

25 August 2011

The Company Announcements Platform
ASX Limited

By E-lodgement

UPDATE ON MINING OPERATIONS

HIGHLIGHTS

- Access to four new East Lode levels complete and ore development in progress to establish first stoping blocks.
- Further ore access to East Lode under development.
- Ongoing resource definition diamond drilling to increase the East Lode resource.
- Eight hour shift roster proving a success in attracting quality mining staff and achieving excellent development results.

The Company has been active in getting operations underway at the Bullant Gold Mine (“Bullant”) as indicated by the first gold ore haulage to Kanowna Belle (see ASX release dated 15 August 2011) and would like to provide shareholders with the following update on mining activities at Bullant.

The Company has successfully recruited an experienced mining team for the Bullant Operations and commenced development of the East Lode ore body during the July quarter, following up the positive drilling results previously released to the ASX on 4 May 2011. Figure 1 below shows the historic development undertaken by Barrick on the East Lode upper levels (yellow) and the development, current (orange) and planned (blue), being undertaken by the Company.

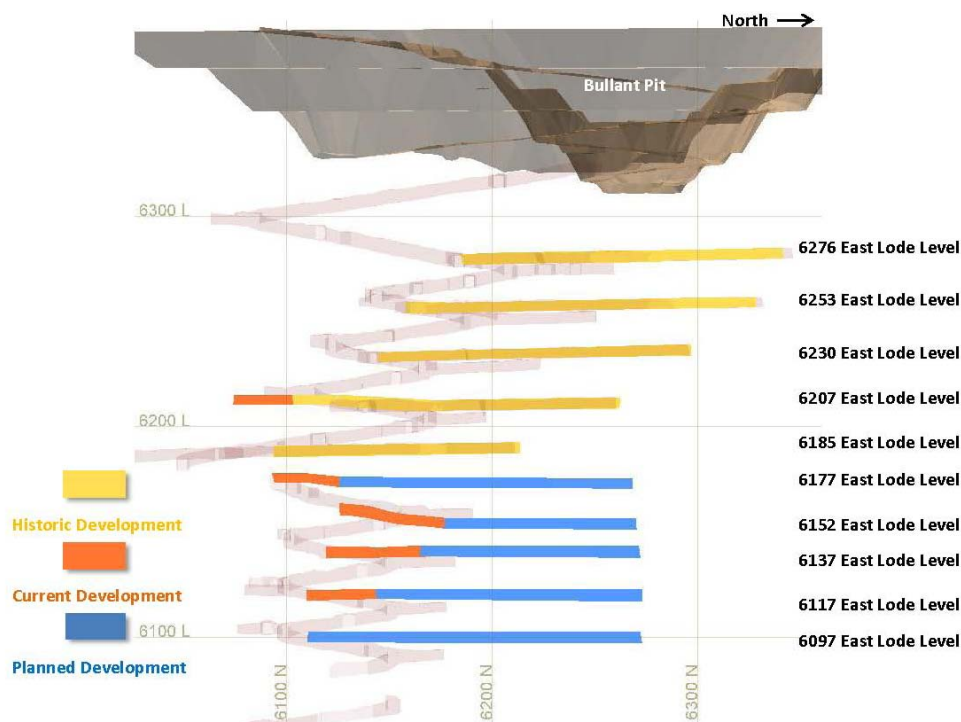


Figure 1: East lode development (historic, current and planned) – Bullant Gold Mine

KALGOORLIE MINING COMPANY LIMITED

Suite 1, 346 Barker Road, Subiaco WA 6008 | PO Box 846, Subiaco WA 6904

Telephone: (618) 6382 7200 | Fax: (618) 6382 3777

ACN: 091 009 559 | ABN: 44 091 009 559 | Email: enquiries@kalmining.com.au | Website: www.kalmining.com.au

Development of the upper levels of the East Lode (Stage 1) has commenced with ore being accessed from the existing Bullant Decline. The ore was able to be intersected with less than 15 metres of waste access on each of the four current levels being developed (see *Figure 2* below). The existing decline extends to 700m below the surface and the current stage 2 and planned stage 3 drilling of the East Lode will extend to a depth of 500m potentially providing 10 more levels on this previously unexploited ore zone. A resource upgrade of the East Lode is expected in the coming months based on the recent ore development and successful drilling programs undertaken since operations began in mid June.

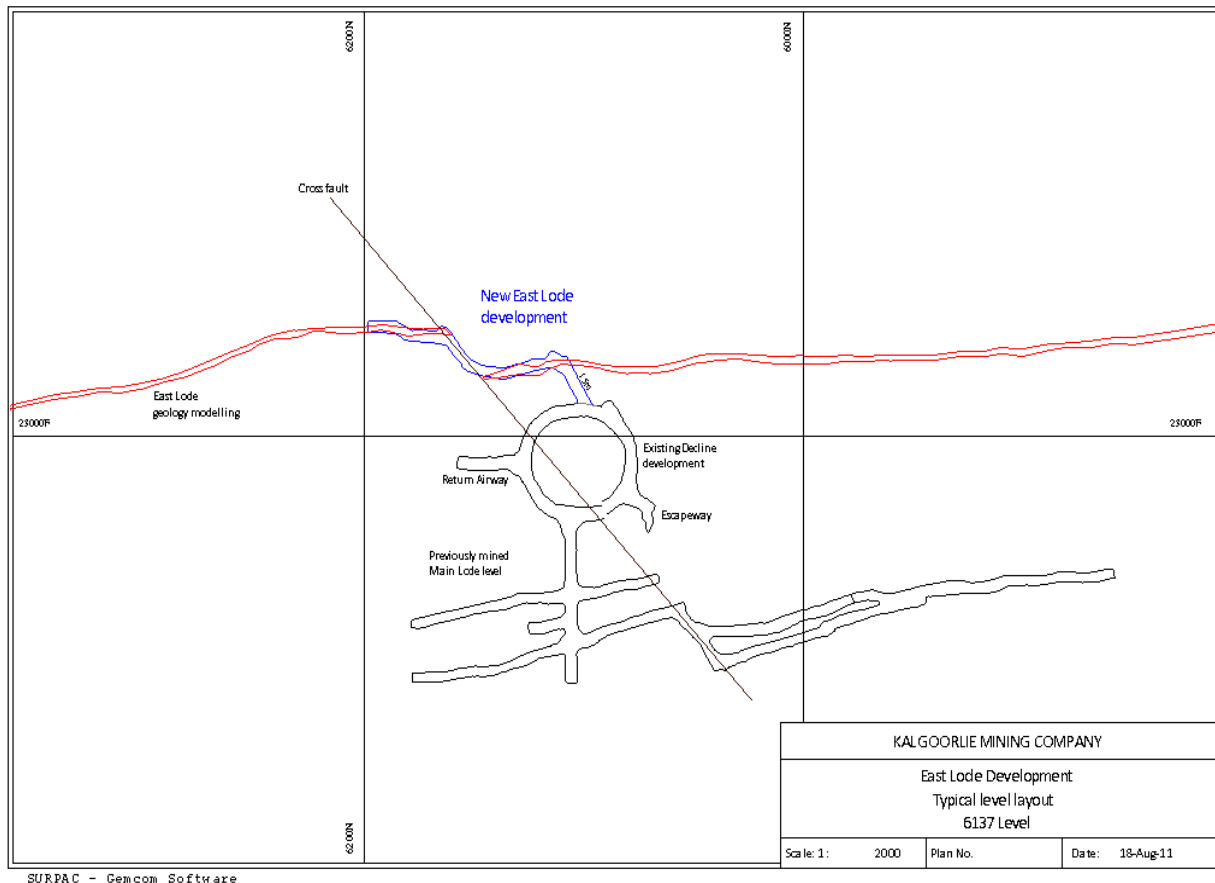


Figure 2: Typical level layout on the East Lode showing close proximity to the Bullant Mine decline.

A photo of the ore face on the 6152N East Lode ore drive is provided over page, *Figure 3*, and shows the geological setting of the ore body in the East Lode. No additional development was required for ventilation or egress as the location of the ore meant that all of the mine's existing infrastructure was able to be re-utilised. This development has provided the initial 10,528t of ore that has been delivered to the Kanowna Belle processing facility to date.

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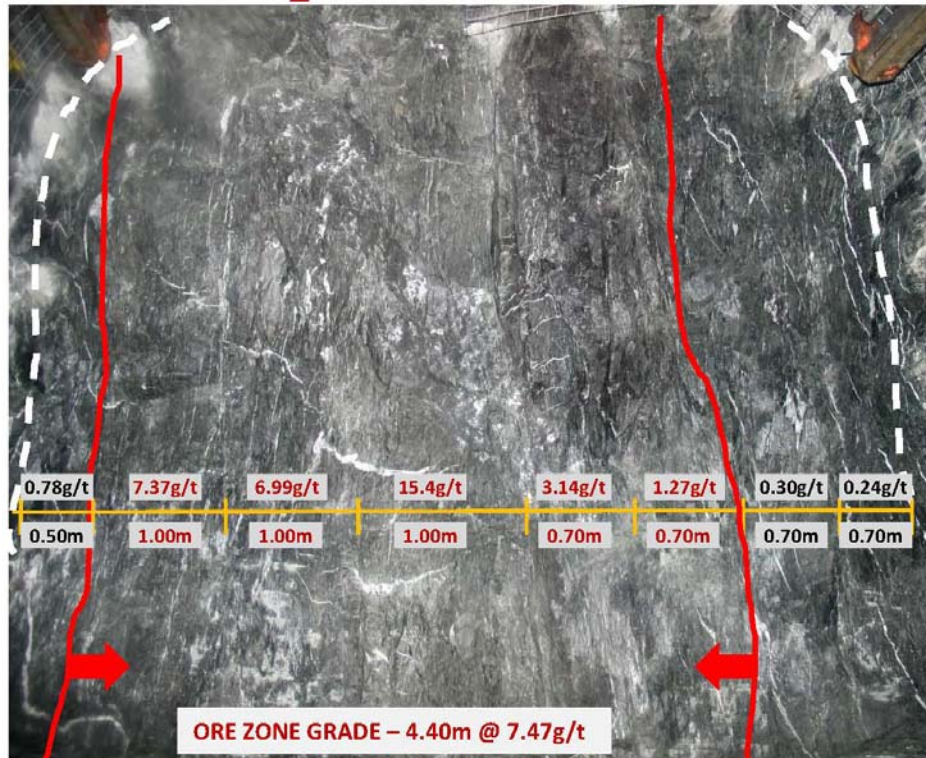


Figure 3: Ore face on the 6152N East Lode ore drive development Bullant Gold Mine.

Resource definition underground diamond drilling is continuing on the lower extents of the East Lode and the Company looks forward to updating shareholders on these results in the near future. Figure 4 below shows the previous and future drilling being undertaken by the Company at Bullant.

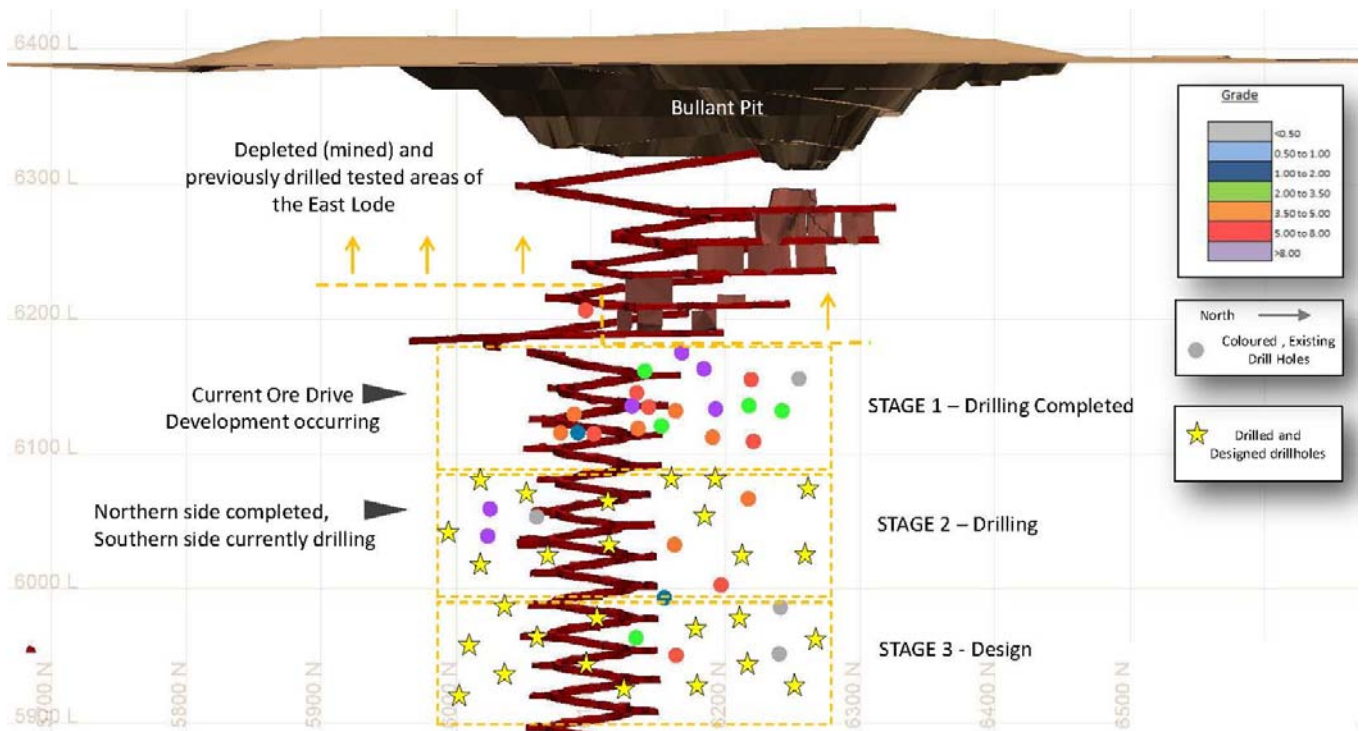


Figure 4: Long-section view of underground diamond drilling into the East Lode – Bullant Gold Mine.

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The Company has obtained excellent development rates within the mine, this can be put down to mine plant availability, excellent rock types, and good mining crews and mine planning. Further increases in mine output can be expected as more underground mining equipment is sourced and put to work at Bullant including the hire purchase of an Atlas Copco single boom jumbo and a refurbished CAT1300G underground bogger. This smaller equipment will also allow the Company to achieve higher grades by lowering the amount of waste developed, thus increasing returns. The triple eight hour roster days have been a success in attracting high quality mining personnel and this has been reflected in the safety, quality of mining and development rates currently being achieved. Twin boom jumbo development for the month of July was 258.5m. The mine is producing at a steady rate of approximately 700 ore tonnes per day currently and this should increase upon open stoping commencing in the coming weeks ahead.

The Company looks forward to the next update as we progress our plans to add rapid wealth for our shareholders at a time of record gold prices.



Chris Daws
Chief Executive Officer

About Kalgoorlie Mining Company Limited

Kalgoorlie Mining Company Limited (KMC) is a rapidly developing resource development and exploration Company based in Perth, Western Australia and with regional offices in Kalgoorlie, Western Australia. KMC is currently developing the Bullant Gold Mine located 70km North West of Kalgoorlie, Western Australia with first gold ore sales expected to be achieved in August 2011.

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