

**KALNORTH GOLD MINES LIMITED**  
**ACN 100 405 954**

**PROSPECTUS**

**For the non-renounceable rights issue of approximately 157,983,017 new Shares at \$0.01 per Share, on the basis of 1 new Share for every 2 Shares held by Shareholders as at the Record Date, to raise up to approximately \$1,579,830 under the Prospectus.**

**Offer closes at 5.00 pm WST on 20 August 2015**

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This document is important and should be read in its entirety, together with the Entitlement and Acceptance Form attached to this Prospectus. If, after reading this Prospectus, you have any questions about the Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser.

**The Shares offered under this Prospectus should be considered highly speculative.**

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## **IMPORTANT NOTICE**

This Prospectus is dated 29 July 2015 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the Shares the subject of this Prospectus.

The Company is an ASX listed company whose Shares are granted official quotation by ASX.

In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult.

No person is authorised to give any information or to make any representations in connection with this Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Company or its Directors.

This Prospectus is a “transaction-specific” prospectus issued under section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. The Prospectus is therefore intended to be read in conjunction with the publicly available information in relation to the Company, which has been notified to the ASX; it does not include all information that would be included in a prospectus for an initial offering of securities in a company that is not already listed on the ASX. Accordingly, prospective investors should also have regard to other publicly available information in relation to the Company before deciding whether to apply for securities under this Prospectus.

This Prospectus has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any country other than Australia. The Shares the subject of this Prospectus have not been, nor will they be, approved by or registered with any regulatory authority of any other country. Refer to Section 2.8 for treatment of overseas shareholders.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of the Prospectus or it accompanies the complete and unaltered version of this Prospectus. During the Offer any person may obtain a copy of this Prospectus free of charge by contacting the Company.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. An investment in the securities the subject of this Prospectus should be considered highly speculative.

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

## **RISK FACTORS**

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

## **FORWARD-LOOKING STATEMENTS**

This Prospectus contains forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and its management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4 of this Prospectus.

## **ELECTRONIC PROSPECTUS**

A copy of this Prospectus can be downloaded from the website of the Company at [www.KalNorthgoldmines.com](http://www.KalNorthgoldmines.com), or the ASX website. Any person accessing the electronic version of this Prospectus for the purposes of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

## **CORPORATE DIRECTORY**

### **BOARD OF DIRECTORS**

Mr Jiajun Hu – Non-Executive Chairman  
Mr Lijun Yang – Executive Director  
Mr Yuanguang Yang – Non-Executive Director

### **COMPANY SECRETARY**

Mr Lijun Yang

### **REGISTERED AND BUSINESS OFFICE**

224 Dugan Street  
KALGOORLIE WA 6430  
Telephone: +61 8 9021 8327

### **SHARE REGISTRY \***

Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands WA 6009  
Telephone: +61 8 9389 8033

### **SOLICITORS**

Steinepreis Paganin  
16 Milligan St  
Perth WA 6000

\* This entity is included for information purposes only. It has not been involved in the preparation of any part of this Prospectus and has not consented to being named in this Prospectus.

## 1. TIMETABLE AND IMPORTANT DATES

The following key dates are indicative only and may be subject to change without notice.

Prospectus lodged with ASIC	29 July 2015
Shares trade "ex" the entitlements issue on ASX	4 August 2015
<b>Record Date</b>	6 August 2015
Despatch of Prospectus and Opening Date	11 August 2015
<b>Closing Date</b>	5.00pm WST on 20 August 2015
Shares quoted on a deferred settlement basis	21 August 2015
Allotment of Shares and despatch of holding statements	27 August 2015
Normal trading of Shares commences	28 August 2015

The Company reserves the right to vary the Opening Date and the Closing Date, subject to compliance with the ASX Listing Rules. This may impact on subsequent dates.

## 2. DETAILS OF THE OFFER

### 2.1 The Offer

The Company is making a pro-rata non-renounceable issue of Shares to Shareholders who are registered as at 5.00pm WST on 6 August 2015 ("**Record Date**").

The Offer is made on the basis that for every two (2) Shares held as at the Record Date, Shareholders as Eligible Participants will have the right to subscribe for one (1) new Share at an issue price of \$0.01 each. Fractional entitlements will be rounded up to the nearest whole Share.

Based on the capital structure of the Company anticipated at the Record Date, approximately 157,983,017 Shares will be offered pursuant to this Offer to raise approximately \$1,579,830 (before the costs of the Offer).

This Offer is made on a non-renounceable basis which means that Eligible Participants may not sell or transfer all or part of the Entitlement. If an Entitlement is not taken up under the Offer by the Closing Date, the Entitlement will lapse.

The Entitlement of each Eligible Participant is shown on the Entitlement and Acceptance Form accompanying this Prospectus. The details of how to accept the Entitlement are set out below.

### 2.2 Minimum Subscription

The minimum subscription to the Issue is \$250,000. If the minimum subscription is not reached by the Closing Date, the Directors will not allot any Shares and the Company will within 7 days thereafter repay all application monies received, without interest.

### 2.3 Action required

If you wish to take up all or part of your Entitlement, you can complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the form and lodge the form together with your cheque for the appropriate amount so that it reaches the Company's share registry.

By post:	By delivery:
KalNorth Gold Mines Limited c/- Advanced Share Registry Limited PO BOX 1156 Nedlands, Western Australia 6909	KalNorth Gold Mines Limited c/- Advanced Share Registry Limited 110 Stirling Highway Nedlands, Western Australia 6009

Completed Entitlement and Acceptance Forms and cheques **must reach** the Company's share registry by **no later than 5.00pm WST on 20 August 2015**.

Cheques should be made payable to "KalNorth Gold Mines Limited" and crossed "Not Negotiable".

**Alternatively, you can elect to pay by BPAY in accordance with the instructions on the Entitlement and Acceptance Form. It is your responsibility to ensure the payment is received by the Company by no later than 5.00pm AEST (3.00pm WST) on Thursday, 20 August 2015. You should be aware that your own financial institution may implement earlier cut off times with regards to electronic payments and you should take this into consideration when making payment.**

The Company accepts no responsibility for incorrectly completed BPAY payments. If paying by BPAY there is no need to forward the completed Entitlement and Acceptance Form to the Company's share registry.

If the amount of your cheque(s) for application money (or the amount for which those cheque(s) clear in time for allocation) is insufficient to pay for the number of Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of Shares as your cleared

application money will pay for (and to have specified that number of Shares in your Entitlement and Acceptance Form) or your application may be rejected.

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. Refer to Section 6.6 for further details.

***If you decide not to accept your Entitlement, you do not need to take any action.***

## **2.4 Placement Offer of Shortfall**

The Directors reserve the right at their discretion to place any Shortfall remaining after the satisfaction of applications for Shares by Eligible Participants ("**Placement Offer**").

The Placement Offer is a separate offer made pursuant to the Prospectus, on the same terms and conditions as the Offer, and will remain open for up to three months from the Closing Date. The issue price for each Share to be issued under the Placement Offer shall be \$0.01 being the price at which Shares have been offered under the Offer.

No issue will be made under the Placement Offer if this would result in a person acquiring a relevant interest in more than 20% of the voting Shares immediately following that issue.

Applications for Shares under the Placement Offer must be made using the Shortfall Application Form which can be obtained on request from the Company and payment for the Shares must be made in full at the issue price of \$0.01 per Share.

Completed Shortfall Application Forms and accompanying cheques, made payable to "KalNorth Gold Mines Limited" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Shortfall Application Form by no later than the closing date of the Placement Offer (being no more than three months following the Closing Date or such period as varied by ASX and the ASIC). The Company shall not be responsible for any delivery delays in the receipt of your cheque and completed Shortfall Application Form.

## **2.5 Effect of the Offer on the Control of the Company**

### **(a) General**

The maximum number of Shares which will be issued pursuant to the Offer is 157,983,017. This equates to 33.33% of all the issued Shares in the Company following completion of the Offer (on an undiluted basis).

The potential effect the Offer will have on the control of the Company's undiluted share capital will depend on the extent to which Eligible Participants take up their Entitlements under the Offer.

If all Eligible Participants take up their Entitlements in full, the Offer will have no material effect on the control of the Company, as no person as a result of subscribing for their Entitlement under the Offer will increase their voting power in the Company:

- I. from 20% or below to more than 20% of issued capital of the Company; or
- II. from a starting point that is above 20% and below 90% of issued capital of the Company.

Shareholders should be aware that if they do not participate in the Offer and the Offer is otherwise fully subscribed, their holdings will be diluted by up to 33.33% (as compared to their holdings and number of Shares on issue as at the Record Date).

### **(b) Substantial Shareholders and control of the Company**

As at the date of this Prospectus, there are a small number of substantial Shareholders in the Company. One of them, Cross-Strait Common Development Fund Ltd ("CS") has a relevant interest in 67,003,445 (21.21%) of the Company's total issued Shares and is, therefore, a substantial Shareholder of the Company. Subject to actual acceptances under the Offer by Eligible Participants, including CS, it is possible that CS's



relevant interest could increase to as much as 28.76% from its present relevant interest of 21.21% upon completion of the Offer. Such an increase would be in accordance with the Corporations Act.

CS has informed the Company that, in the event it does acquire voting power of up to 28.76%, on the facts and circumstances presently known to it, it is supportive of the Company's current strategy and direction, and accordingly does not currently intend to make any major changes to the direction and objectives of the Company, other than as disclosed in this Prospectus. The Board will continue to make decisions for the Company independently from CS.

In this regard, CS does not currently intend:

- (a) to make any changes to the existing business of the Company;
- (b) to inject further capital into the Company other than reserving its right to subscribe in part or full to its Entitlement under the Offer;
- (c) to become involved in decisions regarding the future employment of the Company's present employees and contemplates that they will continue in the ordinary course of business;
- (d) for any property to be transferred between the Company and it or any person associated with it;
- (e) to redeploy the fixed assets of the Company; and
- (f) to change the Company's existing financial or dividend policies.

## **2.6 Allotment**

The Shares will be allotted and issued as soon as practicable after the Closing Date.

Statements of holding for the Shares will be mailed to applicants as soon as practicable after the Closing Date.

Prior to allotment of the Shares, all application moneys will be held in trust for applicants. The Company will retain any interest earned on the application moneys.

No Shares will be allotted and issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

## **2.7 Official Quotation by ASX**

Application to ASX for admission of the Shares to Official Quotation will be made by the Company within 7 days of the date of this Prospectus.

If the application referred to above is not made within the 7 days, or the Shares are not admitted to Official Quotation on ASX within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be issued. In that circumstance, all applications will be dealt with in accordance with section 724 of the Corporations Act.

The fact that ASX may grant Official Quotation to the Shares that may be issued pursuant to this Prospectus is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription.

The Directors note that the Company's Shares are presently subject to voluntary suspension of Official Quotation on ASX. The Directors have taken this course of action whilst they address the Company's debt and working capital position. The Directors believe that on completion of raising the minimum subscription which will allow the payment of outstanding interest the suspension of the Shares on the ASX will cease. If ASX does not agree to the reinstatement of the Company's securities to quotation the Directors will not issue the Shares the subject of this Offer and may seek to extend the Closing Date until reinstatement to quotation can be confirmed with ASX. This may result in delays to the timetable noted in Section 1.

## **2.8 Overseas Shareholders**

This Prospectus has been prepared to comply with the requirements of securities laws in Australia, New Zealand and Hong Kong.

No action has been taken to register or qualify this Prospectus, the Shares or the Issue or otherwise to permit an offering of the Shares in any jurisdiction outside Australia, New Zealand or Hong Kong.

By applying for Shares, including by submitting the Entitlement and Acceptance Form or making a payment by BPAY® you represent and warrant that there has been no breach of such laws.

The distribution of this Prospectus outside of Australia, New Zealand and Hong Kong may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. The Company disclaims all liabilities to such persons. Eligible Participants who are not resident in Australia, New Zealand or Hong Kong are responsible for ensuring that taking up Shares under the Offer does not breach the securities laws in the relevant overseas jurisdictions. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the applicant to the Company that there has been no breach of such laws and that all relevant approvals have been obtained.

#### *New Zealand*

The Offer contained in this Prospectus to Eligible Participants with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

#### *Hong Kong*

The Offer is being made in Hong Kong and is exempt from the prospectus registration requirement under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and restrictions under the Securities and Futures Ordinance.

**WARNING:** The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## **2.9 Risk Factors**

Investors should carefully read the risk factors outlined in Section 4. An investment of this kind involves a number of risks, some of which are specific to the Company and the industry in which it operates.

## **2.10 Rights Attaching to Shares**

A summary of the rights attaching to Shares is set out in Section 5.

## **2.11 Taxation Implications**

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Issue or Shareholders applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Issue. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Issue.

## **2.12 Notice to nominees and custodians**

Nominees and custodians that hold existing Shares should note that the Offer is available only to Eligible Participants. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

## **2.13 Summary**

This section is not intended to provide full details and information on the Offer. Shareholders must read this Prospectus in full in order to make a fully informed investment decision.

## **2.14 Enquiries**

Any questions concerning the Offer should be directed to the Company's share registry, whose contact details are provided on page 4.

### 3. PURPOSE AND EFFECT OF THE OFFER

#### 3.1 Purpose of Offer and use of funds

The purpose of the Offer is to raise funds of up to approximately \$1,579,830 (before expenses of the Offer). The Directors intend to apply the proceeds from the Offer in accordance with the table set out below.

<b>Use of Funds</b>	<b>Offer subscribed for minimum subscription amount only \$'000</b>	<b>Offer fully subscribed \$'000</b>
Interest on loans and convertible notes	217	217
Exploration and evaluation expenditure including tenement rents, rates, salaries, wages and exploration activity comprising some or all of surveying, mapping, geochemical, geophysics and drilling	-	800
Administrative and corporate overhead expenditure	-	540
General working capital	15	-
Costs of the Offer	18	23
<b>Total:</b>	<b>250</b>	<b>1,580</b>

The information set out in this Section is indicative only and is a statement of present intention as at the date of this Prospectus. The exact quantum of funds expended by the Company on any particular item may change depending on the Company's circumstances and priorities. The Board reserves the right to alter the way funds are applied on this basis. The Offer is subject to a minimum subscription condition (refer Section 2.2) of \$250,000. Whilst the Directors are attempting to renegotiate the term of loans (presently due and payable by 30 April 2016) and make alternative arrangements with respect to payment of loan interest presently due and payable of \$217,000 (being the loan interest accrued up to 30 June 2015), there can be no assurance that they will have any success in this regard. In that case, the proceeds from the Offer will be used firstly to settle the interest due and payable of \$217,000.

If the proceeds of the Offer are greater than the minimum subscription of \$250,000 but less than the \$1.58 million under a fully subscribed Offer, the funds will in general be expended on a pro-rata basis across the categories noted above, except that the interest and costs of the Offer will need to be settled in full. The Directors will also prioritise expenditure on exploration activities in order to ensure that tenement tenure is not adversely affected.

#### 3.2 Effect on Capital Structure

A table of changes in the capital structure of the Company as a consequence of the Offer is set out below.

	<b>Offer subscribed to minimum subscription amount only</b>	<b>Offer fully subscribed</b>
<b>Shares on issue as at the date of this Prospectus</b>	<b>315,966,034</b>	<b>315,966,034</b>
Shares to be issued pursuant to Prospectus Offer	25,000,000	157,983,017
<b>Total Shares post completion of the Offer</b>	<b>340,966,034</b>	<b>473,949,051</b>

The Company also has on issue 23,333,333 convertible notes with a face value of \$350,000, redeemable on 5 March 2016. Each convertible note gives the right to convert to one Share. Given the market price of Shares at the date of this Prospectus, the Directors do not anticipate the conversion of any or all convertible notes to Shares prior to the Record Date. Under the terms upon which the convertible notes were issued, if the Company were to issue 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. Consequently, upon completion of the Issue, the convertible notes will have the right to convert to up to 35,000,000 Shares.

### **3.3 Effect on cash reserves**

The principal effect of the Offer will be to increase cash reserves (before payment of expenses of the Offer) by approximately:

- (a) \$250,000 if the Offer is partially subscribed for the minimum subscription amount; and
- (b) \$1,579,830, if the Offer is fully subscribed.

### **3.4 Pro-forma Balance Sheet**

The pro-forma Balance Sheet below has been prepared to provide investors with information on the pro-forma assets and liabilities of the Company as noted below. The pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The significant accounting policies upon which the Balance Sheet and pro-forma Balance Sheet are based are contained in the audited financial report for the twelve months ended 30 June 2014.

The unaudited pro-forma Balance Sheet has been prepared by adjusting the unaudited Balance Sheet as at 30 June 2015 (as presented in internal management accounts to the Board) to reflect the financial effect of the following transactions as if they had occurred at 30 June 2015:

#### ***Assuming the Offer is partially subscribed to the minimum subscription amount of \$250,000***

- (a) The issue of 25,000,000 Shares at an issue price of \$0.01 per Share issued in accordance with this Prospectus raising \$ 250,000.
- (b) Cash costs of \$18,357 associated with the Shares issued under this Prospectus representing costs of the Offer.
- (c) Net cash proceeds of the issue therefore being \$231,643.

#### ***Assuming the Offer is fully subscribed***

- (a) The issue of 157,983,017 Shares at an issue price of \$0.01 per Share issued in accordance with this Prospectus raising approximately \$1,579,830.
- (b) Cash costs of \$22,507 associated with the Shares issued under this Prospectus representing costs of the Offer.
- (c) Net cash proceeds of the issue therefore being \$1,557,323.

Other than as set out above and on the next page, the pro-forma Balance sheet has been prepared on the basis that there have been no material movements in the assets and liabilities of the Company between 30 June 2015 and close of the Offer.

**Proforma Consolidated  
Balance Sheet as at 30 June 2015**

	Actual 30 June 2015 (unaudited)	Offer subscribed to minimum subscription amount  Proforma 30 June 2015 (unaudited)	Offer fully subscribed  Proforma 30 June 2015 (unaudited)
	\$	\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	238,640	470,283	1,795,963
Other receivables	23,142	23,142	23,142
<b>Total Current Assets</b>	<b>261,782</b>	<b>493,425</b>	<b>1,819,105</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	389,920	389,920	389,920
Exploration and evaluation expenditure	7,035,398	7,035,398	7,035,398
<b>Total Non-Current Assets</b>	<b>7,425,318</b>	<b>7,425,318</b>	<b>7,425,318</b>
<b>Total Assets</b>	<b>7,687,100</b>	<b>7,918,743</b>	<b>9,244,423</b>
<b>Current Liabilities</b>			
Trade and other payables	83,140	83,140	83,140
Interest bearing liabilities	4,764,557	4,764,557	4,764,557
<b>Total Current Liabilities</b>	<b>4,847,697</b>	<b>4,847,697</b>	<b>4,847,697</b>
<b>Non-Current Liabilities</b>			
Restoration Provision	1,035,910	1,035,910	1,035,910
<b>Total Non-Current Liabilities</b>	<b>1,035,910</b>	<b>1,035,910</b>	<b>1,035,910</b>
<b>Total Liabilities</b>	<b>5,883,607</b>	<b>5,883,607</b>	<b>5,883,607</b>
<b>Net Assets</b>	<b>1,803,493</b>	<b>2,035,136</b>	<b>3,360,816</b>
<b>Equity</b>			
Issued capital	76,251,722	76,483,365	77,809,045
Reserves	1,334,418	1,334,418	1,334,418
Accumulated losses	75,782,647	75,782,647	75,782,647
<b>Total Equity</b>	<b>1,803,493</b>	<b>2,035,136</b>	<b>3,360,816</b>

## **4. RISK FACTORS**

### **4.1 Introduction**

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **4.2 Company specific**

#### **(a) Going Concern**

As an exploration entity, the Company's sources of funds are either equity or debt capital as it has no operating revenue. The Company has large loan liabilities amounting to \$4.76 million at 30 June 2015, which comprises secured and unsecured loans, convertible notes and outstanding interest on the loans and convertible notes. The loan funds were drawn down by the Company in 2013 to fund mining and gold production operations which ultimately were terminated but did not generate enough revenues to repay the loans.

The loans and convertible notes have a maturity date of April and March 2016 respectively. Consequently and as evidenced by the Balance Sheet at 30 June 2015 presented in Section 3.4, the Company has a deficiency in working capital of approximately \$4.6 million at 30 June 2015. Interest on the loans and convertible notes of approximately \$217,000 was due and payable on 30 June 2015 and the Company is technically in default of the loan agreements, however the lenders have agreed not to enforce default provisions whilst the parties remain in discussion for a renegotiation of terms.

The proceeds from the Offer are intended to be used firstly to pay the outstanding interest liability so as to ensure that the Company is not in default of its obligations (including the risk of enforcement of security charges in the case of secured loans).

The Directors are working towards a longer term and more sustainable arrangement with respect to the loans and the interest rates payable on the loans (interest is payable every six months at 10% per annum on the loans and every three months at 8% per annum on the convertible notes). The Directors are attempting to negotiate one or both of the following arrangements with the lenders:

- (i) an extension of the maturity date beyond April and March 2016 for the loans and the convertible notes respectively; and
- (ii) settlement of part or all of the loans and convertible notes as well as outstanding interest to equity.

There can be no assurance that either of the above plans can be successfully implemented. In that case, and particularly if the Company is unable to raise any new funds through the issue of equity capital the Company's going concern status would be at risk.

An arrangement under (ii) above would likely require (given the quantum of the loans) Shareholder approval under the Listing Rules and the Corporations Act and, if successful, would lead to a substantial dilution of existing Shareholders interest in the issued Shares of the Company.

If the Company only raises the minimum subscription amount of \$250,000 and is unable to reach agreement with the lenders and convertible note holder in relation to the outstanding interest liability of \$217,000, the net proceeds remaining after repayment of interest together with existing cash reserves of the Company will leave the Company with only a small amount of working capital with no certainty in relation to additional and other sources of funding. However, the Directors note that the Company's major Shareholder, Cross-Strait

Common Development Fund Limited ("Cross Strait") has issued a letter of support stating that Cross Strait will provide (a) financial support to the Company for the period to 16 March 2016; and (b) that this financial support is in relation to the Company's operating expenses which include minimum expenditure commitments to keep all mineral tenements in good standing and the Company's administration and overhead costs. As the Company already has a high level of indebtedness the Directors do not consider it appropriate to add to the debt by drawing down on financial support from Cross Strait. However if in-principle agreement can be reached with the existing lenders and convertible note holder for a restructuring of the debt, then short term support from Cross Strait may be appropriate to enable the Company maintain its going concern status whilst it implements longer term debt restructuring.

In general terms, the ability of the Company to continue as a going concern is contingent on a number of future events, the most significant of which is the ability to obtain additional funding to both continue exploration activities as well as to repay debts as and when they fall due or successfully negotiate with the major lenders with respect to the restructuring of secured, unsecured loans and convertible notes. If additional funding is unable to be obtained, whether through the equity capital markets or asset sales, the debts will be unable to be repaid and if negotiations with the lenders in restructuring the debt are also unsuccessful the Company would become insolvent and be unable to continue as a going concern.

**(b) Enforceability of undertaking of financial support**

In order for the Company to be able to draw down on the undertaking of financial support given by Cross-Strait the Company is reliant on Cross-Strait complying with the undertaking. Where Cross-Strait fails to comply with the undertaking the Company would not receive the financial support contemplated by the undertaking. It may then be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms. The Company has no current reason to believe that Cross-Strait will not meet and satisfy its obligations under the letter of support.

**(c) ASX Quotation**

As noted elsewhere, trading in the Shares on the ASX is subject to a voluntary suspension. The Directors believe that on completion of raising the minimum subscription which will allow the payment of outstanding interest the suspension of the Shares on the ASX will cease. If ASX does not agree to the reinstatement of the Company's securities to quotation the Directors will not issue the Shares the subject of this Offer and may seek to extend the Closing Date until reinstatement to quotation can be confirmed with ASX. This may result in delays to the timetable noted in Section 1.

**(d) Title**

All of the permits or licences in which the Company has or may earn an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the terms of each permit or licence is usually at the discretion of the relevant government authority.

Additionally, permits are subject to a number of specific legislative conditions including minimum expenditure commitments. The inability to meet these conditions could affect the standing of a permit or restrict its ability to be renewed.

If a permit or licence is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that permit.

### **4.3 Industry specific**

**(a) Exploration risk**

Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. There can be no guarantee that planned exploration and evaluation programs will lead to positive exploration and evaluation results and the delineation of a commercial deposit or further, a commercial mining operation.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

(b) **Environmental**

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

(c) **Operations**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, adverse outcomes from project development studies, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in constructing, commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(d) **Resource estimates**

Resources estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

#### **4.4 General risks**

(a) **Additional requirements for capital**

The Company will require further financing in addition to amounts raised under this Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration and development programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(b) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.



**(c) Commodity Price Risk**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price risk.

The price of commodities is affected by numerous factors beyond the control of the Company such as supply and demand for commodities, changes in global economies, as well as other global or regional political, social or economic events. Future production from the Company's properties, is dependent upon the price of commodities being at a sufficient level to make these properties economic. Future price declines in the market value of commodities could cause the continued development of, and eventually the commercial production from the Company's properties to be rendered uneconomic. Depending on the price of the relevant commodities, the Company could be forced to discontinue production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even if commercial quantities are produced, a profitable market will exist for those commodities.

**(d) Foreign exchange rate risk**

The Company's reporting currency is Australian dollars. As gold is sold throughout the world based principally on US dollar price, future revenue will predominantly be earned in US dollars. Movements in the USD/AUD exchange rate and/or the US dollar gold price may adversely or beneficially affect the Company's results or operations and cash flows.

**(e) Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

**(f) Insurance and Uninsured Risks**

While the Company may obtain insurance against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure against or which it may elect not to insure against. The potential costs which could be associated with any liabilities not covered by insurance, or in excess of insurance coverage, or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and potentially its financial condition and results of operations.

No assurance can be given that the Company's insurance will be available at economically feasible premiums or at all, or that it will provide sufficient coverage for losses related to these or other risks and hazards.

**(g) Reliance on and availability of key personnel**

The Company is reliant on key personnel. Loss of such personnel may have a material adverse impact on the performance of the Company. Further, in order to undertake the Company's planned development activities, it may require additional financial, administrative, permitting and operational personnel. While the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

**(h) Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;

- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

**(i) Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

**(j) Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

#### **4.5 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

## **5. RIGHTS AND LIABILITIES ATTACHING TO SHARES**

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **5.1 General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

### **5.2 Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### **5.3 Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as are referred to in the resolution and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

### **5.4 Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

## **5.5 Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

## **5.6 Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

## **5.7 Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

## **5.8 Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## **5.9 Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## **ASX Listing Rules**

Despite anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## 6. ADDITIONAL INFORMATION

### 6.1 Directors Interests and Emoluments

Other than as set out below or elsewhere in this Prospectus, no Director holds at the date of this Prospectus, or held at any time during the last two years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- (a) to a Director to induce him or her to become, or to qualify as, a Director; or
- (b) for services provided by a Director in connection with the formation or promotion of the Company or the Offer.

Directors' interests in the securities of the Company at the date of this Prospectus are set out below:

Directors	Shares
Mr Jiajun Hu	-
Mr Lijun Yang	31,400
Mr Yuanguang Yang	-

Directors are entitled to Directors' fees and other emoluments, which are disclosed in the Company's annual financial reports. The Directors' remuneration (inclusive of statutory superannuation contributions) for the previous two completed financial years is as follows:

Director	FY 2015	FY 2014
Mr Jiajun Hu	\$86,687	\$25,000
Mr Lijun Yang	\$87,600	\$71,937
Mr Yuanguang Yang	\$23,753	N/A

With effect from 1 July 2015, the Directors' annual remuneration is \$50,000 for Mr Jiajun Hu, \$80,000 for Mr Lijun Yang and \$30,000 for Mr Yuanguang Yang (Mr Jiajun Hu and Mr Lijun Yang are also entitled to statutory superannuation).

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

### 6.2 Interests of Experts and Advisors

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or

distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Steinepreis Paganin is entitled to be paid approximately \$5,000 for advice and assistance in relation to certain aspects of this Prospectus and assisting the Company in relation to its due diligence regime and enquiries. During the 24 months preceding lodgement of this Prospectus, Steinepreis Paganin has been paid approximately \$53,811 (excluding GST and disbursements) for legal services provided to the Company.

References to Advanced Share Registry Limited appear for information purposes only. Advanced Share Registry Limited has not been involved in, authorised or caused the issue of this Prospectus.

### 6.3 Consents

The following parties have given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with ASIC:

Steinepreis Paganin has consented to being named as the solicitors to the Company and the inclusion in the Prospectus of all statements referring to it.

The parties referred to above in this section:

- do not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this section;
- to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to their name and a statement included in the Prospectus with the consent of that party as specified in this section; and
- has not caused or authorised the issue of this Prospectus.

### 6.4 Share Trading History

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market price of the Company's quoted Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last sale price on the trading day prior to lodgement of this Prospectus were:

	Price	Date
Highest	\$0.023	19 May 2015
Lowest	\$0.007	12 June 2015
Latest	\$0.009	10 July 2015

## 6.5 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares that will be issued pursuant to this Prospectus will be in the same class of Shares that have been granted official quotation by ASX during the 3 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or options to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the Offer on the Company and the rights and liabilities attaching to the securities offered. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the securities market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report for the year ended 30 June 2014;
  - (ii) the half-year financial report for the period ended 31 December 2014; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description of Announcement
29/07/2015	Non-Renounceable Rights Issue
29/07/2015	Quarterly Cashflow Report

Date	Description of Announcement
29/07/2015	Quarterly Activities Report
20/07/2015	Kurnalpi Project – Exploration Update
20/07/2015	Lindsays Gold Mine – Parrot Feathers Resource
16/07/2015	Suspension from Official Quotation
15/07/2015	Trading Halt
08/07/2015	Kalpini Project – High grade intersections
29/04/2015	Quarterly Activities Report
29/04/2015	Quarterly Cashflow Report
15/04/2015	Appointment of Chairman
31/03/2015	Lindsays Project – Parrot Feathers High grade gold intersection
23/03/2015	Letter to Shareholders
19/03/2015	Reinstatement to Official Quotation
19/03/2015	KalNorth to resume 100% ownership of the Spargoville Project
19/03/2015	MTH: Spargoville JV Withdrawal
17/03/2015	Disclosure Document
16/03/2015	Half Yearly Report and Accounts
16/03/2015	Change in substantial holding
16/03/2015	Becoming a substantial holder
11/03/2015	Appendix 3B
11/03/2015	Loan Restructuring
17/02/2015	Appendix 3B
04/02/2015	Successful Research and Development Claim
28/01/2015	Quarterly Cashflow Report
28/01/2015	Quarterly Activities Report
28/11/2014	Results of AGM – Amended
28/11/2014	Results of AGM
21/11/2014	Mount Jewell Project Sale Completed
07/11/2014	Agreement Reached for Sale Of Non-Core Assets
31/10/2014	Quarterly Cashflow Report
31/10/2014	Quarterly Activities Report
29/10/2014	Annual Report to Shareholders
29/10/2014	Notice of Annual General Meeting/Proxy Form
08/10/2014	Suspension from Official Quotation
06/10/2014	Trading Halt



## **6.6 Entitlement and Acceptance Form is binding**

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, you will be deemed to have represented that you are an Eligible Participant. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- agree to be bound by the terms of the Offer;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare that you are over 18 years of age, the registered holder of Shares as at the Record Date and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the Shares to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Shares are suitable for you given your investment objectives, financial situation or particular needs;
- represent and warrant that the law of any other place (other than Australia, New Zealand or Hong Kong) does not prohibit you from being given this Prospectus or making an application for, or being issued, Shares: and
- acknowledge that the Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws.

## 7. DIRECTORS' AUTHORISATION AND CONSENT

This Prospectus is authorised by the Company and lodged with the ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 29 July 2015



Signed for and on behalf of KalNorth Gold Mines Limited  
By Lijun Yang  
Director

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## 8. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

<b>AEST</b>	means Australian Eastern Standard Time.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means the ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.
<b>Board</b>	means the Board of Directors.
<b>Closing Date</b>	means the closing date for receipt of Entitlement and Acceptance Forms under this Prospectus, estimated to be 5.00 pm WST on 20 August 2015 or an amended time as set by the Board.
<b>Company or KalNorth</b>	means KalNorth Gold Mines Limited (ACN 100 405 954).
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>Eligible Participant</b>	means a Shareholder as at 5.00pm WST on the Record Date.
<b>Entitlement</b>	means the right of a Shareholder to subscribe for Shares under the Offer.
<b>Entitlement and Acceptance Form</b>	means the personalised entitlement and acceptance form attached to or accompanying this Prospectus.
<b>Issue</b>	means the issue of the Shares comprised in the Offer.
<b>Listing Rules</b>	means the official listing rules of the ASX.
<b>Offer</b>	means the offer of Shares pursuant to this Prospectus.
<b>Official List</b>	means the official list of ASX.
<b>Official Quotation</b>	means official quotation by ASX in accordance with the Listing Rules.
<b>Opening Date</b>	means the date on which the Offer opens.
<b>Prospectus</b>	means this Prospectus.
<b>Record Date</b>	means 6 August 2015 being the date for determining the Shareholder's Entitlement to participate in this Offer.
<b>Share</b>	means a fully paid ordinary share in the Company.
<b>Shareholder</b>	means the registered holder of Shares in the Company.
<b>Shortfall</b>	means the Shares forming Entitlements, or parts of Entitlements, not accepted by Shareholders.

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<b>WST</b>	means Western Standard Time as observed in Perth, Western Australia.
<b>\$</b>	means Australian dollars unless otherwise stated.