



Date: 30 April 2013 ASX Code: KGM

www.kalnorthgoldmines.com

Shares on issue: 169.9M ordinary shares

Share Price: \$0.245

Market Capitalisation: \$41.6M (As at market close 29/04/2013)

### **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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# Revised mining plan at Lindsay's

- Quick response to improve profitability
- 165Kt @ 2.5g/t for 13,000oz to be mined in current guarter
- New projects on accelerated schedule

Further to information contained in the March quarterly report, KalNorth Gold Mines Limited (ASX: KGM) has rapidly responded to the recent drop in the gold price and revamped the Lindsay's mine plan in order to lower mining costs and improve profitability. The following changes are now being implemented as part of the revision.

KalNorth will now accelerate the rate at which ore is mined from the Lindsay's open pits. For the June quarter, the revised plan is expected to yield 165,000t of ore, at 2.5g/t grade, for approximately 13,500oz.

In addition, the strip ratio will decrease from the initial (over burden removal) 17.1:1, to 7.4:1. The end result will be a significant drop in mining costs and an improvement in profitability.

While mining from the Lindsay's open pits will temporarily cease at the end of the June quarter, processing will continue at the Carosue Dam plant at the existing rate of 25,000t per month through to December. Any remaining ore will stay unmined pending a rebound in the gold price.

Importantly, the revised plan has resulted in improved profitability without detracting from the overall value proposition of KalNorth's assets. We remain on track to advance plans for the next open pit mine at Kalpini and to go underground at Lindsay's.

## Managing Director, John McKinstry, commented:

"Being able to respond in a timely manner to unforeseen events has shown that, even in this start-up phase, flexibility is an important asset to both the Company and its long-term profitability.

"Our actions reflect well on the strength of our technical team."

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 Carosue Dam Mill** (Saracen Minerals) MT JEWELL FIELD 45 km LINDSAYS FIELD (72Km) Black Swan Mill KALPINI FIELD (51Km) (Norilsk Nickel) **Paddington Mill** (Zijin Mining / Norton Goldfields) KURNALPI FIELD (74Km) Kanowna Belle Mill (Barrick Gold) Fimiston Mill (KCGM) SARACEN GOLD MINES PTY LTD KALGOORLIE-BOULDER

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 (WA).

The Company's suite of tenements, all 100% owned, is located some 50km north-east of the world-renowned gold mining town of Kalgoorlie, WA. They cover approx. 1,200km2 of highly prospective land. KalNorth's operational base is located in Kalgoorlie.

There are currently four discovered gold fields within the KGM tenement holding: 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 working towards establishing four gold mines across the KalNorth Field. Initially, all will be open pit operations, but each also has future underground potential. Planning is underway for an underground mine at Lindsay's.

KalNorth transitioned to gold producer in January 2013 when it brought the Lindsay's field into production. This milestone was achieved within budget and on schedule. Advanced planning is underway to develop a second mine at the Kalpini field after completion of the Lindsay's open pits.