

## FOR THE QUARTER TO 31 DECEMBER 2012

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

**ASX CODE:** KMC

**ISSUED CAPITAL**

1,301 million ordinary shares

**CASH (31 December 2012)**

\$1.68M.

**BOARD OF DIRECTORS AND MANAGEMENT**

Mr. Peter Cordin  
Chairman

Mr. Roger Kwok  
Non – Executive Director

Mr. James Croser  
Non – Executive Director

Mr. Trevor Eddie  
Geology Manager

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**K**algoorlie Mining Company (ASX:KMC) is pleased to announce recent activities as the company gains momentum towards gold production at the 100% owned Bullant Project near Kalgoorlie in Western Australia.

**HIGHLIGHTS:**

- Resource Upgrade to 431,200 ounces announced in December 2012
- Significant mineralisation discovered by RC drilling at 'Bell Miner' prospect 1.5km south-west of Bullant Mine
- Board changes effected
- Reserve Study indicates a Probable Reserve of 279,000 tonnes at 4.5g/t for 40,300 mined ounces for 18 months initial mine life
- Ore Processing Agreement signed with Norton Gold Fields Limited, owners of Paddington Processing Facility

**EXPLORATION and EVALUATION**

**D**uring the December Quarter KMC completed drilling in 2 key areas at its Bullant Project. The primary focus was drill testing southern extensions of the main Bullant Lodes, beyond the current mine development and resource envelopes. The results were then incorporated into an updated resource model that encompassed the entire Bullant mine area. In addition, drilling was also undertaken at the newly identified Bell Miner prospect, a quartz vein structure, very close to a lithological shear contact found during field reconnaissance work.

**Bullant South Lode Extensions**

During the December quarter a 3-hole drill program of RC pre-collars with diamond tails was undertaken to target an area located approximately 500m south of the Bullant Mine (Figure 1).

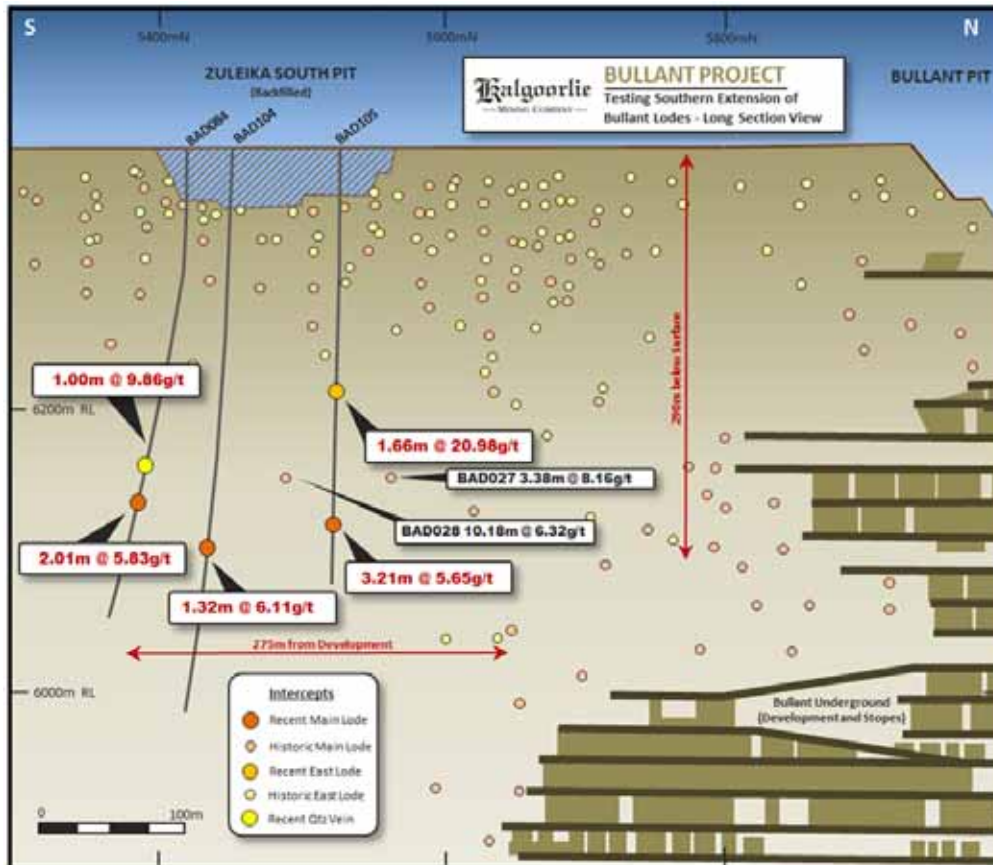


Figure 1: Long-section showing recent drill hole intercepts and location

The drill program was successful in intersecting the mineralised zones of the “Main Lode” and “East Lode” (ASX announcement 23/10/2012) in this region. The lodes are located approximately 70 metres apart with ore widths typically 1 to 4m. Assay results revealed that higher grade mineralisation is still occurring within the “East Lode”, as demonstrated in drill hole “BAD105”. Anomalous grade was also discovered in a small Quartz Vein structure unrelated to the primary trends being tested. Further investigation is needed to determine any continuity of this quartz veining. All drilling results are listed in Table 1.

Hole ID	(MINE GRID)				Dip	Depth (m)	From (m)	To (m)	Grade (g/t Au)	Width (m)	True Width (m)	Lode / Intercept
	North	East	RL	Azi								
BAD084	5418.54	22892.63	6389.74	85.04	-68.79	405.10	299.40	301.41	5.83	2.01	1.20	MAIN
							277.66	278.66	9.86	1.00	0.60	Qtz Vein
BAD104	5452.29	22856.26	6388.68	91.99	-60.28	474.10	334.41	335.73	6.11	1.32	0.80	MAIN
BAD105	5528.31	23176.37	6388.43	268.49	-60.27	366.16	199.94	201.60	20.98	1.66	0.95	EAST
							313.59	316.80	5.65	3.21	1.80	MAIN

Table 1: Drilling Results - Bullant Project

All drilling was then incorporated into an updated resource model for the entire Bullant Mine area (ASX announcement 12/12/2012). The outcome of the resource work demonstrated that the Bullant Mine “Main Lode” now has a continuous mineralised strike well over 1000m, with depth extensions reaching 800m below surface.

A number of target areas for further resource growth have been defined. These include:

- Infill drilling in the Bullant South region to convert Inferred resources to Indicated classification

- Gaps in drilling of the Main Lode close to surface, between the Bullant and Zuleika South Pits
- Main Lode targets at depth, open in all directions
- East Lode targets north of the current East Lode Indicated Boundary

Figure 2 (*Main Lode*) and Figure 3 (*East Lode*) show the extent of drilling that lies outside the mining depletion area with the assigned JORC classification boundaries.

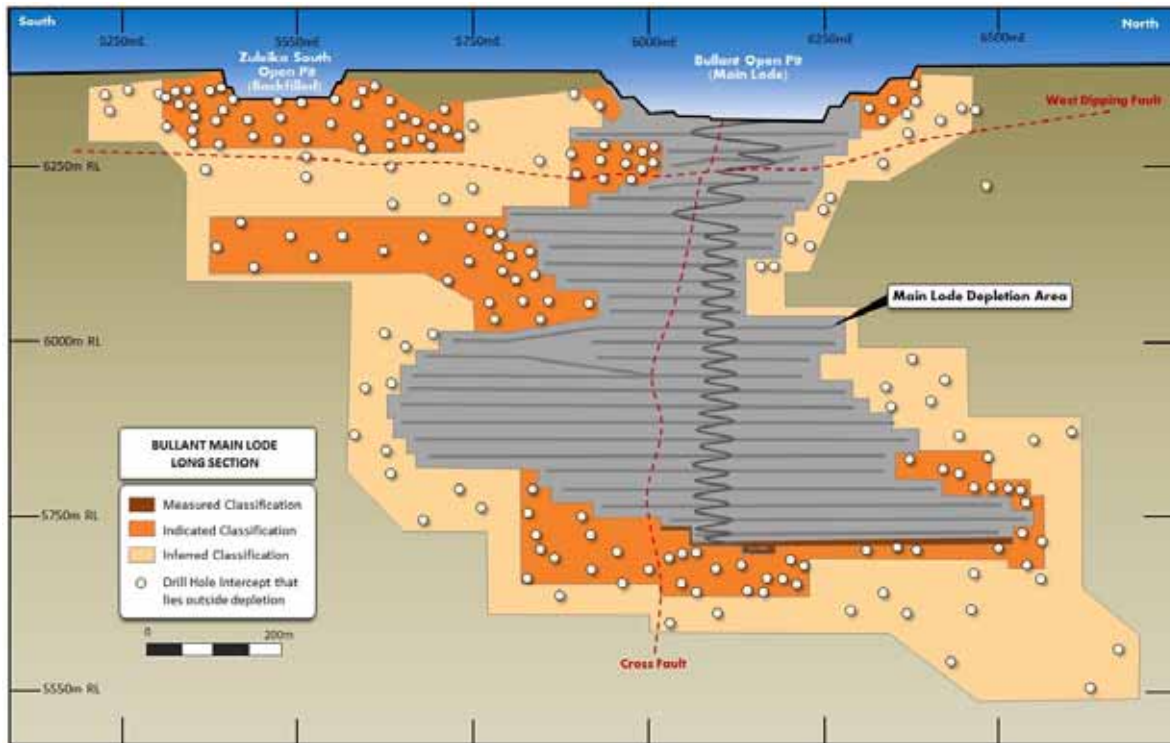


Figure 2: Long Section View of the Classification Boundaries for the Main Lode at Bullant Mine

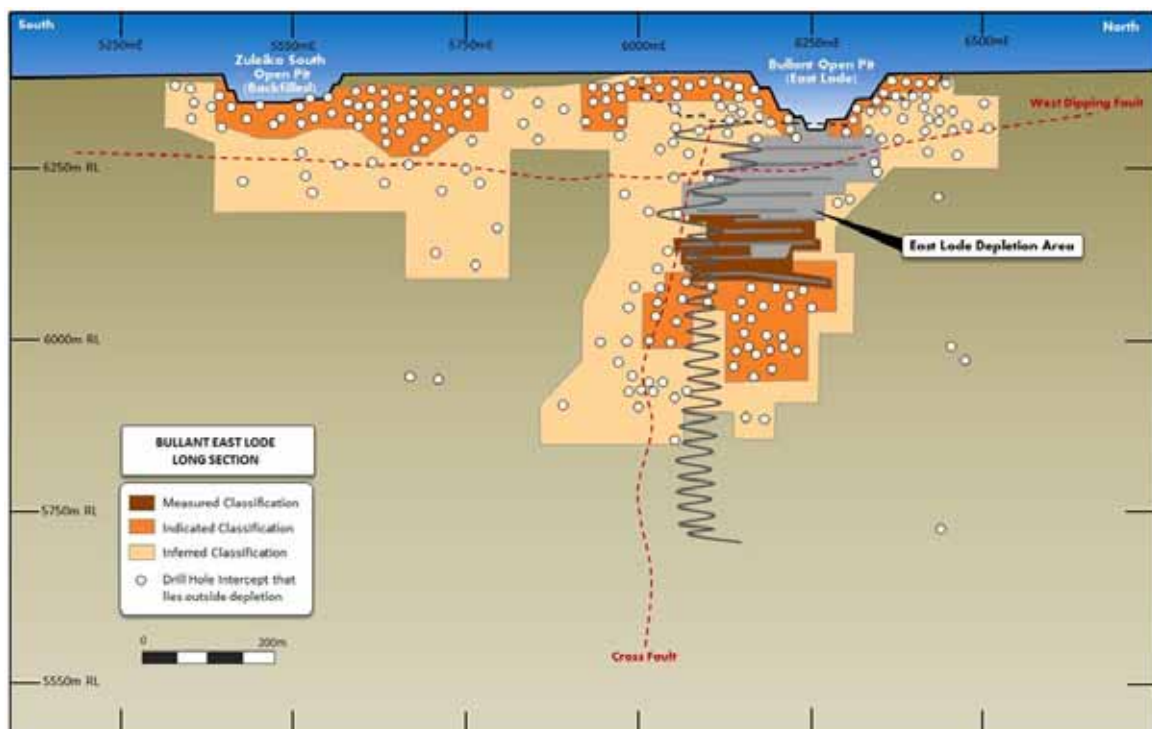


Figure 3: Long Section View of the Classification Boundaries for the East Lode at Bullant Mine

## Bell Miner

The Bell Miner Prospect is located 1.5km south-west from the Bullant Mine, where a quartz vein structure outcropping at surface and striking over 200 metres was identified during field reconnaissance work. A number of shallow historic workings are positioned along the structure. A chip sampling campaign was undertaken and showed mineralisation. Investigation into the area showed only a single drill hole had intercepted the structure previously, no other drilling had occurred in the immediate vicinity.

An 8-hole Reverse Circulation (RC) drill program was undertaken to target the structure at varying depths and weathering profiles along the entire strike. The program was successful in hitting design targets and the drill intercepts are encouraging. These can be seen in Table 3.

Hole ID	(MINE GRID)				Dip	Depth (m)	From (m)	To (m)	Grade (g/t Au)	Width (m)
	North	East	RL	Azi						
KMCRC001	4656.002	22852.466	6382.060	273	-59.8	70	No significant Intercept			
KMCRC002	4615.935	22846.813	6382.061	273	-60.7	76	72	74	0.97	2.00
KMCRC003	4551.899	22791.120	6381.208	273	-59.4	58	43	44	0.83	1.00
KMCRC004	4513.586	22736.732	6380.576	95	-60.5	94	43	73	0.86	30.00
					Inclusive of:		62	63	5.42	1.00
KMCRC005	4459.134	22782.344	6380.865	273	-60.3	82	56	57	2.27	1.00
KMCRC006	4461.484	22765.780	6380.671	273	-60.7	52	16	25	0.63	9.00
KMCRC007	4441.571	22719.937	6380.299	95	-60.0	76	72	75	1.51	3.00
KMCRC008	4404.006	22761.223	6380.730	273.11	-61.50	76	11	23	1.18	12.00
					Inclusive of:		13	15	2.71	2.00
							56	58	0.96	2.00

**Table 3: Drilling Results – Bell Miner Prospect**

Further to intercepting the quartz vein structure, mineralisation was also prevalent in a lithological shear zone contact running directly parallel to the vein, Figure 4. This shear zone varies in intensity and width along strike. The success of the program highlights that further investigation is needed to understand the nature and behaviour of the structure and the mineralisation potential.



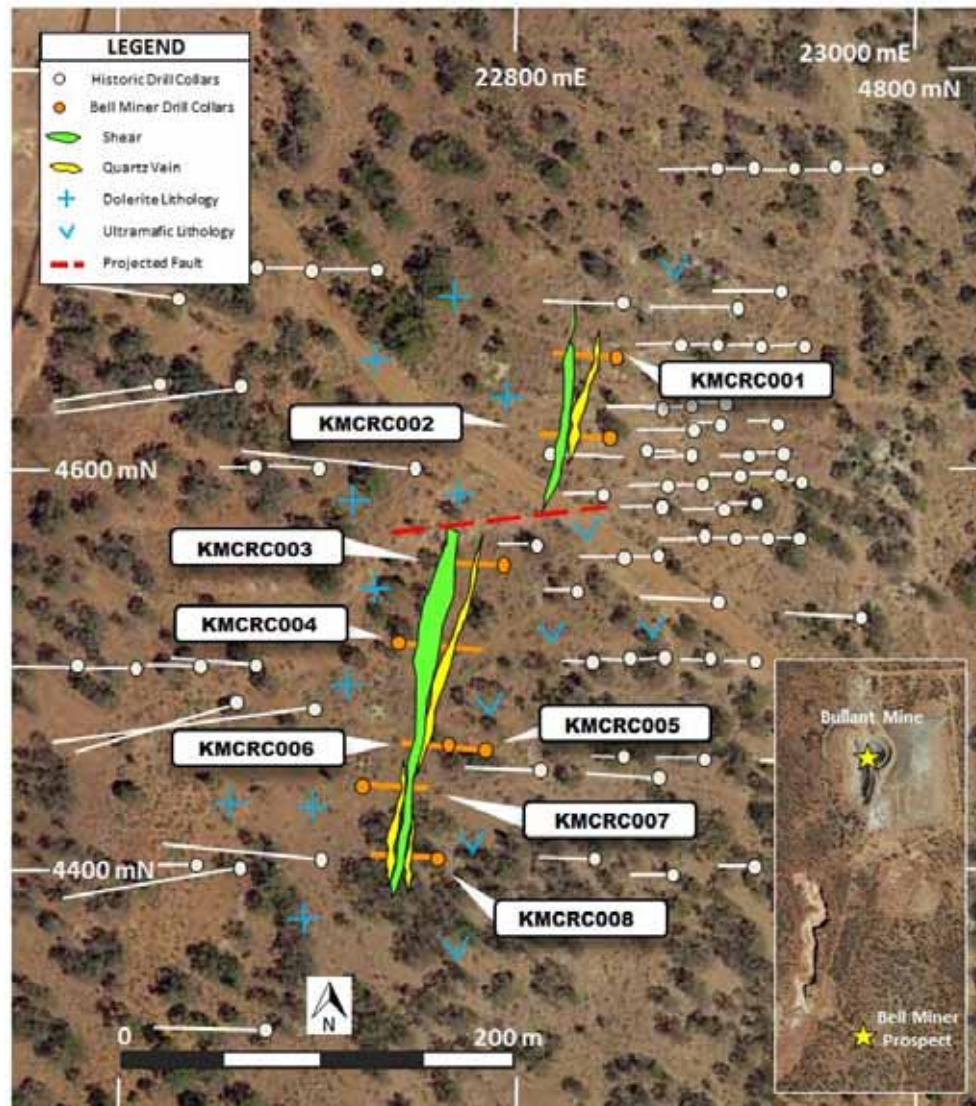


Figure 4: Aerial View of the Drill Results for the Bell Miner Prospect

## BULLANT UNDERGROUND RESERVE STUDY COMPLETED

### SUMMARY:

- Reserve study defines probable reserves at Bullant Mine of 279kt@4.5g/t for 40koz mined gold
- Underground mining plan designed and scheduled for 18 month mine life
- Sublevel open stoping and benching mining methods using mechanised jumbo and longhole equipment

On the basis of the recently announced Resource Upgrade at Bullant Mine, an Underground Reserve in compliance with the JORC Code is defined of 279kt@4.5g/t - delineated from the Main, East & Cross Lodes.

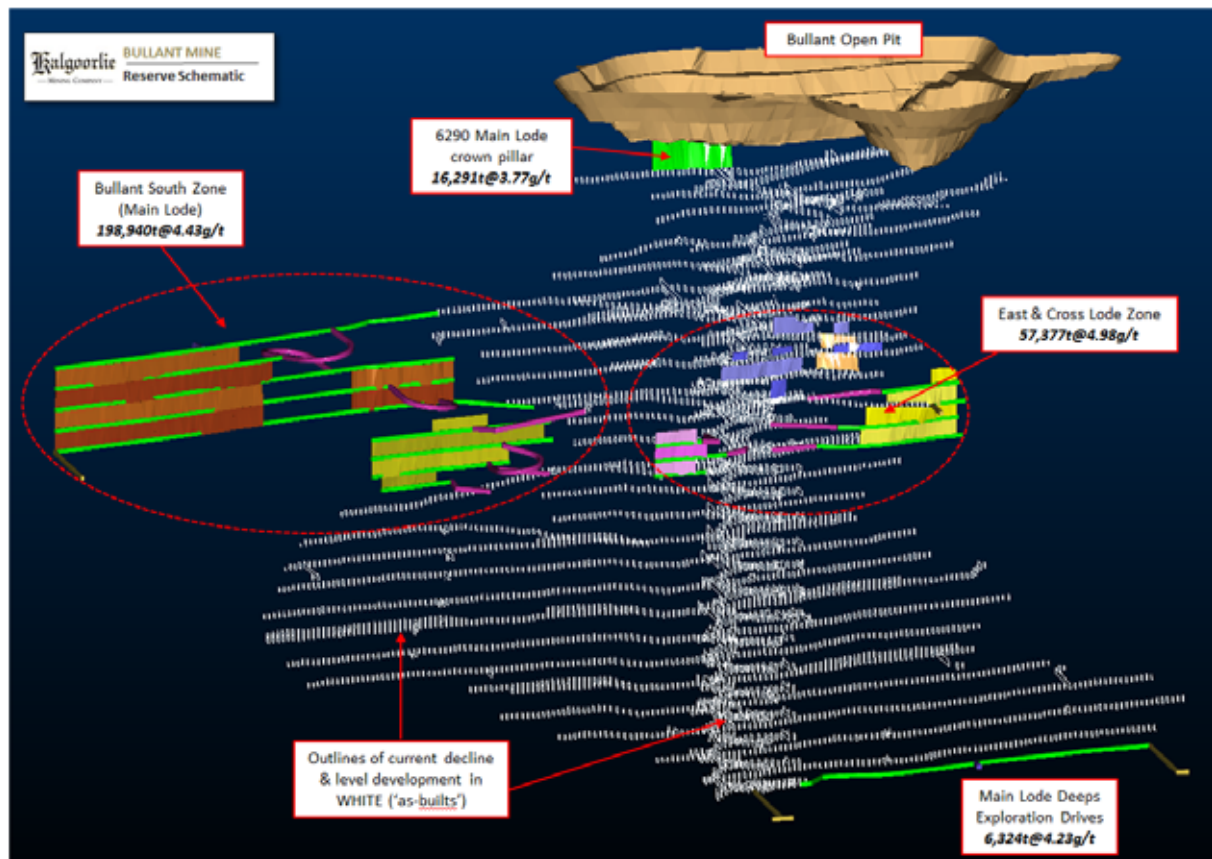


Figure 1: Reserve mining design schematic

The underground development and production design was developed to suit a combination of sublevel open stoping and bench mining methods indicating an 18 month mining schedule, utilising standard productivity estimates for mechanised development jumbo and production longhole equipment.

The Bullant Mine Reserve Study incorporated 3 main data sources, namely:

- Bullant Mine geological block model based on DEC-12 Resource Model
- Existing underground excavation survey shapes (the 'as-builts')
- Mine design data
  - Waste and Ore Development centreline strings
  - Production Stope shapes

Production stoping areas were determined by a 4 g/t high grade cut-off applied to a combination of the block model and potential stope design shapes (designed on 5m sections along strike), incorporating a minimum stoping width of 1.2m and allowances for 400mm total hangingwall and footwall waste dilution skins.

Ore development along strike to define these stoping areas will only contribute to an Ore Batch for sale if above a 2.5g/t development cut-off, resulting in a small stockpile of low grade (below 2.5g/t) material at Bullant of 45kt@1.9g/t for 2.7koz.

SCHEDULE ITEM	UNIT	2Q2013	3Q2013	4Q2013	1Q2014	2Q2014	3Q2014	TOTAL
Capital Development	metres	415	137	283	231	64	15	1,145
Exploration Driving	metres	150	-	100	-	-	110	360
Ore Driving	metres	621	1,052	810	358	373	196	3,410
Stope Drilling	drill.m	7,745	3,673	11,116	12,860	11,400	7,047	53,842
Ore to ROM	tonnes	33,206	49,961	53,844	57,135	52,690	32,095	278,932
	grade (g/t)	4.4	4.0	4.6	4.5	4.8	4.5	4.5
	ounces	4,735	6,401	8,014	8,352	8,140	4,694	40,336
Low-grade	tonnes	10,997	5,138	15,484	4,688	7,411	1,840	45,558
	grade (g/t)	1.9	2.0	1.7	2.0	1.8	1.8	1.9
	ounces	683	337	860	307	433	107	2,728
Waste	tonnes	34,432	7,624	19,127	13,473	3,162	4,994	82,813
Haulage	t.km	199,994	162,853	258,598	228,989	208,238	150,184	1,208,857

**Table 2: Reserve Schedule Physicals**

Waste access development, including level and incline/decline tunnelling, is to be excavated from the existing Bullant Decline and Level Access Drives using a 4.5mW x 4.5mH profile. The access design enables a sublevel spacing of 15 vertical metres, up to 20 metres in some wider areas of the Main Lode orebody. All take-off points for design excavations remain dewatered, powered and serviced for the required activity.

Ore development is planned on a smaller 3.5mW x 4.0mH profile, meaning stricter geological control in ore development activities but minimising development ore dilution and allowing for tighter production control for narrower stopes, particularly for the almost vertical Bullant lodes. Ore drives will be excavated on a wider profile in some areas of the Bullant South (Main Lode) where geology dictates.

Production design assumes a stoping recovery of 80%, incorporating allowances for strategic rock pillars and ore loss. Waste backfill will be required in some East Lode stoping to access ore above. Main Lode stoping in the Bullant South and Middle areas requires limited capital access development from existing decline and level development, providing for the option of early level ore development and production stoping utilising longhole open stoping methods. Production assumptions include 64mm diameter blastholes delivering 4 tonnes per drilled metre.

The mine design incorporates 360 metres of Exploration Driving to establish four (4) underground diamond drilling locations, from which to target upgrades to inferred resources adjacent to reserve mining areas.

## **ORE PROCESSING AGREEMENT SIGNED WITH NORTON GOLD FIELDS LIMITED**

An ore processing agreement with Norton Gold Fields (ASX: NGF) for the sale of up to 280,000 tonnes of ore from the Bullant Gold Mine (*ASX announcement 29/12/2013*), provides certainty with regard to treatment of the ore mined under the Reserve Mining Plan.

The Agreement allows for the processing of Bullant ore at NGF's Paddington Processing Facility near Kalgoorlie (3.3Mtpa), where it will be blended with other feed sources.

A Summary of the Agreement terms are:

- Sale to NGF of up to 280,000 tonnes of ore with deliveries commencing April 2013 and continuing until December 2014. The term may be extended by mutual consent.
- Ore batches of up to 20,000 dry tonnes per month from the Bullant Run Of Mine (ROM) Pad, hauled and processed by NGF for a processing charge per dry ore tonne.
- A bulk sample per ore batch will be crushed and sampled at Paddington, then assayed to determine grade and moisture content.

The Agreement represents a critical milestone for KMC as another step towards achieving the stated goal of returning the Bullant Gold Mine to production.

KMC can now move confidently to the formal tender process for the underground mining contract and the restart of mining.

### **NORTH AMERICAN PROJECTS**

No activity was undertaken on these projects during the reporting period.

KMC is actively pursuing options to realise value from the Cottonwood and Snowbird projects, including communicating with interested parties regarding various proposals and advertising for expressions of interest in a divestment process.



James Croser  
Managing Director  
KALGOORLIE MINING COMPANY LIMITED

### **ABOUT KALGOORLIE MINING COMPANY LIMITED**

KMC is a junior gold mining company headquartered in Perth, Western Australia. Its major project is the 100% owned Bullant Gold Project near Kalgoorlie. The Bullant underground mine is currently on Active Care and Maintenance, remaining dewatered to the base of the decline at 600m below surface with all mine services in place.

For further enquiries please contact:

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## Appendix A – Bullant Gold Project Total Mineral Resource Statement<sup>1</sup>

BULLANT PROJECT AREA	Category	Tonnes	Au g/t	Ounces
<b>BULLANT MINE</b>				
<b>Bullant Mine (Main Lode)</b>	Measured	29,200	6.82	6,400
	Indicated	569,300	5.04	92,300
	Inferred	761,600	5.46	133,800
	<b>Sub Total</b>	<b>1,360,100</b>	<b>5.32</b>	<b>232,500</b>
<b>Bullant Mine (East Lode)</b>	Measured	50,000	6.59	10,600
	Indicated	192,800	4.57	28,300
	Inferred	401,700	4.29	55,400
	<b>Sub Total</b>	<b>644,500</b>	<b>4.55</b>	<b>94,300</b>
<b>Bullant Mine (Cross Lode)</b>	Measured	-	-	-
	Indicated	17,200	4.16	2,300
	Inferred	9,500	4.26	1,300
	<b>Sub Total</b>	<b>26,700</b>	<b>4.19</b>	<b>3,600</b>
<b>Bullant Mine Total</b>	Measured	79,200	6.68	17,000
	Indicated	779,300	4.91	122,900
	Inferred	1,172,800	5.05	190,500
	<b>Bullant Mine Sub Total</b>	<b>2,031,300</b>	<b>5.06</b>	<b>330,400</b>
<b>WATTLE BIRD OPEN PIT</b>				
<b>Wattle Bird</b>	Measured	-	-	-
	Indicated	1,283,200	2.04	84,200
	Inferred	255,800	2.02	16,600
	<b>Wattle Bird Open Pit Sub Total</b>	<b>1,539,000</b>	<b>2.04</b>	<b>100,800</b>
<b>BULLANT PROJECT GOLD</b>				
	Measured	79,200	6.68	17,000
	Indicated	2,062,500	3.12	207,100
	Inferred	1,428,600	4.51	207,100
	<b>GRAND TOTAL</b>	<b>3,570,300</b>	<b>3.76</b>	<b>431,200</b>

Table 1: Kalgoorlie Mining Company – Resource Breakdown at Bullant Gold Project

**Note:** Bullant Mine figures are reported against a 3.0g/t cut off.  
Wattle Bird Open Pit figures are reported against a 1.0g/t cut off.  
Figures have been rounded; as a result minor errors may occur.

## Appendix B – Bullant Gold Mine Reserve Statement<sup>2</sup>

Location	Reserve Category	Tonnes (kt)	Grade (g/t)	Ounces (koz)
Bullant Underground	Probable	278,932	4.5	40,366

Table 2: Kalgoorlie Mining Company – Underground Mining Reserve at Bullant Gold Mine

**Note:** Rounding conforming to JORC to appropriate levels of precision may cause minor computational errors.

### COMPETENT PERSONS STATEMENT

<sup>1</sup> The information in this report that relates to Mineral Resources and Exploration Results is based on 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 (Kalgoorlie Mining 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.

<sup>2</sup>The information in this report to which this statement is attached, that relates to Ore Reserves, is based on information compiled by Mr Denis Grubic, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Grubic is an independent consultant employed by Rock Team Pty Ltd. Mr Grubic has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to 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 Exploration Results, Mineral Resources and Ore Reserves'. Mr Grubic 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 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Kalgoorlie Mining Company Limited

ABN

44 091 009 559

Quarter ended ("current quarter")

31 December 2012

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date(6 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	959
1.2	Payments for (a) exploration & evaluation	(146)	(238)
	(b) development	-	-
	(c) production	(691)	(1,852)
	(d) administration	(229)	(380)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	46	89
1.5	Interest and other costs of finance paid	(11)	(23)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	(8)	11
	<b>Net Operating Cash Flows</b>	<b>(1,039)</b>	<b>(1,434)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(3)	(277)
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)	-	-
	<b>Net investing cash flows</b>	<b>(3)</b>	<b>(277)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,042)</b>	<b>(1,711)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,042)	(1,711)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(71)	(141)
1.18	Dividends paid	-	-
1.19	Other (Capital raising costs)	-	(24)
	<b>Net financing cash flows</b>	(71)	(165)
	<b>Net increase (decrease) in cash held</b>	(1,113)	(1,876)
1.20	Cash at beginning of quarter/year to date	2,793	3,556
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,680	1,680

**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	64
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

1. \$7,208 was paid to Steinepreis Paganin for legal services provided, which Mr Murray is a partner of the law firm.
2. \$56,545 – payment of directors fees and superannuation.

**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

Not Applicable

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

Not Applicable

+ 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	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	650
4.4 Administration	300
<b>Total</b>	<b>1,050</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	180	293
5.2 Deposits at call	1,500	2,500
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,680</b>	<b>2,793</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	N/A	N/A	N/A	N/A
6.2 Interests in mining tenements acquired or increased	N/A	N/A	N/A	N/A

+ 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 <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>	<b>1,301,312,253</b>	<b>1,301,312,253</b>		
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>	1,000,000 2,600,000 3,050,000 94,005,477	- - - 94,005,477	<b>Exercise price</b> 30c 25c 25c 25c	<b>Expiry date</b> 26 Feb 2013 28 Mar 2016 17 May 2016 31 May 2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

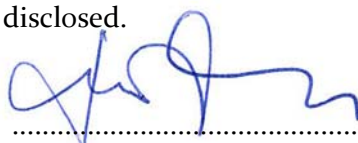
+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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## 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 5).
- 2 This statement does ~~/does not~~\* (delete one) give a true and fair view of the matters disclosed.

Sign here:



.....  
(Director)

Date: 31 January 2013

Print name: James Croser

## 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.