



MARKET RELEASE

19 March 2015

KalNorth Gold Mines Limited

REINSTATEMENT TO OFFICIAL QUOTATION

The suspension of trading in the securities of KalNorth Gold Mines Limited (the "Company") will be lifted immediately following the release of an announcement by the Company regarding its financial condition.

ASX Code: KGM

Jeremy Newman

Adviser, Listings Compliance (Perth)

19 March 2015

Mr. Jeremy Newman

Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park, 152-158 St Georges Terrace
Perth, WA 6000

Dear Jeremy

APPLICATION FOR REINSTATEMENT TO QUOTATION

We refer to KalNorth Gold Mines Limited's ("KGM" or "the Company") voluntary suspension from quotation of the Company's securities effective from 8 October 2014 pursuant to the Company's request letter ("Suspension Request") dated the same date to that effect. The Company now seeks reinstatement of its securities to quotation and notes as follows in relation to the matters referred to in the Suspension Request.

a) Secured and unsecured debt

At the end of November 2014, secured and unsecured debt of approximately \$4.9 million (comprising \$4.2 million principal and the balance in unpaid interest) became due and payable.

On 11 March 2015, as a result of executing Deeds of Settlement and Release with all lenders, the following revised loan arrangements were put in place:

- The maturity date of the principal amounts of the loans (\$3,500,000 secured and \$700,000 unsecured for an aggregate of \$4,200,000) has been extended to 30 April 2016;
- Interest due and payable as at 31 December 2014 of \$667,073 on all loans was settled by the issue of 41,177,334 fully paid ordinary shares at an issue price of \$0.0162 per share; and
- With effect from 1 January 2015, the interest rate applicable to all loans has been reduced to 10% per annum from 15% and 18% in some instances. With effect from 1 January 2015, interest is payable at six-monthly intervals across all loans.

b) Disposal of non-core mineral assets

As announced to the ASX on 7 November and 21 November 2014, the Company has completed the sale of the Mt Jewell tenements for gross proceeds of \$1,800,000. This enabled the Company to settle a liability of \$1,050,000 associated with its original acquisition of those tenements, leaving a net addition of \$750,000 to working capital.

c) Research and Development claim

As a result of qualifying expenditure incurred during the 2013 / 2014 financial year, the Company received a research and development tax offset refund amount of \$533,785 in late January 2015.

The Company notes that all of the above matters have been the subject of separate market announcements and have also been referred to in the Company's Financial Report for the Half Year ended 31 December 2014, which was released earlier this week.



The Board and management continue to actively target the reduction of certain corporate and administration overheads and generally maintain tight cost control discipline.

A return to exploration activity is also a priority and the Board is pleased to advise that limited diamond drilling has commenced at the Lindsays and Kalpini projects and a geophysics program is underway at the Kurnalpi project.

The Company is not aware of any reasons why its securities should not be reinstated to quotation and it confirms that it is in compliance with ASX Listing Rules and, in particular, Listing Rule 3.1.

Yours sincerely

A handwritten signature in dark ink, appearing to read "Lijun Yang", is positioned above the printed name.

Lijun Yang
Executive Director