

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

KalNorth Gold Mines Limited

ABN

55 100 405 954

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	26
1.2	Payments for (a) exploration & evaluation	(340)	(781)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(131)	(791)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	7
1.5	Interest and other costs of finance paid	(13)	(13)
1.6	Income taxes paid	-	-
1.7	Other – return of office security bond	-	27
1.7	Other – R&D tax rebate	-	534
Net Operating Cash Flows		(482)	(990)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	(1,050)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	1,800
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – GST collected/(remitted) on sale of prospect	-	-
Net investing cash flows		-	750
1.13	Total operating and investing cash flows (carried forward)	(482)	(240)

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	(482)	(240)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings – convertible loan	-	350
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	350
	Net increase (decrease) in cash held	(482)	110
1.20	Cash at beginning of quarter/year to date	721	129
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	239	239

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	41
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' salaries and fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities ¹	4,550	4,550
3.2 Credit standby arrangements	-	-

¹The loan facilities consist of the following:

- Principal amounts of the loans (\$3,500,000 secured and \$700,000 unsecured for an aggregate of \$4,200,000) have a maturity date of 30 April 2016 and an interest rate of 10% per annum, with interest payment required every six months.
- \$350,000 convertible note which matures on 5 March 2016 and on which interest is payable on a quarterly basis at 8% per annum.
- As at the date of the report, the Company is in negotiation with all lenders and convertible note holders with respect to renegotiation of the loan / note facilities and the interest accrued and payable as at 30 June 2015 of approximately \$217,000.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation**	100
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total**	200

** The Company is presently finalising plans for a non-renounceable rights offer. Subject to the results of the rights offer, additional exploration activities may be undertaken in the quarter. The estimated cash outflows table above does not include the \$217,000 interest that is due and payable at 30 June 2015 (refer Section 3 above).

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	239	520
5.2 Deposits at call	-	201
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	239	721

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
	P24/4317 P15/5537	Tenements surrendered during the quarter	100% 100%	Nil
6.2	Interests in mining tenements and petroleum tenements acquired or increased			
	P15/5264 P15/4801 P15/4802 P15/5537 E15/1174 P15/5216 M15/1806 P15/5236 P15/5545 P15/5546 P15/5547 P15/5548 P15/5392 P15/5409 P15/5766 P15/5772	Tenements interest handed back after termination of Joint Venture with Mithril Resources Limited	80%	100%

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions	-	-	-	-
7.3	*Ordinary securities	315,966,034	315,966,034		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs				
7.5	*Convertible debt securities Convertible notes with a face value of \$350,000, redeemable on 5 March 2016, 8% per annum coupon (refer note below)	23,333,333	-	1.5 cents	1.5 cents
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options (description and conversion factor)				
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter				
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

Convertible notes – under the terms upon which the convertible notes were issued, if the Company were to issue ordinary shares during the term of the notes (i.e. up to 5 March 2016) at an issue price less than 1.5 cents per share, then the conversion ratio for the note would be required to be revised on a pro-rata basis.

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here: Date: 29 July 2015
Print name: Lijun Yang
(Director and Company secretary)

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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