



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

ASX Announcement

ASX Code: KAL

27 October 2008

UPDATE ON ACQUISITION OF NEW PROJECTS AND PROPOSED CAPITAL RAISING

Kalgoorlie Boulder Resources Ltd (ASX:KAL) advises that due to the current turmoil in the international financial markets the terms of the proposed acquisition of Matsa Resources Limited (Matsa) and the proposed capital raising have been revised.

While all parties remain committed to completing the proposed transactions it is recognised that the following amendments to the acquisition and capital raising are required to ensure the best result for the Company and will allow the Company to continue to develop its Kalgoorlie and Norseman projects and expand into new projects and regions that the Company believes will create long term shareholder value.

Acquisition of Matsa Resources Limited

The acquisition price for Matsa has not changed. The Company will still issue 80 million shares and 20 million options at an exercise price of 7 cents per option, expiring 1 July 2011 to acquire Matsa.

Messrs Paul Poli and Andy Viner will join the Board of Kalgoorlie Boulder and the Company's Executive management team on completion. Mr Poli is a Perth businessman with wide business and investment interests in Australia and SE Asia. Mr Viner is an experienced Perth based geologist and Company Director.

Matsa has interests in projects in Western Australia and South East Asia, including an established operational base in Bangkok. Exploration opportunities have been established in Thailand, Laos, Cambodia and Indonesia and a development project in Thailand is currently under negotiation.

Proposed Capital Raising

Due to the current sentiment in the financial markets the proposed capital raising has been amended such that Messrs Poli and Viner (Underwriters) will underwrite a capital raising to the extent of \$1.5 million. The terms of the capital raising will be determined by the Company in conjunction with the Underwriters. The original Agreement allowed for an underwriting of a capital raising to the extent of \$3 million. The funds raised will still allow the expanded Company the capital required to enhance the value of its

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existing projects and to realise the potential of new projects but on a more selective basis.

The issue price of the proposed capital raising will be agreed upon shortly after the transactions have been finalised and taking into account the market conditions at that time. As the amount of the underwriting has been reduced the underwriting fee payable to the Underwriters has been reduced by 50% to 10 million options exercisable at 7 cents per option before 1 July 2011. The Underwriters will also be reimbursed for all reasonable costs agreed with the Company including, without limitation, the reimbursement of any sub-underwriting fees paid by the Underwriter.

Sell down by RASL

RASL is currently the registered holder of 50 million shares in the capital of KBRL. RASL has agreed to convert its existing Convertible Notes into 30 million shares pursuant to the terms of the Note.

Under the amended Agreement RASL will sell 65 million shares to Messrs Poli and Viner for a total consideration of \$1 million.

RASL considers that it is in the Company's best interests to eliminate this debt from its balance sheet to facilitate future funding initiatives. RASL has therefore agreed to convert the convertible notes into shares, even though the value of the convertible notes is considerably in excess of the current market value of the shares, and to forego all accrued but unpaid interest payable under the convertible notes in order to facilitate the introduction of this new cornerstone investor group.

As a result of RASL converting the Convertible Notes into shares it will receive 3 million options at an exercise price of 7 cents per option, expiring 1 July 2011 and 15 million options at an exercise price of 10 cents per option expiring 1 July 2012. The terms and conditions of these options will be the same as the Executive Options below.

RASL will continue to act on behalf of the Company in the recovery of an oil related investment in Metro Energy Group Inc made in August 2006. RASL will fund the legal proceedings in the US on behalf of the Company on the basis that it receives any proceeds (after reimbursing the Company its past legal costs on a pro-rata basis).

Executive Options

As a result of the above it has been agreed to reduce the number of options proposed to be issued by a third, subject to their appointment as executive directors, and approval by KBRL shareholders, to Messrs Poli and Viner such that they will be issued the following options:

1. Mr Poli will be issued 4 million options at an exercise price of 7 cents per option, expiring 1 July 2011 and 20 million options at an exercise price of 10 cents per option expiring 1 July 2012.
2. Mr Viner will be issued 2 million options at an exercise price of 7 cents per option, expiring 1 July 2011 and 10 million options at an exercise price of 10 cents per option expiring 1 July 2012.

Working Capital Requirements

It has also been agreed that Messrs Poli and Viner and RASL will together advance a combined total of \$250,000 (where Messrs Poli and Viner will advance \$125,000 and RASL will advance \$125,000) to the Company upon any request by the Company which is repayable from the proceeds of any capital raising or by the issue of shares at the same price of the capital raising at their election. The funds advanced will be interest free (unless the funds are not repaid by the relevant repayment date, in which case default interest will be payable) and secured by a fixed and floating charge over the Company's assets.

There is no change to the proposed 1 for 5 share consolidation.

The Company is well advanced in completing the documentation to be sent to shareholders. A shareholders meeting will be held in due course in order to seek shareholder approval for a number of the terms within the Agreement.

Any queries with respect to the above should be directed to the Company's Chairman Michael Atkins

Yours Sincerely,



Michael Atkins
Chairman