



FOR THE QUARTER TO 30 SEPTEMBER 2011

Kalgoorlie Mining Company Limited is exploring and developing the Bullant Gold Project NW of Kalgoorlie Western Australia.

ASX CODE: KMC

MARKET CAP

A\$24.4M (share price \$0.9)

ISSUED CAPITAL

271.3 million ordinary shares

CASH (30 SEPTEMBER 2011)

\$2.0M

BOARD OF DIRECTORS & MANAGEMENT

Mr. Jonathan Murray
Chairman

Mr. Christopher Daws
Chief Executive Officer

Mr. Peter George
Non – Executive Director

Mr. James Croser
Non – Executive Director

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HIGHLIGHTS

BULLANT GOLD PROJECT

- Binding Ore Purchase Agreement with Barrick & revenue of A\$2.1M from delivery of first ore.
- Major Resource Upgrade.
- Mining Operations progress.
- Exploration success.
- Ore Treatment MoU with Phoenix Gold Ltd.
- De-watering program completed.
- New tenement package acquired.

SNOWBIRD PROJECT

- Reviewing options to optimise value for the North American exploration assets

CORPORATE

- Cash balance A\$2M
- Debt funding process for Bullant Gold Mill commenced.

BULLANT GOLD OPERATIONS

The Company continued to make rapid progress during the September quarter at its flagship Bullant Gold Operations in the Kalgoorlie goldfields region, in Western Australia, with a number of significant milestones achieved at the project.

In August, the Company completed a binding ore purchase agreement with Barrick Limited for the sale of the Company's gold ore from the Bullant mine to Barrick, to be processed at Barrick's Kanowna Belle gold processing facility. In the same month, the Company achieved its first delivery of gold ore from the Bullant mine to the Kanowna Belle facility. The delivery, of 10,507 dry tonnes of ore (with recovered gold of 1,241 ounces), generated revenue of approximately A\$2.1 million to the Company. It also achieved significant exploration success, with a major Resource upgrade at the Wattle Bird resource, just north of the Bullant Project, and drilling intersected a spectacular high-grade gold zone of 4.6m @ 26.19g/t Au at the East Lode at the Bullant mine. On the Corporate front, the Company commenced a process to secure up to US\$35 million of debt funding to fund construction of a gold mill at Bullant, plus mine expansion.

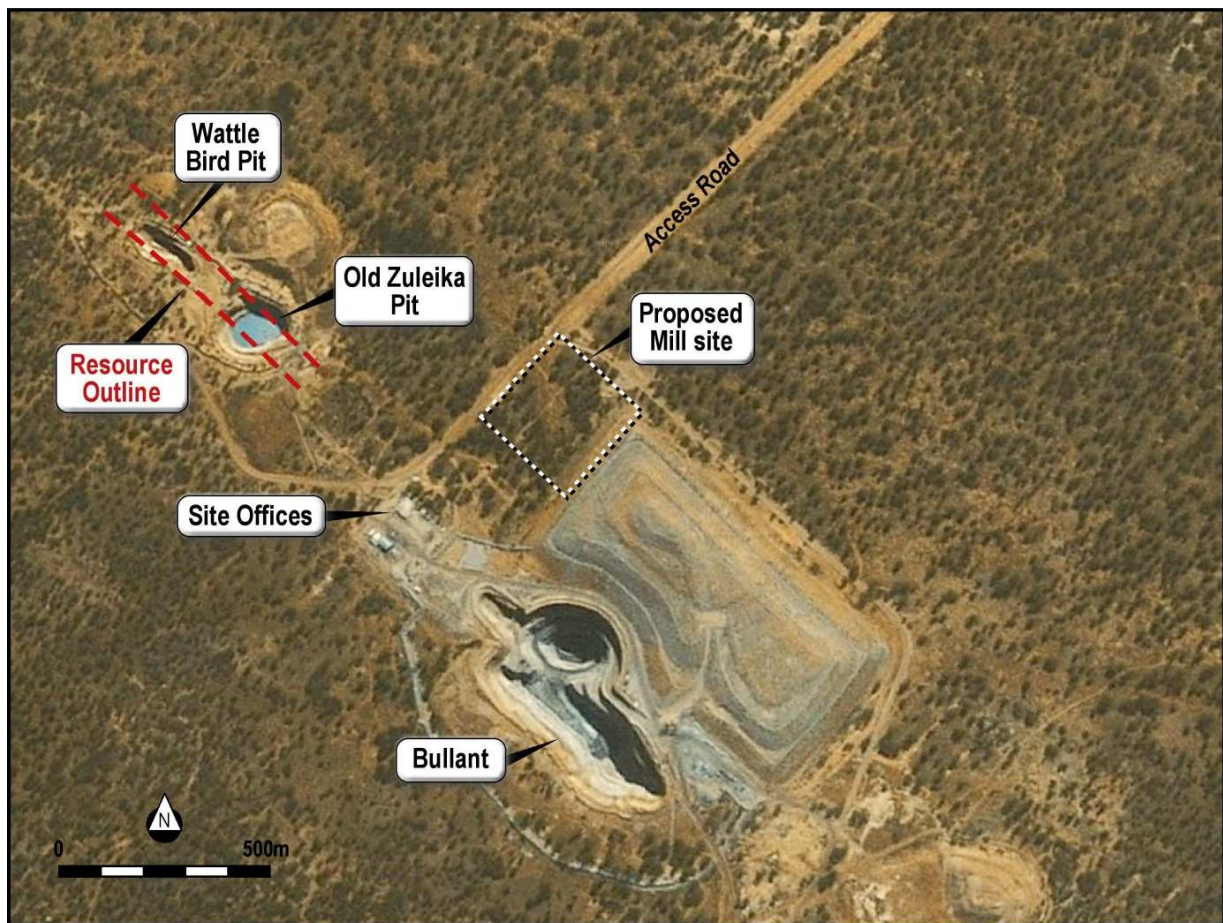


Figure 1: Site Plan showing Bullant Mine and proposed Mill location in close proximity to Wattle Bird resource

UPDATE ON COMPANY ACTIVITIES

Subsequent to the end of the quarter, the Company announced an update on operations at the Bullant Gold Operation (ASX announcement, 21 October 2011). It has now delivered its third gold ore parcel (10,921 tonnes at 3.90g/t Au) to Barrick, which takes the total tonnes of gold ore mined and delivered, to date, to 31,708 tonnes - recovering 3,353.5 ounces of gold and generating \$5.7 million in gross proceeds (before haulage and processing costs).

The Company has also taken delivery of its first piece of new mining equipment, an Atlas Copco T1D underground single boom jumbo. This will increase the ability of the Bullant development and production fleet considerably. It has also sourced an additional long-hole open stoping rig which will increase open stoping capacity. The lower levels of the Bullant Decline are now fully refurbished and services have been connected in preparation for development work to commence. The Company has also taken delivery of a refurbished Series 2 CAT1700 tele-remote bogger to commence open stope

mining. Mining is currently underway on the E6117, 6014, 6060, 6083 and 6098 levels and open stoping has commenced within the East Lode.

The construction of the gold mill at Bullant will be a significant value driver. Stage 1 (Crushing Circuit) environmental approvals have been granted and Department of Mines and Petroleum approvals are expected by the end of 2011, which will allow construction work to proceed (on successful financing arrangements being secured). The crushing circuit is planned to be operating in Q1, 2012. This will significantly reduce the Company's crushing costs compared to its current contract crushing of gold ore.

Diamond drilling of Stage 3 East Lode is continuing with visible signs that the ore body continues at greater depths. Further assay results will be released as they become available.

BINDING ORE PURCHASE AGREEMENT WITH BARRICK & REVENUE OF A\$2.1M FROM DELIVERY OF FIRST ORE

In August, the Company announced it had entered into a binding gold ore purchase agreement with Barrick Limited for the sale of the Company's gold ore from the Bullant mine to Barrick's Kanowna Belle gold processing facility. Under the agreement, the Company has the opportunity to road transport 5,000-20,000 tonnes of Bullant ore per month to the Kanowna Belle plant for sale and processing. The amount of ore delivered to Barrick each month is dependent upon the Company's mining rates and the economics of transporting the ore to Kanowna Belle over leaving the ore stockpiled for future processing at the Company's own gold processing facility, which it expects to be in operation 2012.



Picture 1: IES Quad-train haulage truck being loaded with ore at the Bullant Gold Mine.

Also in August, the Company commenced its first delivery of gold ore from Bullant to the Kanowna Belle processing facility. The delivery, from the East Lode in the upper levels of the Bullant main, commenced on Saturday 13 August. In total, the Company delivered 10,507 dry tonnes of gold ore from the Bullant mine in its first delivery, with recovered gold of 1,241 ounces (at an average grade of 3.95 g/tonne for the development ore at a provisional recovery of 93%). At the contracted sale price, gross proceeds to the company were approximately AUD\$2.1 million (before haulage and processing costs).

The delivery of the first gold ore and subsequent revenue generation was a significant milestone for the Company.

MAJOR RESOURCE UPGRADE BULLANT GOLD PROJECT

In September, the Company announced a major JORC resource upgrade at the Bullant gold project, of a 68% increase to its total resource base at the project area. The increase came from a detailed validation program at the Wattle Bird

resource, just north of the Bullant project. The resource upgrade was a significant milestone in the Company's aim to increase its resource base at the Bullant project area.

| PROJECT | CATEGORY | TONNES | AU G/T | OUNCES |
|--------------------------------|--------------|------------------|-------------|----------------|
| Wattle Bird | Measured | - | - | - |
| | Indicated | 1,283,200 | 2.04 | 84,200 |
| | Inferred | 255,800 | 2.02 | 16,600 |
| | Total | 1,539,000 | 2.02 | 100,800 |
| Bullant | Measured | 40,800 | 4.12 | 5,400 |
| | Indicated | 256,700 | 5.72 | 47,200 |
| | Inferred | 595,500 | 5.05 | 96,600 |
| | Total | 893,000 | 5.20 | 149,200 |
| Total Mineral Resources | | 2,432,000 | 3.20 | 250,000 |

Table 1: Summary of Mineral Resource

The Wattle Bird project lies approximately 500 metres north of the Bullant Mine site. The Wattle Bird resource model was based on an estimation conducted by a previous owner, Centaur Mining & Exploration in 1998. The resource model has been previously used in publicly listed statements regarding the Wattle Bird Project. The validation work reviewed all drill data, resource estimation parameters, the block model, as well as all supporting documentation. Approximately 700+ RC and diamond drill holes have been drilled in the area and were included in the resource.

It is expected that the close proximity of the Wattle Bird resource to the planned gold processing mill at the Bullant Gold Operation will provide significant additional ore feed to the project.

Subsequent to the end of the September Quarter, the Company released a further upgrade the Bullant Gold Mine resources to 302,200 oz's Au, see ASX release dated 26 October 2011.

MINING OPERATIONS UPDATE

During the quarter, the Company recruited an experienced mining team for the Bullant Operations and continued with development work on the East Lode ore body. Development of the upper levels of the East Lode (Stage 1) commenced, with ore being accessed from the existing Bullant Decline.

The existing decline extends to 700 metres below the surface and the current stage (Stage 2) and the planned Stage 3 drilling of the East Lode will extend to a depth of 500 metres and potentially provide 10 more mining levels on this previously unexploited ore zone. This development provided the initial 10,528 tonnes of ore that was delivered to the Kanowna Belle gold plant.

The Company achieved excellent development rates during the first full three months of operation averaging over 250m of advance per months. This was attributed to mine plant availability, excellent rock types, plus good mining crews and mine planning. Further increases in mine output can be expected as more underground mining equipment is sourced for the project.

| | Jul-11 | Aug-11 | Sep-11 |
|-------------------------|---------------|---------------|---------------|
| Waste Development (m) | 64 | 106 | 122 |
| Ore Development (m) | 219 | 207 | 158 |
| Stope Drilling (m) | - | - | 589 |
| Stope Tonnes (t) | - | - | - |
| Crown Pillar Tonnes (t) | - | - | 2,040 |
| Ore Tonnes (t) | 12,574 | 11,225 | 10,824 |
| Ore Grade (g/t) | 3.61 | 3.05 | 3.92 |

Table 2: Mine development for the September Quarter indicating tonnes and grade.

The Company has also benefited from a triple eight-hour roster, which has attracted high quality mining personnel and has been reflected in the safety, quality of mining and development rates achieved at the project.

BULLANT EXPLORATION

The Company reported strong success from its exploration programs at the Bullant project during the quarter. In July, drill results from its maiden surface exploration program confirmed significant gold mineralisation at the Bullant Main Lode, 250 metres below surface and up to 300 metres from the area of previous development. High-grade intercepts included;

3.38 metres @ 8.16g/t Au from 283.84 metres
10.18 metres @ 6.32g/t Au from 282.32 metres

The high-grade results were from four diamond drill holes, targeting areas south of the historic Bullant mine development. The results have increased the potential of increasing the Bullant resource in the southern area of the project, and this area will be the subject of further drilling programs.

Subsequent to the end of the quarter (ASX announcement, 11 October), **the company reported a spectacular high grade gold zone of 4.6m @ 26.19g/t Au**, from drilling of the East Lode at Bullant. This intersection represented the best assay result the Company had achieved to date. The results confirmed that the East Lode, which runs parallel to the Main Lode at the Bullant mine, contains high-grade gold mineralisation within very close proximity to the current Bullant mine workings. It represents an exceptional mining target. Results to date have indicated that mineralisation at the East Lode exists at depth and is not closed off, and an initial resource for the East Lode will be released during the December quarter 2011. It is also expected that further resource upgrades will be achieved as a result of drilling which is currently underway.

ORE TREATMENT MoU SIGNED WITH PHOENIX GOLD LIMITED

In September, the Company executed a Memorandum of Understanding (MoU) with Phoenix Gold Limited (ASX:PXG) for the treatment of up to 300,000 tonnes per annum of Phoenix Gold's ore through Kalgoorlie Mining Company's planned 700,000 tonne per annum gold mill and processing facility at Bullant. Parameters have been established that will allow for a binding Ore Treatment Agreement to be completed by both parties within 12 months.

Phoenix Gold has a number of advanced mining projects close to the Company's Bullant operations, which it is planning to mine on a timetable that would fit in with the commissioning of the Bullant mill facility. The Bullant mill is expected to be operational in 2012 (subject to the successful conclusion of financing arrangements for the mill, currently underway). The ore from Phoenix Gold's projects will supplement the Company's own mining and milling schedules and enable the mill to optimise throughput. The income stream generated by the treatment of Phoenix Gold's ore will assist in repayment of the cost of the mill and ultimately increase revenue and profits.

DEWATERING OF BULLANT MINE COMPLETED

During the quarter, the Company successfully completed de-watering of the Bullant gold mine. This was a major step in bringing Bullant back to full production, with the lower reaches of the mine now accessible for mine development and ore extraction.

The Company tested ground support of areas that were submerged during the mine closure period. All pull tests of ground supports passed design specifications. The results showed that there was little requirement of remedial work, which will equate to a major cost saving to the Company. Electrical cabling was replaced to restore power in the lower levels of the mine and a sub-station installed.

NEW TENEMENTS ACQUIRED AT BULLANT GOLD PROJECT

In July, the Company acquired a significant new tenement package around the Bullant project area. The new tenements increased the Company's 100%-owned tenement area from 12.08km² to 27.59 km² – an increase of 128%. The new tenements are; Prospecting Licences P16/2694 to P16/2701 and P16/2689.

The new tenement package is consistent with the Company's strategy to increase its land holding in the Kalgoorlie region, to build its resource base to a target of 1 million ounces of contained gold within its tenement portfolio.

SNOWBIRD PROJECT

The Company is reviewing its options to optimise value for the North American exploration assets in light of the recent successful acquisition of the Bullant Gold Project.

CORPORATE

DIRECTOR RESIGNATION

On August 2, the Company announced that Mr Alexander Hewlett had resigned from his position as an executive director of the board. The Company thanks Mr Hewlett for his valuable input to Kalgoorlie Mining Company, and wishes him all the best with his future endeavours.

KMC shareholders can look forward to an exciting 2011/2012 as we develop the Bullant Gold Project in a time of buoyant gold prices and as we strive to generate shareholder wealth.



Christopher Daws
Chief Executive Officer

The information in this report that relates to 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, which is focused on delivering rapid shareholder wealth through production, development and exploration from its project portfolio. The Company's core project is the Bullant Gold project, located 70km North West of Kalgoorlie, in Western Australia's goldfields. The Company achieved first gold ore sales for the Bullant project in August 2011, and is focused on the rapid development of the project through production ramp-up and targeted exploration to expand the project's resource base. The Company is based in Perth, WA, and has regional offices in Kalgoorlie.

www.kalmining.com.au

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 Mining Company Limited |
|-----------------------------------|

ABN

| |
|----------------|
| 44 091 009 559 |
|----------------|

Quarter ended ("current quarter")

| |
|-------------------|
| 30 September 2011 |
|-------------------|

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|------------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | 3,042 | 3,042 |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (387) | (387) |
| (b) development | (561) | (561) |
| (c) production | (3,862) | (3,862) |
| (d) administration | (773) | (773) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 30 | 30 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (provide details if material) – Royalties | (367) | (367) |
| – Security Bond | (860) | (860) |
| Net Operating Cash Flows | (3,738) | (3,738) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | (753) | (753) |
| 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 – Purchase of subsidiary company | - | - |
| Net investing cash flows | (753) | (753) |
| 1.13 Total operating and investing cash flows (carried forward) | (4,491) | (4,491) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---|--|----------------|----------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (4,491) | (4,491) |
| Cash flows related to financing activities | | | |
| 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 | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) | - | - |
| | Net financing cash flows | - | - |
| | Net increase (decrease) in cash held | (4,491) | (4,491) |
| 1.20 | Cash at beginning of quarter/year to date | 6,535 | 6,535 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 2,044 | 2,044 |

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 | 202 |
| 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. \$8,753 was paid to Steinepreis Paganin for legal services provided, which Mr Murray is a partner of the law firm.
2. \$95,903 was paid to Mr Hewlett as a final payment in lieu of his resignation.

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 | 200 |
| 4.2 Development | 4,200 |
| 4.3 Production | 1,300 |
| 4.4 Administration | 450 |
| Total | 6,150 |

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 | 2,044 | 415 |
| 5.2 Deposits at call | - | 5,260 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other – Term Deposits | - | 860 |
| Total: cash at end of quarter (item 1.22) | 2,044 | 6,535 |

Appendix 5B
Mining exploration entity quarterly report

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 |
| 6.2 | Interests in mining tenements acquired or increased | P16/2689 P16/2694 P16/2695 P16/2696 P16/2697 P16/2698 P16/2699 P16/2700 P16/2701 | During the quarter, Kalgoorlie Mining Company Ltd acquired 9 additional tenements in the Western Australia State, through its subsidiary, Kalgoorlie Mining Company (Bullant) Pty Ltd 0% 0% 0% 0% 0% 0% 0% 0% 0% | 100% 100% 100% 100% 100% 100% 100% 100% |

+ 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 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 | 271,322,563 | 250,802,563 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 *Convertible debt securities <i>(description)</i> | | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | 1,000,000 | - | Exercise price 10c | Expiry date 26 Feb 2013 |
| | 2,800,000 | - | 25c | 29 Mar 2016 |
| | 3,800,000 | - | 25c | 26 May 2016 |
| | 39,999,997 | 39,999,997 | 25c | 31 May 2014 |
| 7.8 Issued during quarter | | | | |
| 7.9 Exercised during quarter | | | | |
| 7.10 Expired during quarter | | | | |
| 7.11 Debentures <i>(totals only)</i> | | | | |
| 7.12 Unsecured notes <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 give a true and fair view of the matters disclosed.

Sign here:  Date: 31 October 2011
.....
(Director/Company secretary)

Print name: Maurice Catina

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* applies 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.