



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

13 December 2006

Dear Optionholder

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.

Participation by Optionholders

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

KBRL wishes to advise that existing optionholders can participate in the rights issue by converting their options into ordinary shares **before** the Record Date. Should you wish to exercise your options, please contact the Company or Advanced Share Registry Services Pty Ltd (08 9389 8033) to obtain an option exercise notice. Complete the option exercise notice and forward it with a cheque for the correct amount to Advanced Share Registry Pty Ltd before the Record Date to ensure you are entered onto the registers of members by the Record Date.

Any exercise notices for options received after the Record Date will not convert into shares which are eligible to participate in the rights issue. KBRL will not be responsible for any postal or delivery delays.

Eligible Optionholders

Optionholders 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 optionholders are prohibitive.

Prospectus

The offer will be made pursuant to a prospectus which will be posted to eligible shareholders on 28 December 2006. 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).

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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 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.

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