



**KALGOORLIE-BOULDER  
RESOURCES LTD**

ABN 48 106 732 487

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

**HIGHLIGHTS**

- *First Gold and Silver Produced*
- *Production from Jackpot Gold Mine was 1,603 ounces with gold sales at A\$820 per ounce.*
- *Sale of uranium assets nearing completion*

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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 September 2006.

## GOLD AND BASE METALS

The total area covered by the Company's gold and base metals projects is now **335.7 square kilometres**.

### Jackpot Gold Mine

Mining operations commenced at the Jackpot gold mine with the first gold and silver being produced in August 2006. This is a tremendous achievement for a junior exploration company to go from exploration to mining within 15 months and is an important milestone in any resource company's life.

The following was achieved during the September quarter:

<b>Mining</b>	
Total Bcm's	117,811
Waste Bcm's	112,050
Ore Bcm's	5,761
Ore tonnes	16,316
Ore grade (g/t)	1.85
<b>Milling</b>	
Total ore tonnes	23,909
Reconciled feed grade (g/t)	2.22
Recovered ounces	1,603
Recovery (%)	93.9

The batch milling of the Company's ore has been rescheduled due to the high demand for milling services. It is now anticipated the milling of the Company's ore from the Jackpot gold mine will be completed during the first quarter of the 2007 calendar year.

Once the initial open pit mine has been completed the Company will be in a position to properly evaluate the deep higher grade Inferred mineralisation at Jackpot 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 exploration 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 have accepted an offer from Burey Gold Ltd (**'Burey Gold'**) for them to acquire the Company's rights, title and interest in its uranium assets.

The Company and Burey Gold entered into a Heads of Agreement and subsequently agreed to replace the terms and conditions of the Heads of Agreement with the terms and conditions of the Option Agreement. The Option Agreement grants to Burey Gold the sole and exclusive option for six months from 13 September 2006 to purchase the Company's rights, title and interest in its uranium assets in return for \$50,000 plus 17,200,000 shares in that company.

In consideration for the grant of this option, Burey Gold is to pay the Company an option fee of \$50,000 which is not repayable or refundable under any circumstances.

Exercising the option is conditional on:

- Burey Gold's shareholders passing all resolutions required under the constitution of Burey Gold, the ASX Listing Rules and the Corporations Act to approve and give effect to the transactions contemplated by the Option Agreement;
- Burey Gold being admitted to the ASX Official List; and
- the Company procuring the assignment of the Richmond Option Agreement to Burey Gold.

The Company has agreed, as a term of the Option Agreement, to undertake an equal in specie distribution of the Burey Gold shares received as part consideration of the Company's sale of the rights, title and interest in its uranium assets.

The option fee has been received by the Company and the Directors have been informed that the Burey Gold prospectus is to be released in the near future.

### **OIL & GAS**

The Wilson #3-10 well was spudded and reached a total depth of 3,194 feet in March 2006. The drilling program revealed several conventional and unconventional zones which appear to be hydrocarbon bearing. The initial zone to be tested is the Wilcox Sandstone with estimates of potential oil flow rates to be made following the successful completion of this zone.

Other primary zones of interest in the Wilson #3-10 are the unconventional formations of the Woodford Shale and the 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 the 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 20% recovery factor, the calculated recoverable gas would be 7.9 Bcf of gas per section. The Wilson Prospect covers exactly one section.

The daily pumping rate of oil from the Wilson #3-10 has been different than the bailer tested rate gauged from the cable tool unit. To improve flow rates a drilling rig has been moved back on the well to drill deeper with a power swivel using air and foam as the lifting agent to get new cutting to the surface. The well has been deepened another eight feet and the pumps and rods are being run and the well restarted.

### **Proposed Sale**

The proposed sale of the Company's rights and interests in the Wilson Prospect to Louisiana Petroleum Ltd (ASX: LOU) was terminated by mutual consent.

***Wilson Prospect Instalment***

The Company has completed its payment obligations under the terms of agreement with Metro Energy. Following the fulfilment of the payment obligations under the terms of the agreement with Metro Energy the Company has an unencumbered 75 percent Working Interest in oil and gas leases covering 640 acres in Okmulgee County, Oklahoma, USA known locally as the Wilson Prospect.

**CORPORATE**

***Share Placement***

The Company allotted and issued 5 million fully paid ordinary shares pursuant to a placement to raise \$1 million before costs (20 cents per share). 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. Shareholder approval will be sought at the Company's forthcoming Annual General Meeting.

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 September 2006**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	1,292	1,292
1.2 Payments for		
(a) exploration and evaluation	(24)	(24)
(b) development	-	-
(c) production	(1,512)	(1,512)
(d) administration	(223)	(223)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	3
1.5 Interest and other costs of finance paid	(19)	(19)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) – <i>Movement in working capital</i>	603	603
<b>Net Operating Cash Flows</b>	<b>120</b>	<b>120</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	(997)	(997)
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	24	24
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(973)</b>	<b>(973)</b>
1.13 Total operating and investing cash flows (carried forward)	(853)	(853)

+ See chapter 19 for defined terms.

**Appendix 5B – Kalgoorlie-Boulder Resources Ltd**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(853)	(853)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	58	58
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(5)	(5)
	<b>Net financing cash flows</b>	<b>53</b>	<b>53</b>
	<b>Net increase (decrease) in cash held</b>	<b>(800)</b>	<b>(800)</b>
1.20	Cash at beginning of quarter/year to date	887	887
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>87</b>	<b>87</b>

**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	750

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

N/A

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

N/A

+ 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	1,000	750
3.2 Credit standby arrangements	nil	nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	75
4.2 Development/Production	611
<b>Total</b>	<b>686</b>

### 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	87	87
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – fixed term deposit	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>87</b>	<b>87</b>

### 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 – Kalgoorlie-Boulder Resources Ltd**  
**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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	48,645,694	36,830,650		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <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 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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.

**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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