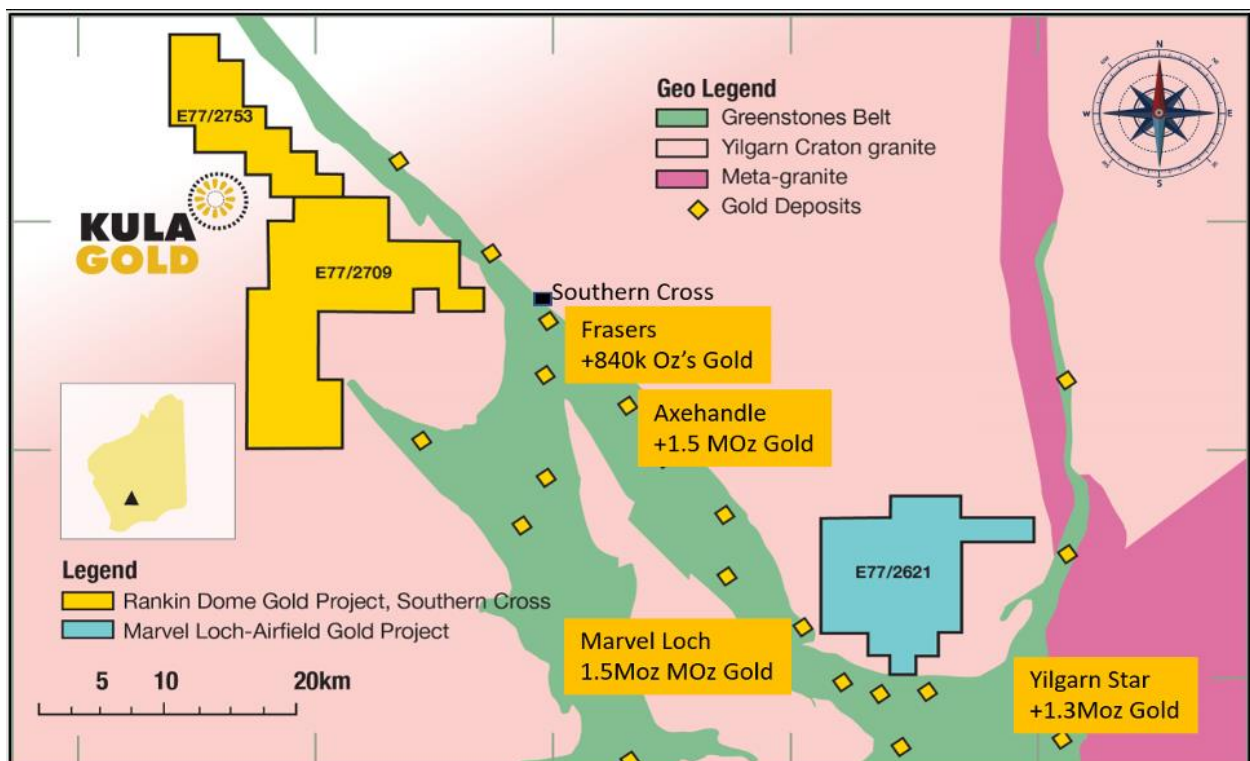


Figure 3: Geological interpretation of the Rankin Dome Project area

(NB: tenement E 77/2768 not shown; Source: Kula)

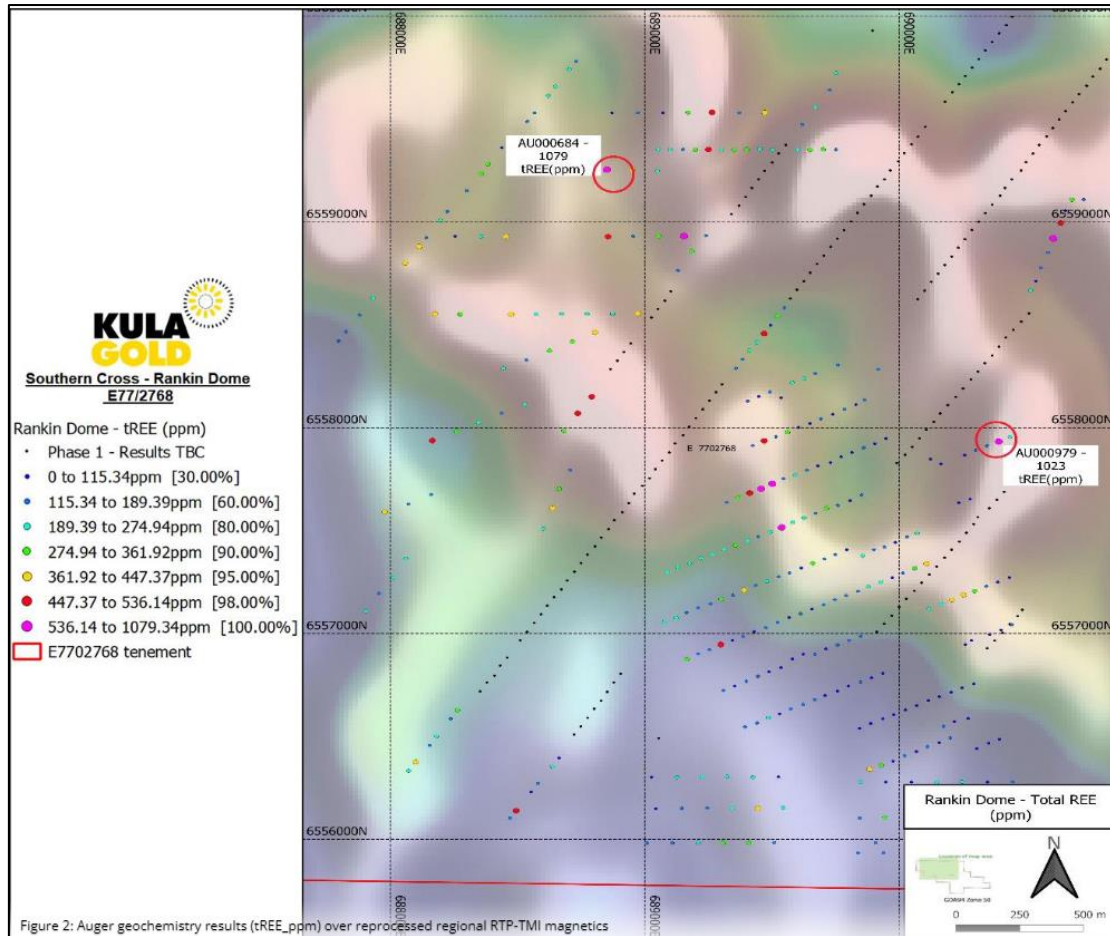


Figure 4: Preliminary Li and Au exploration results at Rankin Dome

(Source: Kula ASX Announcement 7 April 2022 and CP statement therein)

HREE enrichment averages are reported as 8.45 times the average Granite crustal abundance as calculated from values presented in the Field Geologists Handbook Monograph 9 by the AusIMM. Calculated HREE fractions correlate with margins of granitic plutons from geophysical assessment, whilst LREE fractions are clustered over the top of the same interpreted granitic plutons at depth. These results bode well to suggest fractionated sequences of intrusive rocks with potential for REE mineralization.

3.2.2. Exploration Potential

The area remains prospective for REE mineralization of a fractionated granitoid style with potential enrichment within adjacent metasedimentary units. In addition, the historic gold mineralization in the district cannot be discounted, with margins of the granitic intrusive rocks to greenstones prospective for gold mineralization of an orogenic lode gold style however the majority of the tenements are within the granites adjacent to the greenstone stratigraphy that host most of the known gold deposits in the region.

3.3. Westonia Projects

3.3.1. Geology and Exploration History

The Westonia Project is located < 5km south of the Edna May Gold Mine owned by Ramelius Resources (ASX: RMS). The tenements cover the 1:250,000 Southern Cross (SH50-14) sheet and the 1:100,000 Westonia (2635) sheet in the Yilgarn mineral field. Access is ~300km east of Perth by road and is accessed by a 9km-long bitumen road north from Carrabin (Figure 5). Historically, the region is prospective for gold with anomalous nickel and tungsten. Demonstrable gold mineralization at the Edna May gold mine consists of high-grade reef structures and associated stockwork veining hosted within three en-echelon tonalitic gneiss intrusions (Edna May, Greenfinch and Golden Point). The deposits are bound to the north and south by an amphibolite, with no indication of gold in mantling granitic rocks (WAMEX 107752 and 104652).

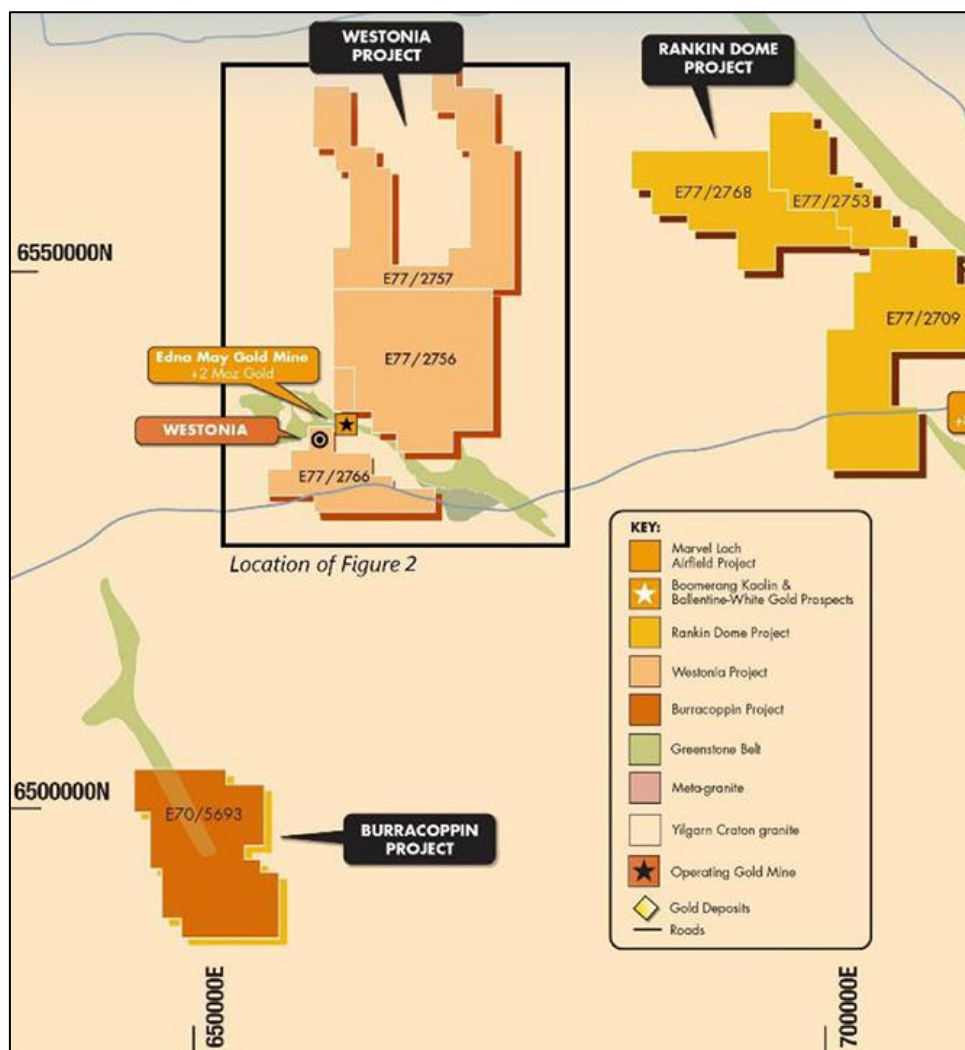


Figure 5: Location and interpreted geology at the Westonia Project

(Source: Kula)

The Westonia Greenstone Belt comprises a series of outliers of predominantly amphibolite-grade metamorphic rocks extending approximately 100km WNW from near Edwards Find, south of Southern Cross. The remainder of the terrane comprises granitic rocks and their metamorphosed equivalents (WAMEX

106262), and these are the rocks that mainly constitute Kula's ground. The Company commenced exploration in July 2022, returning initially promising Au, Pt and Pd results from an auger program. These included geochemical results up to 125ppb Pt + Pd (combined) and up to 35ppb Au, with 1.85g/t gold returned in rock sample (see Kula ASX Announcements 20 July 2022 and 26 October 2022, and CP statements therein; Figure 6).

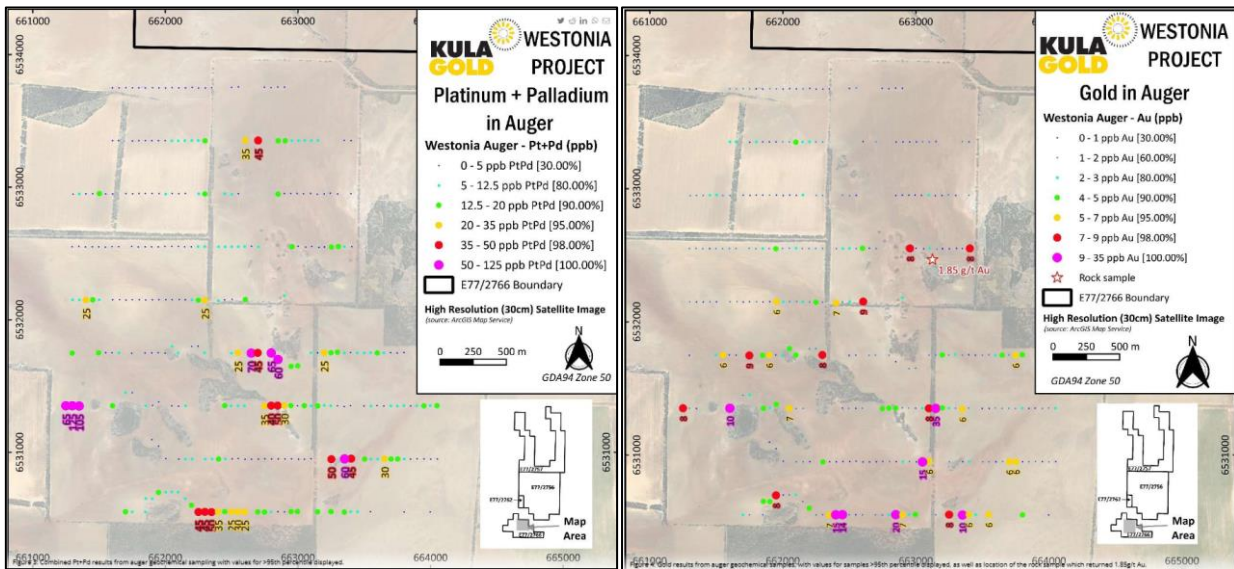


Figure 6: Preliminary results in auger samples at the Westonia Project

(Source: Kula ASX Announcement 20 July 2022 and CP statement therein)

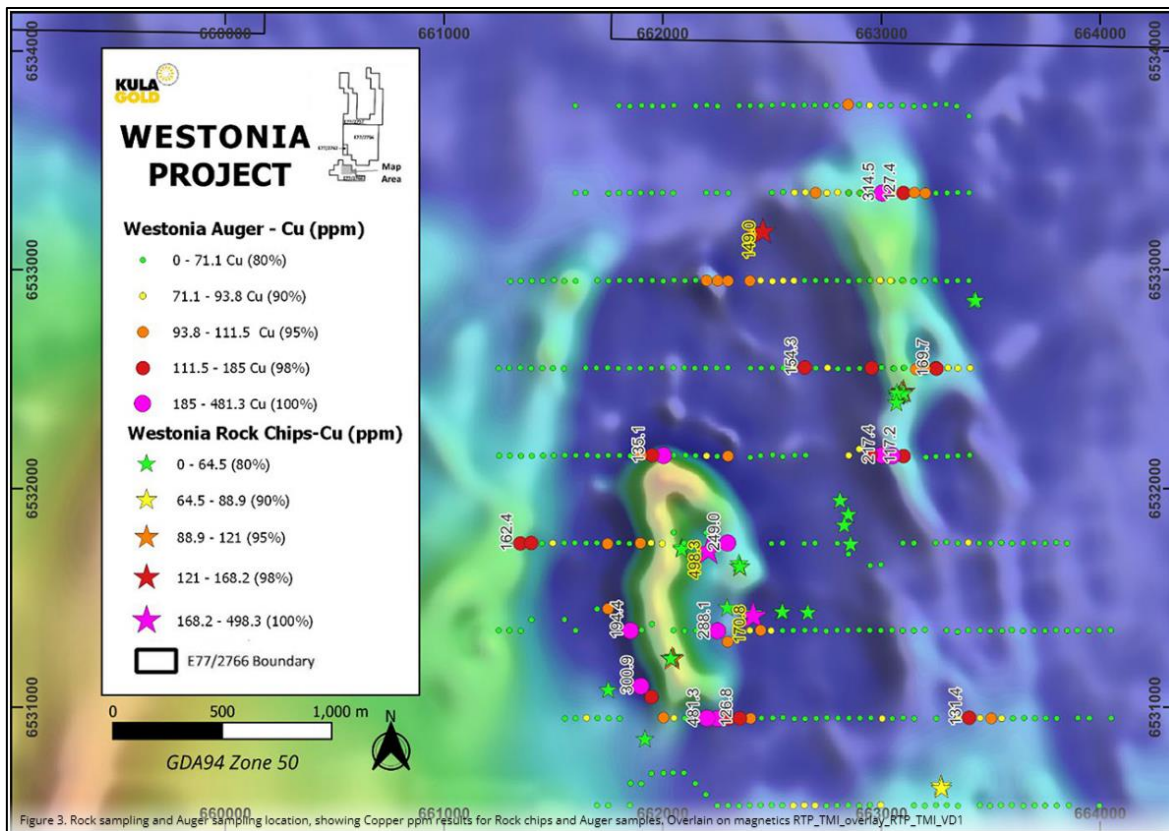


Figure 7: Secondary exploration results from rock chip and auger samples at the Westonia Project

(Source: Kula ASX Announcement 26 October 2022 and CP statement therein)

Subsequent exploration work by the Company included ~50m spaced geochemical samples taken on ~400m spaced lines. Results included rock chip samples with up to 498.3ppm Copper and 15.5ppb PGE. These results are co-incident with magnetic structures and gossanous outcrop has also been located (see Kula ASX Announcement 26 October 2022 and CP statements therein; Figure 7). The Company has recently completed an accelerated exploration program including Heli V-TEM work to better understand the geological setting.

3.3.2. Exploration Potential

The area remains prospective for Cu-Au and Pt-Pd mineralization, although the genetic model for its development is currently equivocal. The historic gold mineralization in the district cannot be discounted, with mineralization of an orogenic lode gold style possible. The newly defined Cu-Pt-Pd metal association for the region warrants further investigation and suggests a mineralization style of a potential intrusion-related affinity.

3.4. Marvel Loch-Airfield Projects

The Project is located ~5km east of the town of Marvel Loch, a major gold mining centre in Western Australia with a number of nearby current and historical mining operations (Figure 8). The Marvel Loch mine and mill are currently in production under the ownership of Minjar Gold (<https://www.minjargold.com.au>).

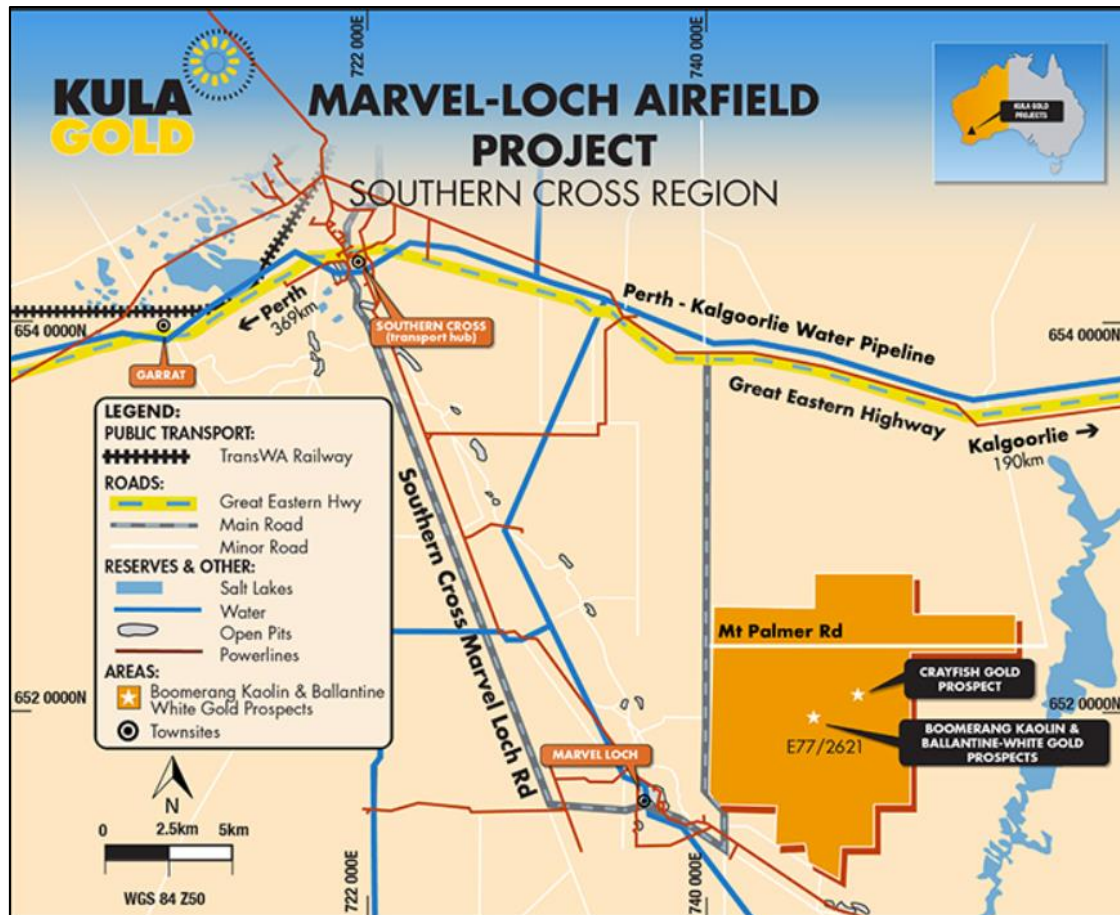


Figure 8: Location of the Marvel Loch-Airfield Projects

(Source: Kula)

3.4.1. Geology and Exploration History

As is the case at Rankin Dome, the Project area mantles the Southern Cross greenstone belt defined by a NNW-trending layered sequence of ultramafic, mafic, and metasedimentary rocks. Late tectonic pegmatites and Proterozoic dolerite dykes cut the lithostratigraphy and given that much of the area is covered with Quaternary sedimentary units, the area was largely considered to be centred on mainly granitic bedrock (WAMEX 55905 and 45388).

Historic exploration reports auger gold in soil anomalies in the Ghooli Dome area, with follow-up air core and RC drilling program by the Company in April 2021. The RC drilling intersected thick (>42m) vertical kaolin clay development over the 300m drilled length at the Boomerang Kaolin Prospect. The holes were drilled to test a magnetic anomaly and intersected the deep white kaolin zone. Follow up RC drilling at Boomerang Kaolin was then completed in late 2021-early 2022, with diamond drilling conducted in March 2022.

Exploration at G Star G-Star Gold Prospect has included 217 auger geochemistry samples with results of up to 18ppb gold (Figure 9). These define a northwest- southeast striking geochemical anomaly that extends over 2,200m and is open to the northwest. Haematitic lateritic soils and saprolite clays have been identified, and Kula geologists consider the possibility that G-Star is underlain by amphibolite and BIF

greenstone rather than granitic rocks. In addition, sampling at the Crayfish prospect returned 223ppb Mo, interpreted as related to deeply sourced intrusive rocks (see Hickman and Anderson, 2022).

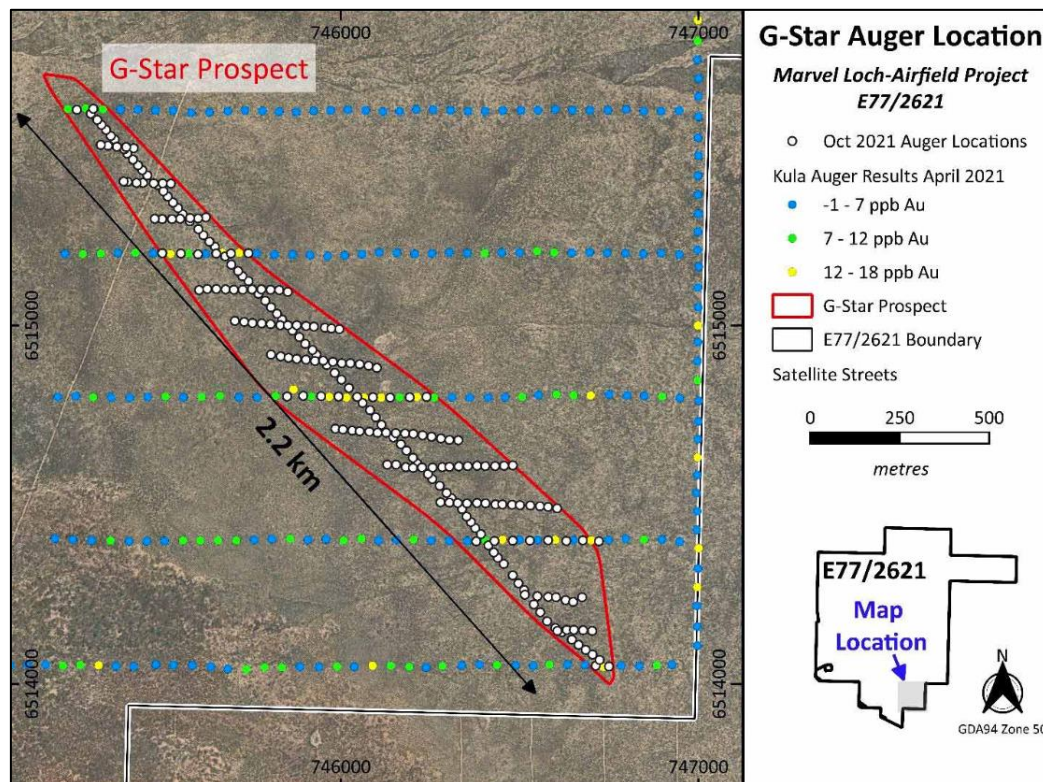


Figure 9: Geochemistry results at G Star Prospect

(Source: Kula)

3.4.2. Boomerang Mineral Resource Estimate

The Project contains a combined JORC (2012) Mineral Resource estimate total of 93.3 million tonnes of kaolinized granite, which is made up of an indicated resource of 15.2mt and an inferred resource of 78.1mt (Table 2; Figure 10; see Kula ASX Announcement 20 July 2022 and CP statement therein). The orebody is open laterally in all directions. The estimate was undertaken by Mr. Stephen Hyland, a Competent Person and Fellow of the AusIMM. Mr. Hyland is Principal Consultant Geologist with Hyland Geological and Mining Consultants (HGMC).



Figure 10: Location of Boomerang Kaolin Deposit proximal to Marvel Loch township

(Source: Kula ASX release 20 July 2022 and CP statements therein)

The Mineral Resource (Table 2) following mineral processing test work derives a Kaolin Product of minus 45µm component and using a 30% Al₂O₃ lower cut-off to yield 7.2Mt of Kaolin Product in the Indicated category and 36.4Mt of Kaolin Product in the Inferred Category. A summary of the minus 45µm material with associated selected element concentrations is shown in Table 3.

Preliminary commercialisation studies by the Company have identified and advanced Metakaolin production for the Green Construction Industry. Metakaolin is used as a replacement for approximately 15% of cement in concrete production and can result in a reduction in CO₂ emissions – e.g., for every residential house built using 100t of concrete, there is a reduction of ~8t in CO₂ (Kula ASX Announcement 20 July 2022 and CP statement therein).

Table 2: Boomerang Kaolin Mineral Resource

Classified Kaolinized Granite Mineral Resource Material – Resource Summary				
Class	Zone	Volume (Mm³)	Tonnes (Mt)	Material
Indicated	1	8.0	15.2	Kaolinized Granite
Inferred	2	41.1	78.1	Kaolinized Granite
Total	1+2	49.1	93.3	Kaolinized Granite

(Source: Kula ASX Announcement 20 July 2022 and CP statement therein)

Table 3: Boomerang Kaolin Mineral Resource above 30% Al₂O₃ cut-off

Resource Summary - Classified -45µm Material Reporting Above 30% Al₂O₃ Lower Cut-Off.							
Class	Zone	Volume (Mm³)	Tonnes (Mt)	PSD (%) -45µm	Al₂O₃ (%)	Fe₂O₃ (%)	TiO₂ (%)
Indicated	1	3.8	7.2	49.39	35.09	0.87	0.56
Inferred	2	19.1	36.4	48.52	35.56	0.86	0.41
Total	1+2	22.9	43.6	48.67	35.48	0.86	0.43

(Source: Kula ASX Announcement 20 July 2022 and CP statement therein)

3.4.2.1. VRM Review of the Boomerang Mineral Resource Estimate

VRM has undertaken a high-level review of the Boomerang Kaolin Mineral Resource estimate to assess if in VRM's opinion the assumptions and reasonableness requirements of the VALMIN Code and also the Reasonable Grounds Requirements in the Corporations Act (2001) and the ASIC information sheet 214.

VRM makes the following comments on the Mineral Resource estimate;

- The estimate has been undertaken by an external independent industry recognised consulting group,
- The estimation process appears to be reasonable, and the methodology is appropriate for mineralisation as outlined in the Kula ASX release and as signed off by the competent person,
- Ordinary Kriging was used in the interpolation of the estimate with the estimation limited to the Kaolin zone or domain, this is reasonable and in line with common estimation methodology.
- While there are 45 reported density measurements used in converting the volumes of the Mineral Resource to contained tonnes, VRM notes that these measurements are based on multiple samples in different zones of the weathering profile and importantly are only from two holes. Therefore, in VRM's opinion it would be preferable to obtain additional density measurements that are more spatially diverse, especially prior to any upgrading of the Mineral Resource from an inferred category to indicated material,
- The classification of the Mineral Resource estimate as Indicated or Inferred is based mainly on the drill density,
- Finally, there appears to be a very simplistic assessment of the extraction methods expected for the mineralisation however, in VRM's opinion it is not a robust assessment of the reasonable prospects for eventual economic extraction due to the assessment of a potential market for the kaolin still being determined as at the date of the release of the Mineral Resource estimate. Given the size of the Mineral Resource estimate it, in VRM's opinion is critical to determine the potential market for the kaolin.

VRM believed the assessment of the potential market for Metakaolin, and the potential value of this product is critical in assessing the eventual economic extraction. The limited spatial distribution of the density measurements should, in VRM's opinion have been considered in the assessment of the resource classification.

In VRM's opinion it would be reasonable to classify the entire deposit as Inferred material until there is a more spatially diverse density measurements and the market for Metakaolin is determined.

Overall, in VRM's opinion the Mineral Resource estimate is reasonable and appropriate for the mineralisation outlined at the Boomerang Deposit and the estimate is suitable to use as the basis of the mineral asset valuation of the project.

3.4.3. Exploration Potential

The key primary asset within the Marvel Loch-Airfield Projects is the Boomerang Deposit. Notwithstanding the additional test work and sequential feasibility studies required to determine a potentially commercial outcome, Boomerang represents the most advanced Project in the Company's Marvel Loch-Airfield portfolio.

The gold Projects at G Star and Crayfish demonstrate strong potential of orogenic lode gold and/or intrusion-related gold mineralization in an area previously considered to be underlain by non-prospective granitic rocks. The Company's identification of prospective mafic-ultramafic greenstone sequences similar to those that host mineralization at Marvel Loch and further along the belt, provides an indication that historic explorers may have unwittingly discounted the area from more thorough exploration efforts.

3.5. Burracoppin Project

The project is located approximately 30km southeast of Merredin in the eastern wheat belt of Western Australia. It is easily accessible from the Great Eastern Highway. Local roads access the tenement site, with most of the area held as freehold farms.

3.5.1. Geology and Exploration History

Exposure in the immediate Project area is poor, with geology interpreted largely from aeromagnetic data. It is interpreted that the area is underlain by Archaean granite/gneiss-greenstone terrane metamorphosed to amphibolite/granulite facies (WAMEX 105931). Mafic gneiss is composed of plagioclase, minor orthoclase, quartz, biotite, hornblende and up to 10% magnetite. Gneissic units are reportedly altered by potassium metasomatism evidenced by biotitisation and increasing alkaline feldspar content. Minor banded iron formation outcrops are known, and aplite-pegmatite dykes are reported to intrude the amphibolite at the Burgess Find gold workings (WAMEX 95629).

Gold exploration in the area commenced in the early 1980's, concentrated in and around the old workings at Burgess Find, Dicks Reward and Lady Janet, where surface sampling, costeaning and intensive drilling has failed to enhance these prospects (WAMEX 105931). Although the Burgess Find workings outcrop for over two kilometres of strike, individual deposits are discontinuous, late stage, narrow, quartz veins. A laterite gold deposit, that occurs immediately west and uphill of the old Benbur workings at Burgess Find, was exploited by a small heap leach operation in the early 1990's (WAMEX 49526). Regional surface sampling conducted by Billiton and others has not defined any significant gold anomalies although some gold indicator elements such as; As, Mo, W and Bi are anomalous in some areas, with the source of these anomalies remaining largely unexplained (WAMEX 105931).

3.5.2. Exploration Potential

The area remains prospective for gold mineralization of an orogenic lode gold style.

4. South West Region Project (Brunswick)

4.1. Geology and Exploration History

The Brunswick Lithium Project is located between the towns of Donnybrook and Brunswick Junction ~150km south of Perth, Western Australia (Figure 11), and ~45km north of the world's largest hard rock lithium mine, Greenbushes Lithium Mine.

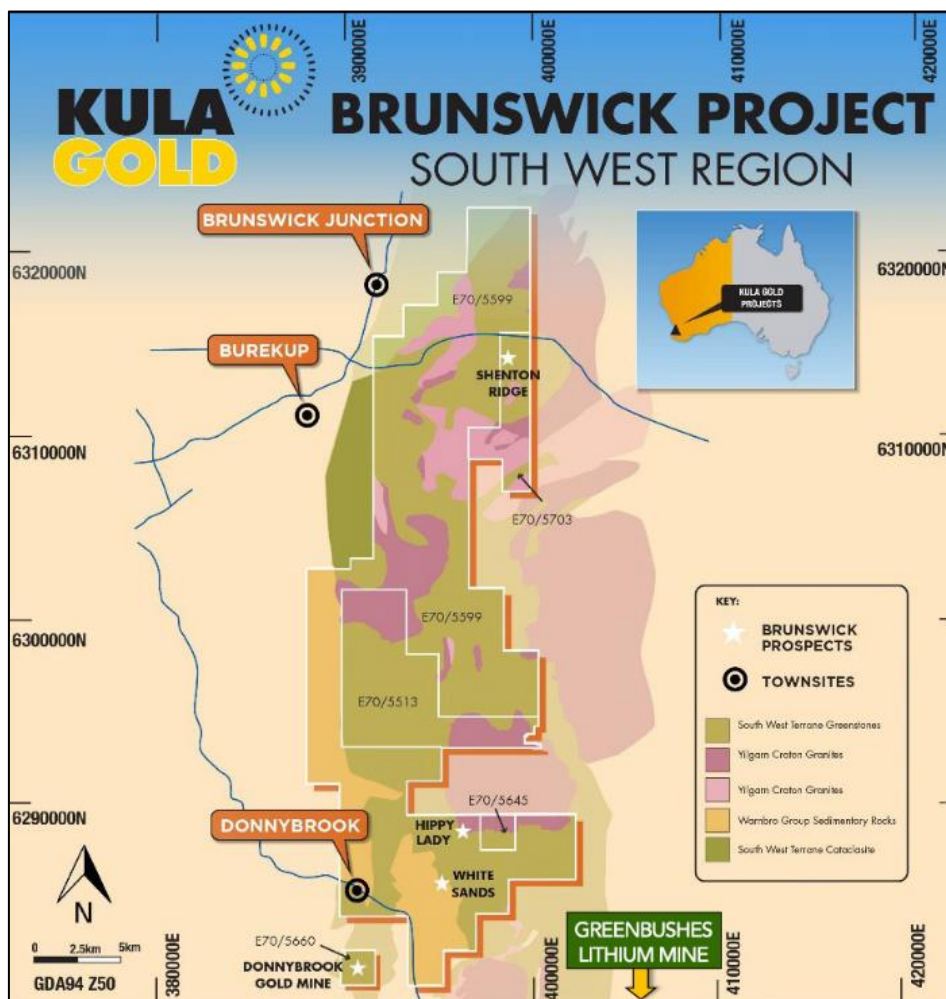


Figure 11: Location of the Brunswick Project and simplified geology

(Source: Kula)

The main exposures in the area are Archaean, Cretaceous and Cainozoic in age. The Archaean sequences are mainly amphibolite and hornblende schists. The Cretaceous lithology mainly consists of mudstone, slate and sandstone, and the Cainozoic units includes laterite, alluvium, and eluvium (WAMEX 100059). There are numerous migmatites developed in this region, and Achaean granitoids are frequently exposed in the central and southern areas (WAMEX 101844).

Kula has identified numerous targets considered prospective for Li, including a large ~2km long and up to 300m wide pegmatite mapped located on the Donnybrook-Bridgeton shear zone that hosts the Greenbushes Lithium Mine (Figure 12; see Kula ASX Announcement 4 July 2022).

Fieldwork by the company's geological team has identified multiple anomalies, including (see Kula ASX Announcement 30 August 2022):

- Anomalous lithium in soil sampling from the Donnybrook Gold Mine Prospect (DBGM);
- Rock samples up to 7.95g/t Gold at the DBGM (Figure 13),
- Soil samples up to 176ppb Gold and associated anomalous Cu, in ~250m wide, NNW- trending zone striking over 650m (Figure 14); and
- Two (2) gold micro-nuggets panned from the White Sands Prospect proximal to DBGM.

4.2. Exploration Potential

Based on the preliminary results, the Company predicts potential for three types of mineralization, including

- Julimar Style Ni-Cu-PGE mineralization;
- Epithermal gold mineralization– as evidenced by the historic Donnybrook Goldmines Ltd south of the licence with production of 1,100oz from 1,497 tons of ore between 1897 and 1904 (WAMEX 81960); and
- Archean Cu-Au mineralization analogous to Newmont's Boddington Copper-Gold Mine 75km NE.

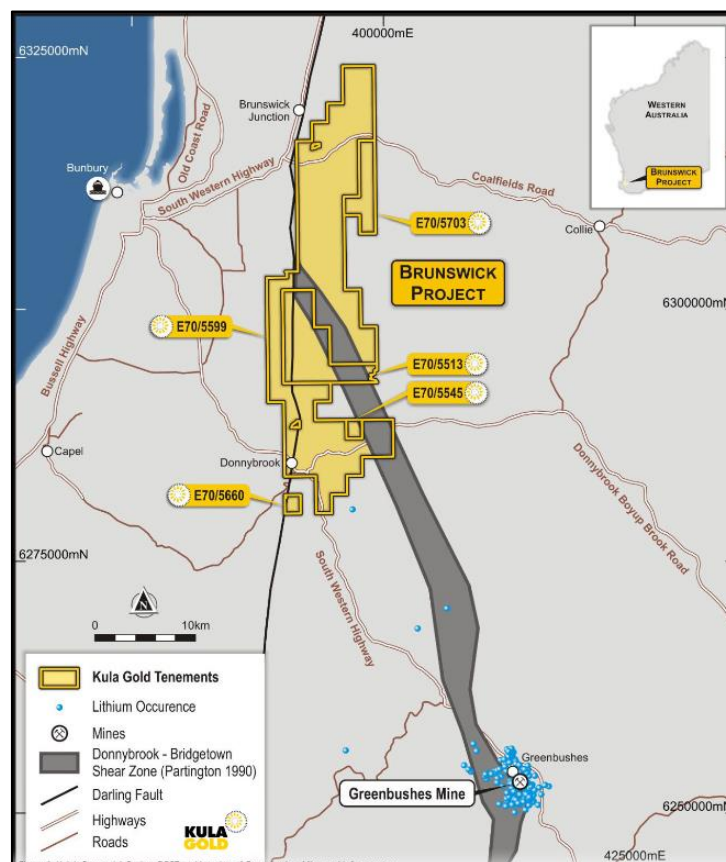


Figure 12: Delineation of the Donnybrook-Bridgetown shear zone within the Brunswick Project

(Source: Kula)

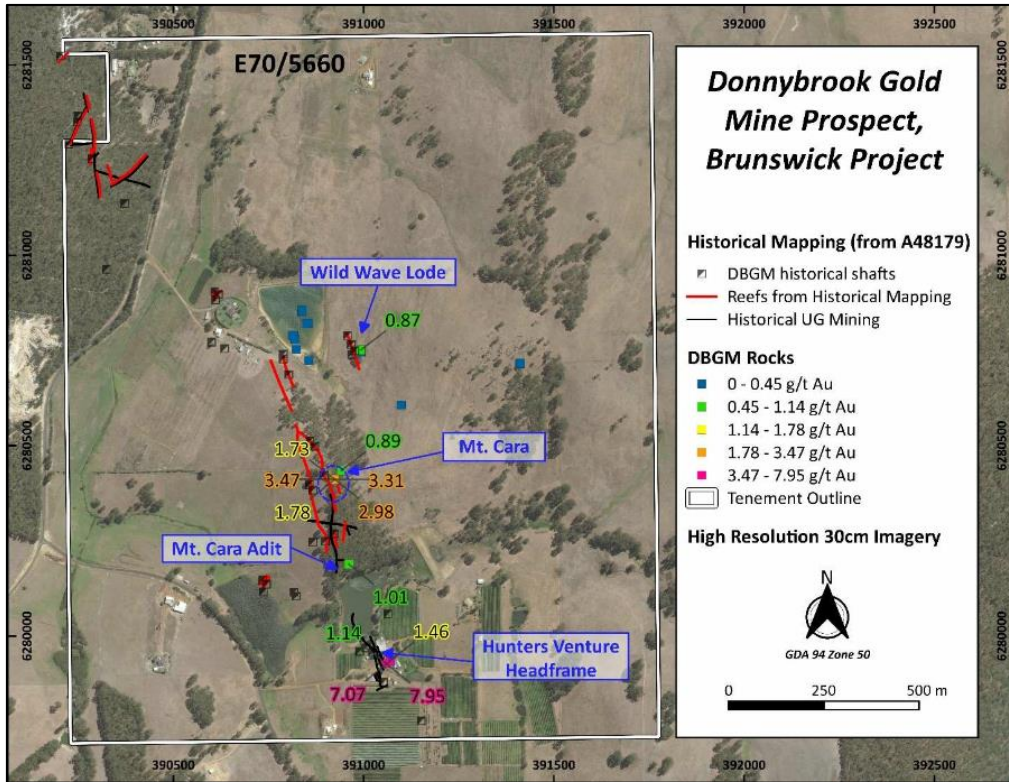


Figure 13: Preliminary Au exploration results at the DBGM Prospect within the Brunswick Project

(Source: Kula ASX Announcement 30 August 2022)

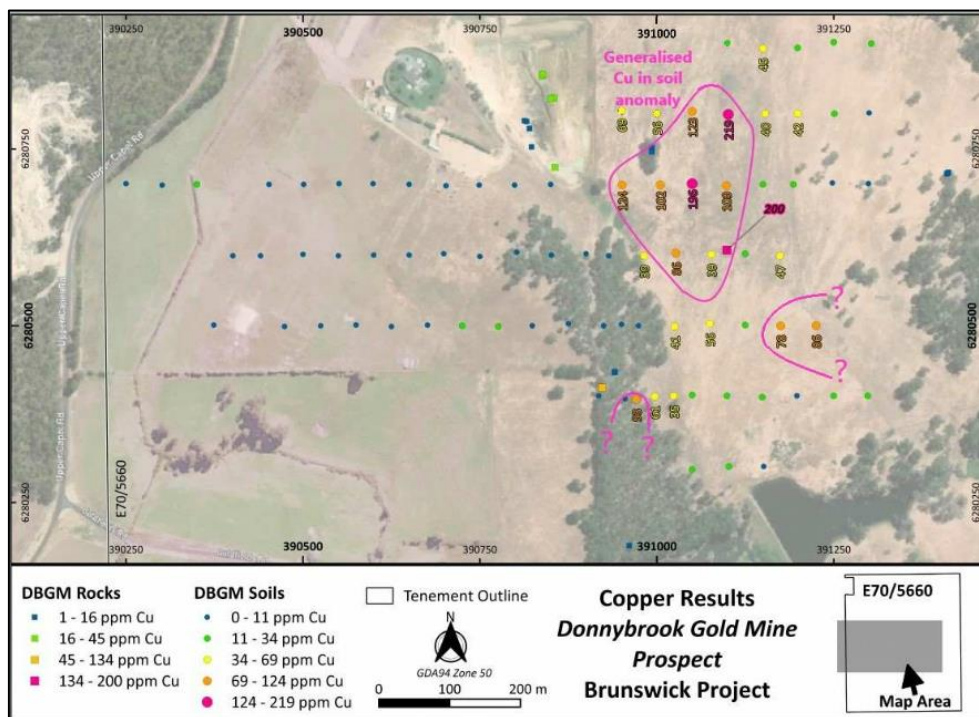


Figure 14: Preliminary Cu exploration results at the DBGM Prospect within the Brunswick Project

(Source: Kula ASX Announcement 30 August 2022)

5. Kurnalpi Region Project (Lake Rebecca)

5.1. Geology and Exploration History

The project is located ~150km NE of Kalgoorlie, Western Australia, and is adjacent to tenements which are ~10km south of the recently discovered Lake Rebecca Gold Project of Apollo Consolidated Ltd (see www.apolloconsolidated.com.au/rebecca/).

The project sits within the Eastern Goldfields Province on the eastern edge of the Kurnalpi Terrane that consist of Archaean granitoids and greenstones bounded by major regional faults (Swager, et al 1990). The Project is interpreted as situated within the metamorphosed Yilgarn Craton Granites, and straddles the regional Pinjin fault, which is an important feature with respect to lithologies and metamorphism in the area. While the tenements are both in an area covered by Cainozoic gravel and sandy sediments, they are interpreted to be completely within biotite-bearing granitoids under cover (WAMEX 131524).

Limited work has been completed by the Company, who has used open file aeromagnetics to identify a number of target structures for initial auger drill testing (Figure 15).

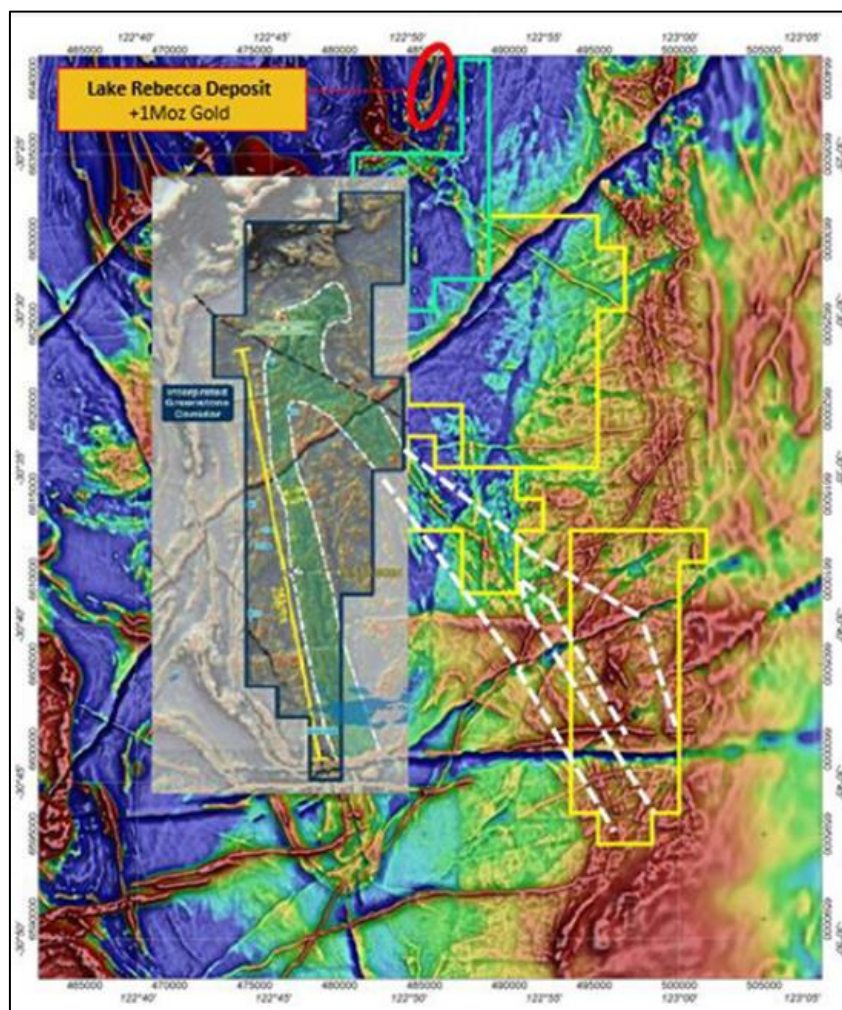


Figure 15: Geophysical interpretation of the Lake Rebecca Project area

(Source: Kula)

Limited historic drilling/sampling work has been undertaken over the area (WAMEX 123088 and 54417). In August 2020, Kula Gold tested eight (8) target areas with 2,189m in 59 aircore holes, all drilled to blade refusal at -60° towards 90°. Whilst the drilling program did not intersect any significant gold mineralization in the structural/remotely sensed target areas, holes in most target areas intercepted hematite and silica alteration (see (WAMEX 131524).

5.2. Exploration Potential

Although still in its earliest stages of assessment, the Lake Rebecca Project remains prospective for gold mineralization of an orogenic lode gold style.

6. Coolgardie Region Project (Boorabbin North)

The Project is located ~520km by road east of Perth, Western Australia, and lies within the Southern Cross Province of the Archean Yilgarn Craton.

6.1. Geology and Exploration History

Previous exploration (1987/1988) has defined a zone of gold mineralization hosted by a steeply dipping, weathered arsenic anomalous partly metapelitic unit (WAMEX 29182). Exploration during 1988/1989 included drilling, with RAB sampling returning best grades of 1.31ppm gold (WAMEX 7873). Rock chip samples contained up to 0.90 ppm gold and 0.57% arsenic, with samples displaying saccharoidal quartz spotted with Fe oxides. Lateralized metasedimentary rocks containing possible box works and copper staining were also sampled (WAMEX 29182)

6.2. Exploration Potential

This Project represents a very early-stage reconnaissance project. It is considered as potentially prospective for orogenic lode gold mineralization however minimal work has been completed to determine the potential.

7. Kirup Project

The Kirup Project is located ~200km south of Perth and has an area of 117km²; the Project is positioned south of Kula's existing Brunswick Lithium Project (Figure 16). Importantly as a part of the proposed transaction Kula will only acquire the rights to all Lithium, REE and associated metals within the Kirup Project.

7.1. Geology and Exploration History

Minimal field work has been carried out, with largely desktop-based technical data review completed to date. Reports of work by earlier explorers and the Geological Survey of Western Australia within the Project record the presence of pegmatites, with much of this earlier work focused on the discovery of the minerals cassiterite (tin) and tantalite (tantalum) (see WAMEX 123361). Recent data review by Sentinel Exploration Ltd has involved desktop reviews of all available WAMEX historical reports and georeferencing maps, collating geochemical, all augur, percussion/reverse circulation (RC) and diamond core drilling data into modern GIS format and, collating all historical geophysical data.

A prospectivity target map (Figure 17) has been created following both geological and geophysical interpretation from the data preparation, collation and review and is ready to ground truth pending settlement of the purchase agreement. Planned future work includes detailed and targeted pegmatite mapping and geochemical sampling over all the accessible pegmatites.

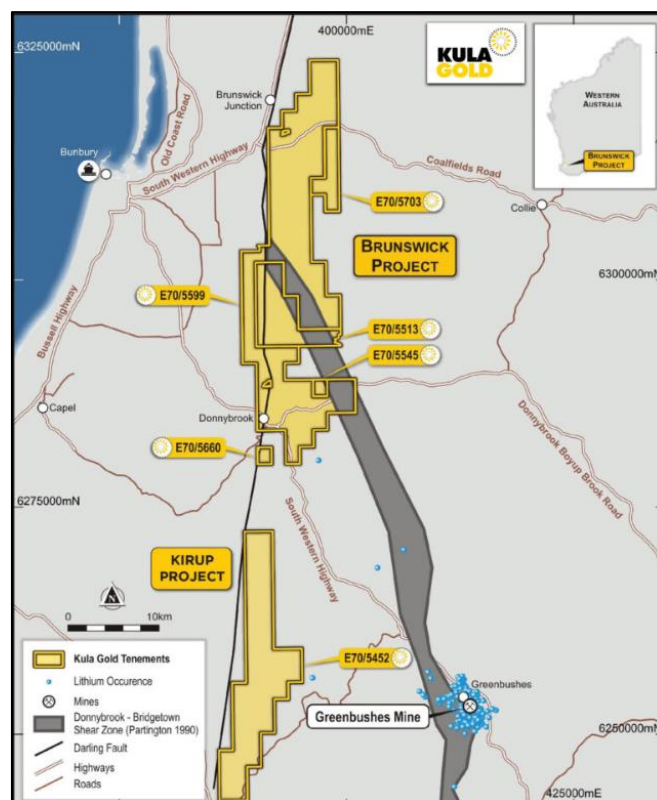


Figure 16: Location of the Kirup Project relative to Brunswick

(Source: kula ASX release 28 November 2022)

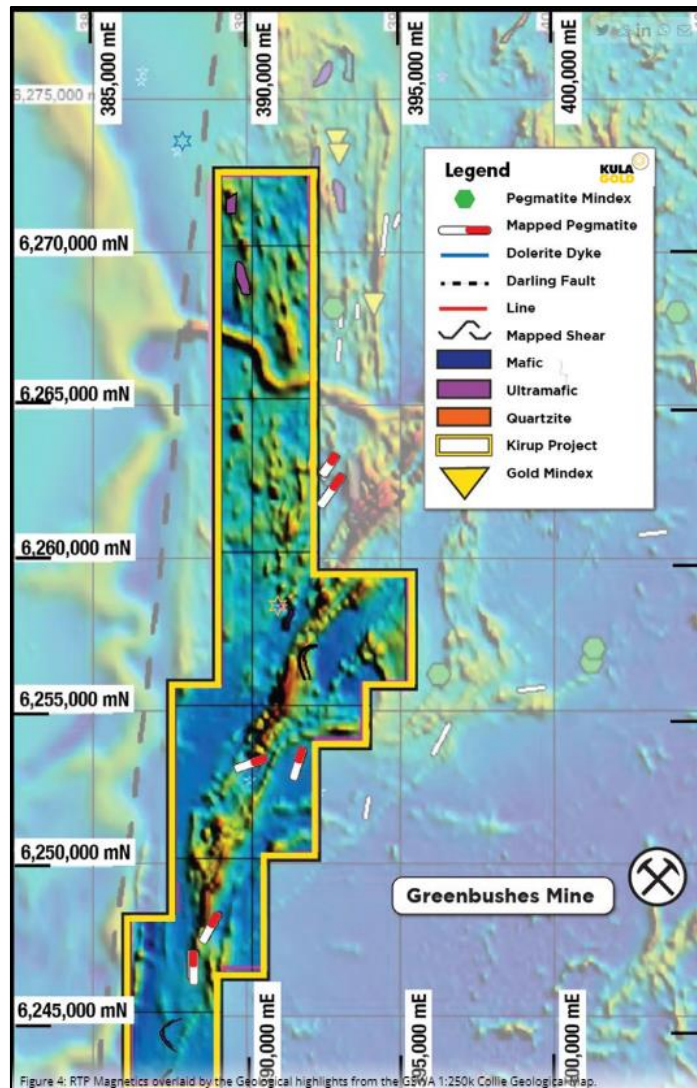


Figure 17: Geological interpretation over geophysical data at the Kirup Project

(Source: XXXX)

7.2. Exploration Potential

The Kirup Project is at the earliest stage of assessment and remains prospective for Li mineralization akin to that hosted within similar rocks at Greenbushes. While there are mapped pegmatites within the tenement the mineralogy and lithium potential within the tenement is at a very early stage. Importantly the location of the source of the pegmatites is at this stage unknown. The distance between a highly fractionated granite and the pegmatites is a critical aspect when considering the potential of a pegmatite to be classified as a fertile LCT pegmatite. Therefore, until the source of the mapped pegmatites is determined the exploration potential is considered conceptual. Additional work to determine the mineralogy and chemistry of the known pegmatites is required as is geological mapping and prospecting within the tenement to identify any additional pegmatites.

8. Risks and opportunities

As with all mineral assets there are several associated risks and opportunities and therefore also with the valuation of those assets. Some non-geological or mining related technical risks and opportunities that are common to most projects include the risks associated with security of tenure, native title claims, environmental approvals, social, geopolitical, and regulatory approval risks. These risks have been accounted for in the valuation.

The largest opportunity within any of the projects is future exploration. Initial indications from Kirup Project are that the limited exploration completed to date suggest that there are pegmatites with considerable strike extent, however these occurrences have not been drill tested to determine both the geological continuity and the lithium grade within the pegmatites at depth.

As with all exploration projects, a key technical risk is that further exploration will not result in identifying a body of mineralisation sufficiently large or high enough grade to be considered an economic resource.

Opportunities

- There has been minimal previous exploration within the Kirup Project. The lack of previous exploration and the proximity to the Greenbushes pegmatite provide a significant opportunity for exploration within the Project.
- The Mineral Resource at Boomerang is open in all directions with considerable potential to increase the existing Resource.
- Exploration within the majority of the Kula Projects is at an early stage, while this presents as an opportunity however this opportunity also comes with the associated exploration risk.

Risks

- Given that all Projects save the Boomerang Kaolin Deposit are early stage in nature, it is uncertain at this time whether exploration activities will result in the identification of a Mineral Resource on any of the exploration tenements under consideration.
- There are risks associated with the Boomerang Mineral Resource with these being primarily associated with the spatial distribution of the density measurements and the market and expected value of any Metakaolin product from the Boomerang deposit.
- There are risks associated with the Kirup Project associated with land access as there are significant portions of the project that lie within state forest, this will likely cause delays in accessing portions of the tenement for exploration and also include restrictions and social challenges associated with exploration within the State Forrest. These risks will likely cause delays in exploration and additional stringent site access protocols, compliance, reporting and more stringent rehabilitation requirements.

9. Valuation Approach

The VALMIN Code outlines various valuation approaches that are applicable for Properties at various stages of the development pipeline. These include valuations based on market-based transactions, income or costs as shown in Table 4 and provides a guide as to the most applicable valuation techniques for different assets.

Table 4 - VALMIN Code 2015 valuation approaches suitable for mineral properties.

Valuation Approaches suitable for mineral properties				
Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

A Mineral Resource estimate (JORC, 2012) is located at the Boomerang Kaolin deposit with the Marvel Loch-Airfield Project area. Nonetheless, given the given the stage of study and the reliance of customer-dependant end-product specifications which have yet to be defined. Despite an extensive search for project transactions involving kaolin resources no transactions were identified, therefore a comparable transaction method was therefore not considered possible. VRM considers the Boomerang deposit to be an advanced exploration to pre-development stage, however it has been valued based on a Geoscientific or Kilburn approach as a primary valuation method. The PEM method was used as secondary method to support the Kilburn method.

All other Projects contain no Mineral Resource (JORC 2012) estimates, and it is uncertain if further exploration will result in the estimation of a Mineral Resource. In VRM's opinion, the Projects are early-stage exploration projects, and should be valued using a Geoscientific or Kilburn approach, with a prospectivity enhancement multiplier (PEM) valuation as a secondary approach.

The tenements constituting the mineral assets have been valued using a top-down approach via these three separate valuation methods, which, when undertaken by ranking each tenement separately using various independent criteria that determine the value of early-stage exploration projects, result in a range of market valuations for each tenement.

9.1. Previous Valuations

VRM is not aware of any previous valuations of the Projects.

9.2. Valuation Subject to Change

The valuation of any mineral Property is subject to several critical inputs most of these change over time and this valuation is using information available as of 20 January 2023 being the valuation date of this Report and considering information up to 20 January 2023. This valuation is subject to change due to updates in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the

properties, the current and future metal prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment.

While VRM has undertaken a review of several key technical aspects that could impact the valuation there are numerous factors that are beyond the control of VRM. As at the date of this Report, in VRM's opinion there have been no significant changes in the underlying inputs or circumstances that would make a material impact on the outcomes or findings of this Report.

9.3. General Assumptions

The Mineral Assets under consideration in this report are valued using appropriate methodologies as described Table 4 and in the following sections. The valuation is based on several specific assumptions detailed above, including the following general assumptions.

- That all information provided to VRM is accurate and can be relied upon;
- The valuations only relate to the Mineral Assets located within the tenement controlled by the respective Companies, and not the Company itself nor its shares or market value;
- That the mineral rights, tenement security and statutory obligations were fairly stated to VRM and that the mineral licence will remain active;
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe;
- That the owners of the mineral assets can obtain the required funding to continue exploration activities;
- All currency in this report are Australian Dollars or AUS, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with US\$.

9.4. Exploration Asset Valuation

To generate a value of an early-stage exploration Property or the exploration potential away from a mineral deposit it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced Properties the most significant value drivers for the overall Property are the declared Mineral Resources or Ore Reserves, while for earlier stage Properties a significant contributor to the Property's value is the exploration potential. There are several ways to determine the potential of pre-resource Properties, these being:

- A Geoscientific (Kilburn) Valuation
- Comparable transactions (purchase) based on the Properties' area or historic "*Resources*"
- Joint Venture terms based on the Properties' area
- A prospectivity enhancement multiplier (PEM)

The methodology to determine the Comparable transactions based on a projects area is undertaken using the same methodology as that described for the Comparable transactions' valuation for advanced projects section; however transactional value is applied to the project's area rather than the Mineral Resources or Ore Reserves. The Joint Venture terms valuation is similar to the comparable transactions based on the project area, other than a discount to the Joint Venture terms is applied to account for the time value of money (an appropriate discount rate is applied) and a discount to the earn-in expenditure to account for the chance that the Joint Venture earn-in expenditure is not completed in the agreed timeframe.

VRM considers a Geoscientific or Kilburn valuation as a robust valuation method. The area based comparable transaction multiples can also be useful in valuations but are strongly related to the projects tenement area so can be conservative for small areas and overstated for large areas. It is the view of VRM that the least transparent and most variable valuation method is a PEM valuation as this depends on an assessment of the effectiveness of the expenditure.

9.5. Geoscientific (Kilburn) Valuation

One valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any Mineral Resources or Ore Reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential.

While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are the proximity to both adjacent to and along strike of a major deposit (Off Property Factors), the occurrence of a mineral system on the tenement (On Property Factors), the success of previous exploration within the tenement (Anomaly Factors) and the geological prospectivity of the geological terrain covered by the mineral claims or tenements (Geological Factors). In early-stage projects often the anomaly factors and geological factors have limited information.

While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated with spreading both favourable and unfavourable ranking criteria to be spread over a large tenement. Therefore, VRM either values each tenement or breaks down a larger tenement into areas of higher and lower prospectivity.

Table 5 documents the ranking criteria that were used in conjunction with the base acquisition cost (BAC) for the one project tenement to determine the technical valuation of the project.

VRM determines the BAC based on the holding cost of maintaining the tenement for the next year. That cost is determined by the minimum exploration commitment required on the tenement. For the tenements the BAC has been determined using the exploration commitments for the tenement and the annual rent payments.

The technical valuation derived from the Kilburn ranking factors are frequently adjusted to reflect the geopolitical risks associated with the location of the project and the current market conditions toward a specific commodity or geological terrain. These adjustments can either increase or decrease the technical value to derive the fair market valuation.

Using the ranking criteria from Table 5 along with the base acquisition costs tabulated in the appendices an overall technical valuation is determined.

Table 5 - Ranking criteria are used to determine the geoscientific technical valuation.

Geoscientific Ranking Criteria				
Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally unfavourable geological setting, under cover
1.0	No known mineralization in district	No known mineralization within	No targets defined	Generally favourable geological setting
1.5	Mineralization identified	Mineralization identified	Target identified; initial indications positive	
2.0	Resource targets identified	Exploration targets identified		Favourable geological setting
2.5			Significant intersections – not correlated on section	
3.0	Along strike or adjacent to known mineralization	Mine or abundant workings with significant previous production		Mineralised zones exposed in prospective host rocks
3.5			Several significant ore grade intersections that can be correlated	
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

The total technical valuation was discounted to derive a total market valuation by making a market factor adjustment and a locational adjustment. A market factor was derived for the Boomerang Project to account for the status of the project, the current absence of a buyer for the proposed expected specification of the end-product, and the requirement to acquire a market share based on a reported 15% substitution of Metakaolin into concrete. On that basis, the technical valuation was discounted by 50% for the status of the kaolin market conditions while gold and lithium were not discounted (nor was a premium added) to

determine the gold and lithium market valuation. A nominal 2% discount was applied to the technical valuation for all projects due to the locational risks with the projects including environmental approvals, heritage agreements and approvals, landholder access agreements and potential regulatory delays in advancing the projects.

For early-stage Projects (where there are no Mineral Resources estimated), VRM considers the Geoscientific (Kilburn) Valuation method to be the most robust and is commonly the primary valuation method used. In the case of Boomerang, VRM has also used the Kilburn Method as a primary valuation method of the project due to the lack of comparable kaolin transactions with the ranking criteria used elevated to account for the Mineral Resource within the tenement. The Kilburn valuation is for the entire project.

9.6. Comparable Market Based Transactions

A comparable transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal for projects with Mineral Resource or Ore Reserves estimates reported. Advantages of this type of valuation method include that it is easily understood and applied, especially where the resources or tenement area is comparable, and the resource or exploration work is reported according to an industry standard (like the JORC Code or NI43-101).

As such, this valuation method is typically the primary valuation method for exploration or advanced (pre-development) projects. More advanced projects would generally be valued using an income approach due to the modifying factors for a mining operation being better defined. The preference is to limit the transactions and resource multiples to completed transactions from the past two to three years in either the same geopolitical region or same geological terrain. VRM has not identified any comparable transactions for kaolin deposits and therefore has not considered the comparable transaction valuation method as a viable option for the Boomerang Kaolin Deposit valuation.

Similar projects that have no defined resources can also be considered, albeit the comparison would be based on the somewhat more subjective interpretation of the geological prospectivity potential, rather than contained metal. Some view this valuation method not as robust for projects where the resources are either historic in nature, reported according to a more relaxed standard, or are using a cut-off grade that reflects a commodity price that is not justified by the current market fundamentals. If the projects being valued are in the same or a comparable jurisdiction, then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions.

Difficulties arise when there are a limited number of transactions, and where the projects have subtle but identifiable differences that impact the economic viability of one of the projects. For example, the requirement of a commodity buyer regarding particular end-product specifications (e.g., colour for kaolin).

9.7. Prospectivity Enhancement Multiplier (PEM) Valuation

As outlined in Table 4 and in the VALMIN Code a cost - based or appraised value method is an appropriate valuation technique for early-stage exploration Properties. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the Property.

The prospectivity enhancement multiplier (PEM) involves a factor which is directly related to the success of the exploration expenditure to advance the Property. There are several alternate PEM factors that can be used depending on the specific Property and commodity being evaluated. Onley, (1994) included several guidelines for the use and selection of appropriate PEM criteria. The PEM ranking criteria used in this report are outlined in Table 6. VRM considers the PEM valuation method as a secondary valuation method and no higher PEM ranges are used once a JORC 2012 Mineral Resource has been estimated. In the opinion of the author, it is preferable to use Resource multiples for comparable transactions once a JORC 2012 Mineral Resource has been estimated.

Table 6 Prospectivity Enhancement Multiplier (PEM) ranking criteria.

PEM Ranking Criteria	
Range	Criteria
0.2 – 0.5	Exploration downgrade the potential
0.5 – 1	Exploration has maintained the potential
1.0 - 1.3	Exploration has slightly increased the potential
1.3 – 1.5	Exploration has considerably increased the potential
1.5 – 2.0	Limited Preliminary Drilling intersected interesting mineralised intersections
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category

10. Valuation of Kula Gold tenements

The all the Projects have been valued using Geoscientific or Kilburn method valuation method as a primary method with a supporting valuation being a Prospectivity Enhancement Multiplier (PEM).

The Kilburn valuation for the tenements away from the existing resources accurately value the exploration potential within the exploration licences and can be added to the Comparable transaction valuation to provide a value of the entire Project.

10.1. Geoscientific / Kilburn valuation

There are several specific inputs that are critical in determining a valid geoscientific or Kilburn valuation, including ensuring that the specialist undertaking the valuation has a good understanding of the mineralization styles within the overall region. In addition, access is needed to all relevant exploration and geological information, to ensure that the rankings are based on a thorough knowledge of the project.

In addition to ensuring the rankings are correct, deriving the base acquisition costs (BAC) is critical as that is the primary driver of the final value. In this case, the BAC is derived by the exploration commitment to maintain the tenement in good standing and annual tenement rents, while the expected costs of targeting have not been included.

To determine the market value, the technical value has been discounted as follows:

- All tenements: geopolitical risks due to labour shortages, access issues, environmental approvals, and possible heritage delays. As such, a 2% discount has been applied;
- Boomerang Project: a market factor (50% discount) has been applied to account for the current absence of a buyer for the proposed expected specification of the end-product.
- Gold and Lithium Projects: no discounts or premiums were applied to the project valuations.

10.1.1. Southern Cross Region Projects

The Geoscientific rankings were derived for each of the ranking criteria with the Off-Property Criteria considered to be between 1.0 and 1.5, the On-Property Criteria between 1.5 and 2.0, the Anomaly Factor between 1.0 and 1.5 while the Geology Criteria are also considered to be between 2.0 and 2.5. When these ranking criteria are combined with the base acquisition cost, as detailed in Appendix A - , this has determined the technical value. The technical value was then discounted by 2% for location-related risks, and a market factor applied to account for the current absence of a buyer for the proposed expected specification of the end-product (see Appendix A -). The Geoscientific valuation for the Boomerang Project is an entire project valuation, with the value determined for all of the tenements presented in Table 7.

Table 7: Geoscientific Market Valuation of the Southern Cross Region Projects

Tenement	Geoscientific (Kilburn) valuation (A\$)		
	Min	Mid	Max
Rankin Dome			
E77/2709	0.16	0.38	0.61
E77/2753	0.06	0.15	0.24
E77/2768	0.11	0.25	0.40
Westonia			
E77/2756	0.12	0.44	0.76
E77/2757	0.11	0.39	0.68
E77/2762	0.03	0.12	0.21
E77/2766	0.04	0.16	0.28
Marvel Loch-Airfield			
E77/2621	1.85	2.85	3.84
E77/2806	1.79	2.88	3.98
M77/1302	-	-	-
Burracoppin			
E70/5693	0.20	0.41	0.62
All Tenements	4.47	8.03	11.62

Note M77/1302 has not been valued with the value of the mining lease is included in the overall value of E77/2621

The Geoscientific valuation for the Southern Cross Region Projects is considered by VRM to have a market value in Australian dollars of between A\$4.5 million and A\$11.6 million with a preferred value of A\$8 million.

10.1.2. South West Region Project (Brunswick)

The Geoscientific rankings were derived for each of the ranking criteria with the Off-Property Criteria considered to be between 1.0 and 1.5, the On-Property Criteria between 1.2 and 1.5, the Anomaly Factor between 1.2 and 1.5 while the Geology Criteria are also considered to be between 1.5 and 2.0. When these ranking criteria are combined with the base acquisition cost, as detailed in Appendix B - , this has determined the technical value. The technical value was then discounted by relevant factors as outlined in Section 10.1. The Geoscientific valuation for the South West Projects is an entire project valuation, with the value determined for all of the tenements. The Geoscientific valuation for the South West Region Projects is an entire project valuation, with the value determined for all of the tenements presented in Table 8.

Table 8: Geoscientific Valuation of the South West Region Project (Brunswick)

Tenement	Geoscientific (Kilburn) valuation (A\$)		
	Min	Mid	Max
E70/5599	0.18	0.37	0.56
E70/5703	0.04	0.09	0.13
E70/5513	0.04	0.09	0.13
E70/5645	0.02	0.04	0.07
E70/5660	0.02	0.04	0.07
All Tenements	0.30	0.63	0.96

The Geoscientific valuation for the South West Region Project is considered by VRM to have a market value in Australian dollars of between A\$0.3 million and A\$1.0 million with a preferred value of A\$0.6 million.

10.1.3. Kurnalpi & Coolgardie Region Projects

The Geoscientific rankings were derived for each of the ranking criteria with the Off-Property Criteria considered to be between 1.0 and 1.5, the On-Property Criteria between 1.0 and 1.5, the Anomaly Factor between 1.0 and 1.5 while the Geology Criteria are also considered to be between 1.5 and 2.5. When these ranking criteria are combined with the base acquisition cost, as detailed in Appendix C - , this has determined the technical value. The technical value was then discounted by relevant factors as outlined in Section 10.1. The Geoscientific valuation for the Kurnalpi and Coolgardie Projects is an entire project valuation, with the value determined for all of the tenements. The Geoscientific valuation for the Kurnalpi and Coolgardie Projects is presented in Table 9.

Table 9: Geoscientific Valuation of the Kurnalpi & Coolgardie Region Projects

Tenement	Geoscientific (Kilburn) valuation (A\$)		
	Min	Mid	Max
E28/2942	0.05	0.13	0.21
E28/3029	0.03	0.08	0.13
E15/1819	0.09	0.19	0.29
All Tenements	0.17	0.40	0.63

The Geoscientific valuation for the combined Kurnalpi and Coolgardie Projects is considered by VRM to have a market value in Australian dollars of between A\$0.2 million and A\$0.6 million with a preferred value of A\$0.4 million.

10.1.4. Combined Kula Mineral Asset Valuation

VRM considers that the most appropriate method to value the combined mineral assets of Kula to be a sum of the individual mineral asset valuations detailed in Sections 10.1.1 to 10.1.3. Therefore, VRM considers the value of the combined Kula Mineral Assets as assessed using the Geoscientific or Kilburn approach to be between \$4.9 million and \$13.2 million with a preferred mid-point valuation of \$9.1 million.

10.1.5. Kirup Project

This valuation is limited to the rights are proposed to be acquired by Kula, being the Lithium, REE and associated metal rights within the Kirup tenement rather than the entire tenement. The Geoscientific rankings were derived for each of the ranking criteria with the Off-Property Criteria considered to be between 1.5 and 2.0, the On-Property Criteria between 2.0 and 2.5, the Anomaly Factor between 1.5 and 2.0 while the Geology Criteria are also considered to be between 2.0 and 2.5. When these ranking criteria are combined with the base acquisition cost, as detailed in Appendix D - , this has determined the technical value. The technical value was then discounted by relevant factors as outlined in Section 10.1. The Geoscientific valuation for the Kirup Project is an entire project valuation, with the value determined for all of the tenements. The Geoscientific valuation for the Kirup Project which is considered prospective for lithium is presented in Table 10.

Table 10: Geoscientific Valuation of the Kirup Project

Tenement	Geoscientific (Kilburn) market valuation (A\$)		
	Min	Mid	Max
E70/5452	0.36	0.68	1.00
Kirup Project	0.4	0.7	1.0

The Geoscientific valuation for the combined Kirup Project is considered by VRM to have a market value in Australian dollars of between A\$0.4 million and A\$1.0 million with a preferred value of A\$0.7 million. However, until the proposed acquisition is complete, the Project cannot be included in the valuation sum of Kula's assets.

10.2. Prospectivity Enhancement Multiplier (PEM) Valuation

VRM has undertaken a PEM valuation for all the Kula tenements and the Kirup tenement the exploration expenditure reported to DMIRS in the annual exploration expenditure reports (Form 5's) and the expenditure since the last tenement anniversary year provided by Kula to 31 December 2022. The expenditures used in the valuation were based on the reported exploration expenditure on the tenement excluding expenditure that was not directly attributed to exploration. Excluded expenditure relates to acquisition costs, tenement rents and shire rates, administrative expenditure, and heritage access or associated costs.

This expenditure has been multiplied by and Prospectivity Enhancement Multiplier as detailed in Table 6. To generate a range in the PEM valuation VRM has assessed the effectiveness of the exploration expenditure and therefore used an upper and lower PEM multiple to generate a range in likely values of the Projects. The preferred valuation is the average of the upper and lower PEM valuation.

Table 11 details the expenditure, the PEM multiples, and the valuations for the Project.

Table 11: PEM Valuation for all granted exploration tenements.

Project	PEM Valuation by Tenement					
	Expenditure (\$)	PEM Low	PEM High	Lower (\$M)	Upper (\$M)	Preferred (\$M)
Southern Cross Region						
Rankin Dome	173,811	1.0	1.3	0.17	0.23	0.20
Westonia	214,319	1.0	1.3	0.21	0.28	0.25
Marvel Loch-Airfield	1,939,569	3.0	4.0	5.84	7.79	6.81
Burracoppin	\$42,569	1.0	1.3	0.04	0.06	0.05
South West Region						
Brunswick	321,546	1.3	1.5	0.42	0.48	0.45
Kurnalpi & Coolgardie Region						
Lake Rebecca	218.164	1.3	1.5	0.28	0.31	0.33
Boorabbin North	13,949	1.0	1.3	0.01	0.02	0.02
Kirup Project						
Kirup	107,727	1.3	1.5	0.14	0.16	0.15

Note the valuations have been rounded to reflect the accuracy of the valuation.

Therefore, based on the PEM valuation methodology the Kula mineral assets have an expected market value of between \$7.0 million and \$9.2 million with a preferred (mid-point) valuation of \$8.1 million.

The Kirup Project, which is considered prospective for lithium, has a PEM valuation after appropriate rounding of between \$0.1 million and \$0.2 million with a mid-point value of \$0.2 million.

10.3. Potential Value of future Mineral Resource estimates

As a part of the proposed transaction, Performance Shares will be issued to the vendors of the Kirup Project that will vest into ordinary shares upon announcement of a JORC Mineral Resource estimate of specific size and at a specified cut-off grade following completion of the proposed transaction.

As a part of this valuation VRM has been asked to comment as to the reasonableness of determining the potential value of a hypothetical Mineral Resource based on the performance hurdles detailed in the Kula ASX release of 28 November 2022.

There is no current Mineral Resource within the Kirup Project and there has never been a JORC Mineral Resource estimate reported on the Project. Insufficient exploration has been completed to estimate a Mineral Resource and it is considered highly uncertain if future exploration will result in the delineation of a Mineral Resource estimate.

Significantly there has been no previous drilling on the pegmatite outcrops identified within the Kirup Project and as detailed in this report, exploration within the Project is at a very early stage.

In VRM's opinion if a valuation were applied to a hypothetical future Mineral Resource, the assumptions used in making that valuation would not comply with the reasonableness requirements in both the JORC (2012) or VALMIN (2015) Codes or the Reasonable Grounds Requirements in both the Corporations Act 2001, and the ASIC Information Sheet 214 (INFO214). Therefore, as at the date of this report, it is not possible or reasonable to make an assessment as to the potential value of a hypothetical Mineral Resource estimate within the Kirup Project.

11. Preferred Valuation Range

Based on the analysis presented, VRM considers the market value of the Kula tenements to be between A\$4.9 M and A\$13.2 M with a preferred value of A\$9.1 M from the Geoscientific (Kilburn) and PEM valuation approaches.

VRM considers the market value of the Kirup Project to be between A\$0.4 M and A\$1.0 M with a preferred value of A\$0.7 M from the Geoscientific (Kilburn) and PEM valuation approaches.

Figure 18 provides a summary of the valuation ranges using two methods.

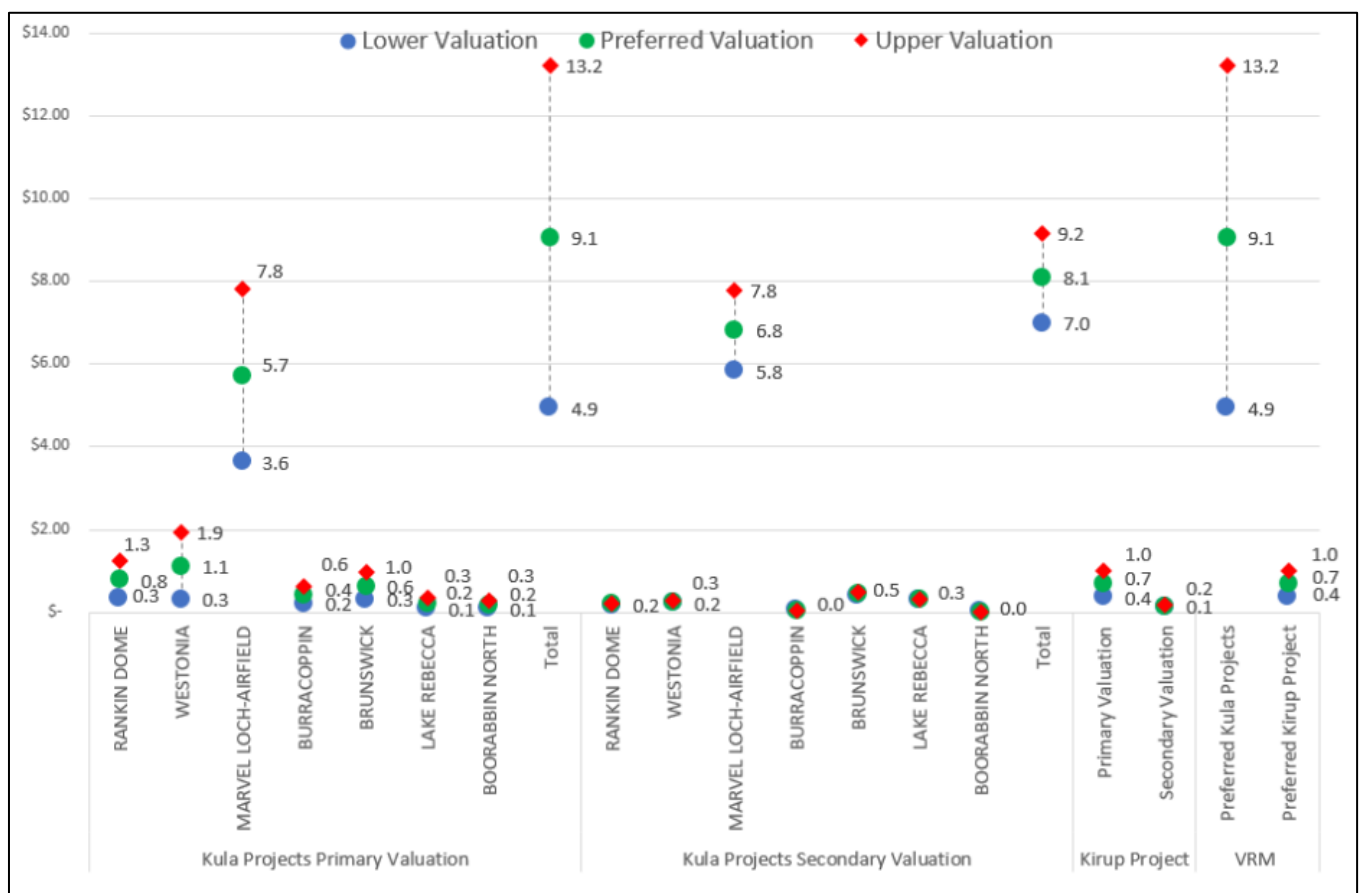


Figure 18: The various valuations and VRM's preferred valuation range

12. References

12.1. Published References

The references below document the main documents referred to in this report. All ASX announcements have been sourced from <https://www.consolidatedzinc.com.au/investors/asx-announcements>.

Gee, R.D., (1995) Regional Geology of the Southern Cross Greenstone Belt — Geology and Gold Mines Extended Abstracts; Conference presented by Geoconferences (W.A) Inc, March 1995.

Groves, D.I., Goldfarb, R.J., Gebre-Mariam, M., Hagemann, S., and Robert F., 1998. Orogenic gold deposits: A proposed classification in the context of their crustal distribution and relationship to other gold deposit types. *Ore Geology Reviews*, 13, 7-27. [https://doi.org/10.1016/S0169-1368\(97\)00012-7](https://doi.org/10.1016/S0169-1368(97)00012-7).

Hickman, M, and Anderson, A., 2022. Geoscience Driven Exploration: The Marvel Loch-Airfield Project Story. AIG: MEGWA Presentation November 16, 2022. 136 pp.

Joint Ore Reserves Committee, 2012. Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) [online]. Available from: <http://www.jorc.org> (The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia).

Kula Gold Limited (Kula) (3 February 2022). ASX Announcement: Auger drilling identifies anomalous Lithium results at Rankin Dome Project. 3 February 2022.

Kula Gold Limited (Kula) (7 April 2022). ASX Announcement: EM Surveying Underway at the 100% Owned Brunswick Ni-PGE Li Project. 7 April 2022.

Kula Gold Limited (Kula) (11 May 2022). ASX Announcement: New Au-Pt-Pd±Cu and Greenstone-Au Prospect—Hippy Lady— Identified at the Brunswick Project. 11 May 2022.

Kula Gold Limited (Kula) (13 May 2022). ASX Announcement: Rare Earth Element results from Rankin Dome Project in Southern Cross Region. 13 May 2022

Kula Gold Limited (Kula) (4 July 2022). ASX Announcement: Rock Samples up to 7.95g/t Gold at the Donnybrook Gold Mine Prospect – Brunswick Project Advancing. 4 July 2022.

Kula Gold Limited (Kula) (15 July 2022). ASX Announcement: Rankin Dome Rare Earth Element update at Southern Cross. 15 July 2022.

Kula Gold Limited (Kula) (20 July 2022). ASX Announcement: Maiden JORC Resource 93.3Mt Kaolinised Granite at Boomerang Kaolin Project. 20 July 2022.

Kula Gold Limited (Kula) (30 August 2022). ASX Announcement: Anomalous Platinum, Palladium and Gold results from maiden Westonia Exploration Program. 30 August 2022.

Kula Gold Limited (Kula) (29 September 2022). ASX Announcement: Heli VTEM & Mag Survey Scheduled for November - Westonia Ni/PGE/Au Project & Lithium Mag Survey Planned - Brunswick Project. 29 September 2022.

Kula Gold Limited (Kula) (7 October 2022). ASX Announcement: Brunswick Lithium Field Program Extended. 7 October 2022.

Kula Gold Limited (Kula) (17 October 2022). ASX Announcement: Brunswick Lithium Field Program - 11 Pegmatite Targets Now Identified. 17 October 2022.

Kula Gold Limited (Kula) (26 October 2022). ASX Announcement: Quarterly Activity Report for the period ended 30 September 2022. 26 October 2022.

Kula Gold Limited (Kula) (27 October 2022). ASX Announcement: Anomalous Copper (up to 498.3ppm) and PGE rock samples at Westonia Project. 27 October 2022.

Kula Gold Limited (Kula) (14 November 2022). ASX Announcement: Large ~2km x 300m Pegmatite Mapped at Brunswick Lithium Project. 14 November 2022.

Kula Gold Limited (Kula) (28 November 2022). ASX Announcement: Kula To Acquire A 70% Interest in Key Lithium Tenement – Kirup Project. 28 November 2022.

Reddell, C.T. and Schmullian, M.L., (1990). Nickel Sulfide deposits in the Yilgarn Craton, in "Geology of the Mineral Deposits of Australia and Papua New Guinea" (Ed. F. E. Hughes), pp 561 — 566. (The Australasian Institute of Mining and Metallurgy: Melbourne).

Swager. C.P., (1994). Geology of the Pinjin 1:100 000 Sheet. Western Australia Geological Survey, 1:100 000 Geological Series Explanatory Notes, p22.

VALMIN Committee, 2015. Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code) [online]. Available from: <http://www.valmin.org> (The VALMIN Committee of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists).

12.2. Project Specific References

This section outlines database reports utilised in the report.

12.2.1. Southern Cross Region Projects

A-Number	Author	Date	Report Title	Company / Operator
Rankin Dome				
84314	HIBBIRD S	2009	E77/1352 "West Corinthian" Surrender Report, 15 June 2007 to 28 July 2009	GRYPHON MINERALS LTD
33090	SAINSBURY J	1991	Mount Rankin Project, Annual report for period 8/10/89 to 7/10/90.	BURMINE LTD
33047	THOMAS D J	1991	Bullfinch South Project, Annual Report for the period 25th January 1990 to 24th January 1991, P77/1902-1904, 2329,2330,2491-2494 & P77/2598-2600.	REYNOLDS YILGARN GOLD OPERATIONS LTD
31472	GEORGI H	1990	Marvel Loch South. P77/1331. Annual Report. Yilgarn Mineral Field.	MAWSON PACIFIC LTD
30995	TURNER E	1990	Jaccoletti West; P77/1431,1471 Annual Report (1989 - 1990)	MAWSON PACIFIC LTD
Westonia				
107752	STREETER J	2015	Final Surrender Report for the period 17th November 2008 to 1st August 2015 Westonia Project Exploration Licence E77/1494	Edna May Operations Pty Ltd
104652	STREETER J	2014	Partial Surrender Report Westonia Project E77/1494 for the period 17/11/2008 to 16/11/2014	Evolution Mining Pty Ltd
30257	SYD MORETE & ASSOCIATES PTY LTD	1989	Bodallin Project, Final Surrender Report for the period 5th May 1988 to 28th February 1989, E77/11.	AUST CONSOLIDATED MINERALS LTD
28416	N/A	1989	Annual report for E77/102. Dick's Reward Project, for the period 19/06/88 to 18/06/89.	ACM GOLD LTD
20937	N/A	1987	Annual report for period 19/6/86 to 19/6/87 for EL 77/102, Dicks Reward Project.	AUREX PTY LTD
14914	GELLATLY D C	1984	Westonia Gold Prospect Western Australia Prospecting Licence P77/25 to P77/30 P77/32 to P77/34 P77/44 to P77/46 P77/258 to P77/290 P77/571 and P77/932 1984	DELTA GOLD LTD

A-Number	Author	Date	Report Title	Company / Operator
Marvel Loch-Airfield				
55905	WESTAWAY J M	1998	Airfield Project, Annual Report, 07/06/97 - 06/06/98 E77/709, 716, 718	SONS OF GWALIA LTD
55903	WESTAWAY J M	1998	Airfield Project, Partial Surrender Report, For the Period 22/05/96 - 13/01/98 (E77/718 - Report No. 0408-03)	SONS OF GWALIA LTD
45388	BONWICK C M	1995	Annual Report Broken Hill Metals Southern Cross Operation Prospecting Licence 77/2996, Exploration Licences E77/377,455 ,541,575.Mining Leases M77/86,133,159,175,183,186,380,402 Annual Report Broken Hill Metals Southern Cross Operation Prospecting Lic	BROKEN HILL METALS NL
33362	GEORGI H	1998	Yellowdine - Heaney Find South Project, Annual Report for the period 12th December 1989 to 11th December 1990, P77/ 2214 & 2215	REYNOLDS YILGARN GOLD OPERATIONS LTD
31284	STADLER C	1990	Lake Seabrook Project, Annual Report for the period 28th February 1989 to 27th February 1990, P77/2332.	MAWSON PACIFIC LTD
30049	STADLER C	1989	Harris Find Project, Annual Report for the period 12th December 1988 to 11th December 1989, P77/2216.	MAWSON PACIFIC LTD
24992	FISH B	1988	Yellowdine Prospect, Annual report, 1988, P77/776-781, P77/796-797	JULIA MINES NL
Burracoppin				
105931	DOEDENS F R	2015	E70/4538 (Burracoppin) Surrender Report For the Period 11th April 2014 -15th May 2015	ENTERPRISE METALS LTD
95629	ROBERTSON W J	2012	Tandagin Project - Annual Report E70/3950, for the period 27th May 2011 to 26th May 2012	Maka Minerals Pty Ltd
49526	DALE G R	1996	Burracoppin Group Exploration Licences over Surrendered Portions of 70/1373, 1374 and 77/559 and 560 (for the Period up to December 1995)	CAMBRIAN RESOURCES NL

12.2.2. South West Region Project (Brunswick)

A-Number	Author	Date	Report Title	Company / Operator
101844	N/A	2014	Dardanup Project, Partial Surrender Report, E70/4278, for the period 5 September 2013 To 18 March 2014.	HD Mining & Investment Pty Ltd
101248	CHANMAL A J	2014	Full Surrender Report Area 7 – Nannup Project E70/3632 (Crendon) for the period 01/07/2011 - 09/10/2013	Bauxite Alumina Joint Ventures Pty Ltd
100059	MILNER S	2013	Annual Report Exploration Licence 70/4278 for the period 5th September 2012 to 4th September 2013 "Donnybrook Project"	HD Mining & Investment Pty Ltd
93646	GEACH C L	2012	Yabberup Project Annual Report E70/3398 South West for the reporting period 23/03/2011 –22/03/2012	OneMet Minerals Pty Ltd
93398	ELLIOTT T; TAYLOR N	2012	East Kirup Project, Annual Report for the period 8th March 2011 to 7th March 2012, E70/2435, 2516 & 2522. [C175/2006]	RED RIVER RESOURCES LTD
81960	FITTON F; GEACH C L	2009	East Kirup Project Combined Annual Report C175/2006 For The Period 08/03/2008 – 07/03/2009	RED RIVER RESOURCES LTD
43423	MIDDLETON W G	1995	Donnybrook Project, Annual Report E70/1172 for period 16/12/1993 to 15/12/1994.	GENESIS RESOURCES NL

12.2.3. Kurnalpi Region Project (Lake Rebecca)

A-Number	Author	Date	Report Title	Company / Operator
131524	N/A	2022	Partial Surrender Report of E28/2942 (of C15/12021), Lake Rebecca Project for the period ending 21/06/2022.	KULA GOLD LIMITED
123088	JAMES S	2020	Nazare E28/2762 Final Surrender Report for the period ending 23/01/2020	Hamelin Resources Pty Ltd
54417	ROWLAND S H W	1998	Pinjin, E28/569,597, & P28/908 Final Report to 25th February 1998.	ABERFOYLE RESOURCES LTD

A-Number	Author	Date	Report Title	Company / Operator
51900	WILLS R J	1997	Lake Yindana Project, Partial Surrender Report to 15th April 1997, E28/597.	ABERFOYLE RESOURCES LTD
1521	MIRAMS R C	1967	Karonie Project, Non-statutory Report: Technical Report for the year ending 30/06/1967, TR70/3818H.	NEWMONT PROPRIETARY LIMITED

12.2.4. Coolgardie Region Project (Boorabbin North)

A-Number	Author	Date	Report Title	Company/Operator
29182	HACK T B	1989	Jaurdi - East Alluvials, P15/1531, Annual report 1988/89	FORRESTANIA GOLD NL
21927	STEWART J I	1987	Breakaway East Project, Annual Report, October 1987, P15/1680.	FIMISTON MINING LTD
123	N/A	1970	Ryans Find Project, Non-statutory Report: Exploration Report, to June 1970, TR70/3693 & 5277H.	WESTERN MINING CORPORATION LTD

12.2.5. Kirup Project

A-Number	Author	Date	Report Title	Company/Operator
123401	WILLIAMS K	2020	Nannup Project E70/04964 Annual Report for the period ending 15/11/2019	Matlock Geological Services Pty Ltd
123361	N/A	2020	Combined Final Surrender Report for Greenbushes Project: E70/4778 and E70/4890, 19 April 2016 to 31 March 2020	LITHIUM AUSTRALIA NL
123214	N/A	2020	Final Surrender Report E70/5036 (Greenbushes Project) for the period ending 05/03/2020	STANIFER PTY LTD; LITHIUM AUSTRALIA NL
82872	MCLEOD M	2009	Final Surrender Report For the Period 01/08/2008 TO 16/04/2009 On Exploration Licence 70/2481 Donnybrook Gold Project	RANGE RESOURCES LTD
79301	GIFFORD M	2008	ANNUAL REPORT For the Period 31st July 2007 - 30th July 2008 On EL70/2481 Donnybrook Gold Project	RANGE RESOURCES LTD

A-Number	Author	Date	Report Title	Company/Operator
20415	PAGE M	1987	E70/75, South Donnybrook, Annual report, 27/11/85 to 27/11/1986.	BHP MINERALS PTY LTD

13. Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral www.webmineral.com, Wikipedia www.wikipedia.org,

The following terms, if and where used, are taken from the 2015 VALMIN Code

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Australasian means Australia, New Zealand, Papua New Guinea and their off-shore territories.

Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

Corporations Act means the Australian Corporations Act 2001 (Cth).

Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.

Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.

Independent Expert's Report means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being

reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction, and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as either:

(a) **Early-stage Exploration Projects** – Tenure holdings where mineralization may or may not have been identified, but where Mineral Resources have not been identified;

(b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralization present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;

(c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;

(d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study;

(e) **Production Projects** – Tenure holdings – particularly mines, wellfields, and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralization, personnel, material handling, ventilation, water, power and other technical requirements spanning commissioning, operation and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralization, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralization means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralization might occur, whether by class of deposit, mode of occurrence, genesis, or composition.

Mineral Project means any exploration, development, or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resources is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Mining means all activities related to extraction of Minerals by any method (e.g. quarries, open cast, open cut, solution mining, dredging etc).

Mining Industry means the business of exploring for, extracting, processing and marketing Minerals.

Modifying Factors is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Ore Reserves is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resource and **Petroleum Reserve** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council, and the Society of Petroleum Evaluation Engineers. Refer to <http://www.spe.org> for further information.

Practitioner is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

- (a) admits members primarily on the basis of their academic qualifications and professional experience;
- (b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and
- (c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade, or build good will.

Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.

Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Reasonableness implies that an assessment which is impartial, rational, realistic, and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

Royalty or Royalty Interest means the amount of benefit accruing to the royalty owner from the royalty share of production.

Securities has the meaning as defined in the Corporations Act.

Securities Expert are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.

Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

Specialist are persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

Status in relation to Tenure means an assessment of the security of title to the Tenure.

Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.

Appendix A - Geoscientific Valuation of the Southern Cross Region Projects

Tenement	BAC (AUS\$)	Off Property		On Property		Anomaly Factor		Geology Factor		Technical Valuation (AUS\$)			Fair Market Valuation (AUS\$M)		
		Low	High	Low	High	Low	High	Low	High	Lower	Preferred	Upper	Lower	Preferred	Upper
Rankin Dome															
E77/2709	63,415	1.0	1.5	1.5	2.0	1.0	1.5	2.0	2.5	165,000	391,900	618,800	0.16	0.38	0.61
E77/2753	25,366	1.0	1.5	1.5	2.0	1.0	1.5	2.0	2.5	66,000	156,750	247,500	0.06	0.15	0.24
E77/2768	41,508	1.0	1.5	1.5	2.0	1.0	1.5	2.0	2.5	108,000	256,500	405,000	0.11	0.25	0.40
Westonia															
E77/2756	63,415	1.0	1.5	1.5	2.5	1.0	1.5	1.5	2.5	123,800	448,600	773,400	0.12	0.44	0.76
E77/2757	56,497	1.0	1.5	1.5	2.5	1.0	1.5	1.5	2.5	110,300	399,700	689,100	0.11	0.39	0.68
E77/2762	15,306	1.0	1.5	1.5	2.5	1.0	1.5	1.5	2.5	33,800	122,350	210,900	0.03	0.12	0.21
E77/2766	22,601	1.0	1.5	1.5	2.5	1.0	1.5	1.5	2.5	45,000	163,150	281,300	0.04	0.16	0.28
Marvel Loch-Airfield															
E77/2621	51,000	3.0	4.0	3.0	3.5	3.5	4.0	3.0	3.5	3,780,000	5,810,000	7,840,000	1.85	2.85	3.84
E77/2806	66,874	3.0	4.0	3.0	3.5	3.5	4.0	2.0	2.5	3,654,000	5,887,000	8,120,000	1.79	2.88	3.98
M 77/1302	-	3.0	4.0	3.0	3.5	3.5	4.0	3.0	3.5	-	-	-	-	-	-
Burracoppin															
E70/5693	39,202	1.0	1.5	2.0	2.5	1.5	2.0	2.0	2.5	204,000	420,750	637,500	0.20	0.41	0.62
Total Southern Cross Region Projects										8,289,900	14,056,700	19,823,500	4.47	8.03	11.62

To determine the market value the technical value has been discounted following the parameters outlined in Section 10.1 on a tenement-by-tenement basis.

Appendix B - Geoscientific Valuation of the South West Region Project (Brunswick)

Tenement	BAC (AUS\$)	Off Property		On Property		Anomaly Factor		Geology Factor		Technical Valuation (AUS\$)			Fair Market Valuation (AUS\$M)		
		Low	High	Low	High	Low	High	Low	High	Lower	Preferred	Upper	Lower	Preferred	Upper
E70/5599	96,852	1.0	1.5	1.2	1.5	1.2	1.5	1.5	2.0	181,400	374,200	567,000	0.18	0.37	0.56
E70/5703	20,918	1.0	1.5	1.2	1.5	1.2	1.5	1.5	2.0	43,200	89,100	135,000	0.04	0.09	0.13
E70/5513	22,448	1.0	1.5	1.2	1.5	1.2	1.5	1.5	2.0	43,200	89,100	135,000	0.04	0.09	0.13
E70/5645	10,426	1.0	1.5	1.2	1.5	1.2	1.5	1.5	2.0	21,600	44,550	67,500	0.02	0.04	0.07
E70/5660	10,426	1.0	1.5	1.2	1.5	1.2	1.5	1.5	2.0	21,600	44,550	67,500	0.02	0.04	0.07
Total South West Region Project (Brunswick)										311,000	641,500	972,000	0.30	0.63	0.96

To determine the market value the technical value has been discounted following the parameters outlined in Section 10.1 on a tenement-by-tenement basis.

Appendix C - Geoscientific Valuation of the Kurnalpi and Coolgardie Projects

Tenement	BAC (AUS\$)	Off Property		On Property		Anomaly Factor		Geology Factor		Technical Valuation (AUS\$)			Fair Market Valuation (AUS\$M)		
		Low	High	Low	High	Low	High	Low	High	Lower	Preferred	Upper	Lower	Preferred	Upper
<i>Kurnapli (Lake Rebecca)</i>															
E28/2942	38,125	1.0	1.5	1.0	1.5	1.0	1.5	1.5	2.0	46,900	128,900	210,900	0.05	0.13	0.21
E28/3029	22,448	1.0	1.5	1.0	1.5	1.0	1.5	1.5	2.0	30,000	82,500	135,000	0.03	0.08	0.13
<i>Coolgardie (Boorabbin North)</i>															
E15/1819	21,580	1.0	1.5	1.5	2.0	1.5	2.0	2.0	2.5	90,000	195,000	300,000	0.09	0.19	0.29
Total Exploration Projects										166,900	406,400	645,900	0.17	0.4	0.63

To determine the market value the technical value has been discounted following the parameters outlined in Section 10.1 on a tenement-by-tenement basis.

Appendix D - Geoscientific Valuation of the Kirup Project

Tenement	BAC (AUS\$)	Off Property		On Property		Anomaly Factor		Geology Factor		Technical Valuation (AUS\$)			Fair Market Valuation (AUS\$M)		
		Low	High	Low	High	Low	High	Low	High	Lower	Preferred	Upper	Lower	Preferred	Upper
E70/5452	52,275	1.5	2.0	2.0	2.5	1.5	2.0	2.0	2.5	369,000	697,000	1,025,000	0.36	0.68	1.00
Total Exploration Projects										369,000	697,000	1,025,000	0.4	0.7	1.0

To determine the market value the technical value has been discounted following the parameters outlined in Section 10.1 on a tenement-by-tenement basis.



LODGE YOUR PROXY APPOINTMENT ONLINE



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

GENERAL MEETING PROXY FORM

I/We being shareholder(s) of KULA GOLD LIMITED and entitled to attend and vote hereby:

APPOINT A PROXY

The Chair of the Meeting

OR



PLEASE NOTE: If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the General Meeting of the Company to be held at Suite 2, 20 Howard Street, PERTH WA 6000 on 31 March 2023 at 10.00 (WST) and at any adjournment or postponement of that Meeting.

Chair's voting intentions in relation to undirected proxies: The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

VOTING DIRECTIONS

Resolutions

1 Acquisition of 70% Interest in the Kirup Project

For Against Abstain*

2 Issue of Consideration Shares to Sentinel Exploration Limited



* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address



Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 10.00 (WST) on 29 March 2023, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033