



KalNorth Gold Mines – 2012 AGM Chairman’s Address

I welcome you to the Annual General Meeting for KalNorth Gold Mines Limited. Present is the Board of Directors of the Company.

We have made significant progress over the past 12 months. It has been a transformational period, moving from exploration to development and, in just over a months’ time, to gold production. We are one of a very few resource companies making this transition.

Our total focus on achieving production at the lowest cost in our area of focus has been the driving force behind the change of Company name to KalNorth Gold Mines Limited. It is a timely and appropriate change, reflecting our geographical focus on the commercially rewarding arc 50–80km north of Kalgoorlie as well as our status as a focused gold producer.

At the AGM last year we outlined a number of goals and provided a number of undertakings, including restating our resources to comply with JORC standards and building the asset base around mining reserves. I am pleased to tell you that all that we set out to achieve has been delivered on time and within budget.

As a result, the Company is set to commence mining gold in January. I will discuss that later, but I first want to tell you of the programs which have added to the Company’s asset value over the past 12 months.

The strategic acquisition of the Mt Jewell Field in March this year consolidated our dominant regional position within an arc 50–80km north of Kalgoorlie and led us to rename the LKK Project the KalNorth Gold Field. Mt Jewell is proving to be an exceptional purchase – it immediately added some 23% to our existing resource base and our initial drilling program has added further to the resource. We expect to be able to announce a Mining Reserve at Mt Jewell shortly.

Ongoing drilling programs have resulted in additional Resources at all of our KalNorth deposits and also delivered initial mining Reserves to the Lindsay’s and Kalpini Fields. These are the sites of the first two of four planned open pit mines. A mining Reserve was also calculated for the Kurnalpi Field.

All our work and effort during the past year, which is continuing, has been totally focused on the preparation for mining at Lindsay’s Field. This culminated in the Ore Processing Agreement with Saracen Mineral Holdings’ Carosue Dam mill.

In addition, we recently awarded a mining contract for Lindsay’s and are processing tenders for ore haulage, being the final steps towards initial production, early cash flow and profitability. The fixed-fee Processing Agreement and the use of contractors for the mining and haulage ensure that production costs will remain under control. Importantly, we retain the upside potential in the gold price.

KalNorth Gold Mines currently has an identified Resource base of more than 1.1 million ounces of gold, which we will continue to grow. Our target is to increase this appreciably every year through further regional exploration. Our tenements, all 100% owned, cover an area of more than 1,235 square kilometres. The mineralisation discovered to date, together with our geological understanding of this large auriferous area, underpins our confidence that we will achieve our annual targets and ensure the longevity of our operations.

The recent oversubscribed capital raising delivers greater financial flexibility to accelerate both additional exploration, and new mine reserve and development work. You may not be aware that our largest shareholder took up all of their entitlement and applied for, and received, oversubscriptions. I and all the directors took up all of their rights entitlements. As a director, I am precluded from applying for additional shares in a rights issue but I have since bought an additional 683,000 shares in the market. My own holding is now 15.5% and I have paid for every share I own.

We anticipate that future production, exploration and development will be fully funded through the cash generated from gold production. We aim to have a second open pit mine operating within 12 months and are planning for four mines across the KalNorth Gold Field in the medium-term.

With mine planning ongoing and an aggressive exploration program in place, KalNorth is in a strong position to further unlock the value of the Company's asset base and maximise shareholder returns. This is especially so as the gold price remains robust.

Our commercially focused Board and highly experienced technical team, led by Managing Director John McKinstry, have placed the Company on a solid footing for the future.

As you will be aware, we are fully transparent in our communication. We endeavour, at all times, to be open and clear. John has, in the past twelve months, addressed some 30 different audiences to tell them about the changes to the Company. We expect to continue to make regular and exciting announcements over the coming year

I would like to thank my fellow directors, management and all the staff for their untiring efforts during the year.

As I have already announced, the company is in great shape and my work is essentially done. I undertook to be on the board for two years to oversee the transition from explorer to miner. I will be leaving the board when the first ore is mined, which is expected to be in the next couple of months.

Thank you to the loyal shareholders who have supported the company and had faith in me to turn around the company.

Laurence Freedman AM
Chairman

26 November, 2012
Sydney