



Date: 08 July 2015 ASX Code: KGM

www.kalnorthgoldmines.com

Shares on issue: 315.97M ordinary shares

Share Price: \$0.008

Market Capitalization: \$ 2.53 M

Projects

Eastern Goldfields-Western Australia

Kurnalpi (100%)

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

Directors

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

Yuanguang Yang: Non-executive Director

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DIAMOND DRILLING AT KALPINI INTERSECTS HIGH GRADE GOLD MINERALISATION

KalNorth Gold Mines Limited (ASX:KGM) is pleased to advise that a five hole diamond drilling program completed in April at its 100 percent owned Kalpini Resource Project, located 60km to the north east of Kalgoorlie, intersected several encouraging narrow high grade gold mineralisation that supports the existing resource model .

- ➤ The first round of drilling completed at the Kalpini Project since July 2012 has returned high grade gold results of:
- 1.4m@15.2gpt from 117.5m downhole Including 1m@21.5gpt from 117.5m downhole
- 0.6m @10.7gpt from 46.5m downhole
- 1.3m @ 4.64gpt from 75.4m downhole
- 0.3m @ 14.3gpt from 112.1m downhole
- 0.6m @ 7.8gpt from 120.7m downhole
- Intersections all located within the previously outlined Gambia-Camelia resource zone and give support to the existing interpretation and model
- Drilling designed and targeted the stacked narrow flat dipping quartz arsenopyrite breccia lodes proximal to existing drilling to improve understanding of the lode geometry and grade in an area previously evaluated with reverse circulation drilling.
- Drilling confirms the nature and style of mineralisation which has a strike length of approximately 900m hosted within a layered gabbro.

Future work planned to update resource model guided by recent drilling and report under JORC 2012.

About Kalpini Gold Project

The company's wholly owned Kalpini project is located some 60kilometres to the north east of Kalgoorlie and 23kilometres east of the Lindsays gold project where the company commenced open pit mining in January 2013, but suspended operations some 7 months later. The Kalpini project is centered on the historical Atlas gold workings which were operating in the early 1900's, but also the smaller nearby Camelia and Gambia prospects. Substantial reverse circulation (RC) and minor diamond drilling by the company at Kalpini during the period 2009-2012 supported the delineation of a mineral resource estimate (JORC 2004 Compliant) of 4.6Mt @1.7g/t Au for 255, 600oz (refer ASX announcement dated 24 October 2012). The resource is covered by a single granted Mining Lease and is linked to Saracen Mineral Holdings (ASX:SAR) Carosue Dam haul and access road 5.5km to the north by a granted miscellaneous licence, which can be used as a future haul road route if required. In March 2013 the company had announced (refer ASX announcement dated 20 March 2013) Kalpini would be its second open pit mining operation focussed on the Gambia Camelia zones, but this development was stopped due to the financial impact on the company by the early suspension of mining at Lindsays.

The company re initiated exploration at Kalpini in April 2015 and completed a five hole programme of infill RC precollared diamond holes along the Gambia-Camelia Trend (Figures 1&2). An aggregate 508m was drilled in five holes, four of which were new holes, the fifth being a re-entry of a hole drilled in 2012 (KPDD009-012, KPRCD371). The programme was specifically designed to provide further geological and structural controls on the flat dipping mineralisation to then support future upgrading of the resource estimate to JORC 2012 compliance. Significant (>1.0g/t Au) are tabled in Table 1 and the assay results received coupled with the structural data interpreted from the drill core confirm the flat dipping high grade nature of the lodes at Gambia and Camelia with the new information providing confidence in the current geological interpretation (Figures 3&4).

The Gambia Camelia trend had been previously evaluated predominantly via reverse circulation (RC) drilling over a strike length of approximately 900m and to a depth of 120m from surface and to a nominal 25m(N-S) by 20m(centers) drill pattern. An additional six diamond drill holes were completed in mid 2011 to along the trend to provide structural information and the style of gold mineralisation.

Gold mineralisation along the Gambia-Camelia trend has been defined over a 900m strike length and confined to multiple stacked narrow (0.5-3m) high grade flat dipping lodes hosted within gabbro. The lodes are characterised by arsenopyrite-sericite-carbonate quartz breccia's that have a limited leucoxene-chlorite-carbonate alteration halo in the host gabbro. Arsenopyrite content is variable but in the high grade lodes can be in the range 1-3%. Importantly, all drilling along the Gambia-Camelia trend has focussed on the flat dipping lodes which are focussed in the central portion of the gabbro, with no drilling targeting the contact with the intermediate volcanoclastic rocks. Both the hanging and footwall contacts of the gabbro may provide the locus for shear hosted gold mineralisation, the flat narrow high grade lodes being perhaps brittle link lodes.

The recent drilling campaign at Kalpini 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 Kalpini resource model to support reporting to JORC 2012 compliance. Resource modelling and targeting for additional styles of gold mineralisation will be commenced in the September 2015 quarter.

KalNorths Executive Director Lijun Yang commented "the high grade intersection from the Kalpini drilling confirms the modelled high grade, flat dipping mineralization along the Gambia Camellia trend. The completion of the planned updating of the resource model to JORC 2012 will form the basis for considering development strategies for the Kalpini project.

Lijun Yang
Executive Director
KalNorth Gold Mines Limited

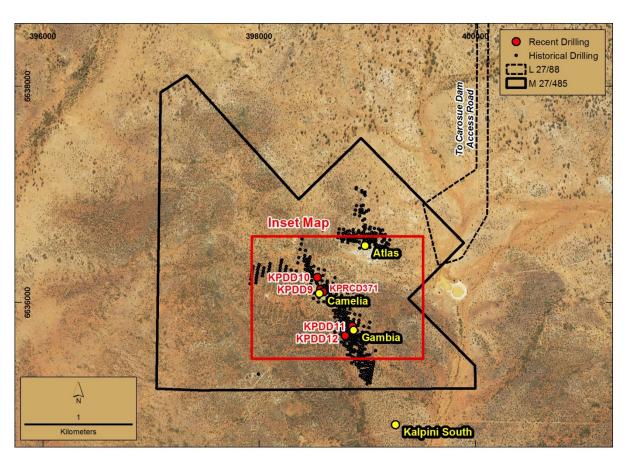


Figure 1-Kalpini lease plan and completed drill hole location

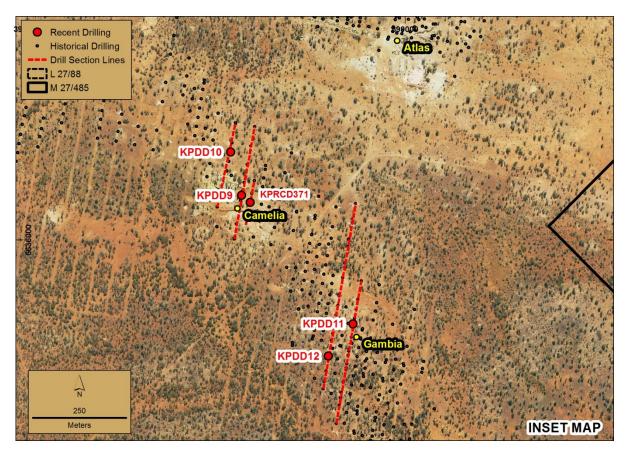


Figure 2- Inset Map Kalpini-Gambia Camelia trend depicting recent drill hole location

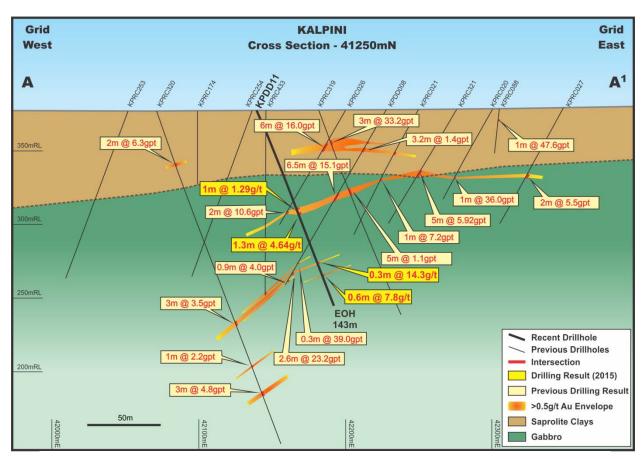


Figure 3- Gambia Drill section 41250mN and hole KPDD011

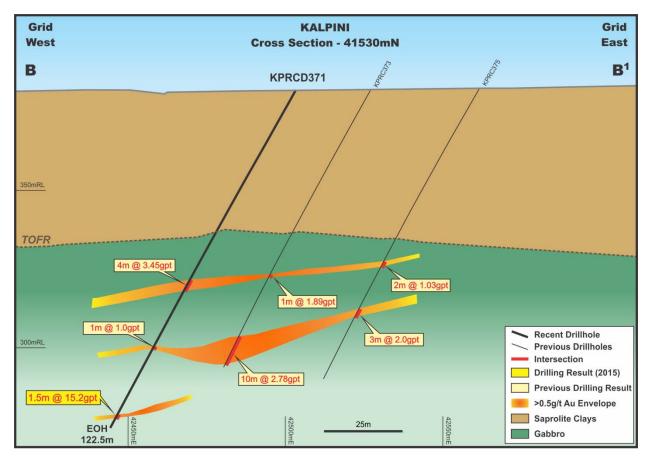


Figure 4-Kalpini-Camelia drill section 41530mN and hole KPRCD371

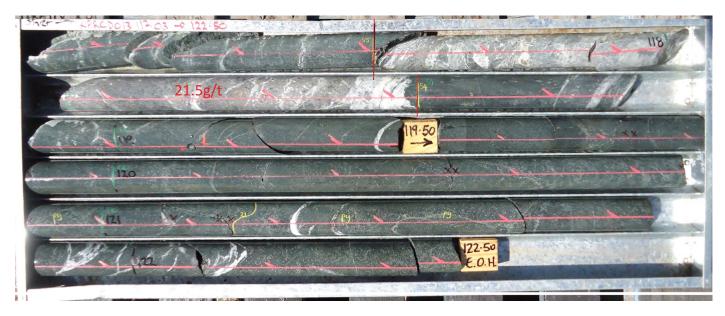
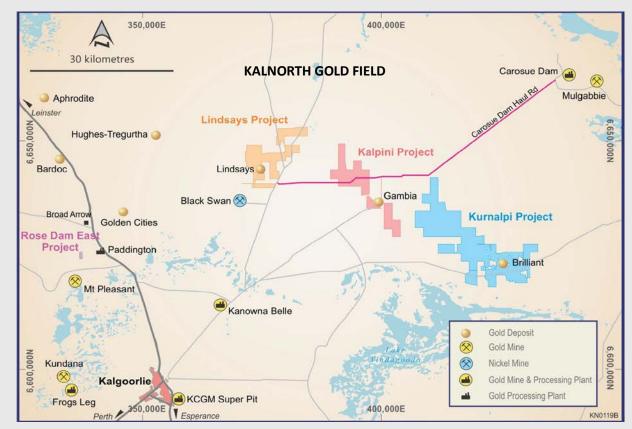


Figure 5-Drill Core KPRCD371 (drilled as KPDD13) 112.03m to 122.5m EOH, showing high grade mineralised interval



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. The core tenement package is divided into three projects, Lindsays, Kalpini and Kurnalpi (collectively the KalNorth Field) with each project containing an gold resource, that are proximal to nearby operating gold processing plants. The Spargoville project, located approximately 55km's to the south of Coolgardie.

KalNorth transitioned to gold producer in January 2013 when it brought the Lindsays Project into production via an open pit and toll treatment at the Carosue Dam mill. KalNorth mined Lindsays for 7 months before ceasing mining in August 2013. The company is currently considering opportunities to develop Lindsays as an underground mine focusing upon the Parrot Feathers lode beneath the Stage 2 open pit, but also focusing exploration efforts at the Kurnalpi Project.

NOTES:

Competent Person Statement-Exploration Results

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.

Competent Person's Statement for Mineral Resource Estimates Included in this Report that were previously reported pursuant to JORC 2004:
The Mineral Resource estimate for Kalpini was prepared in accordance with the "Australasian Code for Reporting Exploration Results, Mineral Resources and ore Reserves", 2004 Edition (JORC 2004). Kalnorth is not aware or any new information or data that materially affects the information included in the relevant market announcement. In the case of estimates of mineral resources the company confirms that all material assumptions and technical parameters underpinning the estimate in this market announcement continue to apply and have not materially changed.

The information in this report that relates to the Mineral Resource Estimate at Kalpini is based on information compiled by Mr Paul Boamah who is a member of the Australian Institute of Mining and Metallurgy and The Australian Institute of Geoscientists (AIG). Paul Boamah has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of exploration Results, Mineral Resources and Ore Reserves". This person consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Table 1 Kalpini Project- 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
KPDD009	41550.71	42517.40	381.84	72	190	123	64.10	64.55	0.45	2.33
							93.40	94.56	1.16	1.52
KPDD010	41566.39	42624.52	383.08	62	190	133	80.0	81.1	1.10	2.13
KPDD011	41251.08	42139.34	377.56	67	010	143	72.0	73.0	1.0	1.29
							75.43	76.73	1.30	4.64
							112.1	112.4	0.30	14.3
							120.7	121.3	0.60	7.8
KPDD012	41202.04	42234.62	377.48	62	190	81	46.53	47.17	0.64	10.7
KPRCD371	41525.62	42503.34	381.00	60	190	122.5	117.55	119.0	1.45	15.2
						including	117.55	118.54	0.99	21.5

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

Hole KPRCD371 was drilled in May 2012 to 94.6m. The hole was re-entered and drilled to 122.5m with NQ2 size diamond

JORC CODE, 2012 Edition-Table 1 Report – Kalpini Project -as at 30 June 2015 SECTION 1: SAMPLING TECHNIQUES AND DATA Criteria IORC Code Explanation

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. 	Five angled RC precollared diamond holes drilled totalling 508m. Diamond core holes drilled using NQ2 sized rods. 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. 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. 	 Core recoveries were measured at the drill site and also reconciled by the logging geologist at time of logging, then noted on the geological logging sheets. Overall core recovery ~100%. Ensured all Diamond tails commenced in fresh rock to maximise 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 by qualified geologist with Archaean experience using KalNorth Gold Mines Ltd logging manual. Logging was peer reviewed by 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 	 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. Samples analysed at Bureau Veritas laboratory in Kalgoorlie using gold analysis code FA001 and a suite of multielements using ICP-MS.

Criteria	JORC Code Explanation	Commentary
	 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. 	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. 	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 Ltd logging manual. 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 and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	Drill collars were surveyed using a Differential GPS by Cardno Surveys to cm
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. 	 Five RC precollared holes were drilled on selected 25m spaced sections. The holes were located on sections that had been previously drilled by predominantly reverse circulation methods since 2002 at a nominal 25m by 20m pattern No sample composting has been applied.
Orientation of data in relation to	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which	The trend of the gold mineralised structure has been well determined from exposures

Criteria	JORC Code Explanation	Commentary
geological structure	 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. 	in the historical (1980's) open pit and from intersections in previous drilling. Each drill hole is orientated approximately perpendicular to the mineralised trend and holes dip at a range of 60-72 degrees
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 KALPINI PROJECT is located approximately 70 km north east of Kalgoorlie, Western Australia and is part of a package of three contiguous wholly owned tenements. The work described in this report was undertaken on Mining Lease 27/485 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 Kalpini by KalNorth Gold Mines Limited since 2010 and has estimated a JORC 2004 Compliant resource of 4.6Mt grading 1.7gpt Au. Kurnalpi Gold NL undertook exploration at Kurnalpi during the mid-1990. Kalpini is the site of the historical Atlas Shaft and associated a foundation which was mined during the turn of the century. 			
Geology	Deposit type, geological setting and style of mineralisation.	The Kalpini Project is located in the Eastern Goldfields Province of Western Australia and is hosted by Archaean age dolerite and gabbro. Gold mineralisation at the Gambia and Camelia lodes is characterised by narrow (0.5m-2m) flat dipping brecciated arsenopyrite-sericite-carbonate quartz lodes within a narrow (1-2m) leucoxene-chlorite carbonate alteration envelope in the host dolerite/gabbro.			
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 	 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 significant previous RC (2010-2013) 			

Criteria	JORC Code Explanation	Commentary
	 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. 	drilling within the area of interest and these are depicted on the sections and drill hole plan 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 section Figures 3&4 and plan Figures 1&2) 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 five holes. All target zone intercepts for all five 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): 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.	All relevant data has been included within 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 and utilised to constrain an amended resource model focussing on the Gambia and Camelia zones. Additional shallow diamond drilling maybe completed upon completion of this model.