

Share Trading Policy

1. Introduction

The purpose of this share trading policy is to explain the type of conduct that is prohibited under the Corporations Act and outline a procedure relating to dealing in securities that protects KalNorth Gold Mines Limited (the “Company”) and its Directors, Employees and their associates against the misuse of unpublished information which could materially affect the value of securities.

2. Dealing in securities

2.1 Under the Corporations Act, a person is prohibited from dealing in securities of the Company where:

- the person possesses information which is not generally available; and
- that information may have a material effect on the price of the Company’s shares; and
- the person knows or ought reasonably to know that the information is not generally available and if it were it might have a material effect on the share price.

2.2 All Directors and Employees must inform in advance of any proposed dealing in the Company’s shares. A Director of the Company must inform the Chairman and all other Employees must inform the Company Secretary.

2.3 Options which have vested may be exercised at any time in accordance with the rules of the Plan. Where the Employee is in possession of price sensitive information, the shares issued pursuant to the exercise of the options would be bound by item 2.2 above.

3. Securities in other companies

The prohibited conduct under the Corporations Act includes direct dealings in securities of other companies with which the Company may be dealing, where an employee possesses “inside information” in relation to that other company. This would include dealings relating to customers or joint venture partners. Securities include ordinary shares, preference shares and options.

- 3.1 Employees are not permitted to
- buy or sell;
 - subscribe for new shares or
 - enter into an agreement to subscribe for, buy or sell securities
 - procuring any other person to deal in securities

if they possess information that is not generally available and which a reasonable person would expect to have a material effect on the price

3.2 Information is considered to be “generally available” if it:

- consists of readily observable matters; or
- has been made known to the attention of investors in securities of corporations and a reasonable period for dissemination of that information has elapsed; or
- may be deduced, inferred or concluded from the above.

3.3 Information is likely to have a material effect on the share price of a company if the information would influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities.

4. Black Out Periods for Dealing in Shares

The Company has designated the following periods that employees or directors cannot Deal in the Company’s Shares (“Black Out Periods”).

- Within 30 days of the release of the Company’s half year accounts;
- Within 45 days of the release of the Company’s full year accounts;
- Within 20 days of the release of the Company’s 5B (quarterly cashflow) statement;
- Within 14 days of the Company’s Annual General Meeting

The Black Out Periods will not apply to the initial acquisition of shares under a share placement or exercise of options or the transfer from one related party to another (for personal reasons).

If an Employee or Director has a specific reason to deal in Company Shares the Employee or Director must apply to the Chairman for specific dispensation. Specific dispensation will only be provided if dealing in the Company shares does not contravene Clause 3 of these guidelines.

5. Whom to contact

If an Employee is in any doubt regarding a proposed dealing in securities, the Employee must contact the Company Secretary.