



**KALGOORLIE-BOULDER
RESOURCES LTD**

ABN 48 106 732 487

**ACTIVITIES REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2008**

HIGHLIGHTS – SEPTEMBER QUARTER

- Acquisition of Matsa Resources Limited
- Proposed Capital Raising

INTRODUCTION

Kalgoorlie-Boulder Resources Ltd (ASX: KAL and KALO) (the “Company” or “KBRL”) is pleased to report its production and exploration activities report for the quarter ended 30 September 2008.

ACQUISITION OF MATSA RESOURCES

On 15 August 2008 the Company announced it had entered into an Agreement to acquire Matsa Resources Limited, (Matsa) a private company associated with Mr Paul Poli and Mr Andy Viner and furthermore for Mr Poli and Mr Viner to acquire the majority of shares of the Company’s major shareholder RASL AU, LLC.

The Agreement provides for a capital raising that will be significantly underwritten by Messrs Poli and Viner and that will give the expanded Company the capital required to enhance the value of its existing projects and to realise the potential of new projects.

As part of the agreement RASL has agreed to convert its existing Convertible Notes into 30 million shares pursuant to the terms of the Note and to sell 65 million shares (including these 30 million shares) to Messrs Poli and Viner for a total consideration of \$1 million. The Directors and RASL consider that it is in the Company’s best interests to eliminate this debt from its balance sheet to facilitate future funding initiatives.

Messrs Poli and Viner will join the Board of Kalgoorlie Boulder and the Company's Executive management team at 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.

The Company has been undertaking a strategic review of its operations over the past few months and believes that the acquisition of Matsa and subsequent capital raising will allow the Company to:

1. Continue to develop its Kalgoorlie and Norseman projects; and
2. Expand into new projects and regions that the Company believes will create long term shareholder value.

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.

As a sign of its commitment to the Kalgoorlie Boulder, Matsa arranged a placement during the quarter of 6.25 million ordinary shares in the Company at an issue price of 3.2 cents per share to raise \$200,000 for working capital purposes. Matsa also agreed to immediately complete the acquisition of the Company's Broad Arrow tenements ahead of time for a consideration of \$250,000.

Details of the Agreements:

The acquisition of Matsa, the proposed capital raising and the sale of RASL's shareholding will be subject to various shareholder approvals and other corporate regulatory requirements.

Kalgoorlie Boulder will 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 Poli and Viner (Underwriters) will underwrite a capital raising to the extent of \$1.5 million. An underwriting fee of 10 million options exercisable at 7 cents per option before 1 Jul 2011 is payable to the Underwriters.

RASL holds 50 million shares in the Company of which 48.5 million shares were subject to voluntary escrow expiring 8 March 2009. The Company has released these shares from voluntary escrow with effect from 1 September 2008 in order to facilitate a sell down of RASL's interests.

RASL has agreed to convert its existing Convertible Notes into 30 million shares pursuant to the terms of the Note.

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

RASL is currently acting 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 future legal proceedings in the US on behalf of the Company on the basis that it receives any proceeds from that action after the Company is reimbursed its legal costs incurred to date.

It is proposed that, subject to their appointment as executive directors, and approval by KBRL shareholders, Messrs Poli and Viner will be issued the following options:

1. Mr Poli, 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, 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.

All the information contained in this Release is on a pre-consolidation basis; however it is proposed to put to shareholders that a 1 for 5 share consolidation be approved.

An update to the Agreement was released to shareholders on the 27th of October 2008.

Shareholders will be kept informed of the progress of the proposed transactions as and when required. A shareholders meeting will be held in due course in order to seek shareholder approval for a number of the terms within the Agreement.

EXPLORATION ACTIVITIES

CLINKER HILL

During the September quarter, the diamond drill holes were surveyed using down hole Electro-magnetic surveys (DHEM). The DHEM was completed on holes 1, 2, 4, 5 and 6 as it was believed that the Squid EM anomalies had not been fully explained by the diamond drilling.

KBRL is still awaiting the final report from the down-hole EM survey however the main observations are:

- Holes 4, 5 and 6 intersected the Squid EM targets and the anomalies are explained by sulphidic sediments encountered in those holes.
- Hole 1 has been drilled parallel to the surface EM anomaly. This anomaly has not been tested and the recommendation is to drill another hole perpendicular to Hole 1 to intersect the conductor. Conductor #1 is the strongest conductor of the Squid EM anomalies and still represents the best exploration target.
- The 2nd EM anomaly is off the end of hole 2. While the 2nd anomaly has not been tested, Hole 2 bottomed out on the basal contact in sediments. A re-entry could be attempted on hole 2 to test the anomaly but it is most likely to be sulphidic sediments due to the low intensity of the anomaly and its location in the stratigraphy.

Further exploration

While the results of diamond drilling program has supported the geological model and shown that Clinker Hill is a fractionated ultramafic-mafic sill with magmatic nickel sulphide concentrations along the basal contact. The exploration to date has not identified any ore grade intersections. However there are still a number of exploration targets based on this geological model that have not yet been tested.

The proposed exploration program for Clinker Hill is as follows:

1. Continue the surface EM program over anomaly number 5 which was not modelled and over the soil anomaly in the south west of the tenement holding.
2. Surface map the area over the south west soil anomaly. Outcrop is poor in that area but no attempt has been made to map it yet.
3. Drill test anomalies 1 and 5 and any other anomalies identified by the surface EM program.

For further information please contact:

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The information in this report that relates to Exploration Results is based on information compiled by Richard Breyley, who is a member of the Australasian Institute of Mining and Metallurgy. Richard Breyley is a full time employee of Kalgoorlie Boulder Resources. Richard Breyley has sufficient experience which is relevant to the style of mineralisation and the type of ore deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves. Richard Breyley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 LTD

ABN

48 106 732 487

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date
	\$A'000	(3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,247)	(1,247)
(b) development	-	-
(c) production	-	-
(d) administration	(108)	(108)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,351)	(1,351)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	200	200
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – cash backed guarantees	-	-
Net investing cash flows	200	200
1.13 Total operating and investing cash flows (carried forward)	(1,151)	(1,151)

+ 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)	(1,151)	(1,151)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	200	200
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)		
	– Cost of capital raising	-	-
	Net financing cash flows	200	200
	Net increase (decrease) in cash held	(951)	(951)
1.20	Cash at beginning of quarter/year to date	1,029	1,029
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	78	78

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	37
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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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	nil	nil
3.2 Credit standby arrangements	nil	nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development/Production	-
Total	50

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	78	1,028
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – fixed term deposit	-	-
Total: cash at end of quarter (item 1.22)	78	1,028

+ See chapter 19 for defined terms.

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	P63/1639	0%	100%
		P63/1562	0%	100%
		P63/1563	0%	100%
		P63/1564	0%	100%
		P63/1565	0%	100%
		P63/1569	0%	100%
		P63/1570	0%	100%
		P63/1571	0%	100%
		P63/1572	0%	100%
		P63/1573	0%	100%
		P63/1574	0%	100%
		P63/1575	0%	100%
		P63/1576	0%	100%
		P63/1577	0%	100%
		P63/1578	0%	100%
		P63/1579	0%	100%
		P63/1580	0%	100%
		P63/1581	0%	100%
		P63/1582	0%	100%
		P63/1583	0%	100%

+ 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 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	181,030,277	181,030,277		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	6,250,000	6,250,000	3.2 cents	3.2 cents
7.5 +Convertible debt securities <i>(description)</i>	12	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,000,000 2,000,000 1,300,000 1,300,000 1,250,000 1,250,000 1,250,000	- - - - - - -	<i>Exercise price</i> 10 cents 20 cents 10 cents 20 cents 12.5 cents 15 cents 20 cents	<i>Expiry date</i> 5 December 2010 5 December 2010 5 December 2010 5 December 2010 16 April 2011 16 April 2011 16 April 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				

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

7.10	Expired during quarter	51,555,472 8,250,000 2,250,000	51,555,472 - -	20 cents 30 cents 40 cents	31 July 2008 31 July 2008 31 July 2008
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 ~~not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: Date: 31 October 2008
 (~~Director~~/Company secretary)

Print name: Andrew Chapman (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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