



## Quarterly Activities Report: June 2017

### KalNorth Gold Mines Limited

**Date:** 31 July 2017

**ASX Code:** KGM

**Issued Capital**

894.24 million Ordinary shares

**Current Share Price**

\$0.015

**Market Capitalisation**

\$13.41million

**Board Members**

Jiajun Hu

Executive Chairman & Company Secretary

Yuanguang Yang

Non-executive Director

Xiaojing Wang

Non-executive Director

**Contact Details**

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**Projects located at Eastern Goldfields,  
Western Australia**

- Lindsays (100%)
- Kurnalpi (100%)

The Board of KalNorth Gold Mines Limited ("KalNorth or the "Company", ASX: KGM) is pleased to report on activities and progress made during the June 2017 Quarter.

## Highlights

### *Kalpini Project*

The divestment of the Kalpini project was completed during the Quarter for gross sale proceeds of \$3.2M. The Company's near term focus will now be on the Kurnalpi project and, in particular, the Brilliant deposit.

### *Kurnalpi Project*

46 early stage Air Core holes, for a total of 2,088 metres were drilled on E28/1477, Kurnalpi project to test high priority targets generated from previous geophysical and mapping works. No significant intercepts were recorded; however the Company plans to test other targets within Kurnalpi project in the current quarter.

# EXPLORATION REPORT

## **Kalpini Project**

As announced on 10 May, 24 May and 2 June 2017 in the Quarter, the Company advanced and subsequently completed the sale of the Kalpini Project comprising tenements M27/485 and L28/88 as well as all project data for gross proceeds of \$3,200,000.

The divestment was through an open tender bid process handled by 3<sup>rd</sup> party advisor, PCF Capital and the Company's management team. Under the sale terms, the Company has also granted the purchaser a first right of refusal for a term of two years with respect to any future sale of the Company's Kurnalpi and Lindsays' projects.

Following the successful divestment, the Company's focus turned to Kurnalpi project where additional exploration and evaluation work programmes are presently under consideration. Lack of funding has been a constraint on exploration activity and the receipt of proceeds from the sale of Kalpini provides the breakthrough.

## **Kurnalpi Project (100% KGM)**

In the June Quarter, following the divestment of Kalpini project, a drilling program was immediately initiated on E28/1477 of Kurnalpi project on high priority targets generated from previous geophysical and mapping work.

46 wide spaced Air Core holes, for an aggregate of 2,088 metres, were drilled along the interpreted Avoca Fault to test for gold mineralisation to the north and south of the Red Kettle prospect (figure 1). No significant gold intercepts were recorded, however the Company will drill test further targets within Kurnalpi project in the current quarter.

## **Lindsays Project (100% KGM)**

During the Quarter, the Company continued its strategic review of the project and progressed discussions with several interested parties to redevelop or divest the project.

# CORPORATE REPORT

## **Cash Reserves**

Total expenditure for the June 2017 quarter amounted to \$245,229 of which \$184,045 was attributable to exploration and evaluation, compared to a total expenditure of \$156,072 in the March 2017 quarter. Cash assets at the end of the Quarter were \$3.25M and convertible loan \$1.3 million.

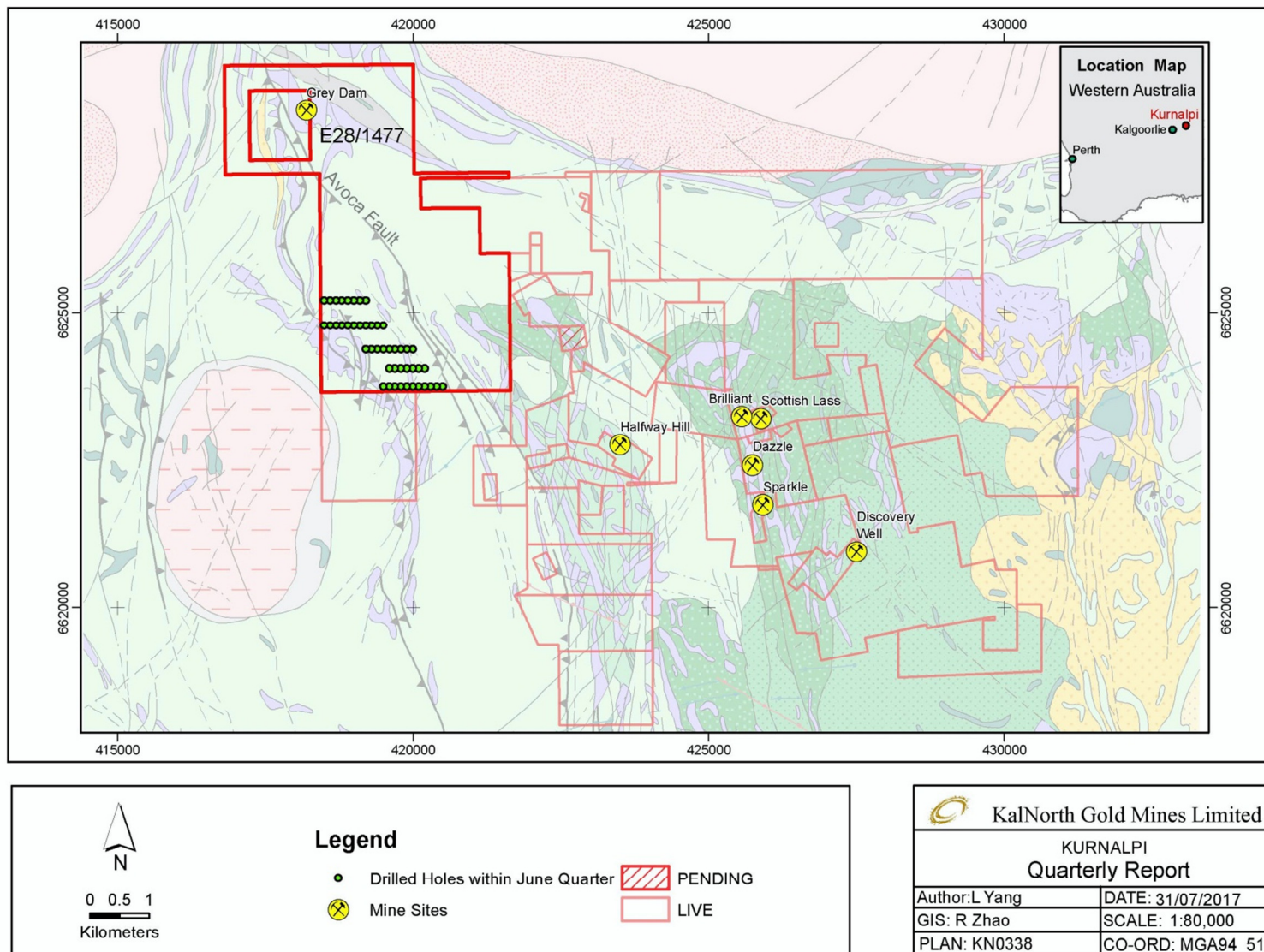


Figure 1 June Quarter Drilled holes location within Kurnalpi Project

For further information please contact

**Jiajun (Jerry) Hu**  
**Executive Chairman and Company Secretary**  
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Location map of KalNorth projects showing roads and local processing plants

### About KalNorth Gold Mines Limited

KalNorth Gold Mines Limited (ASX Code: KGM) is a gold exploration company based in Kalgoorlie, Western Australia (WA). The Company's core suite of tenements, all 100% owned, are located some 50 to 80km north-east of the world renowned gold mining town of Kalgoorlie, WA. There are currently two main gold projects each with resources within the KGM holding: Lindsay's and Kurnalpi (collectively the KalNorth Field).

### Competent Person Statement-Exploration Results and Mineral Resources

*The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr Lijun Yang, a Competent Person who is a member of Australian Institute of Geoscientists. Mr Yang is a consultant to the Company. Mr Yang has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Yang consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

## Tenement Holdings and Movements

Mining Tenements and Beneficial Interest Held as at the end of the June 2017 Quarter

Tenement	Holder	Status	Project	Interest %
E28/1477	Shannon Resources Pty Ltd	Live	Kurnalpi	100
E28/2226	Shannon Resources Pty Ltd	Live	Kurnalpi	100
E28/2256	Shannon Resources Pty Ltd	Live	Kurnalpi	100
E28/2541	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0007	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0066	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0072	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0076	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0084	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0089	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0090	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0092	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0113	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0374	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0375	Shannon Resources Pty Ltd	Live	Kurnalpi	100
P28/1097	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1100	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1101	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1102	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1103	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1104	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1105	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1106	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1107	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1108	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1111	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1112	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1113	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1114	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1115	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1116	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1117	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1118	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1119	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1125	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1126	Shannon Resources Pty Ltd	Live (Conversion)	Kurnalpi	100
P28/1154	KalNorth Gold Mines Ltd	Live (Conversion)	Kurnalpi	100
P28/1180	KalNorth Gold Mines Ltd	Live	Kurnalpi	100
P28/1184	KalNorth Gold Mines Ltd	Live	Kurnalpi	100
P28/1186	KalNorth Gold Mines Ltd	Live	Kurnalpi	100
P28/1187	KalNorth Gold Mines Ltd	Live	Kurnalpi	100
P28/1190	KalNorth Gold Mines Ltd	Live	Kurnalpi	100
P28/1191	KalNorth Gold Mines Ltd	Live	Kurnalpi	100
P28/1226	Lusitan Prospecting Pty Ltd	Live	Kurnalpi	100
P28/1227	Lusitan Prospecting Pty Ltd	Live	Kurnalpi	100
P28/1228	Lusitan Prospecting Pty Ltd	Live	Kurnalpi	100
P28/1229	Lusitan Prospecting Pty Ltd	Live	Kurnalpi	100

P28/1230	Lusitan Prospecting Pty Ltd	Live	Kurnalpi	100
P28/1231	Lusitan Prospecting Pty Ltd	Live	Kurnalpi	100
P28/1254	Shannon Resources Pty Ltd	Live	Kurnalpi	100
P28/1255	Shannon Resources Pty Ltd	Live	Kurnalpi	100
P28/1282	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0377	Shannon Resources Pty Ltd	Pending	Kurnalpi	100
M28/0378	Shannon Resources Pty Ltd	Pending	Kurnalpi	100
M28/0379	Shannon Resources Pty Ltd	Pending	Kurnalpi	100
M28/0380	Shannon Resources Pty Ltd	Pending	Kurnalpi	100
M28/0381	Shannon Resources Pty Ltd	Pending	Kurnalpi	100
M28/0382	Shannon Resources Pty Ltd	Pending	Kurnalpi	100
M28/0383	Shannon Resources Pty Ltd	Pending	Kurnalpi	100
M28/0384	Shannon Resources Pty Ltd	Pending	Kurnalpi	100
M28/0386	Shannon Resources Pty Ltd	Pending	Kurnalpi	100
E27/0517	KalNorth Gold Mines Ltd	Live	Lindsays Find	100
L27/0082	KalNorth Gold Mines Ltd	Live	Lindsays Find	100
L27/0084	KalNorth Gold Mines Ltd	Live	Lindsays Find	100
M27/0034	KalNorth Gold Mines Ltd	Live	Lindsays Find	100
M27/0169	KalNorth Gold Mines Ltd	Live	Lindsays Find	100
M27/0486	KalNorth Gold Mines Ltd	Live	Lindsays Find	100
E27/0524	Heron Resources Ltd	Live	Kalpini	100% Au rights

#### Tenements Relinquished / Disposed during the June 2017 Quarter

Tenement	Holder	Status	Date	Project	Interest %
E28/2015	KalNorth Gold Mines Ltd	Expired	22-May-2017	Kurnalpi	100
L27/0088	KalNorth Gold Mines Ltd	Sold	02-June-2017	Kalpini	100
M27/0485	KalNorth Gold Mines Ltd	Sold	02-June-2017	Kalpini	100

#### Tenements Acquired During the June 2017 Quarter

Nil

None of the mineral interests listed above are the subject of any farm-in / farm-out or joint venture arrangements.