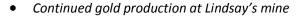


Lindsay's Mining Plan Update



Modifications to mining plan to cut costs

KalNorth Gold Mines Limited (ASX: KGM) is pleased to provide a further update on the Lindsay's mine.

Refinement to mining plan

As stated in the ASX release on 30 April 2013, the recent decline in the gold price decreased operating margins as calculated in the original mining plan. The original plan called for a substantial amount of overburden and low grade weathered ore to be first removed, in order to access the medium and higher grade ore zones below. That plan was modified as per the 30 April announcement and an expected yield of 165,000 tons of ore for approximately 13,500 oz of gold was stated.

With continuing analysis, mine management has further refined the plan so that, while retaining the same production objectives, it believes it can do so at lower cost.

In detail, these further refinements result in lowering costs by moving to a lower extraction rate by adopting a single shift operation and mining higher grade ore. Approximately 75,000 tons of ore is planned to be mined in the June quarter, which matches the delivery rates contracted to the Saracen mill of 25,000 tons of ore per month. This means no additional extraction costs which are not revenue producing.

The remaining 90,000 tons of ore is planned to be mined in the September quarter and the previously stated objective of extracting some 165,000 tons for approximately 13,500 oz to December 2013 remains unchanged.

By matching tonnage produced with tonnage processed there will be minimum costs associated with mining for stockpile. At the same time, by mining higher grade ore, management anticipates approximately the same amount of gold will have been produced over the period to December as previously forecast.

Loans

The earlier high strip ratios necessary to access higher grade ore had resulted in a heavier than budgeted drawdown of cash. As a result, KGM has now raised a total of \$4.2m in short and medium term loans. Directors have personally contributed \$700,000, with the balance from outside sources.

These funds serve to finance the Company's short term needs and also fund the works necessary to obtain permitting and approval for the second planned mine at Kalpini. This operation is expected to be brought forward to early 2014.



Date: 28 May 2013 ASX Code: KGM

www.kalnorthgoldmines.com

Shares on issue: 169.9M ordinary shares

Share Price: \$0.12

Market Capitalisation: \$20.4M (As at market close 27/05/2013)

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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Investor Relations and Media

Ron Cameron Mercury Consulting +61 2 8256 3308 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.

Carosup Dam (Mill (Saracen Mineralt) MT (FWEI), GET D O LINDSAYS FIELD (728 m) Carosup Dam (Mill (Saracen Mineralt)) Carosup Dam (Mill (Mineralt)) Carosup Dam (Mill (Minera

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 (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.