



KALNORTH
GOLD MINES LIMITED

24 May 2017

ASX RELEASE

KALPINI PROJECT SALE UPDATE

KalNorth Gold Mines Limited (ASX: KGM) ("KalNorth" or the "Company") refers to its announcement dated 10 May 2017 for the sale of the Kalpini project.

The Company had advised that completion of the sale transaction was anticipated on or around 19 May 2017, subject only to approval by the Minister under the Mining Act 1978 (WA). The Company confirms that Minister's consent has been received and the sale agreement is now unconditional. However, the Buyer has sought an extension of time to make payment of the purchase price and the parties have reached an in-principle agreement for payment to be made no later than 31 May 2017. Legal documentation to give effect to this extension is presently being finalised for execution later today.

Following completion of the Kalpini project sale and receipt of \$3.2 million gross sale proceeds, the Company's near term focus will be on its Kurnalpi project and, in particular, the Brilliant prospect where additional exploration and evaluation work is necessary prior to consideration of development options. Lack of funding has been a constraint on exploration activity and the receipt of proceeds from the sale of Kalpini will address that. The Board will also give consideration to using part of the net sale proceeds to repay the \$1.3 million convertible note loan.

Jiajun Hu
Executive Chairman