

30 March 2012

The Company Announcements Platform
ASX Limited

By E-lodgement

KMC AGREES TO RECAPITALISATION PROPOSAL

Kalgoorlie Mining Company Limited ("**KMC**" or the "**Company**") advises that it has agreed to a proposal to recapitalise the Company from an investment syndicate represented by Perth based businessman Roger Kwok ("**Recapitalisation Proposal**").

KMC intends to work with the syndicate and to proceed to implement the Recapitalisation Proposal as expeditiously as possible.

The key terms of the Recapitalisation Proposal include:

- (a) KMC undertaking a non-renounceable rights issue to raise up to approximately \$9.759 million, at an offer price of \$0.01 per fully paid ordinary share in the capital of KMC ("**Shares**"), on a three-for-one (3:1) basis ("**Rights Issue**").
- (b) The Rights Issue will be fully underwritten by Roger Kwok and Catherine Tan ATF the Kwok Family Trust and SHL Pty Ltd ATF the S H Lee Family Trust.
- (c) KMC shall pay an underwriting fee to the underwriters, being an amount equivalent to 4% of the gross proceeds of the Rights Issue (approximately \$390,360), upon successful completion of the Rights Issue.

The Recapitalisation Proposal is subject to KMC receiving necessary waivers of ASX Listing Rules from ASX to allow the Company to proceed with the Rights Issue.

Proceeds raised under the Rights Issue will be used to stabilize KMC's financial position and will be applied to the full satisfaction of KMC's existing creditors, funding the care and maintenance of KMC's Bullant Project and general working capital.

The KMC Board is of the view that the Recapitalisation Proposal will provide the most certain outcome for KMC in the present circumstances.

The completion of the Rights Issue will allow the Company to retain the Bullant Project and commit to future exploration on Bullant's current tenement portfolio aimed at increasing existing resource potential.

As a result, the Company will not be proceeding with a proposal put forward by Patersons Securities Limited that was the subject of a market release on 9 March 2012.

KMC will keep shareholders informed of material developments relating to the Recapitalisation Proposal. A prospectus containing an offer to KMC shareholders to subscribe for Shares under the Rights Issue, the proposed use of funds and strategic intentions, will be sent to KMC shareholders shortly.

For further information, please contact the Company directly on (08)6382 7200.