

16 March 2017

ASX RELEASE

CONVERTIBLE NOTE FACILITY RESTRUCTURE

KalNorth Gold Mines Limited (ASX: KGM) ("KalNorth" or the "Company") refers to its Convertible Note Facility Agreement ("CNFA") with Cross-Strait Common Development Fund Co., Limited ("Cross Strait"). The Company has agreed a number of changes to the CNFA with Cross Strait.

The CNFA is for a total facility amount of \$2,000,000 ("Facility Amount") of which \$1,000,000 had been drawn down. Subject to compliance with legislative requirements, Cross Strait has the right, at its sole discretion, to convert the amounts drawn down under the facility to KalNorth shares at an issue price of \$0.01 per share.

Key changes to the CNFA are summarized below:

1. The maturity date of the convertible notes has been extended from 30 April 2017 to 30 April 2018.
2. KalNorth's right (but not obligation) to drawdown a further up to \$1,000,000 of the Facility Amount has been extended from 31 December 2016 to 28 February 2018.

KalNorth has lodged a drawdown notice for a further \$300,000 under the CNFA (leaving a remaining facility amount of \$700,000) and it understands that these funds are presently being remitted to the Company.



Jiajun Hu
Executive Chairman