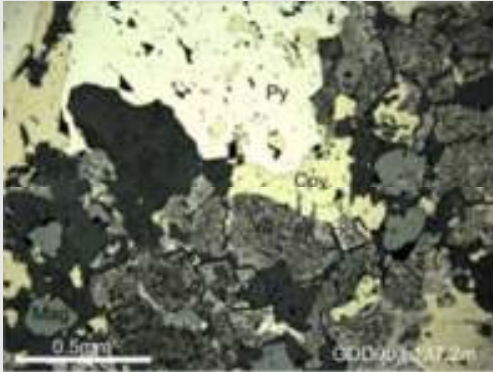


KalNorth Secures Nickel Rights at Grey Dam



Photomicrograph GDD003 - REF pyrite (Py), chalcopyrite

Date: 25 October 2013

ASX Code: KGM

www.kalnorthgoldmines.com

Shares on issue: 169.9M ordinary shares

Share Price: \$0.036

Market Capitalisation: \$6.2M

Directors

Laurence Freedman AM: Chairman

Robert Schuitema: Executive Director &
Company Secretary

Henry Jian Yu: Non-executive Director

Principal Office

12 St Georges Terrace, Perth WA 6000
+61 8 9225 5544

Mailing Address

GPO Box 2567, Perth WA 6001

- Nickel rights re-acquired from Inca Minerals Limited at KalNorth's 100% held Kurnalpi Project.
- The Nickel rights package covers a prospective 8km-long ultramafic belt, which includes the Grey Dam Nickel laterite resource totalling 14.5Mt @ 0.7% nickel and 456ppm copper.
- More recent exploration within the package has also returned encouraging nickel-copper sulphide intersections, as well as two EM targets which remain untested.
- KalNorth plans to commence detailed re-evaluation of the nickel sulphide potential at Kurnalpi.

KalNorth Gold Mines Ltd ("**KalNorth** or the **Company**", **ASX: KGM**) is pleased to announce that it has re-acquired the nickel (**Ni**) rights within its wholly-owned Kurnalpi Project located 70km from Kalgoorlie, WA (Figure1).

The Ni rights were re-acquired through a Deed of Termination and Release executed (18/10/2013) with Inca Minerals (**ASX: ICG**) whereby Inca terminated its nickel rights at KalNorth's Kurnalpi Project in return for KalNorth terminating its gold rights at Inca's Dingo Range Project.

KalNorth considers the divestment of non-core assets and the resumption of Ni rights as a positive step that compliments its gold assets at the Kurnalpi Project and allows it to fully focus on the KalNorth Field.

The Company now controls full mineral rights to a contiguous package of tenements covering a prospective belt of Komatiite rocks extending over an 8km strike length at Kurnalpi.

Significantly the package hosts the Grey Dam Ni laterite resource totalling 14.5Mt @0.7% Ni and 456ppm Co as well as more recently discovered Ni sulphide mineralisation and EM targets.

GREY DAM Ni PROSPECT

The Grey Dam Prospect is located approximately 90km to the east of Kalgoorlie, and is on the western margin of the Kurnalpi project. The Ni mineralisation was first appreciated and discovered by WMC in the 1970's and early 1980's. During the 1990's Mt Kersey Mining NL completed numerous phases of shallow drilling along the 8km belt of ultramafic rocks, defined several Ni prospects, improved the understanding of the stratigraphy and defined a resource at Grey Dam. It was not until 2006 when the then the Company's predecessor, Carrick Gold Ltd and later Inca Minerals Ltd (formerly Condor Nickel Limited) re-initiated drilling at Grey Dam. This culminated in the announcement by Inca (ASX: 6 April 2010) of an inferred Ni laterite resource prepared by Golder and Associates Pty Ltd of 14.5Mt @0.7%Ni at a 0.4% Ni cut-off.

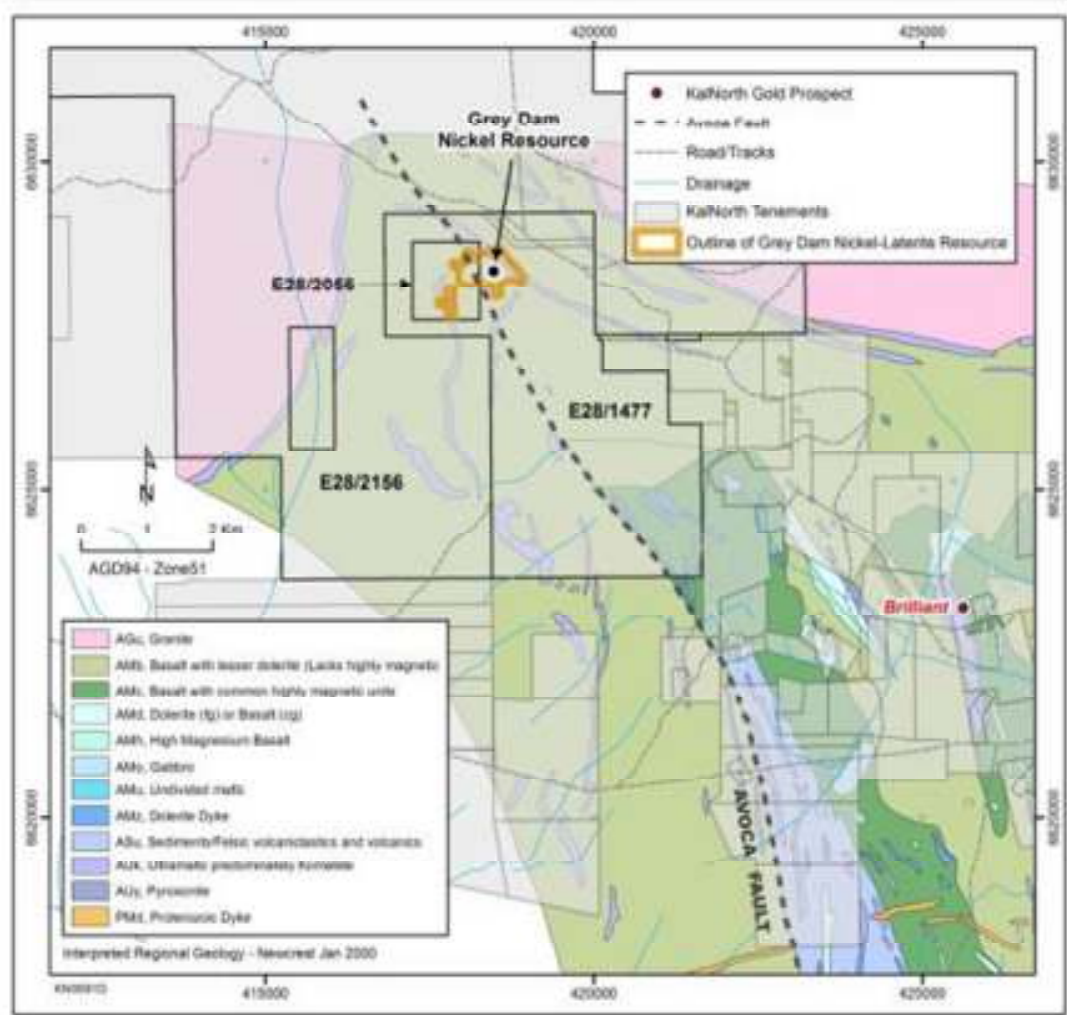


Figure 1. Location of Ni rights tenements acquired and KalNorth tenure at Kurnalpi

More importantly, deeper drilling beneath and proximal to the Ni laterite resource in 2007 by the Company intersected narrow Ni and Cu intersections at the contact between komatiite and gabbro (ASX: KGM 31 October 2007). The better intersections from this program include:

- GDRC52 2m from 136m @1.76% Ni and 0.4% Cu
- GDRC55 1m from 150m @1.23% Ni and 0.01% Cu
- GDD06 0.5m from 135.5m @1.94% Ni and 0.08% Cu.

Whilst the intersections are thin, petrology on drill chips confirmed the presence of Ni sulphide minerals millerite and violarite with associated chalcopyrite.

A down hole and ground EM survey was completed in late 2011 over the area of anomalous Ni sulphide intersections to locate conductive bodies at depth that could indicate the presence of further concentrations of Ni sulphides. Modelling and Interpretation of the survey results in early 2012 defined two primary anomalous features (conductors) of interest that were recommended for evaluation by drill testing (Figure 2). Conductor A is interpreted to be a strongly conductive body with a sub vertical dip with its upper edge at around 82m from surface and is located away from the previous Ni sulphide drill intercepts (Figure 3). Both targets are yet to be evaluated.

Next steps will involve geological mapping, re-logging of previous drilling and integration of past exploration data to improve the geological model of the Grey Dam nickel trend to provide scope for further exploration.

KalNorth Chairman Laurence Freedman said that the move was a positive step designed to extract maximum value from the Company's assets at the Kurnalpi Project.

"After weighing up the value of the gold rights to KalNorth, it was decided the divestment of the rights as non-core, in return for the Kurnalpi Nickel rights makes our assets at the Kurnalpi Project even more attractive and allows us to fully focus on the KalNorth Field."

"In regaining the nickel rights we will look at all opportunities to extract maximum value from our gold assets, being the strategic focus of the Company," Mr Freedman said.

Inca acquired the Ni rights at Kurnalpi from the Company in January 2008 through the initial listing of Inca's predecessor, Condor Nickel Ltd, while KalNorth acquired the gold rights at Inca's Dingo Range project in 2008 (ASX: 1 October 2008)

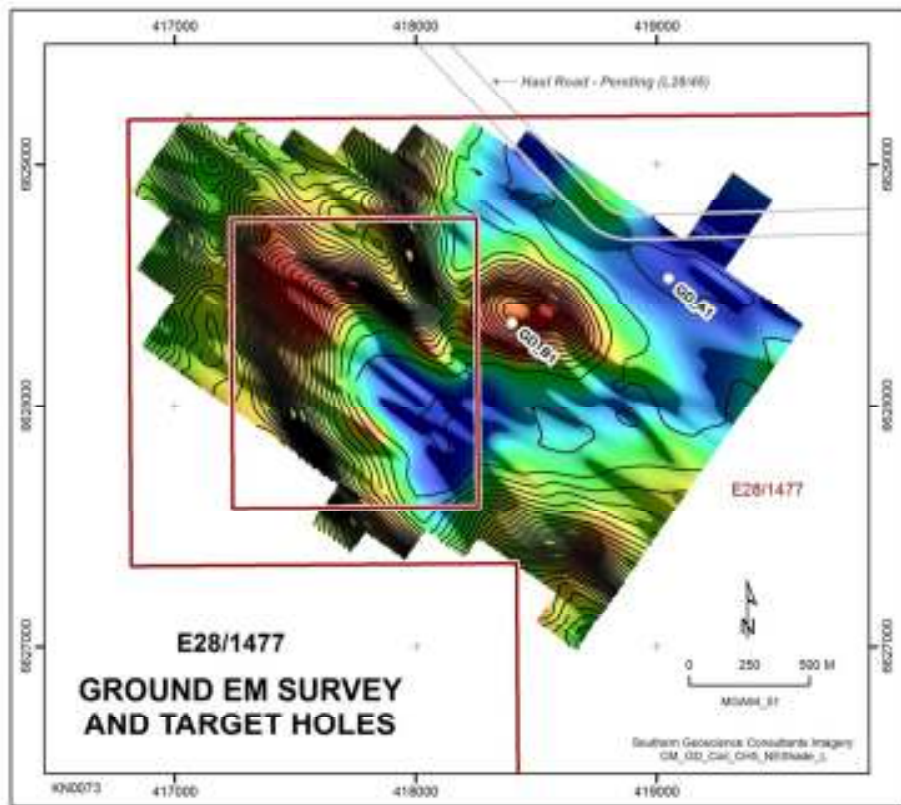


Figure 2 Plan of tenements, planned holes and EM imagery highlighting targets.

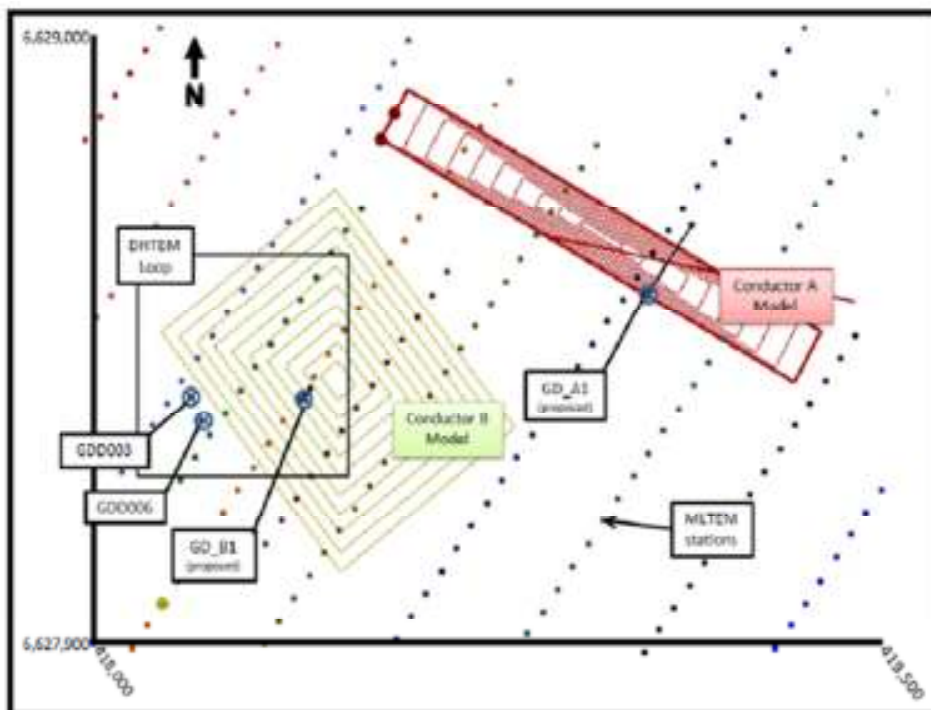
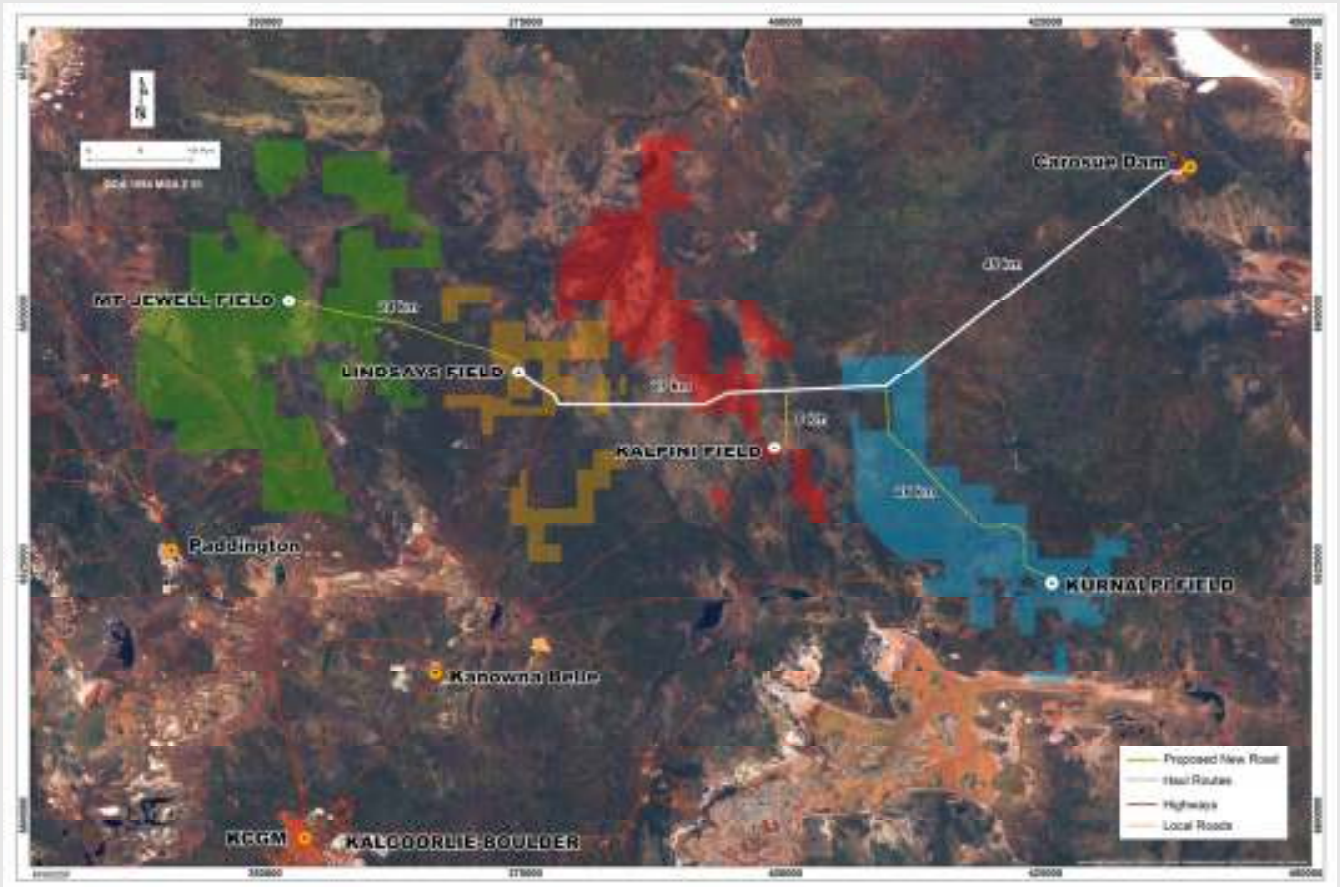


Figure 3 Plan map of Grey Dam area of interest, showing existing diamond drill holes, DHTM survey loop, MLTEM station positions, modelled target conductors and proposed drill holes to evaluate conductive targets.

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 50 to 80km north-east of the world-renowned gold mining town of Kalgoorlie, WA. They cover approx. 1,400km² 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. Ultimate development of these mines is dependent on favorable economic conditions.

KalNorth transitioned to gold producer in January 2013 when it brought the Lindsay's field into production. KalNorth mined Lindsay's for 7 months before ceasing mining due to lower gold prices.

Competent Persons Statement:

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.