

4 December 2020

**ASX RELEASE**

## **SALE OF LINDSAYS PROJECT**

KalNorth Gold Mines Limited (ASX: KGM) (“KGM” or “Company”) refers to recent announcements, including the September 2020 Quarterly Activities report (ASX release dated 30 October 2020), in which it had noted ongoing efforts for the divestment of its Lindsays project (100% KGM).

The Company is pleased to advise that, following a period of negotiations, it has now concluded a binding sale and purchase agreement (“SPA”) with Lindsays Find Pty Ltd (the “Buyer”), a wholly owned subsidiary of Nu Fortune Gold Limited, an unlisted public company involved in the exploration and production of gold in the Eastern Goldfields area of Western Australia. The Company advises that the Buyer and Nu Fortune Gold Limited are not related parties nor in the category of any of the other persons referred to in Listing Rule 10.1. The Company further advises that, having made appropriate enquiries, it is not aware that the Buyer and / or Nu Fortune Gold Limited are intending to offer or issue securities with a view to becoming listed on a stock exchange.

The SPA is for the sale of the Lindsays project comprising mining leases 27/34, 27/169, and 27/486, miscellaneous licences 27/82 and 27/84, prospecting licence 27/2406 and exploration licence 27/624 as well as all exploration data in relation to the project for a total consideration of \$5,000,000. A non-refundable deposit of \$100,000 has been received by the Company.

Completion is subject to the following conditions precedent:

- Ministerial approval under the Mining Act 1978 (WA) for the transfer of the tenements referred to above; and
- 3rd party consents (in relation to other parties who have an interest in these tenements).

The conditions precedent are for the benefit of the Buyer and have to be satisfied on or before 2 January 2021, failing which the Buyer has the right (but not the obligation) to terminate the SPA. The Completion Date is 60 days after the last of the conditions precedent to be satisfied, therefore estimated to be at the end of February 2021.

The remainder of the \$4.9 million purchase price is payable by the Buyer as follows:

\$2,400,000 – on the Completion Date;

\$1,000,000 - earlier of commencement of underground mining operations at Lindsays project or 12 months after Completion Date; and

\$1,500,000 - 24 months after Completion Date

At the Completion Date, the parties will enter into a mortgage deed and the Buyer will grant KalNorth a fixed and floating charge over all present and future assets of Lindsays Find Pty Ltd excluding the tenements and a mortgage over the tenements the subject of the SPA to secure the repayment of the deferred payment amounts. Other terms and conditions of the SPA including representations and warranties are customary of a transaction of this nature.

The Board anticipates that the proceeds from the sale of the Lindsays Project will be used to discharge various loan liabilities (approximately \$1.1 million), with the balance to be utilised as working capital including for funding exploration at the Company’s lead project, Kurnalpi Project.

Authorised for release by the Board of KalNorth Gold Mines Limited

**Jiajun Hu**  
**Executive Chairman**