



Date: 16 April 2013

ASX Code: KGM

www.kalnorthgoldmines.com

Shares on issue: 169.9M ordinary shares

Share Price: \$0.255

Market Capitalisation: \$43.3M

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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Underground mining for Lindsay's

- Viability of a Lindsay's underground mine now being assessed
- Substantially higher underground gold grades
- Underground production to follow completion of open pit
- Resource definition needed to expand planned stope areas

KalNorth Gold Mines Limited (ASX: KGM) is pleased to announce that the Lindsay's field, located 65km north of Kalgoorlie, is now being assessed for potential underground mining operations.

KalNorth is exploring plans to develop an underground mine at Lindsay's after exhaustion of the current open pit operation. It is envisaged that any underground operation would significantly extend the life of the Lindsay's mine.

Current work is based on a limited amount of deeper drilling undertaken at Lindsay's to date. It considers only the Indicated and Inferred Resources directly beneath the Parrot Feathers open pit. Several deep holes have confirmed strong continuity of the mineralised system (see Figure 1 and Table 1), but additional drilling is required to define the resource that is suitable in grade and width for extraction by underground methods.

The Lindsay's Mine currently has Indicated and Inferred resources of 5.14Mt @ 2.0g/t for 323,600oz of gold. Of this, 440,000t @ 2.89g/t for 40,000oz of gold is to be extracted by open pit.

Conceptual work, using advanced software, has been carried out to identify the target areas for additional drilling (see Figure 2). The program will focus on areas around the concept stopes where minimal drilling has been undertaken to date.

The substantially higher grades anticipated from the Lindsay's underground (see Figure 1 and Table 1) will be suitable for either transport to neighbouring plants, or providing a higher grade feed to KalNorth's own processing plant, which is also currently under consideration.

John McKinstry commented:

"Underground operations, delivering substantially higher grade ore, will significantly extend mine life at Lindsay's."

"The new software helps us to quickly and effectively identify key target areas for drilling."

"While open pits provide a rapid path to cash flow, there is a strong future for sustained underground operations, not only at Lindsay's, but also at the other KalNorth deposits."

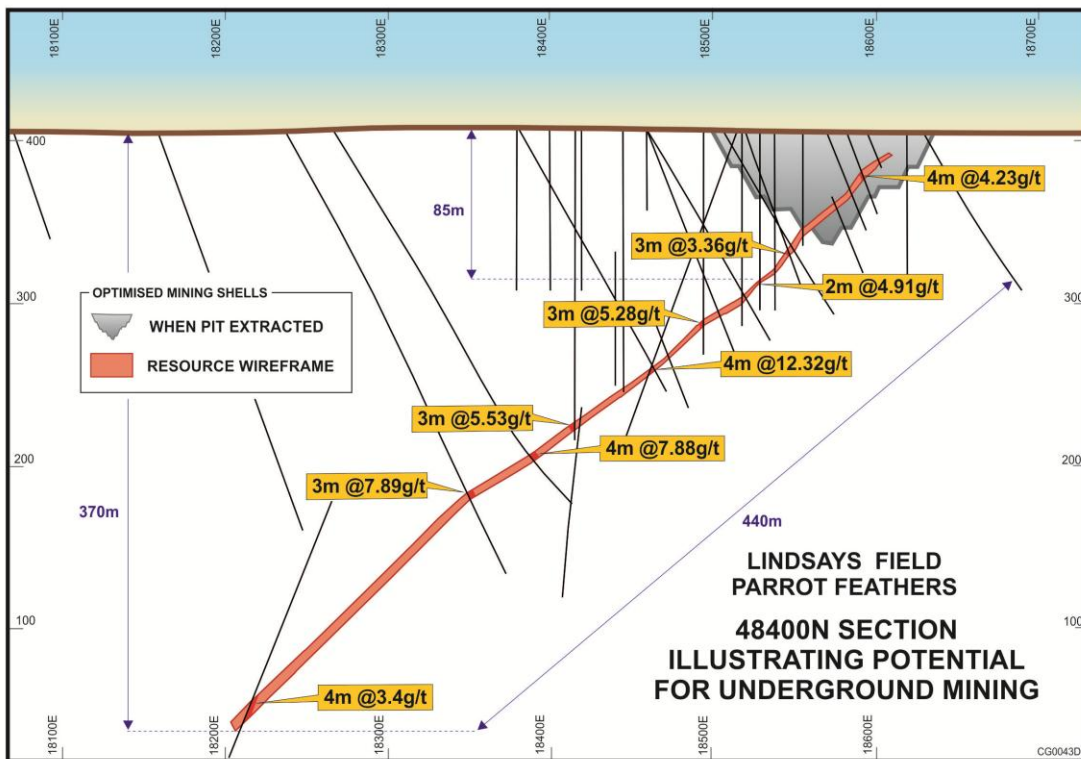


Figure 1: Cross section showing strong continuity of the main vein at depth

Table 1: Best results from current drilling beneath Parrot Feathers Pit

Hole ID	From (m)	To (m)	Width	Grade
PFD07	248.8	250.8	2	11.0
PFRC088	119	121	2	15.7
PFRC101	179	181	2	19.1
and	234	235	1	7.0
PFRC135	139	142	3	8.1
PFRC155	128	130	2	14.5
PFRC301	139	143	3	66.9
PFRC306	135	139	4	16.9
PFRC310	110	113	3	15.2
and	117	118	1	5.4

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.

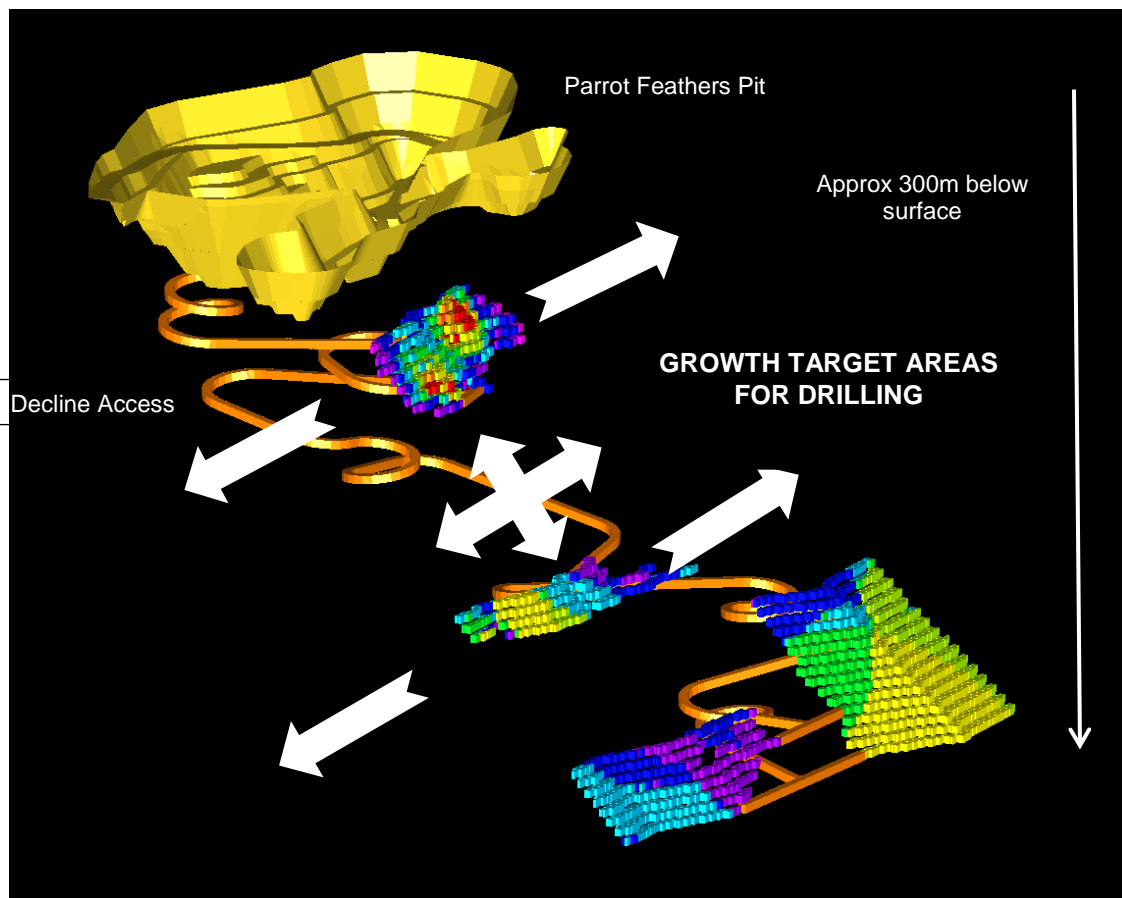


Figure 2: Screen isometric image of conceptual underground based on current drilling

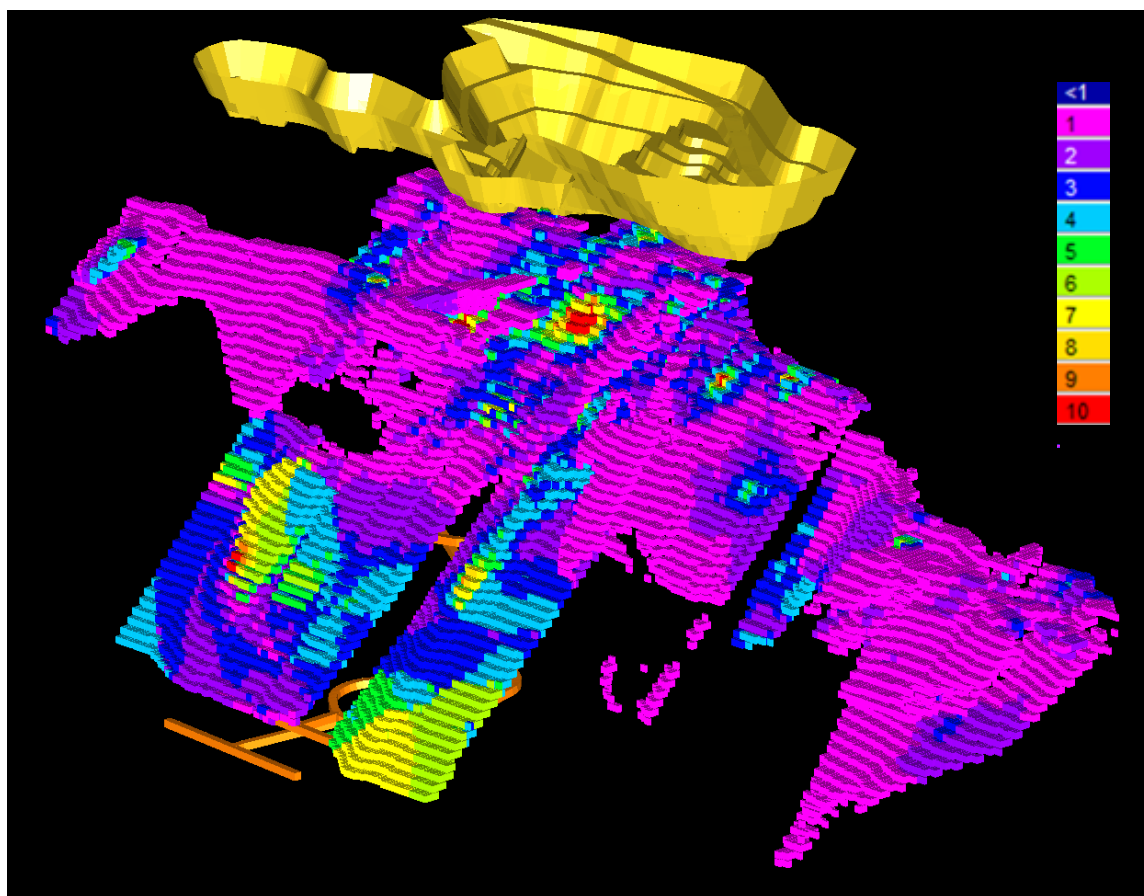
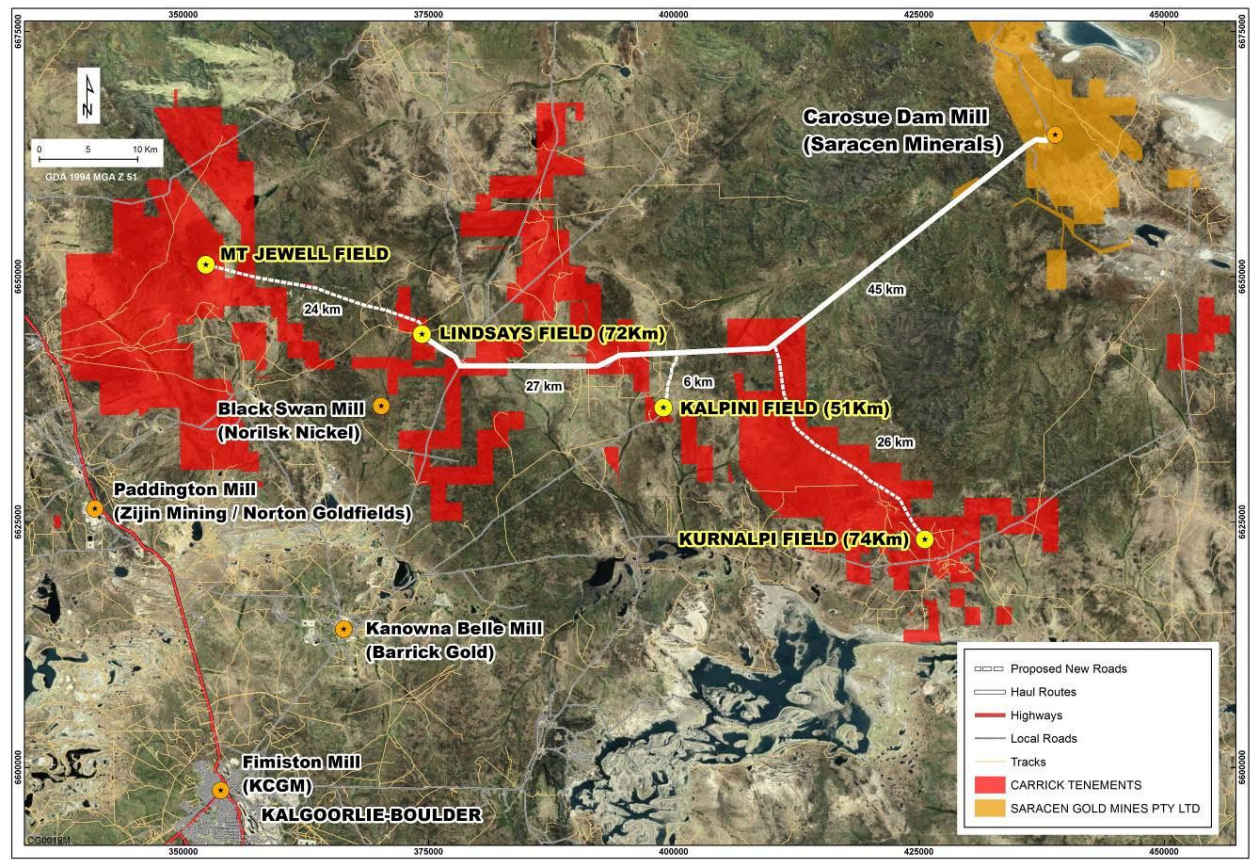


Figure 3: Grade profile across existing Resource area

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: 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).