

REPORT ON ACTIVITIES

FOR THE QUARTER TO 30 JUNE 2012

Kalgoorlie Mining Company Limited owns the Bullant Gold Project NW of Kalgoorlie Western Australia.

ASX CODE: KMC & KMCO

ISSUED CAPITAL

1,301 million ordinary shares

CASH & RECEIVABLES (30 June 2012) - \$4.44M

BOARD OF DIRECTORS & MANAGEMENT

Mr. Jonathan Murray
Chairman

Mr. Peter George
Non – Executive Director

Mr. James Croser
Non – Executive Director

Mr. Roger Kwok
Non – Executive Director

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SUMMARY

BULLANT GOLD PROJECT

- Bullant Underground Gold Project placed on active care and maintenance.
- Exploration activities suspended pending the outcome of a strategic review.
- Low grade ore stockpile sold to Norton Goldfields for net \$0.96M.
- Discussions underway with nearby gold processing facilities to improve processing economics.

CORPORATE

- Fully underwritten 3 for 1 non-renounceable rights issue completed to raise \$9.759M (before costs).
- Experienced Director Roger Kwok joins the KMC board.
- Company's shares KMC and KMCO quoted on the ASX.
- Cash and receivables balance of A\$4.44M at 30 June 2012.

UPDATE ON ACTIVITIES

BULLANT OPERATION PLACED ON CARE & MAINTENANCE

On 22 February 2012, the Company announced that it had decided to place the Bullant Underground Gold Mine onto active care and maintenance which includes the ongoing dewatering of the underground workings and maintenance of associated infrastructure. The Bullant Mine currently remains completely dewatered to the base of the main decline, which is graded and provides vehicle access to all mine level accesses. Apart from one LHD and one service Toolcarrier, all mobile equipment has been removed from site for secure storage and rental / hire purchase equipment has been handed back to equipment providers.

The decision to place the mine on care and maintenance followed a review by the Company of its operations, mine plan and financial position. The review included a focus on the unsatisfactory mobile equipment availability, associated (and excessive) maintenance costs and resulting impact on mine productivity including the ability to deliver into future production targets.

The Company is currently undertaking an assessment of the Bullant Project with a view to determining the best way forward for all stakeholders. The care and maintenance program will be maintained at least in the short term so as to keep all options open with regard to mine access, mining and near-mine exploration potential. The development and review of a systematic exploration program across the Company's tenement area remains the focus of the site-based KMC geology team.

ORE PRODUCTION

No ore was produced from the Bullant Mine during the quarter.

A low grade ore stockpile, compiled during KMC's operation of the Bullant Mine, of approximately 33,000 tonnes was sold to Norton Goldfields for a net return of \$0.96M.

EXPLORATION

As a result of the decision to place the Bullant project onto care and maintenance, the Company has temporarily suspended all exploration drilling programs. The Company continues to maintain its exploration department on site, which includes the ongoing employment of its geological team. The recommencement of exploration activities is dependent upon the outcome of the current assessment of the Bullant Project.

There remains excellent potential for Resources increases by drilling below and adjacent to the existing mine levels.

CORPORATE

CAPITAL RAISING

During the quarter the Company successfully completed a pro-rata non-renounceable rights issue (**Rights Issue**) to raise \$9,759,842 (before costs). The Rights Issue provided shareholders with the right to subscribe for three ordinary shares in the capital of the Company at an issue price of \$0.01 per share. The Company lodged a prospectus for the Rights Issue with the Australian Securities and Investment Commission and the Australian Stock Exchange on 5 April 2012.

A total of 975,984,189 new shares were issues to eligible shareholders with the balance taken up by the underwriters in accordance with the rights issue document and underwriting agreement. Shares have been issued and holding statements for the new shares have been dispatched to shareholders.

Stabilising the Company's position has been the primary goal of the Board since the Company's mining operation at Bullant was put on active care and maintenance. The Company will also have sufficient working capital going forward to maintain the project on active care and maintenance whilst a strategic plan for the project can be properly assessed and considered.

The issue of shares under the Rights Issue was approved by Shareholders at a General Meeting of the Company held on 14 May 2012. Following completion of the capital raising the company's securities were reinstated to official quotation on 26 June 2012.

MAJOR SHAREHOLDERS

Following completion of the rights issue, the company welcomes its new major shareholders Roger S L Kwok and Catherine S C Tan as trustee for the Kwok Family Trust, SHL Pty Ltd as trustee for the S H Lee Family Trust and CR Investments Pty Ltd.

NEW DIRECTOR APPOINTMENT

The Company announced on 25 May 2012 that Mr Roger Kwok has been appointed to its Board of Directors as a Non-Executive Director. Mr Kwok is the Managing Director of Arcadia Group in Perth which specialises in designing, developing and managing retirement resorts and premium properties. For the last twenty years, Mr Kwok has managed a number of Australian businesses in the automotive and healthcare sectors. He is a past president of The Western Australian Chinese Chamber of Commerce and brings significant experience in business relations in international markets, particularly China to the board of KMC.

CASH BALANCE

As at 30 June 2012, the Company had \$3.48M in available cash and \$0.96M in ore sale receivables to collect. This funding will be used for ongoing care and maintenance expenditure and for general working capital.

NORTH AMERICAN ASSETS

There were no activities undertaken by the Company during the quarter on the Snowbird and the Mid-Continent Projects. The Company continues to review its North American assets, (Snowbird Project and the Mid-Continent Project), to determine the best way to maximise value on these projects.



Jonathan Murray - Chairman

Competent Person's Statement

The information in this report that relates to Exploration Results and/or Mineral Resources is based upon information compiled by Mr. Trevor Eddie (BSc Geol) who is a member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and is bound by and follows the Institute's codes and recommended practices. Mr. Eddie is a full-time employee of Kalgoorlie Mining Company Bullant Pty Ltd (US Nickel Ltd). He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Eddie consents to the inclusion on this information in the form and context in which it appears in this report.

About Kalgoorlie Mining Company Limited

Kalgoorlie Mining Company Limited is an ASX-listed (ASX: KMC) gold development and exploration Company. Its core project is the Bullant Gold project, located 70km North West of Kalgoorlie, in Western Australia's goldfields. The Company currently has the Bullant Gold project on active care and maintenance. The Company is based in Perth, WA.

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