

Processing of first parcel of Lindsay's ore completed

- Processing of Lindsay's ore has commenced
- 7,184 tonnes of ore trucked to the mill in February
- Monthly production to ramp up to 25,000t in March
- First cash payment imminent

KalNorth Gold Mines Limited (ASX: KGM) is pleased to announce that processing of the first batch of ore from the initial open pit at Lindsay's Gold Mine has been completed at the Carosue Dam Mill.

The first batch, comprising 7,184t of gold ore, was extracted from the Lindsay's open pit mine in February. It was then transported by 170t maxi-haul road trains to the nearby Carosue Dam Mill for crushing and processing.

Samples of the crushed ore have been taken for assaying and grade verification. Independent laboratories in Kalgoorlie will assay the ore to determine final grade and content of contained gold. Results are expected in the coming week.

First payment is expected from Saracen Mineral Holdings Ltd within 10 days of grades being finalised.

During March, ore transported from the Lindsay's open pit mine to Carosue Dam Mill is expected to ramp up to the full rate of 25,000t per month.

Chairman, Laurence Freedman AM, said:

"With the processing of our first parcel of ore underway and payment imminent, KalNorth is at a significant turning point. In a matter of weeks we will be cashflow positive, no longer dependent on shareholder equity to fund our activities."

"The moment where shareholder value becomes tangible is only weeks away."

The Lindsay's Mine:

The Lindsay's open pit gold mine, located 60km north of Kalgoorlie, is the first in a sequence of at least four mines planned across the 1200sq.km KalNorth Gold Field. The open pit is expected to be in operation for approximately 18 months, delivering a total of 440,000 tonnes of ore for some 40,000 ounces of gold in that time. Following completion of this phase of the operation, Lindsay's will become an underground mine.



Date: 5 March 2013

ASX Code: KGM

www.kalnorthgoldmines.com

Shares on issue: 169.9M ordinary shares

Share Price: \$0.32

Market Capitalisation: \$54.4M

Directors

Laurence Freedman AM: Chairman

John McKinstry: Managing Director

Robert Schuitema: Executive Director and Company Secretary

Ross Gillon: Non-executive Director

Henry Jian Yu: Non-executive Director

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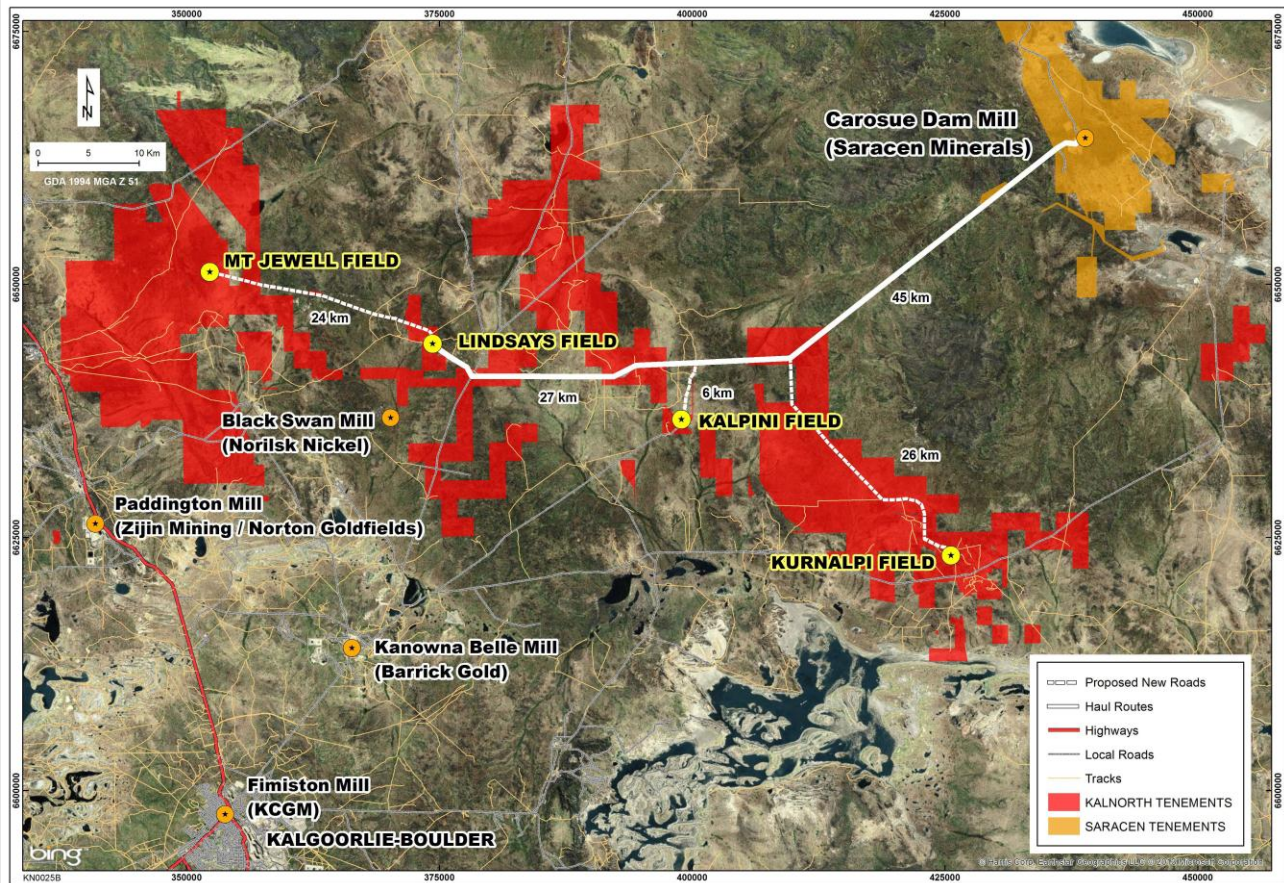
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KALNORTH GOLD FIELD



Location map showing roads and local processing plants

About KalNorth Gold Mines Limited

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

The Company's suite of tenements, all 100% owned, is located some 50km north-east of the world-renowned gold mining town of Kalgoorlie, Western Australia. They cover over 1,235km² of highly prospective land. KalNorth's operational base is located in Kalgoorlie.

There are currently four discovered gold fields within the KGM tenements: from west to east, Mt Jewell, Lindsay's, Kalpini, and Kurnalpi (collectively the KalNorth Gold Field). Spargoville, south of Kalgoorlie, is a JV project with Mithril Resources Limited.

KalNorth Gold Mines is well-funded to pursue its exploration and development plans, which are designed to substantially increase its Resources and Reserves and to establish four mines on the KalNorth Field. Initially, all will be open pit operations. Each has future underground potential.

To date, the Company has been focused on bringing the Parrot Feathers open pit mine on the Lindsay's field into production – a milestone which has been achieved within budget and on time in January 2013. Concentrated drilling is proceeding to substantially increase both Resource and Reserves across the KalNorth Gold Field, with the stated target of adding at least 500,000 ounces in calendar 2013.

Advanced planning is already underway to develop a second and third mine after Lindsay's, with early planning for a fourth.

As of 22 October 2012, the Company's name changed to KalNorth Gold Mines Limited (ASX: KGM).