

7 August 2019

Ms M Green
Senior Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000
By email: ListingsCompliancePerth@asx.com.au

Dear Ms Green

I refer to your letter dated 2 August 2019, following the lodgement of the Company's June 2019 Quarterly Activities Report on 31 July 2019 ("Quarterly Report"). The Quarterly Report contained a reference to exploration results ("Exploration Results") from recent RC drilling at the Schiedam prospect within the Kurnalpi Project area.

We respond to ASX's questions and information requests as follows:

1. *Please set out the required Listing Rule 5.7 information for the 15 RC hole drill program on the Kurnalpi Project.*

A 15 RC holes program for a total of 1,770 metres was carried out to follow up the Schiedam prospect which was identified by previous exploration work as a new gold trend as it is proximal to the Avoca Fault. It has a complex structural framework and zone of magnetic destruction - coincident gravity low with the latter two features suggesting a zone of significant alteration of the basement lithologies. The June 2019 Quarter RC drilling at Schiedam was also following up on an air core program completed at that prospect in late 2015 (refer to KGM ASX announcement dated 29 January 2016, released 1 February 2016).

The RC drilling at Schiedam intersected a sequence of variably altered ultramafic units beneath some 30-50m of transported cover that included fine sands in places at the base of the palaeochannel. The ultramafic rocks consist of komatiite and high-Mg basalt that transition to quartz carbonate-fuchsite altered rock with minor quartz veining. Drilling was completed over a 600m strike length with east-west lines spaced approximately 100m apart and holes at 80m centres (Figure 1). The contact between the basalt and strong sheared/altered ultramafic rock units with thin quartz vein was intercepted and recognised as a favourable structure for gold mineralization. The original program was designed for a total of 21 RC holes (approximately 2,500 metres), however the Company did not drill the most southerly 6 holes following assessment of log data from the first 15 holes.

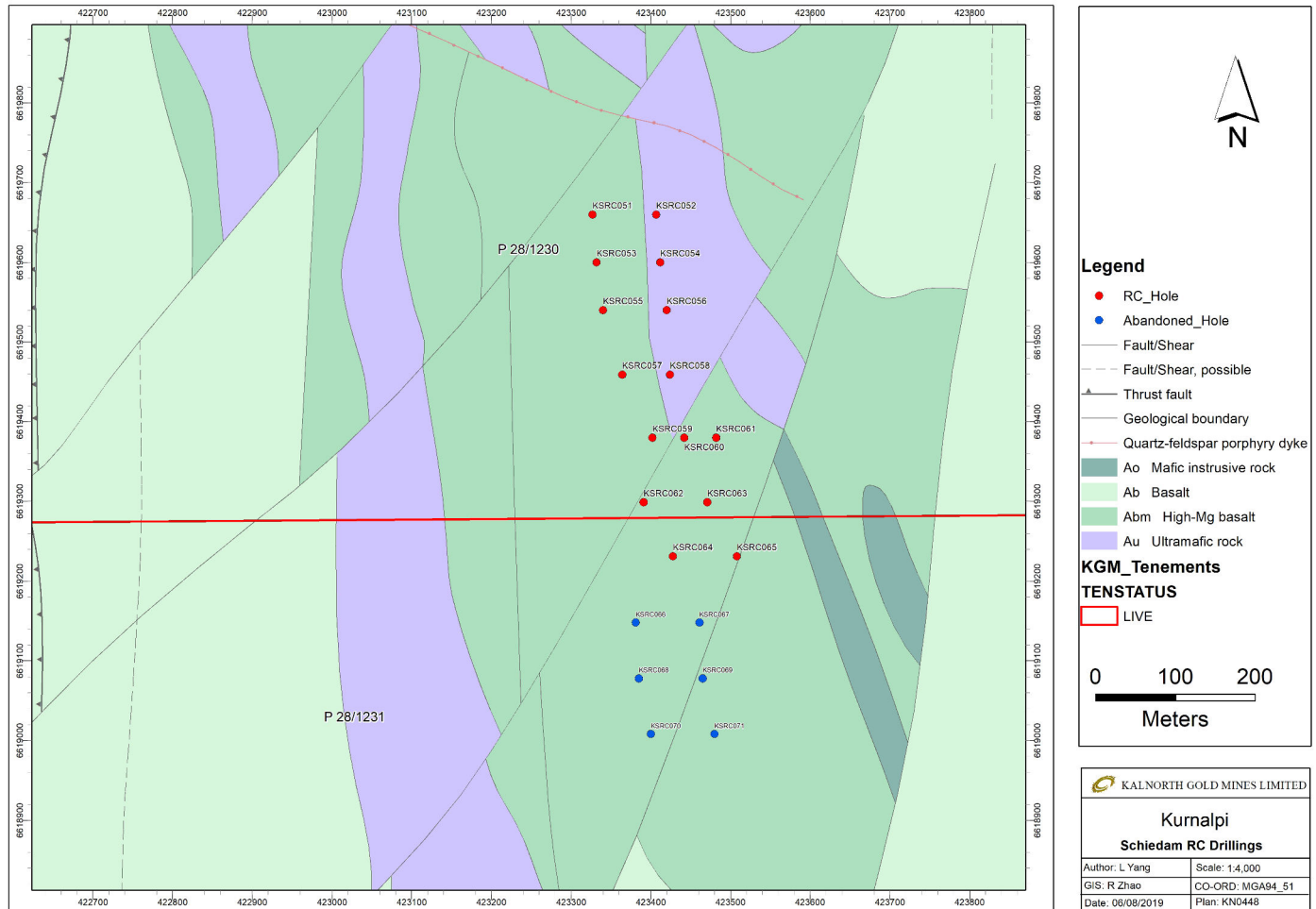


Figure 1: Drill hole locations (the most southerly 6 holes were not drilled)

Assay results have been returned from the entire RC drill program and all intersections tabulated below are calculated with a 0.50gpt Au lower cut for the entire drill programme, no result above 1.00gpt was identified. Samples are routinely collected as 4m composite intervals. The last sample of each hole can vary from 1-2m depending on final depth. All drill holes are vertical and only intercepts above 0.50gpt are shown below (Table 1).

Table 1: Gold assay intercepts (> 0.50gpt) from RC Drilling at Schiedam prospect

Hole ID	Collar N (MGA)	Collar E (MGA)	Collar RL	Dip	Hole Depth (m)	Depth from (m)	Depth to (m)	Downhole Intersection (m)	Au Value (gpt)
KSRC051	6619660	423327	360	-90	120	77	80	4	0.77
KSRC052*	6619660	423407	360	-90	120				
KSRC053*	6619600	423332	360	-90	92				
KSRC054*	6619600	423412	360	-90	120				
KSRC055	6619540	423340	360	-90	120	37	40	4	0.85
						89	92	4	0.54
KSRC056*	6619540	423420	360	-90	118				
KSRC057	6619459	423364	360	-90	120	89	92	4	0.75
KSRC058*	6619459	423424	360	-90	120				
KSRC059	6619380	423402	362	-90	120	105	108	4	0.79



KSRC060*	6619380	423442	362	-90	120				
KSRC061*	6619380	423482	362	-90	120				
KSRC062	6619299	423391	362	-90	120	53	56	4	0.54
						57	60	4	0.50
						61	64	4	0.53
KSRC063	6619299	423471	362	-90	120	49	52	4	0.90
KSRC064*	6619231	423428	365	-90	120				
KSRC065	6619231	423508	365	-90	120	53	56	4	0.66

Note. KSRC052* no above 0.50gpt was identified.

The JORC 2012 code Table 1 information in relation to these exploration results is attached as Appendix 1.

2. *Does KGM consider the Exploration Results to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

No

3. *If the answer to question 1 is “no”, please advise the basis for that view. In answering this question please address that, based on the Quarterly Report, the Kurnalpi Project is KGM’s only active project and the drilling completed on the project returned no significant drill intercepts.*

As noted in Table 1 above, no result above 1.00gpt was identified in the drilling at Schiedam. The Kurnalpi Project is presently the Company’s only active project. The Schiedam prospect was previously identified as having potential for gold mineralisation, however the value of the Kurnalpi Project (and the market’s assessment thereof) is wholly around the Brilliant deposit and its immediate surrounds where mineral resources have been estimated. The Brilliant deposit is a north south trending zone of mineralisation, whereas Schiedam prospect sits over 4kms to the west.

4. *When did KGM first become aware of the Exploration Results?*

The Company received the first batch of assay results from the laboratory on 28 June 2019 and the second and final batch of assay results was received on 3 July 2019.

5. *If KGM first became aware of the Exploration Results before the release of the Quarterly Report, did KGM make any announcement prior to the release of the Quarterly Report that disclosed the Exploration Results? If so, please provide details. If not, please explain why the Exploration Results were not released to the market at an earlier time, commenting specifically on when you believe KGM was obliged to release the Exploration Results under Listing Rules 3.1 and 3.1A and what steps KGM took to ensure the Exploration Results was released promptly and without delay.*

The Company did not make any announcement prior to the release of the Quarterly Report that disclosed the Exploration Results. The Company did not release the Exploration Results immediately upon receipt for the reasons noted in (3) above ie its assessment being that a reasonable person would not expect the Exploration Results to have a material effect on the price or value of the Company’s securities.

6. *If KGM became aware of the Exploration Results prior to 1 July 2019 (the day it received a Price and Volume Query from ASX), why did KGM note in the response to the ASX Price and Volume Query that it was in compliance with Listing Rule 3.1 when the Exploration Results had not been*

disclosed to the market. Noting that Listing Rule 5.7 requires a company to release exploration results from material mining projects.

As noted in (4) above, the assay results were received in two batches. Only partial results had been received when the Company received the Price and Volume Query on 1 July 2019. Also refer to responses in (3) and (5) above.

7. *Please confirm that KGM is complying with the Listing Rules and, in particular, Listing Rule 3.1.?*

The Company confirms that it is complying with the Listing Rules and, in particular, Listing Rule 3.1.

8. *Please confirm that KGM's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KGM with delegated authority from the board to respond to ASX on disclosure matters.*

The Company confirms that this response to the questions above has been authorised and approved by its Board of Directors.

Yours sincerely



Jiajun Hu
Executive Chairman

APPENDIX 1

JORC Code 2012 Edition – Table 1 Report – Schiedam prospect (Kurnalpi Project) – June 2019 RC Drilling-4m composite samples

Section 1 Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> • <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> • The sampling noted in this release has been carried out using Reverse Circulation (RC) drilling at the Schiedam Prospect. The RC program comprised 15 vertical holes for 1,770m, the depth of 13 holes are 120m while 1 hole in 118m and 1 hole in 92m. All holes were drilled vertical with 100m spacing. • Sampling and QAQC protocols as per industry best practice with further details below. • RC samples were collected from the cyclone at 1m intervals in buckets and arranged in rows of 20 or 40 samples. 1m split samples directly off the drill rig cone splitter attached to the cyclone were collected to produce a 2-3kg sample. 4m composite samples were collected using a scoop to produce a 2-3kg sample from 0m to end of hole collected from the bulk samples. The 4m samples were sent to an accredited laboratory in Kalgoorlie for analysis. The samples were dried, pulverised, split to produce a 30g charge for analysis by fire assay with Au determination by Atomic Absorption Spectrometry (AAS).
Drilling techniques	<ul style="list-style-type: none"> • <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> • The Reverse Circulation (RC) drilling was completed by a HYDCO 40 RC rig from Red Rock Drilling (Kalgoorlie). Low air face sampling hammer drilling proved satisfactory to penetrate the regolith and reduce contamination risk.
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • The majority (>95%) of samples remained dry with good recovery obtained. Where samples were wet/moist or experienced less than desired recovery this was instantly evident in size of the bulk sample laid on the ground and was carefully recorded by a KalNorth representative on hard copy sample sheets. • Drilling with care (eg. clearing hole at start of rod, regular cyclone cleaning) if water encountered, to reduce incidence of wet – sticky sample and cross contamination, the cyclone was cleaned out again at the end of each drill rod. • With past drilling experience at Schiedam prospect, the multi-layer of the water ingress into the hole could be problematic, this was anticipated and measures such as increasing the collar casing depth at the start of the hole greatly improved the sample quality and helped keep the samples dry. If the sample was wet this was recorded by KalNorth field personnel. Insufficient sample population to determine whether relationship exists between sample recovery and grade. The quality of the sample (wet, dry, low recovery) was recorded during logging.

<p>Logging</p>	<ul style="list-style-type: none"> • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> • Detailed logging of regolith, lithology, structure, veining, alteration, mineralisation and recoveries recorded in each hole by qualified geologist. • Logging carried out by sieving individual 1m sample cuttings, washing in water and the entire hole collected in plastic chip trays for future reference. • Every hole was logged for the entire length.
<p>Sub-sampling techniques and sample preparation</p>	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • No core drilling completed • 4m composite samples were collected, from 0m to EOH. 4m composite samples were collected by using a scoop to collect a representative “split” from each bulk sample that made up a 4m composite interval, this was placed into a pre-numbered calico bag. Pre-numbered calico bags containing the samples were despatched to the laboratory for assay. • The sample preparation of the RC samples follows industry best practice, involving oven drying and pulverising to produce a homogenous sub-sample for analysis. • Along with submitted samples, standards and blanks were inserted on a regular basis where the pre-numbered calico bag ended with the numbers 20, 40, 60, 80 and 100. Standards were certified reference material prepared by Geostats Pty Ltd. Duplicate samples were collected at zones of interest and at irregular intervals of about 2 per hole.
<p>Quality of assay data and laboratory tests</p>	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> • Samples routinely analysed for gold using the 30 grams Fire Assay digest method with an AAS finish at Jinning Pty Ltd’s Kalgoorlie laboratory. • Quality control process and internal laboratory checks demonstrate acceptable levels of accuracy. At the laboratory regular assay repeats, lab standards, checks and blanks were analysed.
<p>Verification of sampling and assaying</p>	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> • The results have been reviewed and verified by alternative company personnel. • No holes were twinned. • Field logging is completed by field geologist on prepared logging form which was then digitised into an excel spreadsheet to the Company’s external database managers and then loaded to the Company’s DATASHED database and validation checks completed to ensure data accuracy. Assay files are received electronically from the laboratory and filed to the Company’s server and provided to the external database manager. • There has been no adjustment to the assay data. The primary gold (Au) field reported by the laboratory is the priority value used for plotting, interrogating and reporting.

Location of data points	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> • Drill hole locations were measured by hand GPS readings. Down holes surveys were completed by Red Rock drill crew using a gyro and recording at the end of the hole. • Grid System – MGA94 Zone 51. Topographic elevation captured by hand GPS reading as well.
Data spacing and distribution	<ul style="list-style-type: none"> • Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied. 	<ul style="list-style-type: none"> • Hole spacing at nominal 50m centres on East-West orientated drill lines with line spacing 100m. • Mineralisation at Schiedam is constrained to a contact between basalt and altered ultramafics. Holes were sampled using 4m composite samples for the entire length of the hole.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> • The East-West orientated drill traverses considered effective to evaluate the general North-South contact between basalt and altered ultramafics which is interpreted to be the prospective host rock. The RC drill holes were intended as follow-up work to assess previous KalNorth AC drill holes which were orientated on East-West drill lines and intercepted favourable structure but nominal gold grade.
Sample security	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • Samples were bagged in labelled and numbered polyweave or plastic bags, collected and personally delivered to the Jining Laboratory (Kalgoorlie) by Company field personnel. Samples were then sorted and checked for inconsistencies against lodged Submission sheet by Jinning staff. • Jinning checked the samples received against the KalNorth submission sheet to notify of any missing or extra samples. Following analysis, the sample, pulps and residues are retained by the laboratory in a secure storage yard.
Audits or reviews	<ul style="list-style-type: none"> • The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> • All sampling and analytical results of the drill program were reviewed by KalNorth geologist and external consultant. No specific audits or reviews have been conducted.

Section 2 Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> The Kurnalpi Project is located approximately 80 km in north east from Kalgoorlie, Western Australia and consists of a contiguous package of wholly owned tenements held under title by KalNorth Gold Mines Limited or its wholly owned subsidiary's Shannon Resources Pty Ltd. The work described in this report was completed on Prospecting Licences 28/1230 and 28/1231 held by Shannon Resources Pty Ltd. The tenements are current and in good standing with the Department of Mines, Industry Regulation and Safety and Petroleum (DMIRS) of Western Australia.
Exploration done by other parties	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> At the Schiedam Prospect located within P28/1230 and P28/1231, the only previous exploration was undertaken by Mt Kersey Mining NL during the period 1992-1996 (WAMEX reports a38841, 41137, 44716 and 47987) on now dead tenements P28/763 to 766. This exploration campaign commenced in 1993 as the "Superchannel Project" targeting gold mineralisation hosted at the base of palaeochannels where some 24 RC blade holes were drilled in several reconnaissance traverses. Attention was then focussed to bedrock mineralisation after the discovery of encouraging gold intercepts, with 201 RC blade and 8 diamond holes being drilled in 1994-1995. This drilling intersected quartz carbonate fuchsite altered ultramafic rocks with several encouraging gold intersections, mainly from the RC Blade drilling. KalNorth completed gravity survey and two phases Aircore (AC) drilling in 2015 and 2016. This work identified mineralisation along the contact between basalt and altered ultramafics with nominal gold grades.
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> The Kurnalpi Project is located in the Eastern Goldfields Province of Western Australia and covers Archaean age predominantly ultramafic and mafic stratigraphy. The regional scale Avoca Fault is the dominant structural feature of the area and is located on the western part of the Kurnalpi project. AC drilling at the Schiedam Prospect lies adjacent to the Avoca Fault has intersected a variably altered north west trending sequence of ultramafic rocks (including Komatiite) covered by up to 50m of transported alluvium. Recent and historical drilling has intersected broad zones of quartz carbonate fuchsite altered rock.

<p>Drill hole Information</p>	<ul style="list-style-type: none"> • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar <ul style="list-style-type: none"> • dip and azimuth of the hole • down hole length and interception depth • hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> • Table containing drill hole collar, survey and intersection data for material (gold intersections >0.5gpt Au with a max of 2m internal dilution) drill holes are included in the Table in the body of the announcement. • No Information has been excluded.
<p>Data aggregation methods</p>	<ul style="list-style-type: none"> • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> • All report grades have been length weighted. High grades have not been cut. A lower cut off of 0.5gpt Au has been used to identify significant results (intersections). • Reported RC results have been calculated using 4m composite samples. No metal equivalent values or formulas used.
<p>Relationship between mineralisation widths and intercept lengths</p>	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> • All results are based on down-hole metres. • Given the reconnaissance nature of the drilling the geometry of the mineralisation reported is not known and the true width is not known.
<p>Diagrams</p>	<ul style="list-style-type: none"> • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> • Appropriate summary diagram is included in the accompanying announcement.
<p>Balanced reporting</p>	<ul style="list-style-type: none"> • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> • Significant assay results are provided in Table 1 for the recent KGM drill program. • Drill holes with no significant results are not reported.
<p>Other substantive exploration data</p>	<ul style="list-style-type: none"> • Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> • All relevant data has been included within this report.
<p>Further work</p>	<ul style="list-style-type: none"> • The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> • There is no specific exploration plan in Schiedam for future at this stage.



2 August 2019

Mr Jiajun (Jerry) Hu
Company Secretary
KalNorth Gold Mines Limited

By email: jiajun.hu@kalnorthgoldmines.com

Dear Mr Hu

KalNorth Gold Mines Limited ('KGM'): Aware Query

ASX refers to the following:

- A. KGM's announcement entitled "Quarterly Activities Report" lodged on the ASX Market Announcements Platform ('MAP') on 31 July 2019 (the 'Quarterly Report'), disclosing that during the June 2019 quarter KGM completed a RC drilling program with 15 holes for a total of 1770 metres and that no significant drill intercepts were identified ('Exploration Results').
- B. Listing Rule 5.7, which sets out the requirements for entities publicly reporting exploration results.

*"5.7 An *entity publicly reporting in relation to a *material mining project, either:*

- (a) *exploration results for the first time; or*
- (b) any new *exploration results,*

must include all of the following information in a market announcement and give it to ASX for release to the market.

*5.7.1 As an appendix to the market announcement, a separate report providing all information that is material to understanding the *exploration results, in relation to each of the criteria in section 1 (sampling techniques and data) and section 2 (reporting of exploration results) of Table 1 in Appendix 5A (JORC Code). An *entity that determines that one or more of those criteria is not material for this purpose must identify each such criterion and explain why it has determined that it is not material to understanding the *exploration results.*

*5.7.2 As an appendix to the market announcement, a separate table setting out the following information for material drill-holes unless the *entity determines that the information is not material:*

- easting and northing of the drill-hole collar;*
- elevation or RL of the drill-hole collar;*
- dip and azimuth of the hole;*
- down hole width and depth; and*
- end of hole.*

*An *entity that determines that a drill-hole table setting out the information described above is not material, is not required to attach the table to the market announcement but must explain why it has determined that the table is not material to understanding the *exploration results."*

- C. KGM's response to ASX's Price and Volume Query lodged on MAP on 1 July 2019 where KGM noted:

'..the Company is not aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the precedent trading in the securities of the Company.'

'The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.'

D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

G. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for Information

Having regard to the above, ASX asks KGM to respond separately to each of the following questions and requests for information:

1. Please set out the required Listing Rule 5.7 information for the 15 RC hole drill program on the Kurnalpi Project.

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2. Does KGM consider the Exploration Results to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
 3. If the answer to question 1 is “no”, please advise the basis for that view. In answering this question please address that, based on the Quarterly Report, the Kurnalpi Project is KGM’s only active project and the drilling completed on the project returned no significant drill intercepts.
 4. When did KGM first become aware of the Exploration Results?
 5. If KGM first became aware of the Exploration Results before the release of the Quarterly Report, did KGM make any announcement prior to the release of the Quarterly Report that disclosed the Exploration Results? If so, please provide details. If not, please explain why the Exploration Results were not released to the market at an earlier time, commenting specifically on when you believe KGM was obliged to release the Exploration Results under Listing Rules 3.1 and 3.1A and what steps KGM took to ensure the Exploration Results was released promptly and without delay.
 6. If KGM became aware of the Exploration Results prior to 1 July 2019 (the day it received a Price and Volume Query from ASX), why did KGM note in the response to the ASX Price and Volume Query that it was in compliance with Listing Rule 3.1 when the Exploration Results had not been disclosed to the market. Noting that Listing Rule 5.7 requires a company to release exploration results from material mining projects.
 7. Please confirm that KGM is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 8. Please confirm that KGM’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KGM with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **7:30 AM AWST Wednesday, 7 August 2019**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KGM’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require KGM to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to KGM's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that KGM's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in KGM's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Madeleine Green
Senior Adviser, Listings Compliance (Perth)