

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

KalNorth Gold Mines Limited

ABN

55 100 405 954

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(191)	(191)
(b) development	-	-
(c) production	-	-
(d) staff costs	(71)	(71)
(e) administration and corporate costs	(39)	(39)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – rental income	-	-
1.9 Net cash from / (used in) operating activities	(301)	(301)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(b) tenements	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Success fee paid on project sale	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from exercise of share options	-	-
3.3 Transaction costs related to issues of shares, convertible notes or options	-	-
3.4 Proceeds from borrowings ¹	242	242
3.5 Repayment of borrowings	-	-
3.6 Transaction costs related to loans and borrowings	-	-
3.7 Dividends paid	-	-
3.8 Net cash from / (used in) financing activities	242	242

¹ Refer to note 8: Finance Facility below.

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	95	95
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(301)	(301)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	242	242
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	36	36

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	36	95
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Term deposits	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	36	95

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	18
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director salaries, superannuation and fees (included in 1.2 (d))

7. Payments to related entities of the entity and their associates

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (Director and Shareholder loan)	332	332
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Pending development of a longer term funding plan, the Company entered into a \$150,000 loan facility agreement with a Director of the Company and a \$181,884 loan facility agreement with a substantial shareholder of the Company, to be secured by the assets of the Company subject to shareholders approval, interest of 8% per annum and repayable by 31 December 2020. During the quarter, the remaining \$60,000 director loan and full \$181,884 shareholder loan have been drawn down.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	100
9.2 Development	-
9.3 Production	-
9.4 Staff costs	80
9.5 Administration and corporate costs	50
9.6 Draw down on loan facility	-
9.7 Total estimated cash outflows ¹	230

¹ Further to the loan facility amount referred to in section 8 above, the Company continues to review and finalise longer term funding plans.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	P28/1226	Expired	100%	0%
	P28/1227	Expired	100%	0%
	P28/1228	Expired	100%	0%
	P28/1229	Expired	100%	0%
	P28/1230	Expired	100%	0%
	P28/1231	Expired	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	P28/1335	Granted	0%	100%
	P27/2406	Granted	0%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


Director & Company secretary

Date: 30 October 2019

Print name: **Jiajun (Jerry) Hu**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.