



**KALGOORLIE-BOULDER
RESOURCES LTD**
ABN 48 106 732 487

23 May 2006

RELEASE TO ASX

ASX CODE: KAL and KALO

ASSET SALES UPDATE

On 2 May 2006, the Company announced the proposed divestment of its uranium and oil & gas assets with the intention of rewarding Kalgoorlie-Boulder Resources Ltd (the 'Company' or 'KBRL') shareholders by distributing the majority of the proceeds received from these divestments to shareholders.

The proceeds from the proposed sales will be comprised mainly of shares in Burey Gold Ltd ('Burey'), a company seeking to list on ASX, and shares in Louisiana Petroleum Ltd ('Louisiana Petroleum'; ASX:LOU), a company listed on ASX (see below for details of the consideration to be received). The proposed distribution will see KBRL shareholders holding shares in three ASX listed companies.

Details of the proposed distribution will be announced as soon as comprehensive advice has been received from the Company's corporate finance advisers.

The following is an update on the proposed asset sales and the progress of the Wilson #3-10 well.

OIL & GAS ASSET DIVESTMENT

The directors of KBRL are pleased to advise that the Company has now executed a formal Heads of Agreement with Louisiana Petroleum to dispose of its 75% Working Interest in the Wilson Prospect beneficially owned by KBRL. The agreement is subject to satisfaction of conditions precedent and shareholder approvals.

Consideration for the disposal of the 75% Working Interest to Louisiana Petroleum is 30 million shares in Louisiana Petroleum. Post the transaction, Louisiana will have a total of 60 million shares and 30 million company options on issue.

Louisiana Petroleum's core business is oil & gas exploration and production located within the United States. KBRL shareholders will retain a significant interest in the Wilson Prospect, in addition to the other oil & gas assets currently held by Louisiana Petroleum, through their holding of the Louisiana Petroleum shares. The Directors believe that the divestment of its oil & gas assets into appropriate development entities will assist in maximising the value of these assets for the benefit of KBRL shareholders.

WILSON #3-10 PROGRESS

The Wilson #3-10 well was spudded on 3 March 2006 and reached a total depth of 3,194 feet on 12 March 2006. Completion of the Wilson #3-10 commenced in early April.

Wilcox Formation

The initial zone tested was the Wilcox Sandstone, which was not penetrated by the drill bit during drilling with the rotary rig. A cable tool rig was moved in and the zone was penetrated by drilling in with the cable tools. The purpose of using a cable tool rig, or 'spudder' as they are often called, is to penetrate by 'inching' into only the top 1 to 3 feet of formation to avoid formation damage with drilling mud, and to stay above the oil/water contact and avoid the production of excess water. While drilling to the Wilcox, a gas zone was encountered in the dolomite section above the Wilcox sand. This interval flowed gas the entire time while continuing on to the Wilcox. An additional gas cap was also found on top of the Wilcox interval. A shut in pressure of 925psi was recorded from the two gas zones. On April 20th, approximately 1 foot of Wilcox sand was penetrated with the cable tools. Over the next two days the well was bailer tested with the test results indicating the well will produce oil at the approximate rate of 35 barrels of oil per day with no water, plus the associated gas. The exact gas flow has not been gauged.

Production will begin as soon as the surface and downhole facilities are in place. A sales line for natural gas is already in place, so gas sales will also begin at the time oil production commences.

Woodford And Caney Shales

Other primary zones of interest in the Wilson #3-10 are the unconventional formations of the Woodford Shale and Caney Shale. Preliminary analysis of the rotary sidewall core samples indicate these shales are within the acceptable Total Organic Carbon (TOC) and Thermal Maturity (TM) values for unconventional gas productive shales. The values are nearly identical to the values found in the area where the current operator of the Wilson Prospect, Metro Energy, is producing from both the Woodford and Caney shales approximately 25 kilometres south of the Prospect.

Gas in place calculations for the combined intervals of the Woodford Shale and Caney Shale, based on 150 standard cubic feet of gas per tonne of rock, indicate gas in place to be 39 billion cubic feet (Bcf) of gas per section (640 acres). Using a 10% recovery factor, the calculated recoverable gas would be 3.9 Bcf of gas per section. The Wilson Prospect covers exactly one section.

Unconventional Gas Productive Shales In The Area

There is growing industry recognition of the productive capabilities of these unconventional formations, and the productive success of many large US based independents in these shales is now well documented; specifically, Houston based Newfield Exploration in the Woodford Shale, Colorado based Citrus Energy and Tulsa based Williams Companies in the Caney Shale, Oklahoma City based Devon Energy in the Barnett Shale, and Houston based Southwestern Energy in the Fayetteville Shale, a shale on the Arkansas side of the Arkoma Basin that is the geologic equivalent of the Caney Shale found on the Oklahoma side of the Arkoma Basin and the Barnett Shale found in north Texas.

Newfield Exploration, which pioneered the Woodford Shale play in south east Oklahoma, has now drilled 108 wells into this play. These vertical wells have initially

produced at 1,000 to 2,000 Mcf per day per well, are now averaging approximately 370 Mcf per day per well, with estimated ultimate recoveries of 1.5 to 2 Bcf per well. Horizontal wells have produced even better results. Of the nine (9) horizontal wells Newfield has drilled in the Woodford play, only about four (4) are on line, producing at between 3,000 to 6,000 Mcf per day per well, and recoverable reserves of 2.5 to 4 Bcf per well. Based on these results, Newfield has stepped up its capital spending to approximately US \$200 million in the area this year, up from approximately US \$70 million last year.

As another example, Southwestern Energy plans to spend approximately US \$338 million on the entire Fayetteville play this year, more than double its US \$155 million in spending last year.

URANIUM ASSET DIVESTMENT

The Company announced on 2 May 2006 that it had entered into a Heads of Agreement which, subject to its completion, will see Burey acquire the Company's rights, title and interest in its uranium assets and receive in exchange:

- payment of a non-refundable deposit of \$250,000 upon completion of due diligence by Burey;
- the allotment and issue of 17,200,000 fully paid ordinary shares in the capital of Burey; and
- payment of \$100,000 within seven days of commencement of quotation of Burey's shares on ASX.

The transaction is conditional upon, among other things, a capital raising by Burey and its admission to the Official List of the ASX. Burey is a public unlisted company presently creating a portfolio of mineral assets to enable it to raise funds and seek a listing on ASX through an initial public offering ('IPO').

Burey has warranted that the shares allotted and issued to KBRL will comprise approximately 26% of the issued shares of Burey at the time of admission to ASX's Official List.

In addition to the abovementioned shares, under the terms of the Heads of Agreement Burey will offer the shareholders of KBRL a priority application in their proposed IPO.

For further information please contact:

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