



Quarterly Activities Report: December 2017

KalNorth Gold Mines Limited

Date: 29 January 2018

ASX Code: KGM

Issued Capital

894.24 million Ordinary shares

Current Share Price

\$0.009

Market Capitalisation

\$8.05 million

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**

- Kurnalpi (100%)
- Lindsays (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 December 2017 Quarter.

Highlights

Kurnalpi Project

The Company has commenced a review of the potential for economic mineralisation of nickel and cobalt at Kurnalpi. Following this review, a strategy decision to advance or divest nickel and cobalt rights will be made in next quarter.

Lindsays project

During the Quarter, the Company continued to hold the Lindsays project under care and maintenance and in compliance with environmental regulations, thus allowing for a resumption of mining activities with minimal lead time. The Company continued its strategic review of the project and progressed discussions with several interested parties to redevelop or divest the project.

EXPLORATION REPORT

Kurnalpi Project (100% KGM)

During the Quarter, the Company commenced a review of potential for economic mineralisation of nickel and cobalt potential around the Grey Dam area, located about 8kms northwest of the Kurnalpi townsite and forming part of the Kurnalpi project in the eastern Goldfield region of Western Australia.

The Company is reviewing the Grey Dam Nickel-Cobalt potential and a strategy decision to advance or divest the deposit will be made thereafter.

Lindsays Project (100% KGM)

During the Quarter, the Company continued to hold the Lindsays project under care and maintenance and in compliance with environmental regulations which will allow any future mining activity to resume immediately.

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

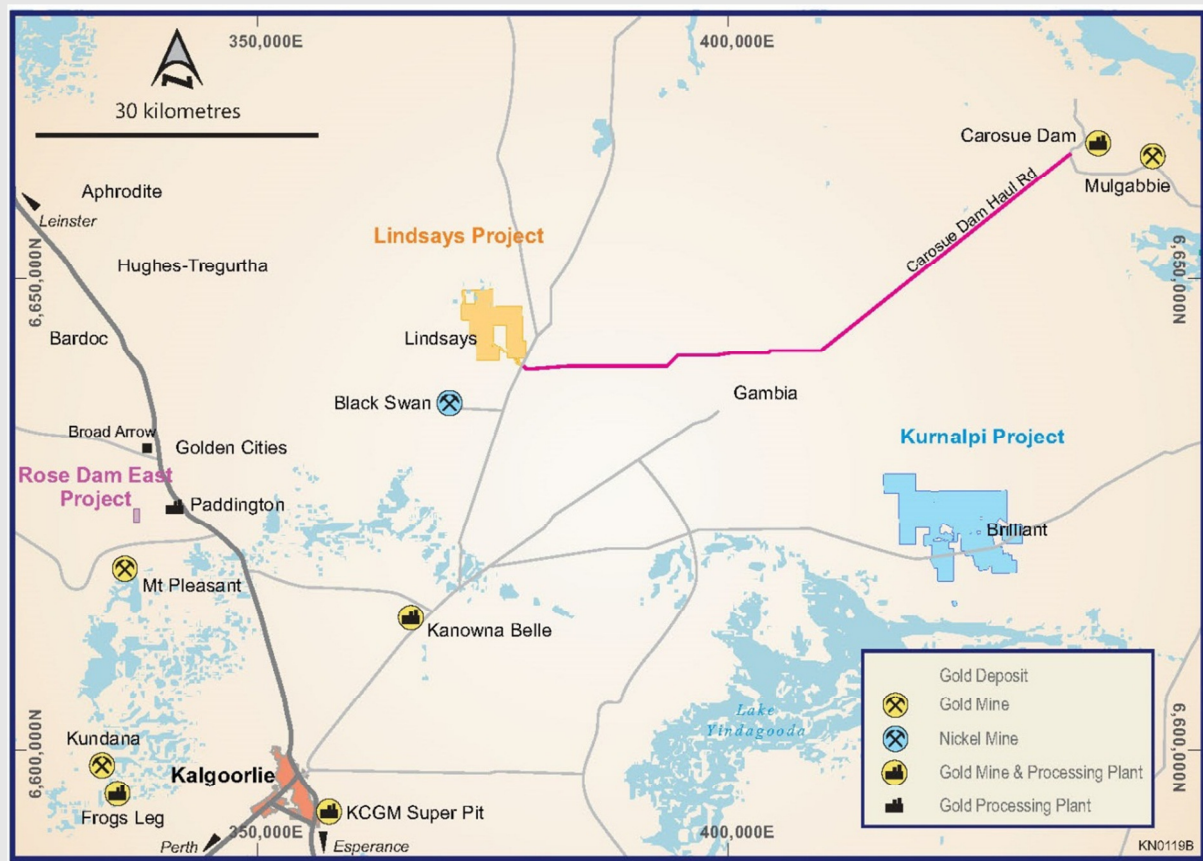
CORPORATE REPORT

Cash Reserves

Total expenditure for the December 2017 quarter amounted to \$96,611 of which \$71,579 was attributable to exploration and evaluation, compared to a total expenditure of \$287,964 in the September 2017 quarter. Cash assets at the end of the Quarter were \$2.8M with outstanding convertible notes of \$1.3 million. The Company is in negotiation with the note holder to extend or repay the notes accordingly.

For further information please contact

Jiajun (Jerry) Hu
Executive Chairman and Company Secretary
Email: info@kalnorthgoldmines.com



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: Kurnalpi and Lindsays (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 December 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
P28/1154	KalNorth Gold Mines Ltd	Live (Conversion)	Kurnalpi	100
P28/1180	KalNorth Gold Mines Ltd	Live (Conversion)	Kurnalpi	100
P28/1191	KalNorth Gold Mines Ltd	Live (Conversion)	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
P28/1226	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
P28/1282	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0377	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0378	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0379	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0380	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0381	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0382	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0383	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0384	Shannon Resources Pty Ltd	Live	Kurnalpi	100
M28/0386	Shannon Resources Pty Ltd	Pending	Kurnalpi	100
M28/0390	KalNorth Gold Mines 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	Binti Binti	100% Au rights

Tenements Relinquished / Disposed during the December 2017 Quarter

Tenement	Holder	Status	Date	Project	Interest %
P28/1254	Shannon Resources Pty Ltd	Live	20/12/2017	Kurnalpi	0
P28/1255	Shannon Resources Pty Ltd	Live	20/12/2017	Kurnalpi	0

Tenements Acquired During the December 2017 Quarter

Nil

Shannon Resources Pty Ltd and Lusitan Prospecting Pty Ltd are wholly owned subsidiaries of the Company.

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