

23 February 2016

ASX RELEASE

The Manager
ASX Market Announcements
ASX Ltd
Level 4, 20 Bridge Street
Sydney, NSW 2000

Dear Sir

DEBT SETTLEMENT AND NEW CONVERTIBLE NOTE FACILITY

KalNorth Gold Mines Limited (ASX: KGM) (the "Company" or "KGM") refers to its annual general meeting on 25 November 2015 at which resolutions were approved for the settlement of various loans (principal and outstanding interest of approximately \$4.5 million) by issue of shares as well as the issue of convertible notes for a new convertible note facility of up to \$2 million.

The Company is pleased to advise that Foreign Investment Review Board ("FIRB") approval has now been granted, thus enabling the Company to give effect to the resolutions approved by shareholders. The Company expects to complete the issue of shares in settlement of debt and also complete the issue of convertible notes later this week.

Yours faithfully



Lijun Yang
Executive Director