



**KALGOORLIE-BOULDER
RESOURCES LTD**

ABN 48 106 732 487

**ACTIVITIES REPORT
FOR THE QUARTER ENDING 30 JUNE 2006**

HIGHLIGHTS

- *Commencement of mining at Jackpot*
- *Proposed sale of the Company's oil and gas asset*
- *Proposed sale of the Company's uranium assets*
- *Proposed in-specie distribution of shares*

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INTRODUCTION

Kalgoorlie-Boulder Resources Ltd (ASX: KAL) ('**Company**' or '**KBRL**') is pleased to present the following report on activities for the three months ending 30 June 2006.

GOLD AND BASE METALS

Jackpot Project

The Company commenced an open pit mine gold bearing ore at the Company's Jackpot Project located 6.3 kilometres east-north-east of the Coolgardie townsite. The ore is being mined by a contractor and trucked to the Barmingo Ltd Greenfields mill located 4.3 kilometres north-east of the Coolgardie townsite. Due to the increased demand for mining and milling services created by the increase in the gold price, the milling of the Company's ore has been rescheduled to commence in August. On completion of the initial open pit mine, the Company will be in a position to properly evaluate the deep higher grade Inferred mineralisation for a possible larger scale open pit or underground operation.

Other Projects

The Company's other projects, Broad Arrow, Dunnsville, Clinker Hill, Lake Johnston, and Siberia, have had limited work conducted on them. Work on other projects will follow as resources permit. The Company has engaged a geologist with experience in nickel to commence evaluation the Company's nickel prospects.

URANIUM ASSETS

The Company's portfolio of uranium assets consists of 26 exploration licences or applications covering a total of 5,040 square kilometres in Western Australia and South Australia:

- Gascoyne Region (Western Australia) – 10 exploration licences covering an area of 1,184 square kilometres;
- Kintyre East Project (Western Australia) – joint venture with Redport Ltd (ASX: RPT) to explore five exploration licences covering an area of 868 square kilometres.
- South Australia – 11 exploration licences covering an area of 2,988 square kilometres.

Proposed Sale

The Directors accepted an offer from Burey Gold Ltd ('**Burey Gold**') to purchase the Company's rights, title and interest in its uranium assets in return for 17.2 million shares in that company and the payment of \$350,000. The two parties subsequently agreed to amend the agreement such that the cash component be amended to a payment of a non-refundable deposit of \$50,000 upon completion of due diligence by Burey Gold and \$50,000 within seven days of the commencement of quotation of Burey Gold's shares on ASX.

The Burey Gold transaction is conditional upon, among other things, a capital raising by Burey Gold of \$5 million or more, a prospectus for the offer of their shares to raise this capital to be issued by no later than 15 August 2006 and Burey Gold's admission to the Official List of ASX. Under the terms of the agreement, KBRL shareholders will be offered a priority application in the proposed Initial Public Offering.

OIL & GAS

The Wilson #3-10 well was spudded and reached a total depth of 3,194 feet during the month of March. The Wilson #3-10 drilling program revealed several conventional and unconventional zones which appear to be hydrocarbon bearing. Completion of the initial objective, the Wilcox Sandstone, is now underway. Estimates of potential oil flow rates will be made following the successful completion of this zone. 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

The 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 and Thermal Maturity 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 Group Inc. (**'Metro Energy'**), is producing from both the Woodford and the 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.

Proposed Sale

The Directors accepted an offer from Louisiana Petroleum Ltd (ASX: LOU) (**'Louisiana Petroleum'**) to purchase the Company's rights and interests in the Wilson Prospect in return for 30 million shares in that company.

The sale of the Company's rights and interests in the Wilson Prospect was conditional upon, among other things, the acquisition by Louisiana Petroleum of the 25 percent Working Interest in the Wilson Prospect held by Metro Energy. The directors of Louisiana Petroleum have announced that the agreement between Louisiana Petroleum and Metro Energy has been terminated but that they will continue to pursue the acquisition of the 75 percent Working Interest held by KBRL. The Company and Louisiana Petroleum have agreed to waive the abovementioned condition to enable the sale of the Company's rights and interests in the Wilson Prospect to proceed.

Wilson Prospect Instalment

A condition of the agreement with Louisiana Petroleum is completion by KBRL of its acquisition of its 75 percent Working Interest in the Wilson Prospect. The Company and Metro Energy have agreed to amend the terms of their agreement such that the final instalment of US\$750,000 be paid in two instalments of US\$500,000, which has been paid, and US\$250,000 due on or before 15 August 2006.

PROPOSED DISTRIBUTION IN-SPECIE

It is the Directors' intention to distribute no less than 90 percent of the shares in Louisiana Petroleum and 100 percent of the shares in Burey Gold, received as consideration for the sale of the abovementioned Company's assets, to KBRL shareholders. Based on the current number of shares on issue (48,645,694), the Directors are proposing to distribute the following shares to KBRL shareholders:

- 1 Louisiana Petroleum share for every 1.8 KBRL shares held; and
- 1 Burey Gold share for every 2.8 KBRL shares held.

The proposed distribution is to be by way of capital reduction and dividend. The effect of the proposed capital reduction includes:

- the number of KBRL shares on issue will remain unchanged; and
- pursuant to the ASX Listing Rules, the number of options on issue will remain the same, however, the exercise price per option will be reduced by the same amount as the amount of the capital reduction per KBRL share.

The amount of the proposed capital reduction and dividend is in the process of being determined and will be dependent upon the market value of the Louisiana Petroleum and Burey Gold shares at the time of the sale of the assets and the distribution to KBRL shareholders.

The Company, in conjunction with their legal, corporate, and tax advisers, and in consultation with ASX, is diligently working on the logistics of the proposed distribution of the Louisiana Petroleum and Burey Gold shares to KBRL shareholders. The Corporations Act 2001 requires shareholder approval of the proposed capital reduction. A Notice of Meeting and Explanatory Statement is being prepared to convene a general meeting of KBRL shareholders to consider the proposed capital reduction. The Notice of Meeting and Explanatory Statement will be forwarded to KBRL shareholders as soon as the details of the proposed distribution have been determined.

CORPORATE

Share Placement

A share placement of 5 million fully paid ordinary shares at 20 cents per share to raise \$1 million before costs of the placement was successfully completed. The placement was made with, subject to shareholder approval, one free attaching option to acquire one fully paid ordinary share in KBRL for 20 cents on or before 31 July 2008 for each two shares applied for and issued under the placement.

The purpose of the placement was to provide working capital in the lead up to the development of the Company's Jackpot mine.

Share Issue

The Company issued 375,000 fully paid ordinary shares pursuant to an agreement dated 17 August 2005 for the acquisition of Prospecting Licences 24/3880 to 24/3899.

Shares Released From Escrow

The Company released 775,000 fully paid ordinary shares from escrow.

Trevor Matthews
Managing Director

For further information please contact :

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

KALGOORLIE-BOULDER RESOURCES LIMITED

ABN

48 106 732 487

Quarter ended ("current quarter")

30 June 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	-	(768)
(b) development	(418)	(418)
(c) production	-	-
(d) administration	(64)	(216)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	45
1.5 Interest and other costs of finance paid	(21)	(21)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(498)	(1,378)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	(344)	(3,159)
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(344)	(3,179)
1.13 Total operating and investing cash flows (carried forward)	(842)	(4,557)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(842)	(4,557)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	942	2,504
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	750	750
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) - cost of capital raised	(58)	(188)
	Net financing cash flows	1,634	3,066
	Net increase (decrease) in cash held	792	(1,491)
1.20	Cash at beginning of quarter/year to date	142	2,425
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	934	934

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	24
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment of \$12,000 to a company controlled by Trevor Matthews for the provision of executive services rendered by Trevor Matthews.
Payment of non-executive directors fees of \$12,000.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	750,000	750,000
3.2 Credit standby arrangements	nil	nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	1,816
Total	1,816

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	887	142
5.2 Deposits at call	nil	nil
5.3 Bank overdraft	nil	nil
5.4 Other (provide details) – fixed term deposit	47	nil
Total: cash at end of quarter (item 1.22)	934	142

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	48,645,694	36,830,650		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,375,000	6,150,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	13,632,625 8,250,000 2,250,000	8,632,625 - -	<i>Exercise price</i> 20 cents 30 cents 40 cents	<i>Expiry date</i> 31 July 2008 31 July 2008 31 July 2008
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~/does not*~~ (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date:
(~~Director~~/Company secretary)

Print name: John Coles (Company Secretary)

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Schedule 1
Interests in Mining Tenements Acquired or Increased

Tenement reference	Nature of Interest	Interest at beginning of quarter	Interest at end of quarter
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+ See chapter 19 for defined terms.