

21 December 2016

**ASX RELEASE**

**LINDSAYS PROJECT UPDATE**

KalNorth Gold Mines Limited (ASX: KGM, the “Company”) refers to its previous announcements in relation to a Heads of Agreement entered into with Keras Gold (Australia) Pty Ltd (a subsidiary of AIM listed UK company, Keras Resources plc) for the development of the Company’s 100% owned Lindsays Project in the Goldfields area, Western Australia.

As last reported, the parties were negotiating detailed contractual terms and the respective participation of the parties in the proposed development of the Project. The Company and Keras have now mutually agreed to terminate these negotiations and the Heads of Agreement is of no further effect.

The Company will determine its future strategy with respect to the Lindsays Project which has demonstrated both open-cut and underground mining potential.



**Lijun Yang**  
**Executive Director**