



19 October 2015

ASX RELEASE

COMPLETION OF RIGHTS ISSUE AND CORPORATE UPDATE

KalNorth Gold Mines Limited ("the Company") refers to the non-renounceable entitlement offer of shares under the terms of the prospectus dated 29 July 2015 and various supplementary prospectuses issued thereafter. The rights issue has now been completed with the issue today of 29,532,064 shares to raise \$295,320.64 in gross proceeds. The Company now has 345,498,098 shares on issue.

The final shortfall under the rights offer is 128,450,953 shares and, as previously stated in the prospectus, the Directors reserve the right to place shortfall shares for a period of three months from the offer closing date of 25 August 2015.

The Company is now focused on completing the transactions under which outstanding loans for principal amounts of \$4.15M in aggregate, together with all interest accruing on those loans from 1 January 2015, are settled by issue of shares in the Company. Shareholder approval for settlement of these loans and the issue of shares will be sought at the forthcoming annual general meeting. Shareholder approval will also be sought for a \$2M convertible note facility with the Company's largest existing shareholder. Details of these transactions have been announced previously (refer announcements dated 1 September and 16 September 2015) and the Notice of Annual General Meeting is anticipated for release at the end of this week.

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

Lijun Yang
Executive Director