



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

13 May 2007

Ms Elizabeth Harris
Adviser, Issuers (Perth)
Australian Securities Exchange
2 The Esplanade
Perth WA 6000

Dear Ms Harris

We refer to your correspondence dated 8 May 2007 in connection with the Company's Appendix 5B for the quarter ended 31 March 2007 and respond to your questions below:

1. The net negative operating cash flows for the quarter includes a large net negative movement in working capital reflecting a large reduction in payables during the quarter (compare to year-to-date figure).

Other factors that should be taken into account in assessing the Company's position include:

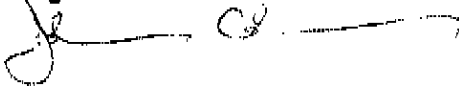
- (a) The Company is scheduled to mill the remaining ore from the Jackpot mine in June 2007 which is forecasted to gross in excess of A\$3.5 million.
 - (b) Cash expenditure for the June and September quarters are expected to be significantly reduced due to the imminent completion of mining activities at Jackpot and the completion of the acquisition of Australian Gold Investments Pty Ltd ('AGI'). The December and March quarters included extraordinary costs associated with the acquisition of AGI.
 - (c) Negotiations have commenced to obtain short-term finance until the proceeds from the sale of the gold produced from the Jackpot ore have commenced.
 - (d) The Board of Directors are currently in the process of a strategic review of all of the Company's non-Norseman assets. This review includes, among other things, identifying possible joint venture partners and/or divestments. Opportunities have been identified and are being investigated which have the potential of realising capital for the Company.
2. The Company does not expect it will have negative operating cash flows in the future similar to that reported in the Appendix 5B for the quarter for the reasons stated above.

The steps being taken to ensure the Company has sufficient funds in order to continue operations are discussed in 1 above.

3. Refer to 1 and 2 above for an explanation of the steps being undertaken to enable the Company to continue to meet its business objectives.
4. The Company can confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1

5. Taking into account the factors and steps explained above, the Company believes it is in compliance with listing rule 12.2, that is, the Company's financial condition is adequate to warrant the continued quotation of its securities.

Regards



John Coles
Company Secretary



ASX
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FAXED
8 May 2007

Mr John Coles
Company Secretary
Kalgoorlie-Boulder Resources Limited
48 Lake Street
NORTHBRIDGE WA 6003

Facsimile: 9228 6685

Dear John

Kalgoorlie-Boulder Resources Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 March 2007, released to ASX Limited ("ASX") on 30 April 2007, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$0.
2. Net negative operating cash flows for the quarter of \$1,966,000.
3. Cash at end of quarter of \$466,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

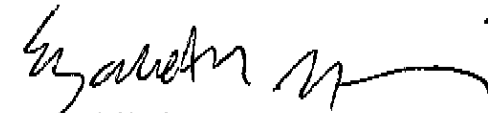
This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 5.00 p.m. W.S.T. on Friday 11 May 2007.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me on 9224 0011.

Yours sincerely,



Elizabeth Harris
Adviser, Issuers (Perth)