KALGOORLIE MINING COMPANY LIMITED

A.B.N. 44 091 009 559

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2011

CONTENTS PAGE

CONTENTS	PAGE

DIRECTORS' REPORT

The Directors present their Report together with the consolidated financial report for the half-year ended 31 December 2011 and the auditor's review report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the half-year are:

Name	*Period of directorship*
Mr Jonathan Murray *Non-executive Chairman*	Appointed 06 June 2010
Mr Christopher Daws *Non-executive Director*	Appointed 18 November 2008
Mr James Croser Non-*executive Director*	Appointed 01 June 2010
Mr Peter George Non-*executive Director*	Appointed 01 June 2010
Mr Alexander Hewlett *Executive Director*	Appointed 18 December 2008, Resigned 2 August 2011

2. Results

The loss after income tax of the consolidated entity for the half-year was $19,143,931 (2010: loss of $1,921,545).

3. Review of Operations

Bullant Gold Mine

In the half-year to 31 December 2011, the Company progressed development and mining activities at its flagship Bullant Underground Gold Mine in the Kalgoorlie goldfields region, in Western Australia.

Despite the operational progress made during this period, and following due consideration, the Company announced on 22 February 2012 that a decision had been made to place the Bullant Underground Gold Mine onto active care and maintenance. This decision follows a review by the Company of the operations, the mine plan and financial forecast. The aim of the review was to establish a mine plan and operating schedule that would as a minimum provide a cash flow break even result, whilst continuing to self-fund the reinvestment in the development of the mine and associated infrastructure. 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 future production targets.

The review determined that the required mine plan and therefore the mining operations had not yet reached a stage where the increased levels of development expenditure (and therefore development activity) could be consistently reduced or deferred (for cash flow purposes), without compromising future stope production work areas within the mine. When the cost of this re-investment into the mines infrastructure is combined with ongoing (and excessive) costs to maintain the existing mobile fleet (comprising substantially of second hand equipment), periods of reduced equipment availability and high ore treatment costs, the internal forecast indicated that the operation was unlikely to generate sufficient future cash flows to break even for the next six months.

As a result of the above, the Company decided to immediately close the operation and place the project onto active care and maintenance, in order to provide the Company time to re-assess its future strategy. As of the date of the announcement, the Company's operational work force was made redundant and a care and maintenance team appointed. The estimated cost of terminating the work force in February 2012 is $478,000. The Company has since sought to hand back rental fleet and equipment and has relocated all mobile plant and equipment off site to a secure storage facility. The ongoing costs of care and maintenance together with the finalisation of payments to creditors will be funded from the collection of ore sale revenue due from Barrick (Kanowna) Limited for shipments made in January 2012 and February 2012 and a planned capital raising, refer Corporate section below.

The Company is currently undertaking an assessment of the project with a view to determining the best way forward for all stakeholders. Until this is determined, the Company intends keeping the Bullant Underground Gold Mine on care and maintenance.

A summary of the operational progress made for the six months to 31 December 2011 is as follows.

Jumbo development re-commenced at the Bullant mine in June 2011 and 1,489 metres of development was achieved in the first six months of operation, with the focus being on the East Lode. From late October, two jumbos were in operation, with a new single boom jumbo joining the existing twin boom jumbo. This allowed new ore production areas to be developed, and (in addition to work at the East Lode) work was undertaken on the southern block of the Main Lode and the area below the existing workings on the Main Lode.

In the September quarter, the Company successfully completed the de-watering of the Bullant Underground Mine. This was a major step in bringing the project back into full production, by providing access to the lower levels of the mine on the Main Lode. Following this, testing of existing ground support in the previously flooded lower levels of the mine proved successful, allowing quicker mine development re-entry and commencement of ore extraction activities. A significant rain event occurred in October closing the haul road for more than a week, delaying ore shipments. In December, the Company experienced restricted access to the lower levels on the Main Lode, following the failure of the main dewatering pump. As a result, several days of development and production was lost on the Main Lode.

In August, the Company entered into a binding gold ore purchase agreement with Barrick (Kanowna) Limited, ("Barrick") for the sale of gold ore from the Bullant mine to Barrick's nearby Kanowna Belle gold processing facility. Under the agreement, The Company has the opportunity to road transport 5,000 to 20,000 tonnes batches of Bullant ore per month to Kanowna Belle for sale and processing. As of the end of the half year period, the Company had completed six ore deliveries to Barrick, with the December shipment being the largest for the half year period totaling 13,140 tonnes of ore at 3.18 g/t Au. To the end of December 2011, the Company had delivered 54,835 tonnes of ore to Barrick at a grade of 3.28g/t Au, containing 5,320 ounces of recovered gold. Reconciliation of predicted mine grades against achieved grades was very encouraging. For the first five ore deliveries the predicted mine grade was 3.31 g/t Au and the actual reconciled grade (from mill sampling at Kanowna Belle) was 3.30 g/t Au.

Ore sales for the half year (allowing for stocks not processed at Kanowna Belle) totaled 41,695 tonnes at 3.31 g/t Au, containing 4,058 ounces of recovered gold. The sales resulted in gross revenues of $6.97M, with net revenues due to the Company totaling $4.28M (after allowing for haulage and treatment costs).

The Company continued exploration activities during the half year, announcing an upgrade to the Resource inventory at the Bullant project. In December it reported an increase in Measured and Indicated Resources on the East Lode. The Resource upgrade resulted in a 15.51% increase in Measured Resources and a 5.2% increase in the Indicated category. The percentage increases were based on the previous East Lode Resource statement, confirmed in October 2011. The East Lode Resource currently stands at 438,000t @ 4.72g/t Au.

The increase in Measured and Indicated Resources serves to provide greater certainty on Bullant's Resource inventory. The updated Resource resulted in a small decrease in the overall Bullant Resource, due to the Company's mining within the East Lode.

The Company also expanded its landholding around the Bullant project area with the acquisition of a significant new tenement package (Prospecting Licences P16/2694-P16/2701 and P16/2689) in July. The new tenements increased the Company's 100%-owned tenement area from 12.08km^2 to 27.59 km^2 – an increase of 128%.

In December the Company reported that it had received all necessary approvals for the construction of the crushing circuit at the Bullant project. The final works approval was received, which allows construction of the crushing plant to commence on-site. Should the Company decide to proceed with the construction of the crushing circuit, the Company will be able to crush ore from the Bullant Underground Mine for sale to Barrick and cease the current third-party toll crushing arrangements which are located at the Bullant mine site. This will deliver a significant reduction in crushing costs. Mining Proposal applications for ROM pad and stockpiles have also been approved (subject to lodgment of bonds with the regulatory bodies). The Company is currently assessing the future business plan for the operations. No decision has been made with respect to the re-commencement of operations and therefore construction activities (crushing and milling) at the Bullant Underground Mine.

Impairment Charges

As at 31 December 2011, the Company reviewed the carrying value of capitalised mine property expenditure associated with the Bullant Underground Gold mine. The assessment took account of the forecast operating and financial performance of the mine assuming the existing mining operations and toll treatment arrangements continue into the future. As a result, a non-cash impairment loss of $7,758,191 has been expensed at 31 December 2011. The carrying value of mine property expenditure at 31 December 2011 largely reflects the value of improvements made to the mine following its acquisition.

In addition to the above, the Company also reviewed the expenditure capitalised to Mill Construction Equipment as at 31 December 2011. The Company determined that the recoverable amount of this asset was equivalent to the value of the equipment purchased. As a result, a non cash impairment loss of $520,980 has been expensed at 31 December 2011, reflecting a write down of expenditure incurred on crusher and mill design work. The assessment included a consideration of the likelihood of the Company securing sufficient financing to construct and commission the plant in the next six months, given the current operating performance of the Company and events subsequent to 31 December 2011, as noted above.

Other Projects

The Company remains committed to its Bullant Underground Gold Mine project as its core focus. The Company is currently reviewing its North American assets; the Snowbird project and the Mid-Continent project, to determine the best way to maximise value on these projects. The Company at the time of signing this report had not completed this review. At 31 December 2011, the carrying value of these North American assets have been written down by way of a non-cash provision for impairment totaling $321,176. The write down largely reflects the Company's post acquisition expenditure on the assets which is unlikely to be recovered through development of the asset or divestment. The carrying value of these assets at 31 December 2011 is $300,000.

Corporate

In November 2011, the Company announced a placement to raise $6 million. The funds raised were to provide working capital funding to be used to expedite the re-development of the Bullant mine.

The capital raising was undertaken in two tranches at $0.08 per share and included a 1:1 free attaching listed option in the parent company Kalgoorlie Mining Company Limited, exercisable at $0.25 per option by May 2014. The first tranche was issued under the Company's 15% placement capacity. The second tranche required the approval of shareholders. A meeting of shareholders was held on the 15 December 2011 and the placement was approved at that meeting. As at 31 December 2011, $3,675,980 had been received by the Company that was committed in the placement, with a further $492,000 received up to the 14 March 2012 (closure date for the placement). The Company was unable to close out the balance of the placement after an amount previously committed was withdrawn.

The Company has used the funding received, totaling $4,167,980 (net of costs) for working capital purposes in support of the post 31 December 2011 operational issues described above.

On 9 March 2012, the Company announced it had agreed a capital raising framework and intended to raise a minimum of $6.5 million and up to $8.5 million by way of a renounceable entitlement issue, ("Rights Issue"). The announcement also stated that it is intended that the Rights Issue will be underwritten at least to the minimum amount to be raised by Patersons Securities Limited and that, cornerstone support for the Rights Issue was in the process of being finalised. At the date of signing this report, the Company was continuing to work with Patersons Securities Limited to progress this funding option.

DIRECTORS' REPORT

In August, the Company reported that Mr Alexander Hewlett had resigned from his position as an executive director of the board.

On 1 March 2012 the Company announced that Mr Chris Daws has voluntarily stepped down from his executive position within the Company. Mr Daws will remain on the Board as a non-executive director. As an interim measure, an internal working Committee comprising the Chairman and the Company's internal financial consultant will manage and oversee the operations and corporate requirements of the Company.

4. Auditor's independence declaration under Section 307C of the Corporations Act 2001

The auditor's declaration is set out on page 7 and forms part of the directors' report for the half-year ended 31 December 2011.

Dated at Perth, Western Australia this day 15th of March 2012.

Signed in accordance with a resolution of the directors.

Jonathan Murray
Non-executive Chairman

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

15 March 2012

Board of Directors
Kalgoorlie Mining Company Limited
Suite 1,
346 Barker Road
SUBIACO WA 6008

Dear Directors

RE: KALGOORLIE MINING COMPANY LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Kalgoorlie Mining Company Limited.

As Audit Director for the review of the financial statements of Kalgoorlie Mining Company Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

JP Van Dieren
Director

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
KALGOORLIE MINING LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kalgoorlie Mining Company Limited, which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Kalgoorlie Mining Company Limited (the consolidated entity). The consolidated entity comprises both Kalgoorlie Mining Company Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Kalgoorlie Mining Company Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kalgoorlie Mining Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Kalgoorlie Mining Company Limited on 15 March 2012.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kalgoorlie Mining Company Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Going Concern and Carrying Values of Non-current Assets

Without qualification to the conclusion expressed above, attention is drawn to the following matters:

As referred to in Note 2 to the half year financial report, the financial statements have been prepared on the going concern basis. As at 31 December 2011, the consolidated entity had working capital deficiency of $2,625,707 and had incurred a loss of $19,143,931 for the half year then ended. The ability of the consolidated entity to continue as a going concern is subject to successful recapitalisation of the Group. In the event that the Board is not successful in recapitalising the Group and raising further funds, the consolidated entity may not be able to continue as a going concern and meets its obligation as and when they fall due.

The recoverability of the Group's carrying value of Property, plant and equipment of $6,649,115, Mine properties of $3,136,564, and Exploration and evaluation assets of 300,000 as at 31 December 2011 is dependent on the successful commercial exploitation of the assets and/or sale of the assets to generate profits at amounts in excess of the book values. In the event that the Group is not successful in commercial exploitation and/or sale of the assets, the consolidated entity may not be able to continue as a going concern and the realisable value of the consolidated entity's assets may be significantly less than their current carrying values.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

John P Van Dieren
Director

West Perth, Western Australia
15 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2011

	Note	Consolidated 31 December 2011 $	Consolidated 31 December 2010 $
Continuing operations			
Revenue – gold sales		6,970,755	-
Interest income		43,798	30,890
Total income		**7,014,553**	**30,890**
Expenses from operating activities			
Production & development costs		(9,280,476)	-
Payroll expenses		(3,862,844)	-
Administrative expenses		(876,234)	(673,778)
Exploration and evaluation		(115,121)	(760,967)
Marketing expenses		(47,890)	-
Depreciation and amortisation expense		(3,143,121)	(1,720)
Net foreign exchange loss		(186)	(247,040)
Finance costs		(232,265)	-
Impairment loss on assets		(8,600,347)	-
Impairment on available for sale financial asset		-	(268,930)
Loss from continuing operation before income tax		**(19,143,931)**	**(1,921,545)**
Income tax		-	-
Net loss from continuing operation after income tax		**(19,143,931)**	**(1,921,545)**
Discontinued operations			
Profit /(loss) from discontinued operations after income tax		-	-
Net profit for the period		**(19,143,931)**	**(1,921,545)**
Other comprehensive income			
Loss on available for sale financial asset		-	(268,930)
Reclassification of impairment on available for sale financial asset		-	268,930
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		**(19,143,931)**	**(1,921,545)**
Loss per share from continuing operations attributable to the ordinary equity holders of the company:			
Basic loss per share	**10**	(6.88 cents)	(1.33 cents)
Diluted loss per share	**10**	(6.88 cents)	(1.33 cents)
Loss per share attributable to the ordinary equity holders of the company:			
Basic loss per share	**10**	(6.88 cents)	(1.33 cents)
Diluted loss per share	**10**	(6.88 cents)	(1.33 cents)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Note	31 December 2011 $	30 June 2011 $
Current assets			
Cash and cash equivalents		1,393,427	5,446,420
Receivables		-	8,044
Inventories		1,294,925	433,937
Other		759,479	423,584
Total current assets		**3,447,831**	**6,311,985**
Non-current assets			
Property, plant and equipment	**4**	6,649,115	4,532,631
Mine properties	**5**	3,136,564	12,854,116
Exploration and evaluation assets	**6**	300,000	621,176
Other assets		909,773	920,399
Total non-current assets		**10,995,452**	**18,928,322**
Total assets		**14,443,283**	**25,240,307**
Current liabilities			
Trade and other payables		5,110,475	1,807,202
Provisions		242,157	105,133
Interest bearing loans & borrowings	**7**	662,435	-
Other		58,471	58,471
Total current liabilities		**6,073,538**	**1,970,806**
Non-current liabilities			
Provision for rehabilitation		1,298,899	1,179,260
Interest bearing loans & borrowings	**7**	448,556	-
Total non-current liabilities		**1,747,455**	**1,179,260**
Total liabilities		**7,820,993**	**3,150,066**
Net assets		**6,622,290**	**22,090,241**
Equity			
Contributed equity	**8**	50,524,156	46,799,322
Reserves		756,910	756,910
Accumulated losses		(44,658,776)	(25,465,991)
Total equity		**6,622,290**	**22,090,241**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2011

Consolidated	Issued Capital $	Option Premium Reserve $	Accumulated Losses $	Total $
Balance as at 1 July 2011	46,799,322	756,910	(25,465,991)	22,090,241
Loss for the period	-	-	(19,143,931)	(19,143,931)
Total comprehensive (loss)/ income for the half-year	-	-	(19,143,931)	(19,143,931)
Transaction with owners in their capacity as owners				
Issue shares	3,828,440	-	-	3,828,440
Capital costs	(152,460)	-	-	(152,460)
Reclassification adjustment	48,854	-	(48,854)	-
Balance as at 31 December 2011	**50,524,156**	**756,910**	**(44,658,776)**	**6,622,290**

Consolidated	Issued Capital $	Option Premium Reserve $	Accumulated Losses $	Total $
Balance as at 1 July 2010	23,662,656	171,510	(19,092,018)	4,742,148
Loss for the period	-	-	(1,921,545)	(1,921,545)
Total comprehensive (loss)/ income for the half-year	-	-	(1,921,545)	(1,921,545)
Transaction with owners in their capacity as owners				
Issue shares	2,614,051	-	-	2,614,051
Capital costs	-	-	-	-
Balance as at 31 December 2010	**26,276,707**	**171,510**	**(21,013,563)**	**5,434,654**

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2011

	Note	31 December 2011 $	31 December 2010 $
Cash flows from operating activities			
Receipts from customers		6,970,755	-
Payment for production costs		(9,501,586)	-
Payments to suppliers and employees		(1,070,014)	(1,019,192)
Payments for exploration expenditure		(1,355,225)	(760,967)
Interest received		43,799	40,117
Interest and other finance costs paid		(35,003)	-
Net cash flows used in operating activities		**(4,947,274)**	**(1,740,042)**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,194,654)	(977)
Payments for mine properties		(128,143)	-
Purchase of available for sale financial asset		-	(3,900,520)
Proceed from held for trading investments		-	226,997
Loan to related party		-	(800,000)
Net cash used in investing activities		**(2,322,797)**	**(4,474,500)**
Cash flows from financing activities			
Proceeds from issue of shares – net of cost		3,675,980	2,615,217
Repayment of borrowings		(458,716)	-
Net cash provided by financing activities		**3,217,264**	**2,615,217**
Net (decrease) in cash and cash equivalents		**(4,052,807)**	**(3,599,325)**
Cash and cash equivalents at the beginning of the period		5,446,420	4,417,778
Net foreign exchange difference		(186)	(247,040)
Cash and cash equivalents at the end of the period		**1,393,427**	**571,413**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

1. CORPORATE INFORMATION

The financial report of Kalgoorlie Mining Company Limited ("the Group or Consolidated Entity") and its controlled entities for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 15 March 2012. Kalgoorlie Mining Company Limited is a company incorporated and domiciled in Australia and limited by shares which are publicly traded on the Australian Stock Exchange (ASX).

2. GOING CONCERN

The financial report has been prepared on the going concern basis, which contemplates the continuity of business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has incurred a net loss after tax for the half-year ended 31 December 2011 of $19,143,931 (2010: $1,921,545 net loss), which includes an impairment loss on assets totaling $8,600,347. The impairment charge includes the write down of the carrying value of mine property assets associated with the Bullant Underground Gold Mine totaling $8,279,172 (refer to Note 4 and Note 5) and a write down on deferred exploration expenditure for Canadian and North American nickel tenements totaling $321,176 (refer to Note 6). The net loss also includes non-cash depreciation and amortisation charges of $3,143,121. The underlying net loss after tax from operations for the Group (excluding impairment charges, depreciation and amortisation expenses) is $7,400,463 (2011: $1,919,825 net loss).

As at 31 December 2011 the Group had a working capital deficiency of $2,625,707 (2010: Nil), which includes chattel mortgage and hire purchase financing liabilities on mobile mining equipment totaling $662,435 which is scheduled to be repaid in monthly installments over the following twelve month period. Subsequent to the half year end, the Company has decided in February 2012 to terminate two of the three hire purchase agreements, handing back to the financier two underground loaders (refer to Note 7). As a result of this, the current liability avoided from the early termination of these finance leases total $240,730.

Net cash outflows from operating activities for the half-year totaled $4,947,274 (2010: $1,740,042 outflow). The total net decrease in cash and cash equivalents for the half year was $4,052,807 (2010: $3,599,325 decrease). This decrease includes cash inflows from financing activities of $3,217,264 (2010: $2,615,217 inflow) comprising proceeds from equity raisings (net of costs) of $3,675,980 (2010: $2,615,217) offset by repayment of hire purchase borrowings of $458,716 (2010: $Nil). Total cash and cash equivalents on hand at 31 December 2011 is $1,393,427 (30 June 2011: $5,446,420). Not included in cash and cash equivalents is an amount of restricted cash totaling $909,773 (2010: Nil) which has been placed on term deposit as security for the issue of environmental guarantees for the Bullant Underground Gold Project and for the provision of rental bonds on commercial office premises the Company leases.

Subsequent to the half year end the following occurred:

(a) Following the completion of a review by the Company of its Bullant Underground Gold Mining operation, mine plan and financial forecast, the Company announced to the ASX on the 22 February 2012 that it had immediately suspended all mining and exploration activities at the Bullant mine. The financial impact of missed production targets and ongoing high processing costs meant that the only sustainable outcome was to place the mine onto care and maintenance. The Company also announced that it intended to undertake a financial recapitalisation. The parent entity, Kalgoorlie Mining Limited at that time requested and was granted a voluntary suspension of its ASX listed shares.

(b) On the 9 March 2012, the Company announced it had agreed a capital raising framework and intended to raise a minimum of $6.5 million and up to $8.5 million by way of a renounceable entitlement issue, ("Rights Issue"). The announcement also stated that it is intended that the Rights Issue will be underwritten at least to the minimum amount to be raised by Patersons Securities Limited and that, cornerstone support for the Rights Issue was in the process of being finalised.

The ability of the Group and Company to continue the development of the Bullant Underground Gold Mine and associated tenements, together with ongoing exploration activities, and hence the continued adoption of the going concern assumption on that basis, is dependent on:

i. The ability of the Company and Group to secure additional funding of at least $6.5 million principally from a capital raising (Rights Issue) during the quarter ended June 2012;

ii. Continued financial support from the Company's existing equipment financiers and creditors, ahead of completing the capital raising; and
iii. Ongoing management of the size and scope of the company's operating activities including the level of exploration expenditure, in line with funds available to the Group, which may include (subject to the finalisation of future operating plans) the sale of surplus equipment that is no longer required and the disposal of tenements that are not part of the future business plans;

The Directors consider it probable that the Group and the Company will be able to achieve this.

The Directors have reviewed the Company's and Group's overall position and outlook in respect of the matters identified above and are of the opinion that there are reasonable grounds to believe that the operational and financial plans in place are achievable and accordingly the Company and Group will be able to continue as going concerns and meet their debts as and when they fall due.

Whilst the Directors consider it probable that the Group and Company will be able to achieve the measures outlined above, should the Directors not be successful in achieving the matters set out above there would be significant uncertainty as to whether the Company and the Group will be able to continue as going concerns and therefore whether they will be able to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Company and the Group not be able to continue as going concerns.

3. BASIS OF PREPARATION AND ACCOUNTING POLICY

(i) Basis of Preparation of Half-Year Financial Report

The half-year financial report is a general purpose financial report prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half-year financial report does not include full note disclosures of the type normally included in an annual financial report. Accordingly, it should be read in conjunction with the 30 June 2011 Annual Financial Report and any public announcements made by the Company during the half-year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

The financial report is presented in Australian dollars and all values are reported to the nearest dollar.

(ii) Changes in accounting policies

From 1 July 2011, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2011. Adoption of these standards and interpretations did not have any significant effect on the financial position or performance of the Group:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual improvements Project (AASB 5, 8, 101, 107, 117, 118, 136 and 139);

- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions (AASB 2);

- ASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues (AASB 132);

- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 and AASB 139); and

- Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The Group has not elected to early adopt any new standards or amendments that are issued but no yet effective.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

	Consolidated 31 December 2011 $	30 June 2011 $
4. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment, at cost	6,665,500	3,668,519
Less: accumulated depreciation	(1,115,491)	(170,976)
	5,550,009	**3,497,543**
Motor vehicle, at cost	353,800	263,975
Less: accumulated depreciation	(70,303)	(11,919)
	283,497	**252,056**
Office equipment, at cost	257,510	98,980
Less: accumulated depreciation	(40,793)	(7,869)
	216,717	**91,111**
Mill construction equipment (WIP), at cost	1,119,872	691,921
Less: provision for impairment	(520,980)	-
Less: accumulated depreciation	-	-
	598,892	**691,921**
Total fixed assets at net book value	**6,649,115**	**4,532,631**

The Company has reviewed expenditure capitalised to Mill Construction Equipment as at 31 December 2011. The Company determined that the recoverable amount of this asset was equivalent to the value of the equipment purchased. As a result, a non cash impairment loss of $520,980 has been expensed at 31 December 2011, reflecting a write down of expenditure incurred on crusher and mill design work. The assessment included a consideration of the likelihood of the Company securing sufficient financing to construct and commission the plant in the next six months, given the current operating performance of the Company and events subsequent to 31 December 2011 (refer to Note 12).

	31 December 2011 $	30 June 2011 $
5. MINING PROPERTIES		
Balance at beginning of year	12,854,116	-
Additions, Bullant acquisition	-	12,636,315
Additions	144,330	217,801
Amortisation	(2,103,691)	-
Provision for impairment	(7,758,191)	-
Balance at end of year	**3,136,564**	**12,854,116**

As at 31 December 2011, the Company reviewed the carrying value of capitalised mine property expenditure associated with the Bullant Underground Gold mine. The assessment took account of the forecast operating and financial performance of the mine assuming the existing mining operations and toll treatment arrangements continue into the future. As a result, a non-cash impairment loss of $7,758,191 has been expensed at 31 December 2011. The carrying value of mine property expenditure at 31 December 2011 largely reflects the value of improvements made to the mine following its acquisition. Subsequent to the half year end, the Bullant Underground Gold mine has been placed on care and maintenance. The Company is currently assessing the projects future and at the date of this report, is unable to determine with certainty, when mining operations will re-commence.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

	Consolidated	
	31 December 2011 $	**30 June 2011 $**
6. EXPLORATION AND EVALUATION ASSETS		
Balance at beginning of year	621,176	621,176
Additions	-	-
Disposals/write offs	-	-
Provision for impairment	(321,176)	-
Balance at end of year	**300,000**	**621,176**

An impairment charge has been raised against capitalised exploration and evaluation expenditure reflecting the Company's assessment of the recoverable value of these tenements from future development activities or potential divestment of the asset. The impairment charge relates to the Snowbird and Mid-Continent projects.

7. BORROWINGS		
Hire purchase liabilities secured at amortised cost		
Current		
Hire purchase finance repayments	728,918	-
Less: Unexpired Charges	(66,483)	-
	662,435	-
Non-Current		
Hire purchase finance repayments	473,783	-
Less: Unexpired Charges	(25,227)	-
	448,556	-

The Group has newly established borrowings at the half-year under several equipment financing agreements totaling $1,110,991 (2010: Nil), that were established to fund the hire and purchase of underground mobile equipment.

A chattel mortgage was established with Atlas Copco Customer Finance Australia Pty Limited on 1st October 2011, with a term of twenty four months. The amount outstanding under this agreement at 31 December 2011 is $745,261 and is secured against an Atlas CopcoT1D Boomer drill rig. The Company at the date of this report is not aware of any breach or non-compliance with respect to this loan.

A hire purchase agreement was established with ATS Mining Maintenance to finance the purchase of a underground loader. The term of the agreement is twelve months from 1st September 2011. The amount outstanding under this agreement at 31 December 2011 is $318,009 and is secured against the equipment financed. The Company handed back this equipment in February 2012 following the suspension of mining operations at the Bullant project. The estimated residual liability including "make good" expenditure due to the financier at that time is $89,100.

A hire purchase agreement was established with Rangeview Assets Pty Ltd to finance the purchase of a underground loader. The term of the agreement is twelve months from 1st April 2011. The amount outstanding under this agreement at 31 December 2011 is $47,721 and is secured against the equipment financed. The Company handed back this equipment in February 2012 following the suspension of mining operations at the Bullant project. The estimated residual liability including "make good" expenditure due to the financier at that time is $35,900.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

	Consolidated	
	31 December 2011 $	31 December 2010 $
8. ISSUED CAPITAL		
319,178,063 fully paid ordinary shares (30 June 2011: 271,322,563)	50,524,156	26,276,707

The following movements in share capital occurred during the period:

	Number of Ordinary Fully Paid Shares	Issued Capital $
Balance 1 July 2011	271,322,563	46,799,322
Issue of 28,875,000 shares at 8 cents each in November 2011	28,875,000	2,310,000
Issue of 18,980,500 shares at 8 cents each in December 2011	18,980,500	1,518,440
Capital Raising Costs	-	(152,460)
Reclassification Adjustment	-	48,854
Balance as at 31 December 2011	**319,178,063**	**50,524,156**

The following movements in share capital occurred in the previous corresponding period:

	Number of Ordinary Fully Paid Shares	Issued Capital $
Balance 1 July 2010	126,633,892	23,662,656
Issue of 12,031,671 shares at 15 cents each in September 2010	12,031,671	1,804,751
Issue of 300,000 shares at 10 cents each in October 2010	300,000	30,000
Issue of 500,000 shares at 10 cents each in November 2010	500,000	50,000
Issue of 4,862,000 shares at 15 cents each in December 2010	4,862,000	729,300
Balance as at 31 December 2010	**144,327,563**	**26,276,707**

Options

The following unlisted options to subscribe for ordinary fully paid shares are outstanding at 31 December 2011:

87,855,477	Listed options exercisable at $0.25 each on or before 31 May 2014
1,000,000	Unlisted options exercisable at $0.30 each on or before 26 February 2013
2,600,000	Unlisted options exercisable at $0.25 each on or before 29 March 2016
3,050,000	Unlisted options exercisable at $0.25 each on or before 26 May 2016

The following unlisted options expired or were cancelled during the period ended at 31 December 2011:

200,000	Unlisted options exercisable at $0.25 each on or before 29 March 2016
750,000	Unlisted options exercisable at $0.25 each on or before 26 May 2016

9. OPERATING SEGMENTS

The Group has identified its operating segment based on the internal report that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Company has identified its operating segments to be Australia, Canada and North America on the basis of geographical location and different regulatory requirements.

Discrete financial information about each of these operating segments is reported to the chief operating decision makers on at least a monthly basis.

The accounting policy in use by the Group in reporting segments internally are the same as those contained in note 3 to the accounts and in the prior period.

The following table presents revenue and profit/loss information regarding geographical segments for the six months ended 31 December 2011 and 31 December 2010.

Geographical Segments

	Net Assets		**Revenue**		**Profit/(Loss)**	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	$	$	$	$	$	$
Australia	8,199,316	5,536,970	7,014,553	30,890	(19,113,875)	(1,159,481)
North America	(568,489)	(2,101)	-	-	(16,213)	(533,176)
Canada	(1,008,537)	(100,215)	-	-	(13,843)	(228,888)
Consolidated	**6,622,290**	**5,434,654**	**7,014,553**	**30,890**	**(19,143,931)**	**(1,921,545)**

10. EARNINGS PER SHARE

The basic and dilutive earnings per share at 31 December 2011 is 6.88 cents loss per share. The company considers that there are no dilutive shares on issue as all options are considered to be "out of the money" as their respective exercise prices are above the 6 month average Kalgoorlie Mining Company share price of $0.09.

11. CONTINGENT LIABILITIES

The Company has an agreement with MC Verde Minerals Pty Ltd for the provision of consultancy services to the Company. The agreement was established on 7 February 2011 and formed part of the assigned contracts and undertakings arising from the acquisition of the Bullant project from Argent Minerals Limited. The agreement includes a monthly charge of $20,000 and a quarterly net profit share based on the net profit of the Bullant operations at a rate of 10%, payable quarterly. The net profit is calculated in accordance with normal accounting principles. The Company can terminate the monthly charge under this agreement by providing two months notice and paying a $500,000 termination amount. The net profit share entitlement under this agreement cannot be terminated by the Company. MC Verde Minerals Pty Ltd has lodged caveats over the tenements comprising the Bullant project to protect their interests under this agreement.

12. EVENTS SUBSEQUENT TO REPORTING DATE

On 13 January 2012, the company raised via the placement (approved at the shareholders' meeting approved on the 15 December 2011) $332,000, issuing 4,150,000 shares at 8 cents each with an attaching 1 for 1 free listed option exercisable at $0.25 each on or before 31 May 2011.

On 15 February 2012, the company raised via the placement (approved at the shareholders' meeting approved on the 15 December 2011) $160,000, issuing 2,000,000 shares at 8 cents each with an attaching 1 for 1 free listed option exercisable at $0.25 each on or before 31 May 2011.

On 22 February 2012 and following the completion of a review by the Company of its Bullant Underground Gold Mining operation, mine plan and financial forecast, the Company announced to the ASX that it had immediately suspended all mining and exploration activities at the Bullant mine. The financial impact of missed production targets and ongoing high processing costs meant that the only sustainable outcome was to place the mine onto care and maintenance. The Company also announced that it intended to undertake a financial recapitalisation. The parent entity, Kalgoorlie Mining Limited at that time requested and was granted a voluntary suspension of its ASX listed shares.

On 1 March 2012 the Company announced that Mr Chris Daws has voluntarily stepped down from his executive position within the Company. Mr Daws will remain on the Board as a non-executive director. As an interim measure, an internal working Committee comprising the Chairman and the Company's internal financial consultant will manage and oversee the operations and corporate requirements of the Company.

On 9 March 2012, the Company announced it had agreed a capital raising framework and intended to raise a minimum of $6.5 million and up to $8.5 million by way of a renounceable entitlement issue, ("Rights Issue"). The announcement also stated that it is intended that the Rights Issue will be underwritten at least to the minimum amount to be raised by Patersons Securities Limited and that, cornerstone support for the Rights Issue was in the process of being finalised. At the date of signing this report, the Company was continuing to work with Patersons Securities Limited to progress this funding option.

Other than the above, there has not been any other matter or circumstance occurring subsequent to the end of the half year that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Kalgoorlie Mining Company Limited, I state that:

In the opinion of the directors:

(a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half-year ended on that date of the consolidated entity;

(ii) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

(b) Subject to matter set out in note 2 "going concern", there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Jonathan Murray
Non-executive Chairman

Dated at Perth this 15th day of March 2012.