

Maiden Reserve established for Mt Jewell



Date: 25 March 2013

ASX Code: KGM

www.kalnorthgoldmines.com

Shares on issue: 169.9M ordinary shares

Share Price: \$0.30.5

Market Capitalisation: \$51.8M

Directors

Laurence Freedman AM: Chairman

John McKinstry: Managing Director

Robert Schuitema: Executive Director and
Company Secretary

Henry Jian Yu: Non-executive Director

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- **Initial Probable Reserve totalling 2.74Mt at 1.36g/t grade for 119,800oz of gold**
- **Mt Jewell addition increases total Probable Reserve for the entire KalNorth Gold Field by 78%**
- **Reserve based on open pits at Hughes & Tregurtha deposits**

KalNorth Gold Mines Limited (ASX: KGM) is pleased to announce that an initial Probable Reserve of 2.74Mt at 1.36 g/t for 119,800oz of gold has been calculated for the Mt Jewell Field. Metallurgical test work has confirmed Mt Jewell to have free milling ore, with good recoveries.

Importantly, Mt Jewell has excellent Resource growth potential as mineralisation remains open in most directions. Drilling is planned for the next quarter to target additional ore.

The addition of the Mt Jewell Reserve boosts KalNorth's total Probable Reserve by 78%, to 5.06Mt at 1.7g/t for 272,770oz of gold (see Table 4).

The total Indicated and Inferred Resource for KalNorth is 1.2Moz of gold (see Table 5).

The maiden Reserve for Mt Jewell is based on an optimised \$1500/oz shell and onsite ore processing through a nominal 1Mtpa plant.

The Company's level of confidence is such that pit design studies have begun (see figs 1&2). The expectation of additional resource/reserves is leading to advanced pit design and mine planning.

Managing Director John McKinstry commented:

"Mt Jewell is proving to be an outstanding acquisition for KalNorth. With a Total Probable Reserve of over a quarter million ounces now established across the KalNorth Field, we are advancing our plans for another open pit mining operation at Mt Jewell.

"With Reserves now firmed up for our four key gold fields, our focus has turned to aggressively grow the Resource base.

"We believe there is potential for Resource growth across all projects and we intend to tap into that potential in the near-term."

Figure 1: Isometric image of Hughes Pit including the orebody block model

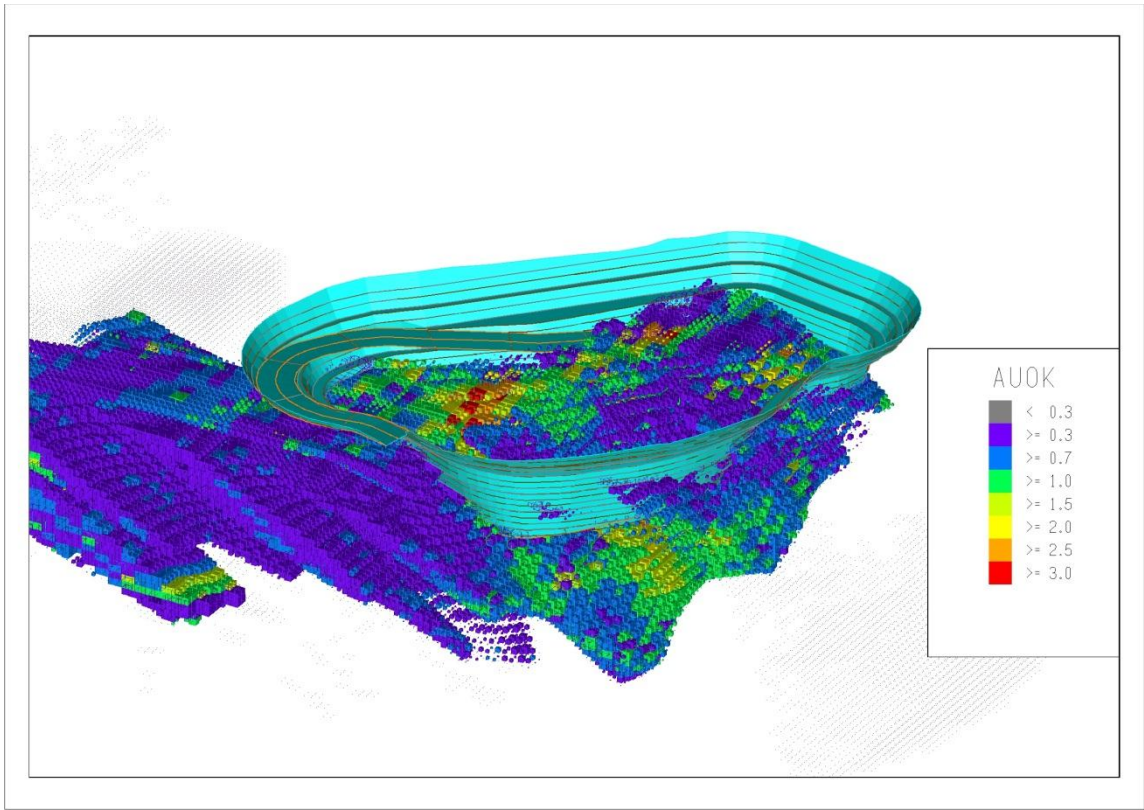


Figure 2: Isometric image of Tregurtha Pit including the orebody block model

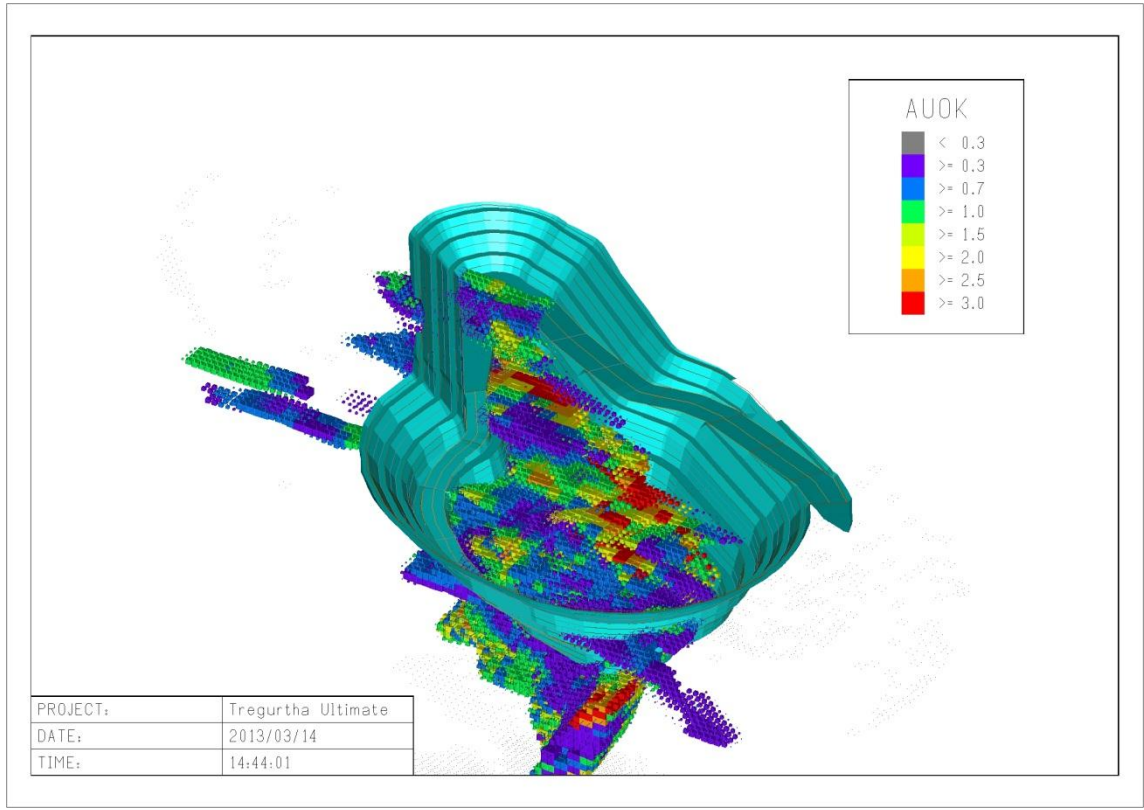


Table 1: Probable Reserve for the Tregurtha deposit, Mt Jewell

CLASSIFICATION	WEATHERING TYPE	TONNES (t)	GRADE Au (g/t)	Ounces
ORE				
(0.67 g/t)	Fresh	1,223,400	1.28	
	Transitional	1,214,800	1.35	
	Oxide	299,000	1.74	
	Transported			
Sub-total		2,737,200	1.36	119,800
LOW-GRADE				
(0.3 g/t)	Fresh	322,800	0.51	
	Transitional	514,600	0.51	
	Oxide	80,600	0.47	
	Transported			
Sub-total		918,000	0.50	14,850
Waste	ALL	15,592,676		
Strip Ratio (HG)			6.8	

Table 2: Probable Reserve for the Hughes Deposit, Mt Jewell

CLASSIFICATION	WEATHERING TYPE	TONNES (t)	GRADE Au (g/t)	Ounces
ORE				
(0.67 g/t)	Fresh	514,600	1.36	
	Transitional	492,700	1.62	
	Oxide	256,100	1.79	
	Transported			
Sub-total		1,263,400	1.55	62,900
LOW-GRADE				
(0.3 g/t)	Fresh	101,100	0.50	
	Transitional	131,900	0.50	
	Oxide	65,600	0.48	
	Transported			
Sub-total		298,600	0.50	4,750
Waste	ALL	9,209,180		
Strip Ratio (HG)			7.5	

Table 3: Total Probable Reserve for Mt Jewell

CLASSIFICATION	WEATHERING TYPE	TONNES (t)	GRADE Au (g/t)	Ounces
ORE				
(0.67 g/t)	Fresh	708,800	1.22	
	Transitional	722,100	1.17	
	Oxide	42,900	1.45	
	Transported			
Sub-total		1,473,800	1.20	56,900
LOW-GRADE				
(0.3 g/t)	Fresh	221,700	0.51	
	Transitional	382,700	0.51	
	Oxide	15,000	0.45	
	Transported			
Sub-total		619,400	0.51	10,100
Waste	ALL	6,383,496		
Strip Ratio (HG)			6.0	

Table 4: Total Probable Reserves for KGM (as at 14/03/13)

Deposit	Tonnes (t)	Grade (g/t)	Ounces (oz)
Brilliant	1,090,000	1.71	59,930
Lindsay's	664,000	2.19	43,000
Gambia	567,000	2.75	50,040
Hughes	1,473,800	1.20	56,900
Tregurtha	1,263,400	1.55	62,900
Total	5,058,200	1.68	272,770

Notes to accompany Reserves Statement;

Pit Optimisations were performed using MineSight software
Resource models prepared by KGM geologist and peer reviewed by Snowden Associates
Geotechnical and hydrological parameters estimated using known regional data
Pit shells of \$1500 and \$1600/oz used for pit optimisations
Mining dilution and mining recoveries have been taken into account
Processing recovery varies according to metallurgical testwork
Mining costs based on current mining contract at Lindsay's Mine
Numbers have been rounded to reflect accuracy
Deposits and stockpiles are as at 31 December 2012

Table 5: Total Resources for KalNorth Gold Mines (as at 14 March 2013)

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

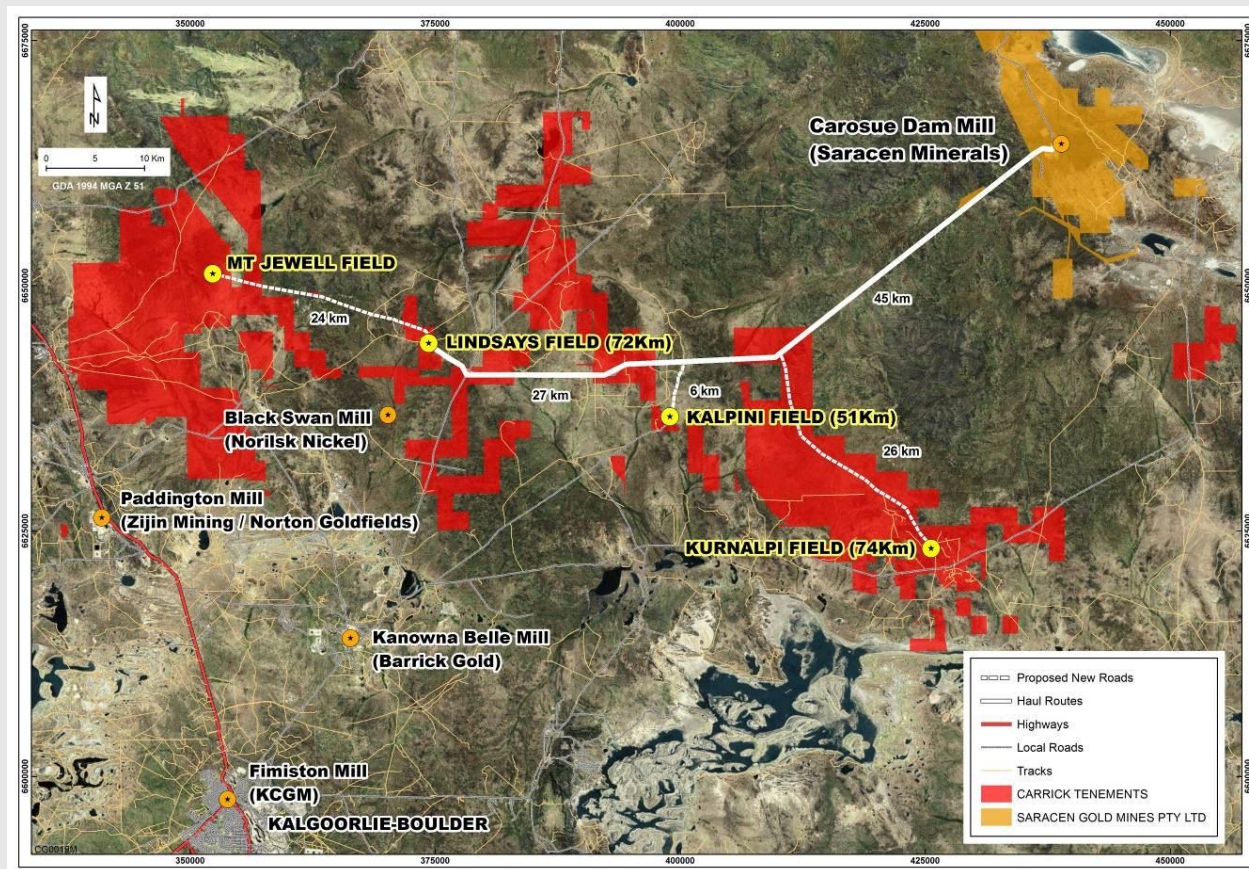
Additional Notes for tables:

- * 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
- * (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
- * (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
- * 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.
- * Spargoville Field is subject to a farm-in agreement with Mithril resources

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 document as it relates to mine design and ore reserves was reviewed and approved by Mr Rodney Drown who is a full time employee of KalNorth Gold Mines Limited. Mr Drown 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. Mr Drown consents to the inclusion of this information in the form and context in which it appears in this document.

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 approximately 1,200km² 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.

Planning is already underway to develop the second, third and fourth mines after Lindsay's.

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