

Notice of Annual General Meeting and Explanatory Statement

KalNorth Gold Mines Limited

ACN 100 405 954

Date: Tuesday, 29 November 2016

Time: 11am WST

Venue: Level 2, Suite 9, 389 Oxford Street, Mt. Hawthorn WA 6016

This Notice of Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9021 8327

Notice of Annual General Meeting

Notice is hereby given that the 2016 Annual General Meeting of Shareholders of KalNorth Gold Mines Limited ACN 100 405 954 (**Company**) will be held at 11.00 am WST on Tuesday, 29 November 2016 at Level 2, Suite 9, 389 Oxford Street, Mt. Hawthorn WA 6016.

The Explanatory Statement accompanying this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Agenda

ORDINARY BUSINESS

2016 Financial Report

To receive and consider the financial report of the Company for the year ended 30 June 2016, together with the reports of the directors and auditors thereon.

Resolution 1 - Adoption of the Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act 2001, and for all other purposes, the Remuneration Report forming part of the Company's 2016 annual financial report for the financial year ended 30 June 2016 be adopted."

Please note that the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 - Re-election of Mr Jerry Jiajun Hu as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mr Jerry Jiajun Hu, who retires in accordance with Clause 11.3 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."

Resolution 3 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion applies and is described below

Resolution 4 – Appointment of Auditor

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"Subject to the Australian Securities and Investments Commission (ASIC) consenting to the resignation of RSM Australia Partners as auditor of the Company, that pursuant to section 327B of the Corporations Act 2001 (Cth) and for all other purposes, BDO Audit (WA) Pty Ltd be appointed as auditor of the Company with effect from the later of the conclusion of the 2016 Annual General Meeting and the day on which ASIC gives its consent."

OTHER BUSINESS

To conduct or transact any other business that may be properly brought before the Annual General Meeting.

VOTING EXCLUSIONS

Resolution 1 – Key Management Personnel (KMP) Remuneration related Voting Exclusion: In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of a member of the Company's Key Management Personnel details of whose remuneration are included in the 2016 Remuneration Report for the Company and their Closely Related Parties.

However, the Company will not disregard a vote cast on Resolution 1 by the Company's Key Management Personnel or their Closely Related Parties if:

- it is cast by a person as a proxy appointed in writing by a person entitled to vote that specifies how the proxy is to vote on Resolution 1; or
- it is cast by the person chairing the Annual General Meeting as an undirected proxy which expressly authorises the chair to vote the proxy on a Resolution directly or indirectly connected with the remuneration of the Key Management Personnel.

Resolution 3 Voting Exclusion: The Company will disregard any votes cast on this special resolution by any person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please date and execute the accompanying Proxy Form in accordance with its instructions prior to 11:00 am WST on Sunday 27 November 2016 by:

1. Post to KalNorth Gold Mines Limited, C/- PO Box 281, Mount Hawthorn, Western Australia 6915; or
2. Facsimile to KalNorth Gold Mines Limited at (61 8) 9380 6761.

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 4.00 pm WST on Monday 28 November 2016 will be entitled to attend and vote at the Meeting.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

REVOCATION OF PROXIES

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

By Order of the Board of Directors

A handwritten signature in dark ink, appearing to read 'Lijun Yang', is written over a light blue horizontal line.

Lijun Yang
Company Secretary and Director
Perth, Australia
27 October 2016

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders of KalNorth Gold Mines Limited ACN 100 405 954 (**Company**) in connection with the business to be considered at the Annual General Meeting to be held at 11.00 am WST on Tuesday 29 November 2016 at Level 2, Suite 9, 389 Oxford Street, Mt. Hawthorn WA 6016.

This Explanatory Statement is incorporated in, and forms part of, the accompanying Notice of Meeting. The purpose of this Explanatory Statement is to provide Shareholders with information relevant to the Resolutions to be put to Shareholders at the Annual General Meeting.

Terms and expressions used in this Explanatory Statement, the Notice of Meeting and the Proxy Form have the meaning given to them in the '**Definitions**' section located at the end of this Explanatory Statement.

Details of the items of business to be considered at the Annual General Meeting are set out below.

1. 2016 Annual Report

In accordance with the requirements of the Company's Constitution and the Corporations Act, the Company's audited financial statements for the financial year ended June 2016, together with the report of the auditor thereon will be tabled at the Meeting, and shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Report.

Representatives from the Company's current auditors, RSM Australia Partners, will be present to take shareholders' questions and comments about the conduct of the audit and the preparation and content of the audit report.

The Annual Report is available on the Company's website at www.kalnorthgoldmines.com for you to download or read online. Alternatively, you can obtain a hard copy by contacting the Company

2. Resolution 1 - Adoption of the Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the year ended 30 June 2016 (the "Remuneration Report"). The Remuneration Report is a distinct section of the Annual Report which deals with the Remuneration of Directors and Executives of the Company.

By way of summary, the Remuneration Report:

1. explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
2. addresses the relationship between the Company's remuneration policy and the Company's performance; and
3. sets out the remuneration details for each director and executive officer named in the Remuneration Report for the financial year ended 30 June 2016.

The Directors recommend that Shareholders vote in favour of the adoption of the Remuneration Report. As previously stated, this resolution is advisory only and does not bind the Company. However, the Board will take the outcome of the vote on this resolution into consideration when reviewing the remuneration practices and policies of the Company in the future.

The Chairman of the Meeting will provide Shareholders with reasonable opportunity at the Meeting to ask questions about, or to make comments on, the Remuneration Report.

If at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Meeting, and then again at the Company's 2017 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of new directors of the Company ("Spill Resolution").

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene a general meeting ("Spill Meeting") within 90 days of the Company's 2017 annual general meeting. All of the directors who are in office when the Company's 2017 Directors' Report is approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where Shareholders have appointed the Chair of the Meeting as their proxy, the Chair will vote in favour of Resolution 1 "Adoption of Remuneration Report" unless the Shareholder has expressly indicated a different voting intention. This is so notwithstanding that the resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chair.

3. Resolution 2 – Re-election of Director

In accordance with the requirements of the Company's Constitution and the Listing Rules, one-third of the directors of the Company (excluding the Managing Director), and those who were last re-elected more than three years ago, must retire from office at the Meeting but if they are eligible, may offer themselves for re-election. The Directors to retire at an annual general meeting must be those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire must (unless they otherwise agree among themselves) be determined by lot.

On that basis Mr Jerry Jiajun Hu will retire at the Meeting and, being eligible, has offered himself for re-election.

Mr Jerry Jiajun Hu was appointed as a Director on 13 December 2013, and details of his qualifications and experience are available in the 2016 Annual Report.

The Directors do not consider Mr Jerry Jiajun Hu to be an independent director. The Directors (other than Mr Jerry Jiajun Hu, who makes no recommendation) recommend the re-election of Mr Hu as a Director. Based upon enquiries made by the Company, it is not aware of any criminal record and bankruptcy proceedings involving Mr Hu.

4. Resolution 3 - Approval of 10% Placement Capacity

4.1. General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after an annual general meeting (**AGM**) (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity, given it has a market capitalisation at the date of this Notice of \$12.5 million (894,240,060 ordinary fully paid shares @ \$0.014).

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 4.2(c) below).

The Directors believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

4.2. Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM.

(b) *Equity Securities*

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice, has on issue one class of quoted Equity Securities, being the Shares (ASX Code: KGM).

(c) *Formula for calculating 10% Placement Facility*

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

D is 10%;

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days (on which trades in that class were recorded) immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(e) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX (**10% Placement Period**).

4.3. Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days (on which trades in that class were recorded) immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Convertible Securities, only if the Convertible Securities are converted into Shares). There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer), or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.007 50% decrease in Issue Price	\$0.014 Issue Price	\$0.028 100% increase in Issue Price
Current Variable A 894,240,060 Shares	10% voting dilution	89,424,006 Shares	89,424,006 Shares	89,424,006 Shares
	Funds raised	\$625,968	\$1,251,936	\$2,503,872
50% increase in current Variable A 1,341,360,090 Shares	10% voting dilution	134,136,009 Shares	134,136,009 Shares	134,136,009 Shares
	Funds raised	\$938,952	\$1,877,904	\$3,755,808
100% increase in current Variable A 1,788,488,120 Shares	10% voting dilution	178,848,012 Shares	178,848,012 Shares	178,848,012 Shares
	Funds raised	\$1,251,936	\$2,503,872	\$5,007,744

The table has been prepared on the following assumptions:

- (i) There are currently 894,240,060 Shares on issue as at the date of this Notice of Meeting;
 - (ii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (iii) No Convertible Securities (including any Convertible Securities issued under the 10% Placement Facility) are converted into Shares before the date of the issue of the Equity Securities.
 - (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of this Meeting.
 - (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (viii) The issue price is \$0.014, being the being the closest price of the Shares on ASX at the time of preparing this Notice.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) for cash consideration, in which case the Company may use the funds raised towards making (or to securing the right to make) one or more acquisitions and/or to further its existing projects; meet some of its debt obligations, and/or general working capital; so that the Company has the necessary working capital and flexibility to consider, and if thought fit, to put it in a stronger position to make (or to secure the right to make) one or more acquisitions and/or to further its existing projects; or

- (ii) non-cash consideration for the acquisition of (or securing the right to make acquisitions of) new projects and investments or to further its existing projects. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the purpose of the proposed issue and prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an Associate of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the annual general meeting on 25 November 2015 (**Previous Approval**). The Company has issued a total of 549,241,962 equity securities in the 12 months preceding the date of the Notice which represents 174% of the Equity Securities on issue at the commencement of the 12-month period. The details of issues of all equity securities made in the 12 months preceding the date of this notice are in the Table in Annexure 2.
- (g) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

5. Appointment of Auditor

Resolution 4 is an ordinary resolution seeking the appointment of BDO Audit (WA) Pty Ltd as the new auditor of the Company. In accordance with section 329(5) of the Corporations Act, RSM Australia Partners has sought consent from ASIC to resign as auditor of the Company with effect from the end of this Meeting.

BDO Audit (WA) Pty Ltd has been duly nominated for appointment as the Company's auditor by Mr Lijun Yang, a member of the Company, as required by section 328B of the Corporations Act. A copy of the letter nominating BDO Audit (WA) Pty Ltd as auditors accompanies and forms part of this Notice as Annexure 1. BDO Audit (WA) Pty Ltd has provided its written consent to this appointment, subject to ASIC consenting to the resignation of RSM Australia Partners as auditor of the Company and the approval by the Shareholders.

If Resolution 4 is passed, the appointment of BDO Audit (WA) Pty Ltd as the Company's auditor will take effect at the close of this Meeting, subject to ASIC consenting to the resignation of RSM Australia Partners.

6. Definitions

Unless the context requires otherwise, the following words shall have the following meanings in this Explanatory Statement, the Notice of Meeting and the Proxy Form:

10% Placement Capacity has the meaning given in Section 4.1 of this Notice.

ASX means ASX Limited.

Board means the board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means chair of the Meeting.

Closely Related Party has the meaning given in section 9 of the Corporations Act and includes a spouse, dependent and certain other close family members, as well as companies controlled by a KMP.

Company means KalNorth Gold Mines Limited ACN 100 405 954.

Constitution means the Company's constitution.

Corporations Act means Corporations Act 2001 (Cth);

Directors means the current directors of the Company;

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the A&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities has the same meaning as in the Listing Rules;

Explanatory Statement means the explanatory statement accompanying this Notice;

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company;

Listing Rules means the Listing Rules of the ASX;

Managing Director means the managing director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office.

Meeting or Annual General Meeting means the meeting convened by this Notice;

Notice or **Notice of Meeting** means this Notice of annual general meeting;

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to this Notice.

Remuneration Report means the remuneration report of the Company contained in the Director's Report.

Resolution means a resolution contained in this Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

Vacating Directors means the Directors who were directors of the Company when the resolution to make the directors' report considered at the last annual general meeting of the Company was passed, other than the Managing Director at that time.

VWAP means volume weighted average price.

WST or **Western Standard Time** means Australian Western Standard Time.

Annexure 1

24 October 2016

The Directors
KalNorth Gold Mines Limited
224 Dugan Street, Kalgoorlie
WA 6430

Dear Sirs

NOMINATION OF BDO AUDIT (WA) PTY LTD AS AUDITOR OF KALNORTH GOLD MINES LIMITED

I, Lijun Yang, in my capacity as a shareholder of KalNorth Gold Mines Limited, hereby nominate BDO Audit (WA) Pty Ltd of 38 Station Street, Subiaco, Western Australia 6008 for appointment as auditor of KalNorth Gold Mines Limited at its 2016 Annual General Meeting.

I consent to the distribution of a copy of this notice of nomination as an annexure to the Notice of Meeting and Explanatory Statement for the 2016 Annual General Meeting of KalNorth Gold Mines Limited as required by section 328B (3) of the Corporations Act 2001.

Yours faithfully



Lijun Yang
Shareholder
1 Chatham Street, Inglewood, WA 6052

Annexure 2

ISSUES OF EQUITY SECURITIES SINCE 25 NOVEMBER 2015

Date of Issue	20 November 2015	25 November 2015	26 November 2015	24 February 2016
Number issued	35,000,000	60,000,000	3,990,862	450,251,100
	Ordinary Shares	Ordinary Shares	Ordinary Shares	Ordinary shares
Summary of terms	Shares rank equally with existing quoted shares	Shares rank equally with existing quoted shares	Shares rank equally with existing quoted shares	Shares rank equally with existing quoted shares
Names of persons who received securities or basis on which those persons was determined	Conversion of convertible notes (face value - \$350,000) held by Gold Fresh Limited. The issue of the convertible notes and issue of shares arising upon conversion of the notes had been approved by shareholders at the Company's 2014 AGM.	Shortfall placement under Listing rule 7.2, Exception 3, relating to the pro-rata issue that closed on 25 August 2015 (under a prospectus offer dated 29 July 2015 and supplementary prospectuses dated 13 August 2015, 2 September 2015 and 16 September 2015 respectively).	Approval for the following issues was obtained at the Company's 2015 AGM. 1. 2,375,300 ordinary shares were issued to settle outstanding fees to director – Mr. Y Yang. 2. 1,615,562 ordinary shares were issued to settle the outstanding interest on a convertible note on its conversion to shares.	450,251,100 ordinary shares were issued to settle loans, including outstanding interest, following receipt of shareholder approval at the AGM on 25 November 2015 and FIRB approval on 23 February 2016
Price	Issue Price –\$0.01	Issue Price –\$0.01	Issue Price - \$0.01	Issue Price - \$0.01
Discount to Market (if any)	N/A	N/A	N/A	N/A
Total cash consideration received	Nil cash consideration. Had the shares been issued on 21 October 2016, then the value would be \$490,000.	\$600,000	Nil cash consideration. Had the shares been issued on 21 October 2016, then the value would be \$55,872.	Nil cash consideration. Had the shares been issued on 21 October 2016, then the value would be \$6,303,515.
Amount of cash consideration spent	N/A	100%	N/A	N/A
Use of cash consideration (%)	N/A	Exploration – 50% Corporate and working capital – 50%	N/A	N/A
Intended use for remaining cash reserves (if any)	N/A	N/A	N/A	N/A

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: KGM (terms are set out in the Constitution).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
4. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.014) on the ASX as the context requires on 21 October 2016.

STEP 1 APPOINTMENT OF PROXY

I/We being a member/s of KalNorth Gold Mines Limited and entitled to attend and vote hereby appoint

The Chairman
of the Meeting
(mark with an "X")

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding your own name) you are appointing as

Or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of KalNorth Gold Mines Limited to be held on 29 November 2016 and at any adjournment of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box below under **VOTING DIRECTIONS (STEP 2)**.

STEP 2 VOTING DIRECTIONS TO YOUR PROXYPLEASE MARK ☒ TO INDICATE YOUR DIRECTIONS

	For	Against	Abstain*
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-Election of Mr Jerry Jiajun Hu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGN

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and
Sole Company Secretary
Dated: __/__/2016

Director

Director/Company Secretary

Completed Proxy can be lodged:

BY MAIL: **Level 2, Suite 9**
389 Oxford Street, Mount Hawthorn,
Western Australia 6016
Or
P O Box 281
Mount Hawthorn,
Western Australia 6915

BY FAX: **(61 8) 9380 6761**

BY EMAIL: **proxy@kalnorthgoldmines.com**

For your vote to be effective, the completed proxy form must be received by 11.00am (Perth time),
 27 November 2016

How to complete the Proxy Form

1 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

2 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

3 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes.

Fractions of votes will be disregarded.

(b) return both forms together.

4 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above no later than 48 hours before the time of the Annual General Meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.