



Date: 30 January 2013

ASX Code: KGM

www.kalnorthgoldmines.com

Shares on issue: 169.9M ordinary shares

Share Price: \$0.305

Market Capitalisation: \$51.8M

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

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Highlights:

- All documentation submitted in preparation for gold mining at Lindsay's field
 - Contracts for mining and ore haulage awarded
 - Mining Licence issued for Lindsay's and pre-production work commenced subsequent to end of quarter
 - Completion of rights issue, \$7.3million raised
 - Company name change approved
-

The December quarter was a busy period for KalNorth Gold Mines (ASX: KGM) with activities centred on finalising preparations for first mining from the Lindsay's field in January 2013. Lindsay's is the first of four mines proposed for the flagship KalNorth Gold Field, located immediately north-east of Kalgoorlie.

All necessary government documentation was completed in order to obtain the relevant approvals and permits for production to proceed at Lindsay's. Final Mines Department approval and a Mining Licence were granted subsequent to the end of the quarter.

Through a tender process, contracts were also finalised for mining services and ore haulage to the Carosue Dam processing plant.

The receipt of final approvals enabled earthworks and pre-strip to commence as per schedule, shortly after December quarter. Blasting is now underway and first gold extraction is imminent.

Corporately, \$7.3million was raised during the quarter through a heavily oversubscribed rights issue. These funds are being used to advance development of the Lindsay's mine and expand the exploration programs at Kalpini, Kurnalpi and Mt Jewell.

A name change also took place during the quarter to reflect both the transition from gold explorer to producer and the geographic location of the flagship KalNorth Gold Field. The rebrand to KalNorth Gold Mines Limited (ASX: KGM) was executed in October 2012 with full shareholder support.

Managing Director, John McKinstry, commented:

"The December quarter was a pivotal period in our transformation from gold explorer to producer.

"With the commencement of first mining planned for January 2013, finalising all of the groundwork and paperwork was our main priority for the quarter. Delivering this project on schedule and within budget was an important milestone that we wanted to achieve, as it demonstrates our 100% commitment to realising the full potential of our assets and maximising returns to our shareholders."

PROJECT DEVELOPMENT – Lindsay’s

Permit approvals

A Mining Proposal was submitted to the Department of Environment and Conservation during the quarter, outlining a commitment to compliance with all Government regulations and post-mining rehabilitation requirements.

A Project Management Plan was also submitted to the Western Australia Department of Mines and Petroleum, outlining a commitment to ensuring a safe workplace.

Both submissions were granted approval by the relevant authorities. These were the final documents required for mining to commence at the Lindsay’s field.

Contracts

During the quarter, tenders were issued for contract mining services and ore haulage. By utilising an outsourcing strategy, production costs for the whole operation are largely fixed and predictable.

The mining contract was awarded to GWH Equipment (GWH) – a local company who have operated similar sized operations in the Kalgoorlie region.

The haulage contract was awarded to locally-based McAleese Resources. McAleese will use a fleet of 170t maxi-haul road trains to transport our ore the 72km to the Carosue Dam plant, via Saracen’s private road. The contract is in place for the duration of the Lindsay’s open pit operation.

As previously communicated in the September quarter, Saracen Mineral Holdings Ltd have been contracted to process the ore at their nearby Carosue Dam mill. Under the processing agreement, a fixed fee per dry tonne will be paid to Saracen, in return for the recoverable metal less the agreed fee.

Work underway

The first round of grade control drilling on the two major Lindsay’s open pits was completed during the quarter. This drilling covers the first four benches of mining.

Subsequent to December quarter end, GWH has mobilised equipment to site, office and workshop areas have been cleared and initial office facilities set up.

Earthworks, entailing clearing and stripping of the mine site, recently commenced as per schedule on 9 January 2013. Access roads to the Lindsay’s site have also been cleared for construction.

First ore is scheduled to be mined in early February. The open pit operation is scheduled to deliver ore feed to the Carosue Dam processing plant at a rate of around 25,000 tonnes per month, over an 18 month period. This equates to approximately 40,000 oz of gold.

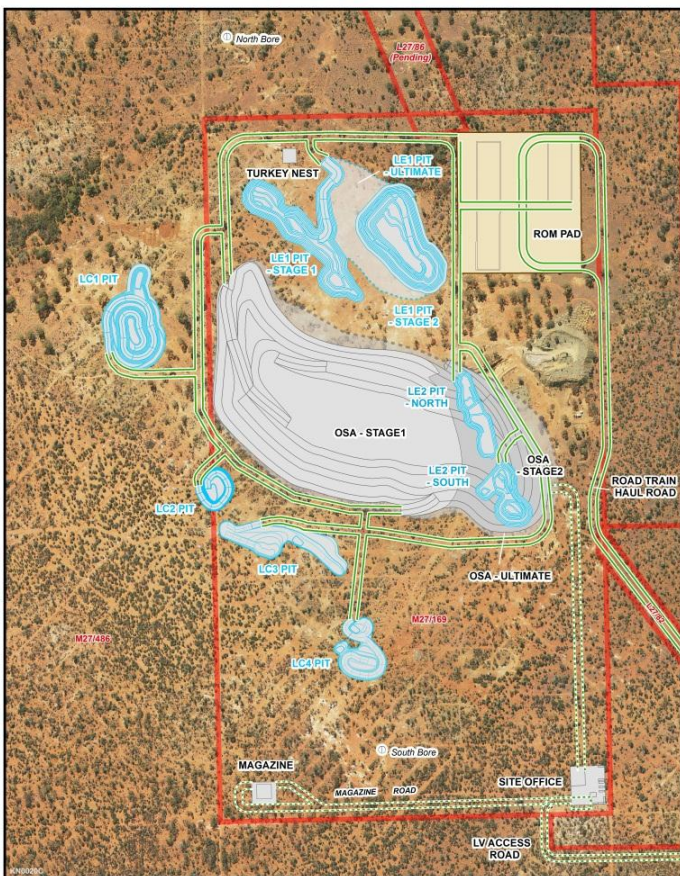


Figure 1: Lindsay’s mine site layout



Image 1: Grade control drilling



Image 4: Vegetation and top soil clearing



Image 2: Contractor haul trucks delivered to site



Image 5: Haul road construction



Image 3: Initial office and workshop facilities



Image 6: Excavator on site

PROJECT DEVELOPMENT – Kalpini

An initial Probable Reserve on the Gambia deposit at Kalpini was announced in November 2012. It is estimated that an initial open-cut pit mine will deliver 567,000t @ 2.75 g/t for 50,040 oz, over two years.

The initial open-cut pit design is based on an optimised \$1,500/oz shell. The design considers the delivery of both oxidised and fresh ore and mining to a depth of approximately 55m. Metallurgical test work completed to date has demonstrated the ore to be free milling, with good recoveries. (See figure 2 below)

This initial pit design is also based on trucking to, and processing at Saracen Mineral's Carosue Dam processing plant, located approximately 51km by road from the Kalpini field.

The release of an initial Probable Reserve on the Gambia deposit has increased KalNorth's total Probable Reserve (for the entire KalNorth Gold Field) to 2.3Mt @ 2.0 g/t for 152,967oz of gold. (See Table 2)



Image 7: Reserve drilling at Kalpini

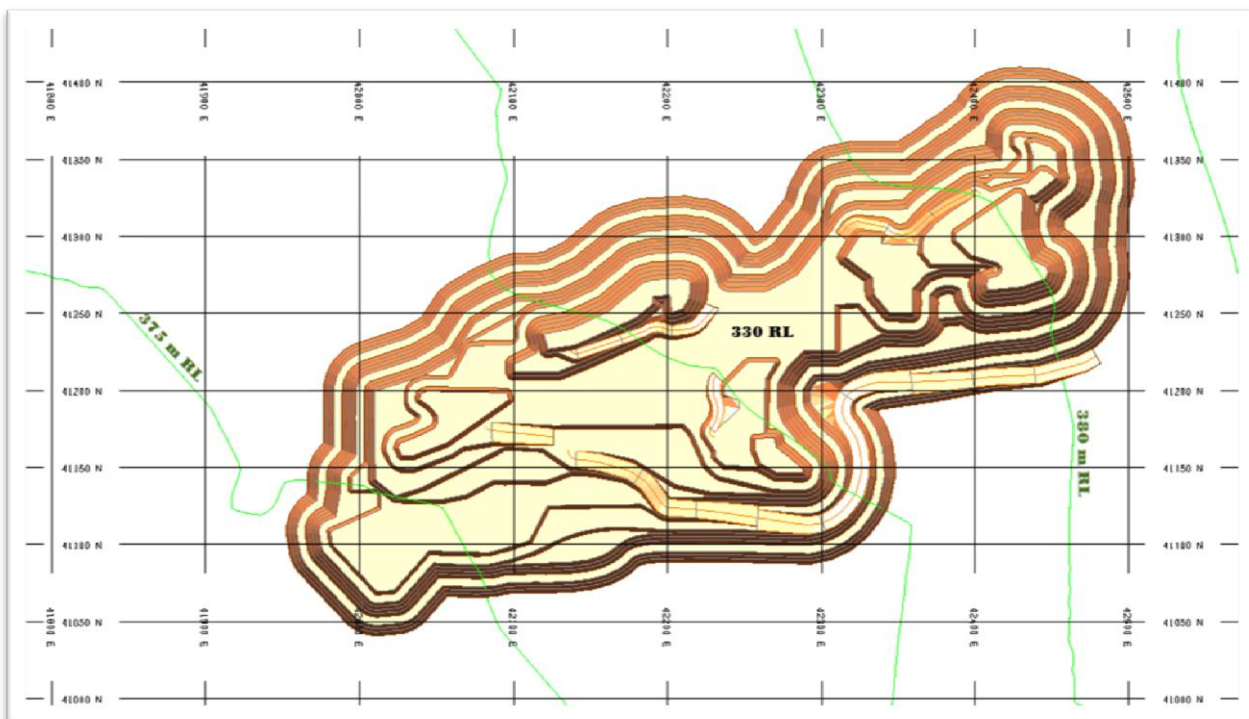


Figure 2: Gambia Prospect – initial open-cut pit design

EXPLORATION

Drilling activity

Drilling during the quarter was largely Rotary Air Blast (RAB) drilling, aimed at developing new prospects.

Drilling type	Oct 12	Nov 12	Dec 12	Totals
RC (m)	-	2,540	-	2,540
Diamond (m)	359	-	-	359
Grade control (m)	4,006	2,466	786	7,258
RAB/aircore (m)	10,280	9,303	-	19,583

Total holes	446	329	38	813
Total metres (m)	14,645	14,309	786	29,740

Table 1: December quarter drilling summary

Kurnalpi: Brilliant Prospect

During the quarter, a further round of reverse circulation (RC) drilling was completed at Kurnalpi's Brilliant North and Brilliant West deposits. This involved 12 new holes for a total of 1,468m. 400m of re-entry metres were also drilled in four holes in the Western area of the main Brilliant deposit.

Results for hole KBRC218 were promising, with a wide zone of around 40m in length of anomalous (0.1-1gt Au) gold with a maximum of over 3g/t discovered in the upper saprolite zone. A broad zone (plus 24m at 0.5gt) of mineralisation was identified in one of the nine holes at Brilliant North, aimed at testing 1.5km of strike.

At Brilliant West, a promising alteration zone in dolerite, which remains open to the north, delivered a best intersection of 20m at 0.9 g/t Au from 4m composites. **The Brilliant West area remains highly prospective for potential resource additions.** The recent drill program has extended the system an additional 40m to the north, through the drilling of one fence of three holes (KBRC 224 to 226). The dolerite on the northern most section is approximately 50m in width – this is the widest yet to be seen along this trend.

Better results received from 4m composites include:

KBRC121 (Brilliant West)	8m from 136m @ 0.59g/t Au
KBRC173 (Brilliant West)	13m from 39m @ 0.85g/t Au
KBRC218 (Brilliant North)	4m from 32m @ 3.48g/t Au
KBRC218	8m from 60m @ 1.06g/t Au
BRC224 (Brilliant West)	20m from 84m @ 0.89g/t Au

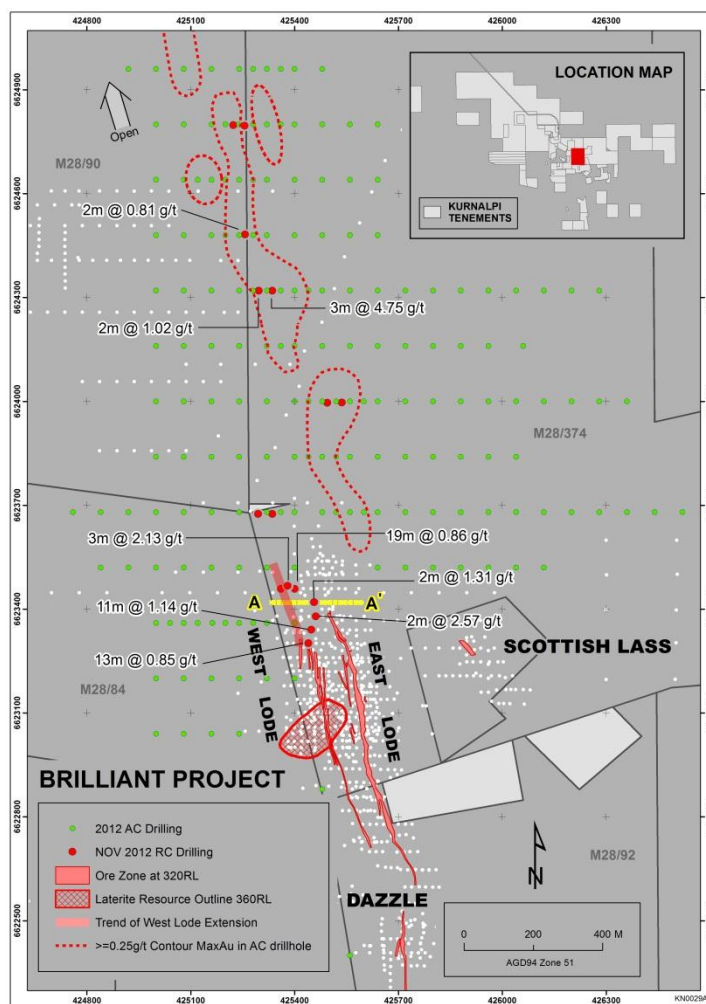


Figure 3: Drilling map at Brilliant Prospect, Kurnalpi field

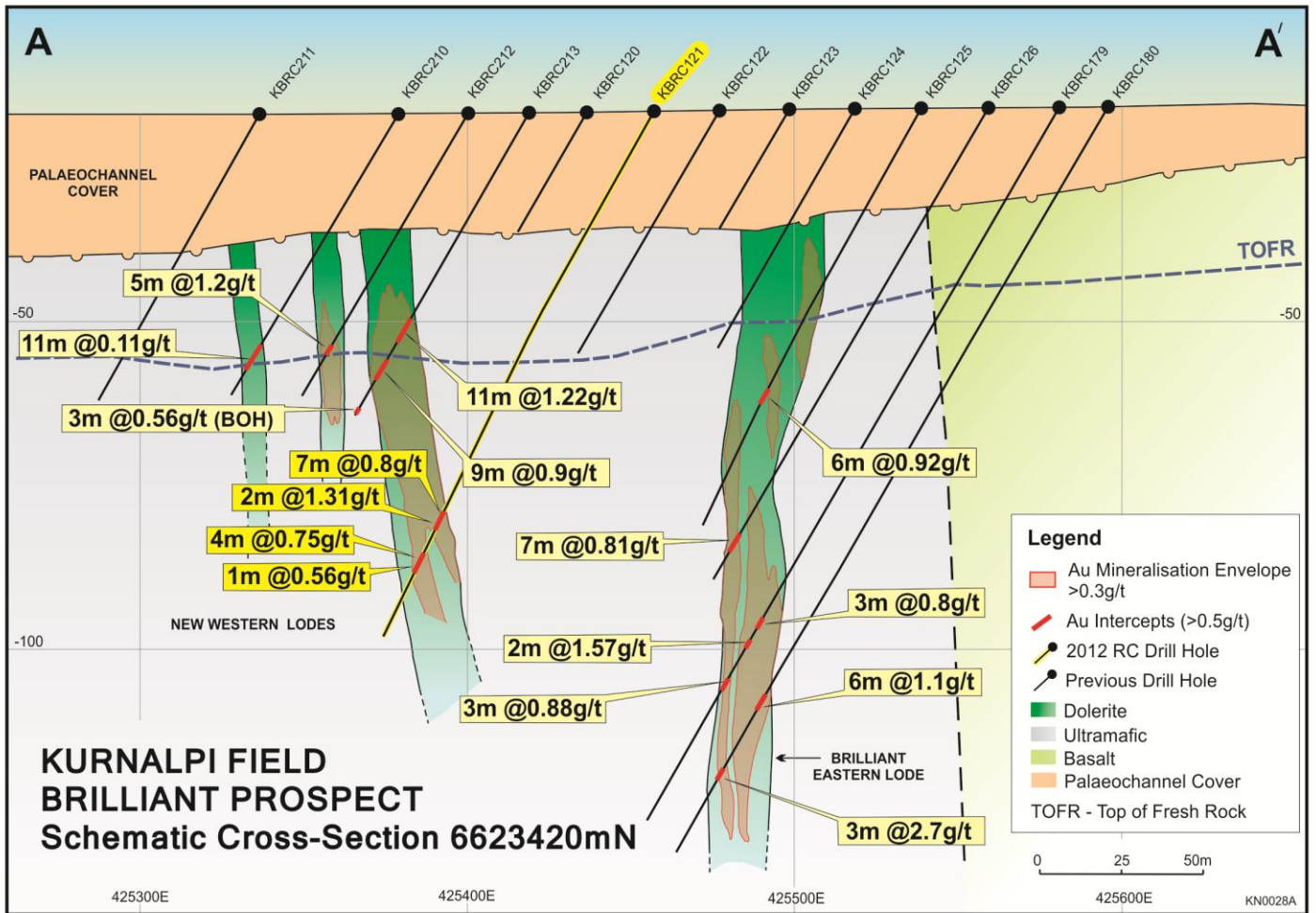


Figure 4: Cross-section of Brilliant Prospect

Kurnalpi: Zandor Prospect

A 162 hole rotary air blast (RAB) program was completed during the quarter. This was designed to follow strong gold anomalies found across the Lady Mary, the Success and Zandor trends, believed to be related to the Avoca shear system. The RAB drilling program totalled 7860m and tested mineralisation along a north-south strike, approximately 2.5km in length.

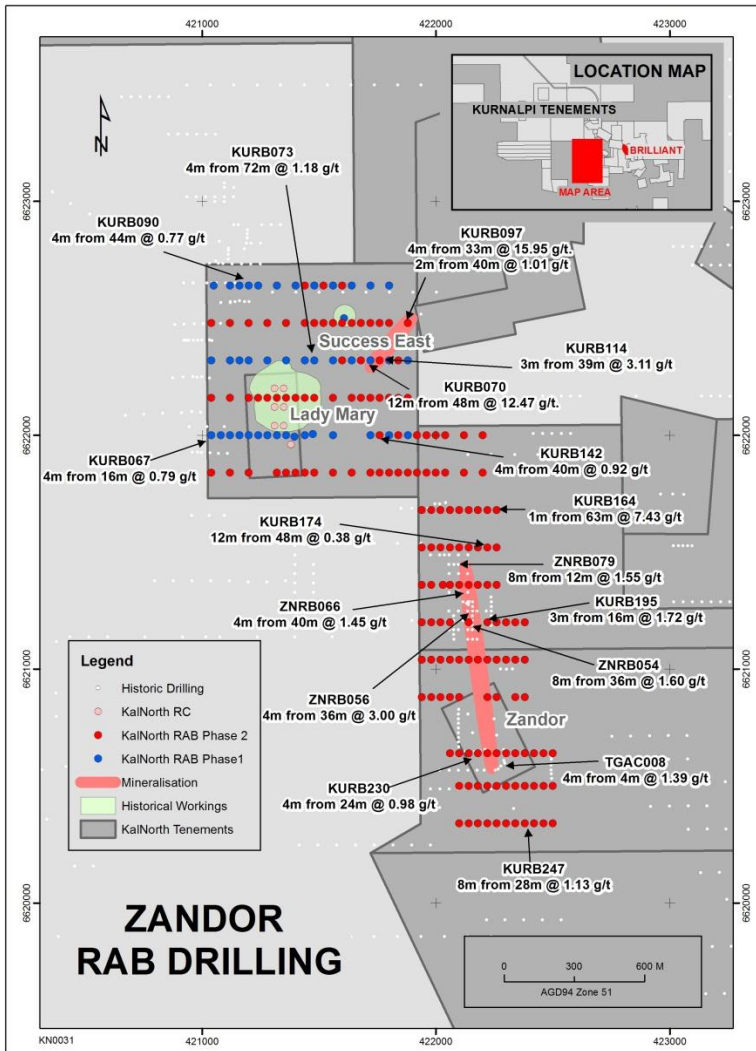


Figure 5: RAB drill map at Zandor Prospect

Better results, based on 4m sampling include:

KURB 097	4m from 32m @ 43.9 g/t Au
KURB 107	4m from 44m @ 0.76 g/t Au
KURB 114	8m from 36m @ 0.64 g/t Au
KURB 142	4m from 40m @ 0.92 g/t Au
KURB 191	8m from 40m @ 0.29 g/t Au
KURB 195	4m from 16m @ 1.15 g/t Au
KURB 208	8m from 40m @ 0.64 g/t Au

One metre RAB re-samples delivered some very good intersections, including;

KURB097	1m from 33m @63.2 g/t Au
	6m from 36m @2.73 g/t Au
KURB114	3m from 39m @3.11 g/t Au
KURB164	1m from 63m @7.43 g/t Au
KURB195	2m from 16m @4.86 g/t Au

Mt Jewell: Hughes & Tregurtha deposits

Pit optimisation work is underway on the Hughes and Tregurtha deposits. It was initially anticipated that this could be completed within the December quarter, however with the Lindsay's mine coming into production, KGM decided to defer this work for completion by February.

SPARGOVILLE

Farm-out agreement

During the quarter, a farm-out agreement with Mithril Resources Limited (ASX: MTH) was executed for further exploration of Spargoville – a set of non-core tenements south of Kalgoorlie.

Under the agreement, MTH is committed to a minimum expenditure of \$320,000 in the first year, in order to secure a 20% interest in the asset. Fulfilment of this term will then grant MTH the option to obtain an 80% interest in the asset, by spending a further \$1.68 million in the subsequent three years.

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

Fulfilment of all conditions would result in an 80% MTH: 20% KGM Joint Venture over the expanded Spargoville-Spargos Reward land package.

The agreement relieves KGM of further expenditure obligations on Spargoville, thereby allowing all resources (capital and personnel) to be focused on the exploration, development and mining of the KalNorth Gold Field.

CORPORATE AND FINANCE

Board changes

In November, Mr Henry Yu joined the KalNorth Board as a Non-Executive Director.

Name change

In early October, shareholders approved a name change from Carrick Gold Limited to KalNorth Gold Mines Limited. Trading under the new ASX code KGM commenced on 22 October 2012.

Finance

Total expenditure for the quarter (net after credits) was \$2.84 million, compared with the previous quarter's expenditure of \$2.73 million. Of this, \$1.95 million was spent on exploration activities and \$1.08 million on mine development activities. Note: credits valued at \$195,000 make up the difference.

Interest received during the quarter was \$10,000 and cash balance at the end of the quarter was \$5.0 million (not including \$110,000 in security deposits). Expenditure in the March quarter is expected to be \$1.82 million.

LOOKING AHEAD

Key areas of focus for the March 2013 quarter:

- Commencement of mining at the Lindsay's field
- First delivery of ore to Carosue Dam processing plant
- Mine design on the Hughes and Tregurtha deposits in the Mt Jewell field
- Regional RAB drilling in Mt Jewell field

Table: KalNorth Gold Mines Ore Reserves as at 12 November 2012

KalNorth Gold Mines									
Deposit	Proven			Probable			Total		
	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)
Brilliant (3)	-	-	-	1,090,000	1.7	59,930	1,090,000	1.7	59,930
Lindsay's (3)				664,000	2.2	42,997	664,000	2.2	42,997
Gambia (3)				567,000	2.8	50,040	567,000	2.8	50,040
Total	-	-	-	2,321,000	2.0	152,967	2,321,000	2.0	152,967

Note: The Resource numbers below include the ore reserve

Table: KalNorth Gold Mines Mineral Resources as at 12 November 2012

Kurnalpi Field									
Deposit	Indicated			Inferred			Total		
	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)
Total	3,110,200	1.2	124,200	3,057,000	1.1	105,700	6,167,000	1.2	228,800
Kalpini Field									
Deposit	Indicated			Inferred			Total		
	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)
Total	3,241,000	1.8	190,600	1,373,000	1.5	65,000	4,614,000	1.7	255,600
Lindsays Field									
Deposit	Indicated			Inferred			Total		
	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)
Total	4,151,400	1.7	228,200	990,400	3.0	95,400	5,141,800	2.0	323,600
Mt Jewell Field									
Deposit	Indicated			Inferred			Total		
	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)
Total	6,167,000	1.1	212,400	2,452,000	0.8	63,200	8,619,000	1.0	275,600
Spargoville Field									
Deposit	Indicated			Inferred			Total		
	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)
Lady Allison (1)	-	-	-	2,127,700	1.3	86,800	2,127,700	1.3	86,800
KalNorth Gold Mines Total									
Total	Indicated			Inferred			Total		
	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)	Tonnes (t)	Grade (g/t)	Ounces (oz)
Total	16,669,600	1.4	755,400	10,000,100	1.3	416,100	26,669,500	1.4	1,170,400

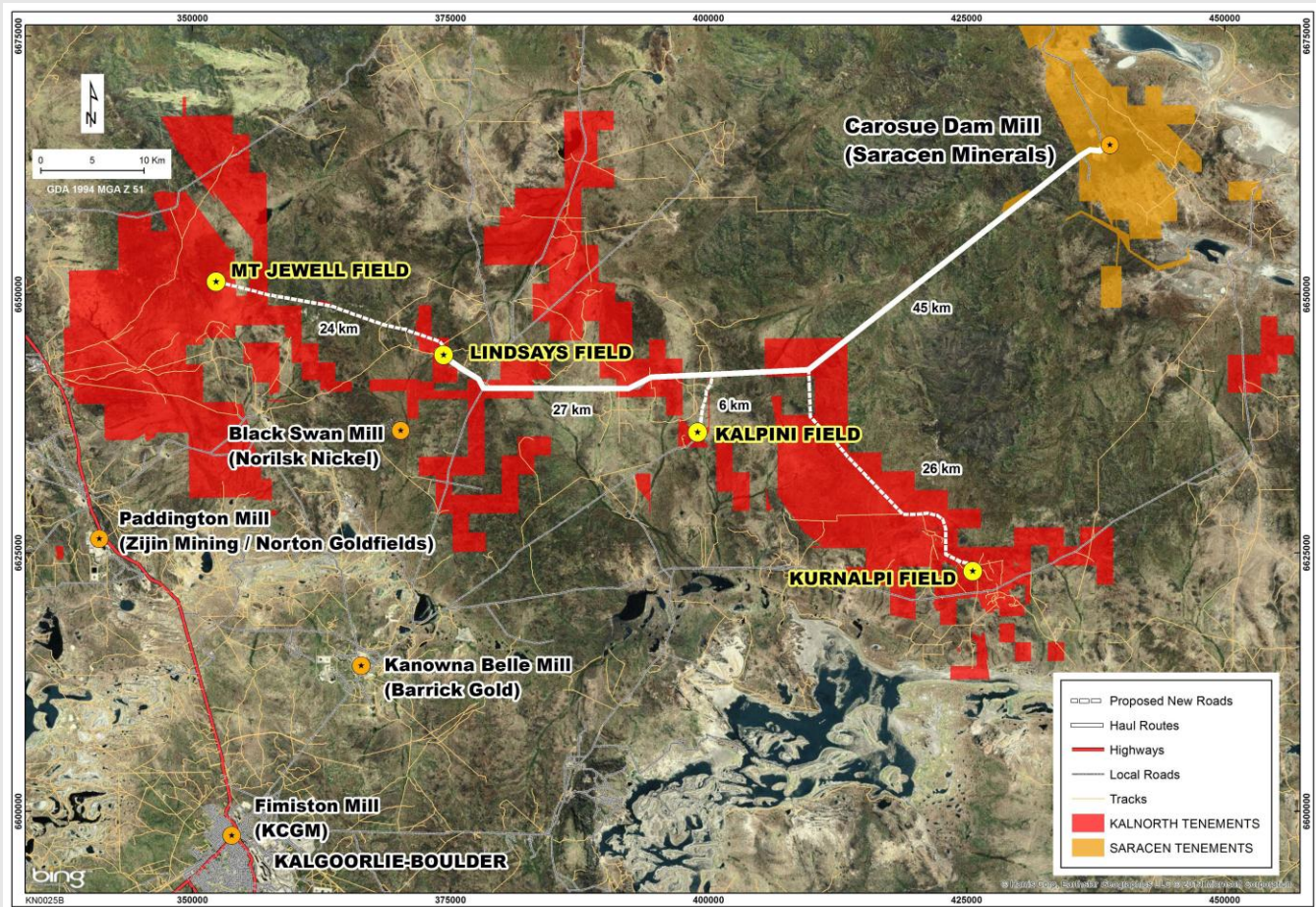
Table 2: Summary of Resources and Reserves**Additional Notes for tables;**

- * All figures for Lindsays, Kurnalpi, Kalpini, Mt Jewell and Spargoville used a 0.5g/t lower cut off.
- * (1) denotes models completed by Mr Shane Fieldgate who is a member of the Australian Institute of Mining and Metallurgy and is employed full time by Snowden Mining Industry Consultants (Snowden).
- * (2) denotes models completed by Mr Mark Carder who is a member of the Australian Institute of Geoscientists and is a former employee of Carrick Gold Limited (Carrick).
- * (3) denotes design reviewed and approved by Mr Rodney Drown who is a member of the Australasian Institute of Mining and Metallurgy and is employed by KalNorth Gold Mines Limited (KalNorth).
- * (4) denotes models completed by Mr Paul Boamah who is a member of the Australian Institute of Geoscientists and Australian Institute of Mining and Metallurgy and is employed full time by KalNorth Gold Mines Limited (KalNorth).
- * All models completed by Shane Fieldgate (Snowdens) used a 0.3g/t lower cut off mineralised wireframe with minimum 2m thickness and 2m maximum internal dilution.
- * All models completed by Mark Carder (Carrick) used a 0.3g/t lower cut off mineralised wireframe with minimum 1m thickness and 2m maximum internal dilution.
- * All models completed by Paul Boamah (KalNorth) used a 0.3g/t lower cut off mineralised wireframe with minimum 2m thickness and 2m maximum internal dilution.
- * Mineral Resources are inclusive of Ore Reserves.
- * Figures have been rounded to 2 or 3 significant figures to reflect accuracy of the estimates (note that rounding can yield apparent computational discrepancies)
- * Contained gold for Mineral Resources is insitu.
- * The resources for Discovery Hill, Scottish Lass, Sparkle, Dazzle, Camelia and Atlas are transected by historic underground workings and have been depleted for mining.

Competent Persons Statement:

The information within this report as it relates to geology, mineralisation and resource estimation on all deposits was reviewed and approved by Mr Wade Johnson who is a full time employee of KalNorth Gold Mines Limited. Mr Johnson is a member of The Australian Institute of Geoscientists (AIG), and is a Competent Person as defined by the 2004 JORC Code, having more than five years' experience relevant to the style of mineralisation and type of deposit described in the Report. This person consents to the inclusion of this information in the form and context in which it appears in this presentation. The information within this report as it relates to mine design and ore reserves was reviewed and approved by Mr John McKinstry who is a full time employee of KalNorth Gold Mines Limited. Mr McKinstry is a member of The Australasian Institute of Mining and Metallurgy (AusIMM), and is a Competent Person as defined by the 2004 JORC Code, having more than five years' experience relevant to the mining method and type of deposit described in the Report. This person consents to the inclusion of this information in the form and context in which it appears in this presentation.

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).

APPENDIX

Significant RAB Drill Hole Intersections (0.2g/t cutoff)				
Hole ID	Depth (m) From	Depth (m) To	Width (m)	Au g/t
KURB097	33	37	4	15.95
KURB097	40	42	2	1.01
KURB107	44	48	4	0.76
KURB110	64	68	4	0.22
KURB114	39	42	3	1.04
KURB116	48	52	4	0.46
KURB125	28	32	4	0.4
KURB128	40	48	8	0.21
KURB134	56	60	4	0.23
KURB134	64	68	4	0.39
KURB142	40	44	4	0.92
KURB147	48	52	4	0.27
KURB159	0	4	4	0.22
KURB159	20	24	4	0.32
KURB159	40	48	8	0.31
KURB160	56	58	2	0.26
KURB163	16	20	4	0.21
KURB163	32	36	4	0.53
KURB164	63	64	1	7.43
KURB174	48	60	12	0.38
KURB185	40	52	12	0.5
KURB190	44	48	4	0.47
KURB191	40	48	8	0.29
KURB192	64	67	3	0.24
KURB195	16	19	3	1.72
KURB198	32	36	4	0.26
KURB199	40	44	4	0.31
KURB208	40	48	8	0.64
KURB216	44	51	7	0.27
KURB217	16	20	4	1.1
KURB230	24	28	4	0.98
KURB242	36	40	4	0.63
KURB247	28	36	8	1.13

Significant intersections (>0.2g/t) from RAB drilling in December quarter at the Zandor Prospect

Significant RAB Drill Hole Intersections (0.2g/t cutoff)				
Hole ID	Depth (m) From	Depth (m) To	Width (m)	Au g/t
LIRB131	16	20	4	0.2
LIRB134	24	25	1	0.65
LIRB147	12	13	1	0.83
LIRB155	17	18	1	1.06
LIRB156	0	4	4	0.23
LIRB161	0	4	4	0.38
LIRB161	12	16	4	0.46
LIRB162	0	4	4	0.31
LIRB166	24	28	4	2.15
LIRB166	36	37	1	0.2
LIRB167	32	36	4	0.36
LIRB168	24	34	10	1.04
LIRB169	0	4	4	0.37
LIRB170	0	4	4	2.4
LIRB170	20	24	4	0.36
LIRB201	28	36	8	0.59
LIRB203	28	32	4	0.59
LIRB220	0	4	4	0.22
LIRB225	44	48	4	1.17
LIRB226	16	20	4	1.18
LIRB269	24	25	1	0.22
LIRB313	0	4	4	0.2
LIRB317	52	53	1	0.2
LIRB321	4	8	4	0.24
LIRB321	40	44	4	0.44
LIRB321	56	60	4	0.21
LIRB330	60	64	4	0.2
LIRB331	60	64	4	0.2
LIRB333	72	76	4	0.2
LIRB336	12	16	4	0.3
LIRB341	28	32	4	0.23
LIRB342	36	40	4	0.26
LIRB347	57	58	1	0.54
LIRB349	59	60	1	0.35
LIRB354	52	53	1	0.29
LIRB355	52	56	4	0.27
LIRB356	52	56	4	0.24
LIRB365	38	39	1	0.21
LIRB366	51	52	1	0.24
LIRB367	0	4	4	0.22

Significant intersections (>0.2g/t) from RAB drilling at Lindsay's field during the December quarter

Significant RC Drill Hole Intersections (0.5g/t cutoff)					
Hole Number	Depth (m) From	Depth (m) To	Width (m)	Au g/t	width * g/t
KBRC106	46	47	1	2.01	2
KBRC106	55	59	4	0.65	3
KBRC106	62	67	5	0.65	3
KBRC106	75	86	11	1.14	13
KBRC106	90	91	1	0.87	1
KBRC106	94	96	2	0.51	1
KBRC106	132	136	4	0.69	3
KBRC114	40	42	2	2.57	5
KBRC114	121	122	1	1.13	1
KBRC114	130	132	2	0.95	2
KBRC121	139	146	7	0.8	6
KBRC121	153	155	2	1.31	3
KBRC121	159	163	4	0.75	3
KBRC121	168	169	1	0.56	1
KBRC173	31	33	2	0.86	2
KBRC173	39	52	13	0.85	11
KBRC173	81	82	1	0.51	1
KBRC173	89	90	1	0.9	1
KBRC216	57	59	2	0.81	2
KBRC217	79	80	1	0.92	1
KBRC217	84	86	2	1.02	2
KBRC218	33	36	3	4.75	14
KBRC218	47	48	1	0.65	1
KBRC218	58	59	1	0.7	1
KBRC218	63	66	3	1.72	5
KBRC223	39	40	1	0.82	1
KBRC223	44	45	1	0.59	1
KBRC224	65	66	1	4.47	4
KBRC224	71	72	1	0.5	1
KBRC224	76	80	4	0.88	4
KBRC224	85	104	19	0.86	16
KBRC224	107	108	1	0.55	1
KBRC225	45	48	3	2.13	6
KBRC225	78	85	7	0.67	5
KZSC001	4	8	4	0.5	2
KZSC003	36	40	4	0.57	2

Significant intersections (>0.5g/t) from RC exploration drilling at Lindsay's field during December quarter