

Spargoville Project farm-out

- Farm-out agreement signed over non-core Spargoville area
- KGM to retain a 20% free-carried interest
- Enables KGM to focus solely on the flagship KalNorth Gold Field

KalNorth Gold Mines Limited (ASX: KGM) has today announced the execution of a farm-out agreement with Mithril Resources Limited (ASX: MTH) for further exploration of the Spargoville Project – a set of non-core tenements 50km south of Kalgoorlie.

MTH is committed to a minimum expenditure of \$320,000 in the first year in order to secure a 20% interest.

Fulfilment of the above grants MTH the option to increase its interest to 80% through further expenditure of \$1.68 million over a subsequent three year period.

Completion of the minimum initial expenditure enables KGM to purchase a 20% interest in MTH's nearby Spargos Reward Project for a nominal amount, conditional upon MTH up-scaling to an 80% interest in Spargoville.

The fulfilment of all conditions would result in the formation of an 80% MTH / 20% KGM Joint Venture over the expanded Spargoville / Spargos Reward prospective land package.

The arrangement relieves KGM of further expenditure obligations on Spargoville and makes for a complete focus on the exploration, development and mining of the Company's flagship KalNorth Gold Field.

Managing Director, John McKinstry, commented:

"This non-core farm-out enables us to focus our sole attention on bringing the KalNorth Gold Field into production, commencing with the Lindsay's mine in January 2013."



Date 20 December 2012

ASX Code: KGM

www.kalnorthgoldmines.com

Share Capital: 169.9M ordinary shares

Share Price: \$0.29

Market Capitalisation: \$49.3M

Directors

Laurence Freedman AM: Chairman
Robert Schuitema: Deputy Chairman and Company Secretary
John McKinstry: Managing Director
Ross Gillon: Non-executive Director
Henry Jian Yu, Non-executive Director

Principal Office

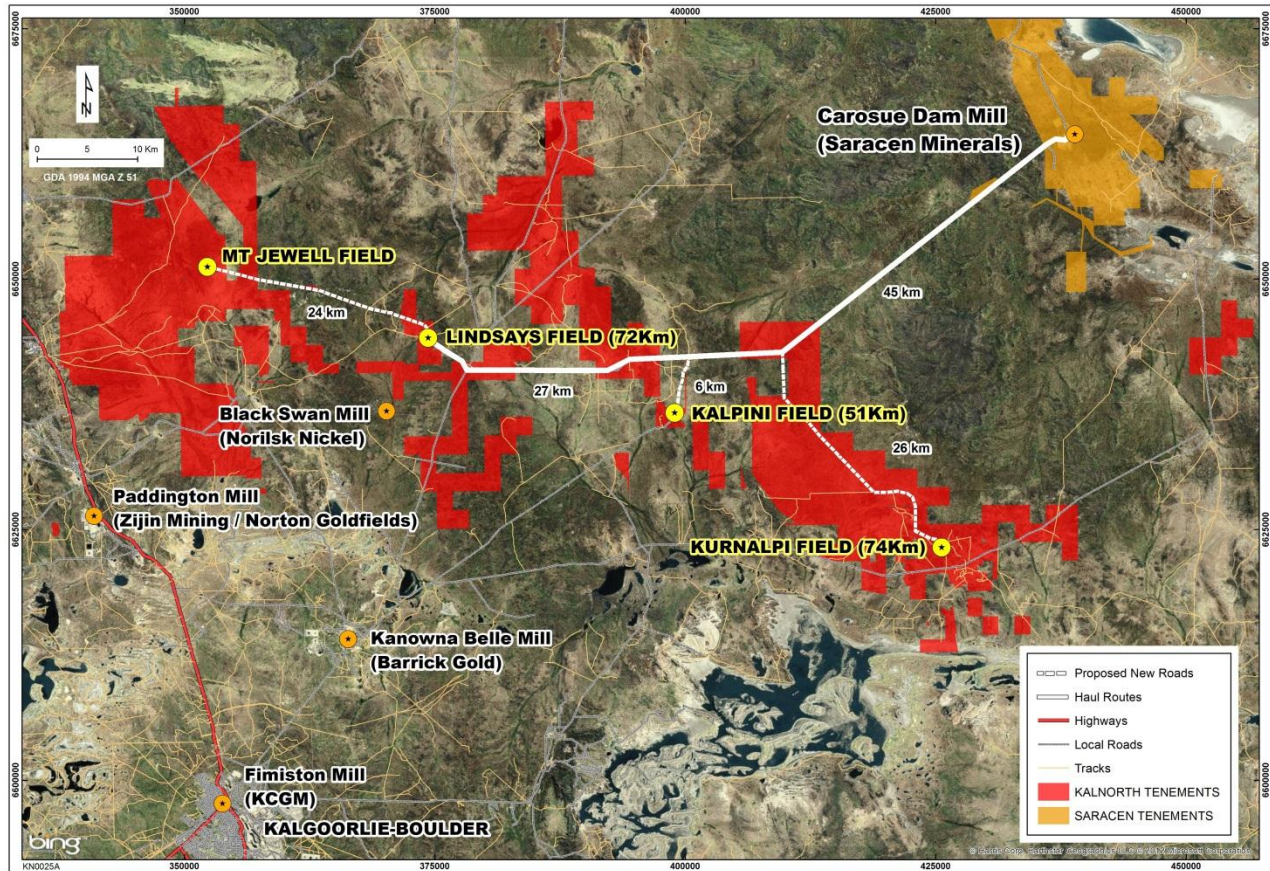
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About KalNorth Gold Mines Limited

KalNorth Gold Mines Limited (ASX Code: KGM) is a gold exploration and development company based in Perth, Western Australia.

The Company's suite of tenements covers an area of over 1,235km² and is located within 50-80km of the world-renowned gold mining town of Kalgoorlie, Western Australia, where KalNorth Gold Mines maintains an operations base.

Four gold fields are being evaluated for mining – Lindsay's, Kalpini, Kurnalpi and Mt Jewell (collectively the KalNorth Gold Field) and Spargoville, which as per the above announcement, will become a JV project with Mithril Resources Limited.

KalNorth Gold Mines is well-funded to pursue the exploration and development of its projects.

The Company is focused on commencing first mining by January 2013 from the Lindsay's Field.

As of 22 October 2012, the Company's name changed to KalNorth Gold Mines Limited (ASX: KGM) – it was previously known as Carrick Gold Limited (ASX code: CRK).