KALNORTH
GOLD MINES LIMITED

DIAMOND DRILLING AT LINDSAYS INTERSECTS HIGH GRADE GOLD MINERALISATION.

Date: 31 March 2015
ASX Code: KGM
www.kalnorthgoldmines.com
Shares on issue: 315.97m ordinary shares
Share Price: $0.019
Market Capitalization: $ 6.32 M

Projects
Eastern Goldfields-Western Australia

- Kurnalpi (100%)
- Lindsays (100%)
- Kalpini (100%)
- Spargoville (80%)

Directors
Lijun Yang: Executive Director & Company Secretary
Jiajun Hu: Non-executive Director
Yuanguang Yang: Non-executive Director

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KalNorth Gold Mines Limited (ASX:KGM)is pleased to advise that recent diamond drilling at its 100 percent owned Lindsays Project, located 65km to the north east of Kalgoorlie, intersected high grade gold mineralisation.

- The first round of drilling completed at the Lindsays Project since mining operations were placed under suspension in August 2013 has returned high grade gold results of:
- **2.3m @12.4gpt from 70.7m downhol**e
  Including 0.5m @30.8gpt from70.2m downhole
- **0.7m @ 11.3gpt from 61m downhole**
- **0.3m @ 8.08gpt from 74.8m downhole**
- **0.7m @ 5.85gpt from71.1m downhole**
- Intersections made immediately below the Stage 2 open pit which was mined during the period January-August 2013
- Drilling targeted the flat dipping Parrot Feathers lode below the Stage 2 pit to improve understanding of the lode geometry and grade in an area previously evaluated with reverse circulation drilling.
- The infill drilling program confirms the nature and style of mineralisation which has a strike length of approximately 300m
- Updating of the Parrot Feathers lode resource model has commenced incorporating both recent detailed Relogging of historical reverse circulation drill holes and the results of the recent diamond drilling.

Open pit mining production at Lindsays by KalNorth commenced in January 2013 with development of three open pits, the largest being the Stage 2 Pit which hosts the Parrot Feathers lode. Mining ceased in August 5 2013 after the production of 138,229 tonnes of ore grading 1.93gpt which was hauled to and processed at Saracen Mineral Holdings Carosue Dam operation located some 75km to the east.

Previous drilling by KalNorth targeting the Parrot Feathers lode has intersected higher grade mineralisation and the company had initiated plans during 2013 to develop the lode via a tribute style of mining arrangement.

The Parrot Feathers lode had been previously evaluated predominantly via reverse circulation drilling over a strike length of approximately 300m and to a depth of 150m from surface and to a nominal 20m by 20m drill pattern. Wider spaced diamond drilling had tested the lode at depth and demonstrated both the continuity and higher grade nature of the vein.

The recent drilling of three RC precollared diamond drill holes was designed to evaluate and confirm the geometry, grade and style of mineralisation of the Parrot Feathers lode approximately 30m below the base of the stage 2 open pit to give further support to the geological model. The drill holes were drilled on three sections spaced approximately 40m apart to target the central portion of the lode (refer Figures 1&2). The drilling has confirmed the narrow and flat dipping nature of the Parrot Feathers lode and style of mineralisation (Figures 3&4). In addition the diamond drilling has demonstrated the competent nature of the rock units with limited deformation of the host dolerite unit and very good core recoveries.

The Parrot Feathers lode is exposed along the entire length of the completed of the Stage 2 open pit and the recent and historical drilling has shown the lode to have good continuity both along strike and down dip. Underground mining of the lode could be developed from the base of the Stage 2 pit.

The drilling at Lindsays is part of the company's strategy to realize value from its existing resource base through development. The information from the recent drilling will be incorporated into the existing Lindsay resource model and work is in progress to update the resource wireframe and estimate for the Parrot Feathers lode.

KalNorths Executive Director Lijun Yang commented:

"The couple of new holes in Lindsay's is the initial step of exploration activities for past 18 months, the intersects of diamond drilling confirmed the geometry of high grade, flat dipping ore body extending very well below the current pit.

With the ongoing resources model updating and further underground mining designing, scoping feasibility study, Kalnorth is seeking the opportunity to realise the value of Lindsay's project in the near future as the part of a larger strategy to develop the gold resources on the company's 100% owned projects."

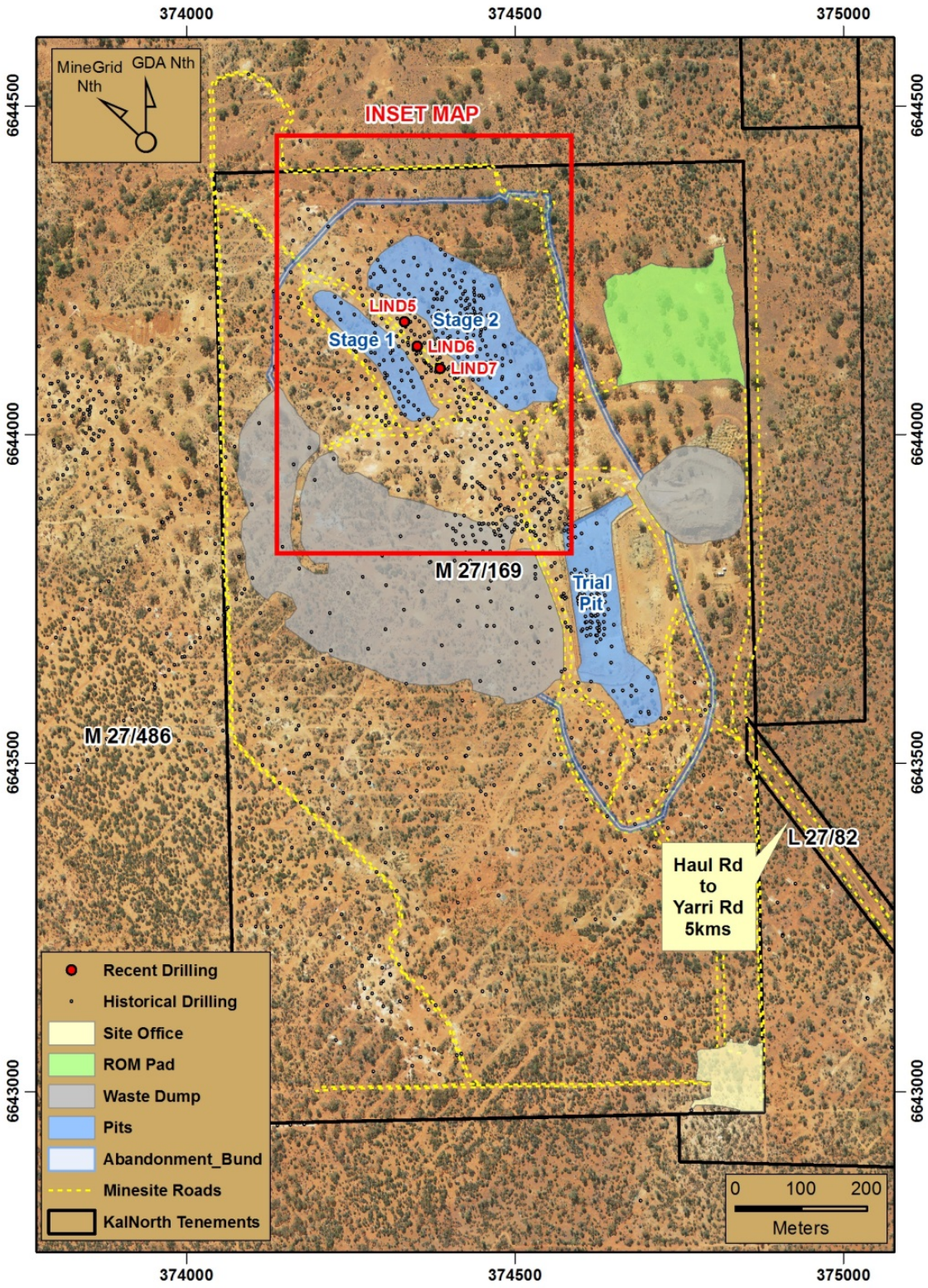


Figure 1-Lindsays Mine Site layout and completed drill hole location

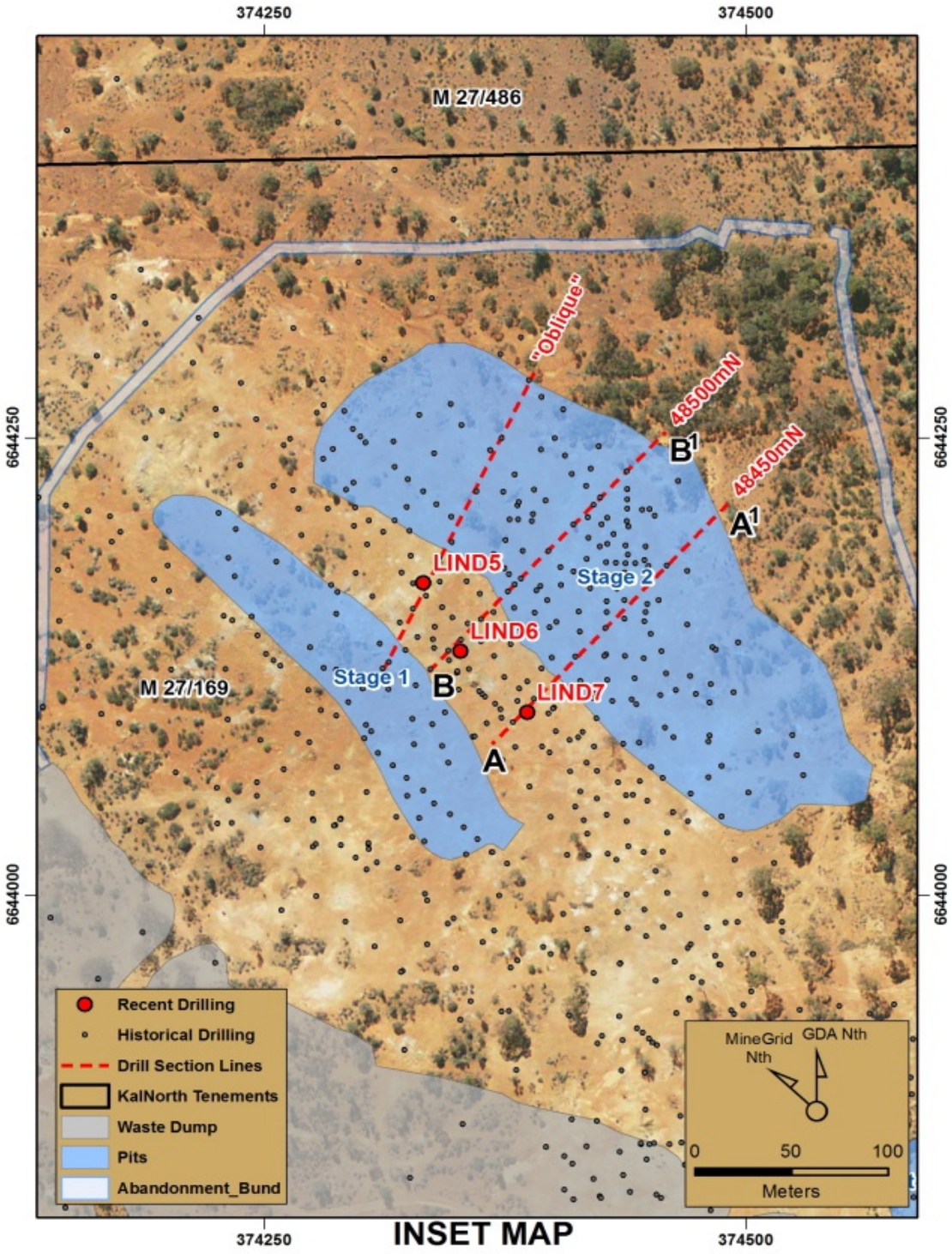


Figure 2-Inset Map highlighting drill hole position and orientation relative to the open pits.

Figure 3 –Photo of Stage 2 pit and drill rig sited on Drill hole LIND 6.

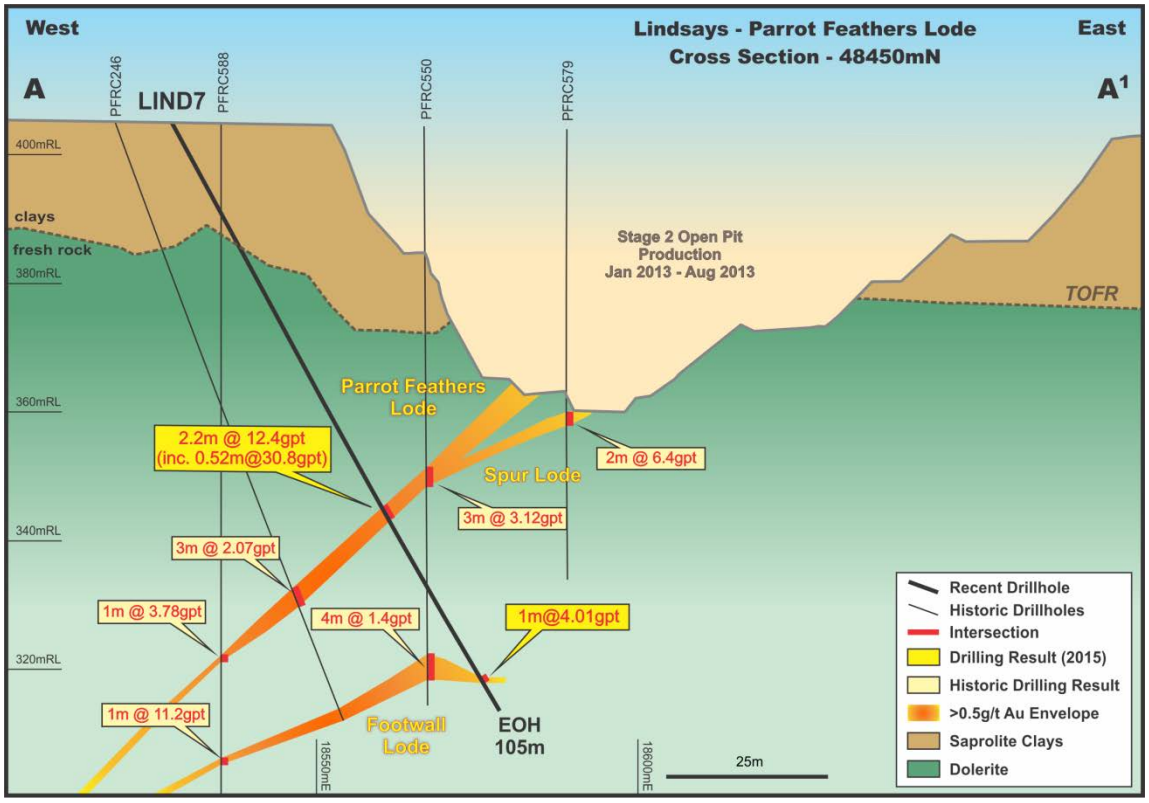


Figure 4-Lindsays –Parrot Feathers Lode drill section depicting hole LIND 7

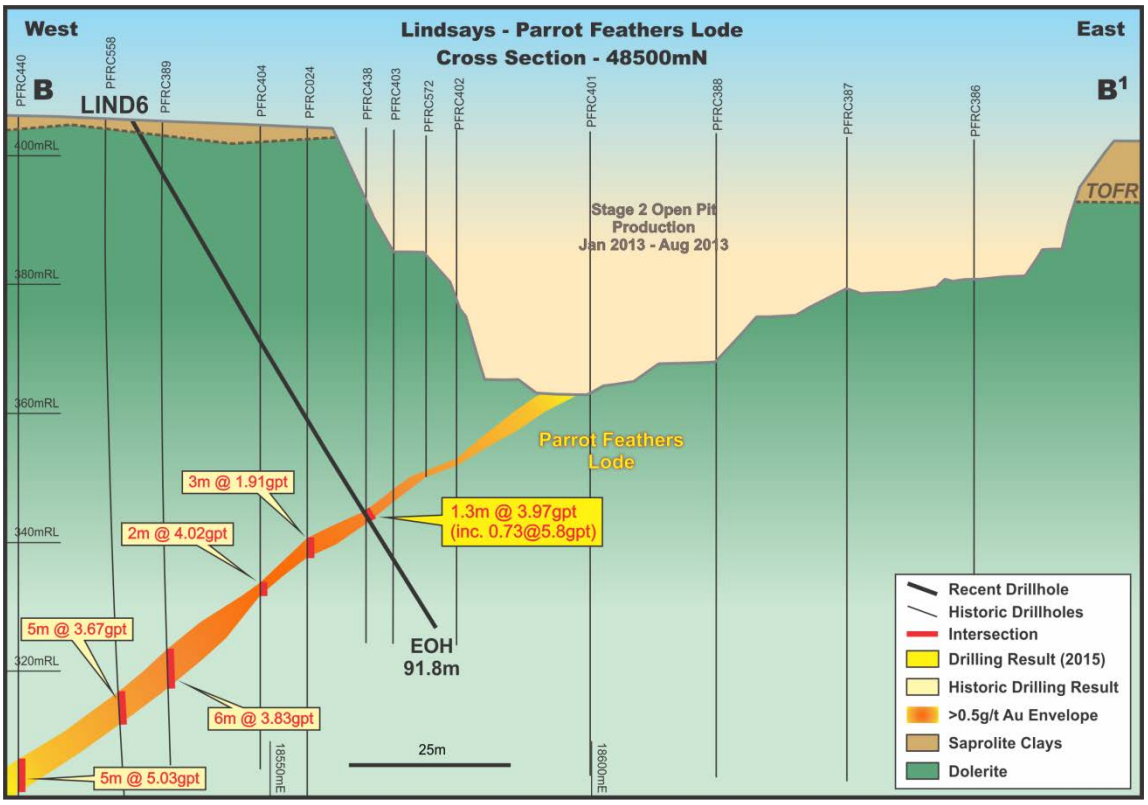
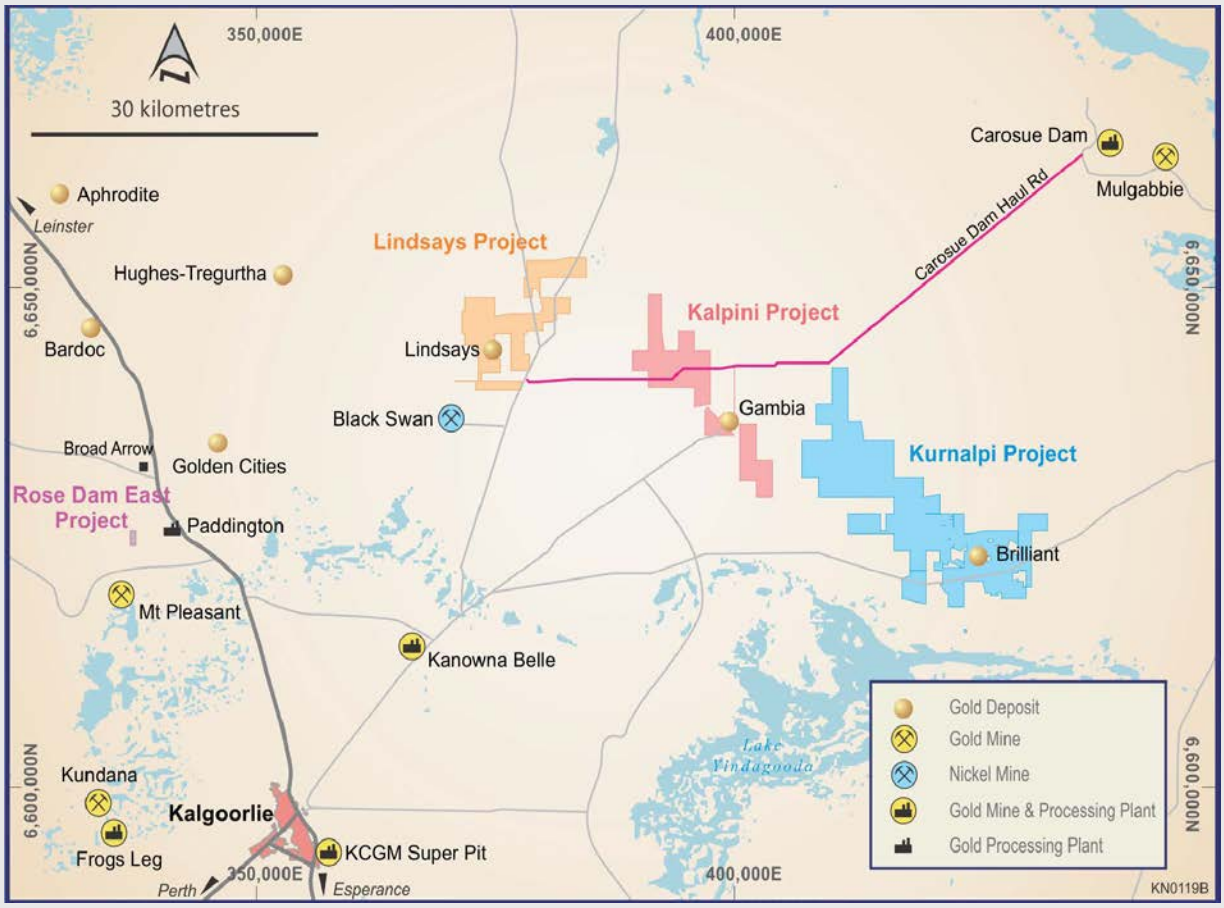


Figure 5-Lindsays –Parrot Feathers Lode drill section depicting hole LIND 6

KALNORTH GOLD FIELD



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 three gold projects each with resources within the KGM holding: Lindsays, Kalpini and Kurnalpi (collectively the KalNorth Field).

KalNorth transitioned to gold producer in January 2013 when it brought the Lindsay's Project into production. KalNorth mined Lindsays for 7 months before ceasing mining in August 2013. KalNorth is currently exploring opportunities to develop Lindsays as an underground mine focussing upon the Parrot Feathers lode beneath the Stage 2 open pit.

Competent Person Statement-Exploration Results and Mineral Resources

Information in this announcement that's relates to exploration results is based on information compiled and reviewed by Mr. Wade Johnson who is the Exploration Manager and full time employee of KalNorth Gold Mines Limited. Mr. Johnson is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity which he is undertaking 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. Johnson consents to the inclusion in the document of the information in the form and context in which it appears.

Table 1 Lindsays –Parrot Feathers Lode Significant Intersections (All gold intercepts >1.00 g/t gold)

Hole	Northing(m) (Mine Grid)	Easting(m) (Mine Grid)	Drill Collar RL (Mine Grid)	Dip (Deg.)	Azimuth (magnetic)	Final Hole Depth (m)	Downhole From (m)	Downhole To (m)	Downhole Intersection (m)	Au (gpt) uncut
LIND005	48539.06	18542.86	405.02	59	25.2	95.9	59.2	61.4	2.2	4.68
						includes	60.3	61.0	0.7	11.3
							68.0	71.0	3.0	3.27
						includes	69.0	70.0	1.0	5.69
							74.8	76.0	1.2	4.68
						includes	74.8	75.1	0.3	8.08
LIND006	48499.58	18528.51	405.41	60	40.7	91.8	70.5	71.8	1.3	3.97
						includes	71.1	71.8	0.7	5.85
LIND007	48541.34	18527.49	405.21	61.3	36	105	68.4	70.7	2.3	12.4
						includes	70.2	70.7	0.5	30.8
							99	100	1.0	4.01

Note: Hole Co-ordinates presented as Mine Grid but acquired in MGA Grid GDA94 Zone 51 and transformed.

JORC CODE, 2012 Edition-Table 1 Report – Lindsays Project –Parrot Feathers Lode-as at 1 April 2015

SECTION 1: SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Three angled (3)Diamond core holes drilled totalling 112m using NQ2 sized rods (refer Table 1). Half core cut and samples collected at varying intervals based on geological logging and sample length varied from a minimum of 0.31m to a maximum of 1m. Due to nature of the mineralisation intervals less than 1m intervals were collected through the interpreted ore zone and standard 1m length intervals sampled in geological intervals adjacent to the ore zone. • Each drill hole location (Easting and Northing) was surveyed by Differential GPS by Cardno Surveys from Kalgoorlie. Detailed recording (logging) of collar, drilling, survey, lithology, and sample information was completed as necessary for each drill hole.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Reverse Circulation (RC) drilling was used to complete precollars for each diamond drill hole by Raglan Drilling Contractors. RC face-sampling hammer bit achieved hole diameter size of 125mm (~5 inch). All samples were dry. Diamond core tails drilled using NQ2 sized bit and rods by Raglan Drilling (Kalgoorlie) using dedicated diamond drill rig.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Core recoveries were measured at the drill site and reconciled by the logging geologist and noted on the geological logging sheets. Overall core recovery was 100%.

Criteria	JORC Code Explanation	Commentary
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Ensured Diamond drill tails commenced in fresh rock to maximise good core recoveries. • No relationship has been identified.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Detailed logging of lithology, structure, mineralisation and recoveries recorded in each hole using Kalnorth logging manual. Logging conducted by qualified geologist with experience in gold systems in the Eastern Goldfields and peer reviewed by the Exploration Manager. • Geological logs are qualitative in nature. Photos of the core are taken for the entire hole. • Every hole was logged for the entire length.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Half core cut and samples collected at varying intervals based on geology from a minimum of 0.31m to a maximum of 1m. • The sample preparation of the diamond drill core follows industry best practice, involving oven drying, crushing and pulverising. Bureau Veritas gold analysis code FA001. • Along with core samples, standards and blanks were inserted (around every 10 samples)and were included in the laboratory analysis. Standards were certified reference material prepared by Geostats Pty Ltd. Blanks were also prepared by Geostats from historical RC drill residues. The company did not submit duplicate samples. Sample pulps and half core have been retained for each hole. Laboratory repeat, standard, blank and check sampling completed as standard procedure.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Samples routinely analysed for gold using the 40gram Fire Assay digest method (code FA001) with an AAS finish at Bureau Veritas's Kalgoorlie Laboratory. • Gold intercepts calculated with primary Au gold values with Au1 repeat values excluded • Quality control process and internal laboratory checks demonstrate acceptable levels of accuracy.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The results have been reviewed in geological context and verified by alternative company personnel and external consultants. • No twin holes were drilled. • Geology and sample data was recorded on hard copy log sheets during logging in the company's Kalgoorlie yard using the KalNorth Gold Mines limited geological logging scheme. Sample data was then loaded into the Company's DATASHED database and validation checks completed to ensure data accuracy. • There has been no adjustment to the assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings*	• Drill collars were surveyed using a Differential GPS by Cardno Surveys to cm accuracy and

Criteria	JORC Code Explanation	Commentary
	and other locations used in Mineral Resource estimation. • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	presented as both MGA and Mine grid co-ordinates. Down-hole surveys were completed at time of drilling using an electronic survey instrument. Upon completion of drilling each hole was open hole surveyed using gyroscopic survey tool by Gyro Australia. • Grid System – MGA94 Zone 51. • Topographic elevation acquired by Cardno Survey as noted above to cm accuracy.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Three diamond holes were drilled on 40m spaced sections. The holes were located on sections that had been previously drilled by predominantly reverse circulation methods since 2002 at a nominal 20m by 20m pattern • No sample composting has been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The trend of the gold mineralised structure has been well determined from exposures in the open pit and from intersection in historical drilling. Each drill hole is orientated approximately perpendicular to the mineralised trend and holes dip at a range of 59-61.3 degree.
Sample security	• *The measures taken to ensure sample security.*	• Samples of the core were prepared, collected and personally delivered to the Laboratory by the exploration manager. Half drill core is retained at the company's Kalgoorlie Yard.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Sampling and analysis procedures are industry standard and all results of this drill program were reviewed by the Exploration Manager and Managing Director. No negative issues were identified during these reviews

Section 2: REPORTING OF EXPLORATION RESULTS – LINDSAYS PROJECT-Parrot Feathers Lode

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The LINDSAYS PROJECT is located approximately 65 km north east of Kalgoorlie, Western Australia and consists of a contiguous package of wholly owned tenements. The work described in this report was undertaken on Mining lease 27/169 held 100% by KalNorth Gold Mines Limited. The tenement encompasses the Lindsays mining operation which remains under suspension. The company signed a mining agreement in December 2012 with the Central East Native title group. • The tenement is current and in good standing.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Modern exploration has been completed at Lindsays by Kal North Gold Mines Limited since 2001 and has estimated a JORC 2004 Compliant resource of 5.1Mt grading 1.9gpt Au • Open pit mining was briefly undertaken by AUR NL during the late 1980's.
Geology	• *Deposit type, geological setting and style of*	• The Lindsays Project is located in the Eastern

Criteria	JORC Code Explanation	Commentary
	mineralisation.	Goldfields Province of Western Australia and is hosted by Archaean age dolerite and basalt. Gold mineralisation at the Parrot Feathers lode is within narrow (0.5m-2m) flat dipping pyrite pyrrhotite quartz vein with a narrow (1-3m) sericite chlorite carbonate alteration envelope in the host dolerite.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• A summary of the diamond drilling referred to in this announcement is presented in Table 1 of the report and within Figures in this announcement. • No Information has been excluded. • There is historical drilling within the area of interest and these are depicted on the sections and drill hole plan (Figures1&2) in the accompanying announcement.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• All report grades have been length weighted. High grades have not been cut. A lower cu off of 1gpt Au has been used to identify significant results.. • Where present, higher grade values are included in the intercepts table and assay values equal to or > 1.0 g/t Au have been stated on a separate line below the intercept assigned with the text 'includes' . • No metal equivalent values or formulas used.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All results are based on down-hole metres. • Structural logging of the orientated drill core has confirmed the nature and geometry of the mineralisation and the geology is depicted in the figures attached to this announcement. • The geometry of the mineralised lode with respect to the drill hole is well constrained • All holes have been planned such that downhole widths are very close to the actual width
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Appropriate summary diagrams (cross sections & plans) are included in the accompanying announcement.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Significant assay results are provided in Table 1 for the three holes. • All target zone intercepts for all three holes have been reported for this drill program.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to):*	• All relevant data has been included within

Criteria	JORC Code Explanation	Commentary
	geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	this report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• The recent drilling will be incorporated into an amended resource model focussing on the Parrot Feathers lode. Further deeper drilling maybe completed upon completion of this model. .