



Kula Gold Limited

ABN 83 126 741 259

Interim Report

For the Half-Year Ended 30 June 2021

Corporate Information

Directors

Mark Stowell (Chairman)
Mark Bojanjac
Simon Adams
John Hannaford

Company Secretary

Luke Abbott

Registered Office

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20 Howard Street
Perth, WA 6000

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Auditor

Elderton Audit Pty Ltd
L2, 267 St George's Terrace
Perth WA 6000
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Share Registry

Link Market Services Limited
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680 George Street
Sydney NSW 2000
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Stock Exchange Listing

Australian Securities Exchange: ASX code: KGD
Berlin Stock Exchange: BE code: 7KL

Kula Gold Limited

ACN 126 741 259

Interim Report 30 June 2021

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2020 and any public announcements made by Kula Gold Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your directors present their report on Kula Gold Limited ("Kula" or the "Company") for the half-year ended 30 June 2021.

Directors

The following persons were directors of Kula Gold Limited during the whole of the half-year and up to the date of this report unless noted otherwise:

Mark Stowell
Mark Bojanjac
Simon Adams
John Hannaford

Review of operations

Kula has continued with its mineral exploration activities in Western Australia. Applications have been filed with DMIRS for twelve exploration licenses (EL) so far in 2021. A further six EL's were granted during 2021 up to 30 June 2021. Exploration programs are ongoing across multiple projects which includes the recent Kaolin discovery at the Boomerang prospect (Southern Cross WA).

Airfield Gold Project (Southern Cross WA) 100%

The Airfield gold project is located 5km east of the town of Marvel Loch, a major gold mining centre in Western Australia. This locality has a number of current and historical mining operations nearby which provides valuable infrastructure and services for potential future development. This region has seen over 15Moz of historical gold production and the Marvel Loch mine and mill continue production under the ownership of Minjar Gold.

A 1,823m AC/RC drill program was completed during April 2021, this RC drilling discovered large areas of previously unmapped nor recognised amphibolite/BIF (greenstone) in the Airfield Gold Project. The Company has recognised a geophysical signature associated with the results and has identified numerous repeats of similar greenstone prospects in the region so Kula has applied for new applications adding to Airfield covering 570km².

1,253 Auger holes have been completed to date with confirmed bedrock gold. An upcoming orientation diamond drill program will test previously defined gold targets.

Boomerang Kaolin Prospect (Southern Cross WA) 100%

RC drilling at the Marvel Loch discovered +42m vertical thickness high quality Kaolin clays near the surface with over a 300m drilled length. Drillhole 21BMRC001 intersected 10m @ 7% Halloysite from 40m depth downhole (8.8m true thickness) within an intersection of 55m of kaolin downhole.

Follow up drilling on this discovery is planned during the second half of 2021, this will determine the size and grade of this Kaolin discovery.

Brunswick Cu-Au and Ni-PGE Project (South West WA) 100%

Kula has large land holdings covering over 300km², in the prospective Western Gneiss terrain which hosts Chalice Gold Mines, 'Julimar Ni-Cu-PGE-Au Project' to the North, and the Boddington Cu-Au Mine to the NE. Fieldwork successfully recognised chalcopyrite-pyrite+-pyrrhotite-sphalerite mineralisation at one location and readings up to 0.18%Ni in altered Ultramafics in another location. This may be the first recorded Ultramafic in this under-explored district. The Brunswick Project is also prospective for Lithium bearing pegmatites. 840 hand collected geochemical samples have been taken in H1 2021 with follow-up work on finalisation of assays.

Exploration programs on the project will be ongoing throughout the remainder of 2021.

Westonia Gold Project (Southern Cross WA) 100%

Kula has secured tenement applications covering 357km² around the Edna May Gold Mine at Westonia WA. Gravity and magnetic targets have been identified by Kula from reprocessing publicly available data. Previous surface sampling has been interpreted to be ineffective due to the presence of transported cover in the area. Kula will employ deeper auger geochemical sampling techniques with a low cost first pass exploration method.

Rankin Dome Gold Project (Southern Cross WA) 100%

The Rankin Dome Gold Project covers over 160km² located 10km west of Southern Cross. Landowner agreement has been secured over a significant portion of the licence including the area with amphibolite. Exploration activities will commence once the relevant approvals are obtained.

Kula-Lake Rebecca Gold Project – NE of Kalgoorlie (100%)

This 190km sq gold exploration project is located 150km ENE of Kalgoorlie, south of Lake Rebecca, and adjacent to Apollo Consolidated landholding which hosts the recent discovery of the 1moz Gold Lake Rebecca Gold project. Adjacent to the West is E79 Gold Mines, an upcoming IPO. The expenditure commitment for DMIRS has been met for this year's licence term. Further programs including auger geochem are approved POW and scheduled for 2022.

Corporate

In March 2021 the Company completed a placement which raised \$0.93m (before costs).

Significant matters relating to the ongoing viability of operations

At the balance date of this report (30 June) the Company has a cash and cash equivalents balance of \$1,238,473.

After the balance date of this report, a placement was successfully completed which raised \$1.8 million (before costs).

The Directors are satisfied that the company has sufficient working capital to meet commitments and cover operating costs, and thus it is appropriate to prepare the financial statements on a going concern basis.

Events occurring after the report period

A successful capital raise was completed on 29th July 2021 which raised approximately \$1.8 million (before costs).


Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument, amounts in the financial report and Directors' Report have been rounded off to the nearest dollar unless otherwise indicated.

This report is made in accordance with a resolution of directors.



Chairman
Perth

13 September 2021

Auditor's Independence Declaration

To those charged with the governance of Kula Gold Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2021 there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

13 September 2021

Perth
Western Australia

Kula Gold Limited
Interim Statement of Comprehensive Income
For the half-year ended 30 June 2021

	Half-year	30 June	30 June
	2021	2020	
Notes	\$	\$	
Income			
Other operating income	4,883	16,010	
Foreign exchange Gain	6	-	
Total Income	<u>4,889</u>	<u>16,010</u>	
Expenses			
Employee remuneration and benefits expense	87,869	18,500	
Professional and consulting expenses	75,386	82,000	
Finance costs	-	7,004	
Depreciation	8,874	1,133	
Share based payment	45,132	-	
Insurance expense	9,061	-	
Exploration expense	519,735	44,875	
Other expenses	67,134	13,834	
Loss before income tax	<u>(808,302)</u>	<u>(151,337)</u>	
Income tax benefit/(expense)	-	-	
Total loss for the half-year net of tax	<u>(808,302)</u>	<u>(151,337)</u>	
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations	-	-	
Total Other comprehensive loss for the half-year	<u>-</u>	<u>-</u>	
Total comprehensive loss for half-year attributable to Members	<u>(808,302)</u>	<u>(151,337)</u>	
Loss per share	Cents	Cents	
- Basic and diluted (loss)/profit per share in cents	(0.49)	(0.26)	

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Kula Gold Limited
Interim Statement of Financial Position
As at 30 June 2021

	Notes	30 June 2021 \$	31 Dec 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	1,238,473	1,188,957
Receivables and other assets		143,039	65,476
Total current assets		1,381,512	1,254,433
Non-current assets			
Rights of use assets		35,790	44,664
Total non-current assets		35,790	44,664
Total assets		1,417,302	1,299,097
LIABILITIES			
Current liabilities			
Trade and other payables		119,981	112,466
Loans and borrowings	4	8,833	-
Lease liability		17,895	17,895
Total current liabilities		146,709	130,361
Non-current liabilities			
Lease liability		19,505	27,581
Total non-current liabilities		19,505	27,581
Total liabilities		166,214	157,942
Net Assets		1,251,088	1,141,155
EQUITY			
Contributed equity	5	151,152,908	150,279,805
Reserves	6	508,890	463,758
Accumulated losses		(150,410,710)	(149,602,408)
Total equity		1,251,088	1,141,155

The above statement of financial position should be read in conjunction with the accompanying notes.

Kula Gold Limited
Interim Statement of Changes in Equity
As at 30 June 2021

	Notes	Contributed equity	Share-based payments reserve	Consolidation reserve	Total reserves	Accumulated losses	Total equity
		\$	\$	\$	\$	\$	\$
Balance at 1 January 2020		148,431,253	65,000	398,758	463,758	(149,053,465)	(158,454)
Comprehensive loss for the year		-	-	-	-	(151,336)	(151,336)
Balance at 30 June 2020		148,431,253	65,000	398,758	463,758	(149,204,801)	(309,790)

	Notes	Contributed Equity	Share-based Payment reserve	Consolidation reserve	Total reserve	Accumulated losses	Total Equity
		\$	\$	\$	\$	\$	\$
Balance at 1 January 2021		150,279,805	65,000	398,758	463,758	(149,602,408)	1,141,155
Share options issued		-	45,132	-	45,132	-	45,132
Comprehensive income for the half year		-	-	-	-	(808,302)	(808,302)
Contributed Equity		873,103					873,103
Balance at 30 June 2021		151,152,908	110,132	398,758	508,890	(150,410,710)	1,251,088

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Kula Gold Limited
Interim Statement of Cash Flows
For the half-year ended 30 June 2021

	Half-year	
	30 June 2021	30 June 2020
	\$	\$
Notes		
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(828,471)	(38,898)
Receipts from ATO	-	16,000
Receipt from Customers	4,883	
Interest income	-	4
Net cash outflow from operating activities	<u>(823,588)</u>	<u>(22,894)</u>
Cash flows from investing activities		
Net proceeds from equity raised	<u>873,104</u>	
Net cash flows from investing activities	<u>873,104</u>	
Cash flows from financing activities		
Loan from Working Capital Facility	<u>-</u>	<u>13,000</u>
Net cash inflow from financing activities		13,000
Net (decrease)/increase in cash and cash equivalents	49,516	(9,894)
Cash and cash equivalents at the beginning of half year	<u>1,188,957</u>	<u>21,371</u>
Cash and cash equivalents at the end of the half-year	3 1,238,473	11,477

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Basis of preparation of half-year report

This interim financial report for the half-year reporting period ended 30 June 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by Kula Gold Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new standards and interpretations as of 1 January, 2021. Newly adopted standards and interpretations have not had a material impact on the interim financial report.

The following additional accounting policies have been applied during the half-year.

(a) Significant matters relating to ongoing viability of operations

The entity recorded a loss of \$808,302 for the six months ended 30 June 2021 (2020: loss of \$151,336) and the company had a net cash inflow from operating, investing and financing activities of \$49,516 for the six months ended 30 June 2021 (2020: outflow \$9,894). The entity had cash and cash equivalents at 30 June 2021 of \$1,238,473.

In July 2021, the Company successfully raised \$1.8m from a placement for the purpose of providing working capital for future exploration activity, and thus it is appropriate to prepare the financial statements on a going concern basis. The Directors consider the basis of going concern to be appropriate for the following reasons:

- the Company's market capitalisation and the underlying prospects enable the Company to be able to raise further funds from the capital markets;
- the fact that future exploration and evaluation expenditure is generally discretionary in nature (i.e. at the discretion of the Directors having regard to an assessment of the Company's eligible expenditure to date and the timing and quantum of its remaining earn-in expenditure requirements). Subject to meeting certain minimum expenditure commitments, further exploration activities may be slowed or suspended as part of the management of the Company's working capital.

The cashflow forecast for the period ending 31 August 2022 reflects that the Group has sufficient working capital to enable it to continue to fund its ongoing expenditure requirements.

2. Related party transactions

The Company leases premises at 20 Howard Street, Perth from an entity that is controlled by Mark Stowell (Chairman). The terms of this lease are set at a rate that is considered to be arms length for comparable premises. The rental income paid for this premises during the half yearly period ending 30 June 2021 was \$14,380.85 (2020 - \$9,485).

The Company hired specialised XRF equipment from an entity that is controlled by Mark Stowell on commercial arm's length terms. The hire fees paid for this equipment during the half year ending 30 June 2021 was \$6,000 (2020 - \$2,400).

Other than above, the Company had no related party transactions for the half year ended 30 June 2021.

	June 2021 \$	December 2020 \$
3. Cash and cash equivalents		
Cash at bank and in hand	<u>1,238,473</u>	1,188,957
4. Loans and borrowings		
Credit card liability	<u>8,833</u>	-
5. Contributed equity		
Share capital		
Ordinary shares	<u>151,152,908</u>	150,279,805
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. All shares are fully paid.		
6. Reserves and accumulated losses		
Share-based payments reserve	110,132	65,000
Consolidation reserve	<u>398,758</u>	398,758
	<u>508,890</u>	463,758
(a) Movement in reserves		
<i>Share-based payments reserve</i>		
Balance at start of the year	65,000	65,000
Options Issued during the year	<u>45,132</u>	-
Balance at end of the year	<u>110,132</u>	65,000
	Number	Number
Balance at start of the year	-	-
Option issued during the period	<u>3,100,000</u>	-
Balance at end of period	<u>3,100,000</u>	-

Kula Gold Limited
Notes to Financial Statements
30 June 2021

June
2021
\$

December
2020
\$

6. Reserves and accumulated losses (Cont)

(a) Movement in reserves (Cont)

Consolidation reserve

Balance at start of the year

Balance at end of the year

398,758	398,758
398,758	398,758

(b) Accumulated losses

Opening balance

Net profit/(loss) for the year – controlled interest

Closing balance

(149,602,408)	(149,053,465)
(808,302)	(548,943)
(150,410,710)	(149,602,408)

(c) Nature and purpose of reserves

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of options issued.

(ii) Consolidation reserve

This reserve represents the difference between the minority interest recognised and the equity contributions received from Geopacific Resources Ltd.

7. Events occurring after the report period

Capital of \$1.8 million (before costs) was raised through a placement that was completed on 29th July 2021.

8. Segment reporting

The Company operates in only one segment being mineral exploration in Western Australia.

9. Share Based Payments

In May 2021, Kula resolved to issue, with shareholder approval at the Company's Annual General Meeting, unlisted options to Key Management Personnel under an employee incentive scheme. The options were issued on the 28 June 2021 with an exercise price of \$0.06 and an expiry of 1 July 2026. 50% of the options vested to employees immediately and the remaining 50% vest in 12 months from issue. The fair value of the unlisted options on the date of issue is approximately \$90,264 using a Black-Scholes option valuation methodology. The criteria for the valuation were as follows:

Risk free rate –	0.79%
Stock volatility –	108%
Market price at issue -	\$0.04
Exercise Price -	\$0.06

Directors Declaration

In accordance with a resolution of the directors of Kula Gold Limited, I state that:

In the opinion of the directors:

- a) the financial statements and notes of Kula Gold Limited for the half-year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including:
- b) giving a true and fair view of the entity's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- c) complying with Accounting Standards and the *Corporations Regulations 2001*; and
- d) subject to achieving the matters set out in note 1(a), there are reasonable grounds to believe that Kula Gold Limited will be able to pay its debts as and when they become due and payable.

On behalf of the board



Director
Perth

13 September 2021

ELDERTON

AUDIT PTY LTD

Independent Auditor's Review Report

To the members of Kula Gold Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kula Gold Limited, which comprises the condensed statement of financial position as at 30 June 2021, the condensed statement of profit or loss, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Kula Gold Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Kula Gold Limited's financial position as at 30 June 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Kula Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Kula Gold Limited would be in the same terms if given to the directors as at the time of this auditor's review report

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kula Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Kula Gold Limited's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

13 September 2021

Perth
Western Australia

APPENDIX 4D
ASX INFORMATION

The information that is required by the Australian Stock Exchange Limited Listing Rules is as follows.

1. Details of the results for this reporting period and the corresponding prior year period are provided elsewhere in this report.
2. Results for announcement to the market

	Change from prior period *	30 June 2021 \$	30 June 2020 \$
2.1. Revenue from ordinary activities	-	-	-
2.2. Loss from ordinary activities after tax attributable to members	↓ 434%	(808,302)	(151,336)
2.3. Loss for the period attributable to members	↓ 434%	(808,302)	(151,336)
2.4. Dividends (distributions)	N/A	Nil	Nil

* Comparison of six months to 30 June 2020 with six months to 30 June 2019

3. Net tangible assets per security

	30 Jun 2020 \$	31 Dec 2019 \$
3.1. Net Tangible Assets per security	0.0070	0.0045

4. Control was neither gained nor lost over any entities during the half year.
5. No dividends were paid during the period
6. The Company does not have a dividend re-investment plan.
7. The Company does not have any Associated Companies or Joint Ventures.