



**KALGOORLIE-BOULDER
RESOURCES LTD**

ABN 48 106 732 487

13 December 2006

Dear Shareholder

NON-RENOUNCEABLE ENTITLEMENTS ISSUE

As announced to ASX today, Kalgoorlie-Boulder Resources Ltd (ASX Code: KAL, KALO) ('KBRL') is pleased to advise that it will be offering its eligible shareholders a non-renounceable pro-rata entitlements rights issue. Under the rights issue, eligible shareholders will be entitled to subscribe for one new share for every one share held at an issue price of 10 cents per new share.

Shareholders who participate in the rights issue will also receive one free listed option for every two new shares issued. The options have an exercise price of 20 cents and expire on 31 July 2008.

The rights issue is non-renounceable which means there will be no trading of shareholder's rights.

Eligible Shareholders

Shareholders who are registered as such on the Company's share registry at 5:00pm WGST on 27 December 2006 will be eligible to participate in the rights issue.

Shareholders outside of Australia and New Zealand ('overseas optionholders') will not be able to participate in the rights issue (even if they convert their options to shares prior to the Record Date) as the costs of complying with securities regulations in countries other than Australia and New Zealand to enable participation by overseas shareholders are prohibitive.

Prospectus

The offer will be made pursuant to a prospectus which will be posted to eligible shareholders on 28 December 2006. If you wish to participate in the rights issue you will need to complete and return the personalised entitlement and acceptance form that will accompany the prospectus. Overseas shareholders will receive a copy of the prospectus for information purposes only.

A copy of the prospectus has been lodged with the ASX and is available on the ASX website (www.asx.com.au) and the KBRL website (www.kalgoorlieboulderres.com.au).

Shortfall

There is no minimum subscription amount and the rights issue is not underwritten. The Directors reserve the right to place any shortfall at their discretion in accordance with

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the ASX Listing Rules. The Directors intend to place any shortfall with investors to ensure that the maximum amount under the rights issue is raised. The placement price of any shortfall will be the same price at which the new shares are offered to shareholders under the rights issue. The Company has entered into letters of commitment with various parties who have agreed to take up all of the shortfall in the event the Directors exercise their discretion to place the shortfall with them.

Use of Funds

As announced to the ASX on 8 December 2006, the Company has entered into conditional agreements to acquire 100 percent of the issued share capital of Australia Gold Investments Pty Ltd ('AGI'). AGI is the sole registered and beneficial holder of the Norseman Project – a series of granted mining leases, prospecting leases, exploration licences applications and mining lease applications covering 124 square kilometres in the Norseman region of the Goldfields of Western Australia.

Funds raised under the rights issue will be applied to finance the acquisition of AGI in the event the agreements to acquire AGI become unconditional, to working capital and to meeting the expenses of the rights issue.

Timetable

The timetable and important dates of the rights issue are set out below:

Event	Date
Lodgement of Prospectus and Appendix 3(B) with ASX	13 December 2006
Record Date	27 December 2006
Despatch of Prospectus and Application Form	28 December 2006
Closing Date for Acceptance	12 January 2007
Statements for Shares and Options despatched	22 January 2007

These dates are subject to change by KBRL in consultation with ASX.

ASX Information

An information sheet is overleaf which sets out some key information about the rights issue in accordance with the ASX Listing Rules.

Enquiries

Please do not hesitate to contact me on +61 08 9228 9742 or by email at admin@kbrl.com.au.

Yours faithfully

Trevor Matthews
Managing Director

Kalgoorlie-Boulder Resources Limited
Non-Renounceable Rights Issue Information Sheet

The following information is provided to shareholders in accordance with the ASX Listing Rules. Full details of the rights issue are contained in the prospectus which will be sent to eligible shareholders on 28 December 2006.

Is security holder approval required	No
Ratio in which the securities will be offered	1 fully paid share for every 1 share held on the Record Date Shareholders who participate in the rights issue will also receive 1 free listed option (ASX: KALO) for every 2 shares issued. The options have an exercise price of 20 cents and expire on 31 July 2008.
Class of securities issued or to be issued	Fully paid shares (ASX: KAL) Listed options (ASX: KALO)
Number of securities issued or to be issued (if known) or the maximum number which may be issued	Fully paid shares – 48,645,694 Listed options – 24,322,847
Do the securities rank equally in all respects from the date of allotment with an existing class of securities	Yes
Record date to determine entitlements	5:00pm (WDST) on 27 December 2006
Policy for deciding entitlements in relation to fractions	Rounded up to nearest whole number
Name of countries in which the entity has security holders who will not be sent new issue documents	Switzerland, Gibraltar, United Kingdom, Singapore, Vanuatu
Closing date for receipt of acceptances	12 January 2007
Name of any underwriters	N/A
Name of any brokers to the issue	Delta Capital Pty Ltd
Fee or commission payable to the broker to the issue	\$100,000 plus GST
Amount of any handling fee payable to brokers who lodge acceptances on behalf of security holders	4% of a maximum amount committed to by certain 'Firms' committed to take up any shortfall if the directors decide to place the shortfall with them.
Date prospectus and entitlement and acceptance form will be sent to eligible shareholders	28 December 2006
If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	13 December 2006
Despatch date of holding statements for new securities	15 December 2006