



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

## **ASX ANNOUNCEMENT**

ASX Code: KAL, KALO

8 December 2006

### **ACQUISITION OF SIGNIFICANT GOLDFIELDS PROJECT**

The Directors of Kalgoorlie-Boulder Resources Limited ('Kalgoorlie-Boulder Resources') are pleased to announce that, subject to shareholder approval (and settlement of the transaction detailed below), the Company will acquire a large highly prospective gold project located in Norseman, Western Australia.

#### **The Project**

The Project is located in the Norseman region of the Eastern Goldfields of Western Australia and comprises a tenement package of 124 square kilometres covering the prospective south Yilgarn Greenstone belt. It consists of a series of granted mining leases, prospecting licences and exploration license and mining lease applications.

The Project tenement package is located from 6 to 25 kilometres south of the Norseman town site where Croesus Mining NL operations produce at a rate of 650,000 tonnes per annum. In excess of 5 million ounces of gold has been produced from this prolific region.

Three main rock types occur within the project area consisting of mafic volcanics, minor ultramafics and sediments. Most of the Project's mineralisation is within banded iron formations, with the remainder being typical Norseman, high grade quartz vein mineralization.

The tremendous appeal of the project for the Company is the potential demonstrated by previous exploration conducted on the project that identified large gold bearing systems in a region that has produced in excess of 5 million ounces of gold.

Commenting on the announcement Kalgoorlie-Boulder Resources Director, David Prentice said.

"This acquisition is a company defining point for Kalgoorlie-Boulder Resources. Projects with this potential are very rare anywhere in the world so to be in a position to acquire one in the Goldfields of Western Australia is extremely rare. We see the acquisition adding tremendous shareholder value in the coming months as we carry out drilling programs and database review with the goal of establishing a JORC standard gold resource, drill the obvious extensions to the mineralisation and explore the other tenements. At the conclusion of this we expect to be in a position to then carry out a scoping study on the development of the Project.

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The acquisition compliments the Company's existing tenement holdings in the goldfields region where we are completing the mining of 'Jackpot', a small resource which is expected to generate a cash flow of around \$5 million with net revenue of approximately \$1.5 million within the current financial year.

Capital raisings of almost \$6 million will ensure that we have adequate financial resources to achieve all these exciting developments with a goal of building the company into a mid-tier gold producer in the short to mid term."

### **The Consideration**

The Company has entered into agreements to acquire 100% of the issued share capital of Australian Gold Investments Pty Ltd (ACN 089 489 645) which is the sole registered and beneficial owner of the abovementioned project.

The consideration for the acquisition is the payment of up to \$2.65 million cash and the issue of 50 million fully paid ordinary shares to the vendor. In addition, the Company will issue \$3 million of convertible notes to the vendor with a 8% p.a. coupon. The notes are redeemable within 36 months and no earlier than 12 months and convert into 30 million ordinary shares.

The consideration shares will be escrowed for a period of 24 months.

### **The Capital Raising**

The Company proposes to undertake a 1:1 non-renounceable entitlement issue ('Entitlement Issue') to raise approximately \$4.87 million (before costs of the issue) and a placement of 10 million shares to raise a further \$1 million. The proceeds of these capital raisings will be used to fund the cash component of the abovementioned acquisition, ongoing development and working capital.

The proposed Entitlement Issue offers one new share with a free attaching option for every two shares subscribed for at a price of 10 cents per share. The attaching options have an exercise price of 20 cents and expire on 31 July 2008. The Company will apply for the quotation of the new shares and options on the ASX.

The Company has secured parties to take up any shortfall from the Entitlement Issue ensuring receipt of the full amount. A copy of the prospectus for the Entitlements Issue will be available on the Company's website [www.kbri.com.au](http://www.kbri.com.au) in the near future.

The placement of up to 10 million shares at an issue price of 10 cents per share together with one free attaching option exercisable at 20 cents expiring on 31 July 2008 for each share subscribed for has been approved by shareholders at the AGM held on 29 November 2006. The shares are to be placed with sophisticated investors.

Should you have any queries regarding this important development please contact either David Prentice or myself.

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The information in this report that relates to Mineral Resources or Ore Reserves 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.



