

8 February 2016

Mr. J Newman  
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Dear Mr Newman

**APPENDIX 3Y QUERY**

I refer to ASX's letter of 5 February in relation to the late lodgement of an Appendix 3Y. KalNorth Gold Mines Limited's ("the Company") response to ASX's specific questions follows:

1. *Please explain why the Appendix 3Y was lodged late.*

The late lodgement was solely due to oversight.

2. *What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?*

The Company has put in place agreements under which directors are obliged to advise the Company Secretary when a change takes place in their notifiable interest. We note that in this instance the change in Mr Yuanguang Yang's interest was not as a result of any on-market trade. The new shares (the subject of the Appendix 3Y in question) were issued to Mr Yuanguang Yang in settlement of his directors fees following shareholder approval at the 2015 annual general meeting.

3. *If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?*

The Company considers the current arrangements to be adequate and reiterates that the late lodgement was an oversight, caused by the somewhat different circumstances under which the change to the notifiable interest took place.

Yours sincerely



Lijun Yang  
Executive Director



5 February 2016

Mr Lijun Yang  
Company Secretary & Executive Director  
KalNorth Gold Mines Limited

*By email:*

Dear Mr Lijun Yang

**KalNorth Gold Mines Limited (the "Company"): Appendix 3Y**

We refer to the following:

1. The Company's announcements lodged with ASX Ltd ("ASX") on 2 February 2016 regarding a change of director's interest notice for Mr Yuanguang Yang ("Appendix 3Y").
2. Listing rule 3.19A which requires an entity to tell ASX the following:

3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times:

- On the date that the entity is admitted to the official list.
- On the date that a director is appointed.

The entity must complete an Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete an Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete an Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.



4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Y in respect of Mr Yuanguang Yang indicates that the change of notifiable interest occurred on 26 November 2015, the Appendix 3Y for this change should have been lodged with ASX by 3 December 2015. As the Appendix 3Y was lodged on 2 February 2016, it appears that the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail to [jeremy.newman@asx.com.au](mailto:jeremy.newman@asx.com.au). It should not be sent to the Market Announcements Office.

A response is requested as soon as possible and, in any event, not later than **2:00 pm WST on Tuesday, 9 February 2016**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely

*[sent electronically without signature]*

Jeremy Newman  
**Senior Adviser, ASX Listings Compliance**