

SOUTH BOULDER MINES LIMITED
ACN 097 904 302

NOTICE OF GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting

22 June 2007

Time of Meeting

11:30 am

Place of Meeting

Level 3, 46 Ord Street
WEST PERTH WA 6005

SOUTH BOULDER MINES LIMITED
ACN 097 904 302
NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of shareholders of South Boulder Mines Limited ("**Company**") will be held at Level 3, 46 Ord Street, West Perth WA on 22 June 2007 at 11.30 am for the purpose of transacting the following Business.

ORDINARY BUSINESS

Resolution 1 – Ratification of Allotment and Issue of Securities

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 of the Listing Rules of the ASX and for all other purposes, the Company approves and ratifies the allotment and issue of 2,850,000, Shares with a free attaching option to acquire a further share on the terms and conditions outlined in Annexure A with such shares and free attaching options to be issued on terms and conditions set out in the Explanatory Memorandum accompanying this Notice to persons who are not related parties of the Company.”

Short Explanation: Approval is sought under Listing Rule 7.4 to allow the Company to ratify the issue and allotment of these securities. Please refer to the Explanatory Memorandum for details.

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who participated in the issue and any associates of those persons.

Resolution 2 – Authority to Issue and Allot Securities – Placement

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 of the Listing Rules of ASX and for all other purposes, approval is given for the Company to be authorised to issue and allot up to 990,000 Shares with a free attaching option to acquire a further share on the terms and conditions outlined in Annexure A with such shares and free attaching options to be issued on the terms set out in the Explanatory Memorandum accompanying this Notice.”

Short Explanation: Approval is sought under Listing Rule 7.1 to authorise the Company to issue these securities. Please refer to the Explanatory Memorandum for details.

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associate of any such person.

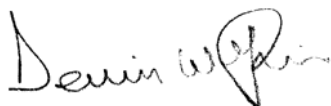
Resolution 3 – Approval of Grant of Options to Liam Cornelius

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purpose of Listing Rules 7.1 and 10.11 of ASX the issue of 1,500,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of 25 cents and expiring on 31 March 2011, and otherwise on the terms and conditions outlined in Annexure B, to Liam Cornelius or his nominee for nil consideration be and is hereby approved.”

- 1. The options issued under Resolution 3 will be issued to Liam Cornelius or his nominees in accordance with the terms and conditions outlined in Annexure B.*
- 2. Liam Cornelius or his nominee will be issued 1,500,000 options for no issue price;*
- 3. the options will be granted within five days of the date of this meeting;*
- 4. a Summary of the terms and conditions are set out in the attached Explanatory Memorandum;*
- 5. shares issued as a result of the exercise of the options will rank pari passu with ordinary shares in the Company;*
- 6. no funds will be raised as a result of the grant of the options; and*
- 7. the Company will, in accordance with section 224 of the Corporations Act 2001 (Cth), disregard any votes cast on Resolution 3 by Liam Cornelius and any associates of Liam Cornelius. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on a proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

By order of the Board



Dennis Wilkins
Company Secretary
Date: 14 May 2007

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders in South Boulder Mines Limited ACN 097 904 302 (“**Company**”) with sufficient information to assess the merits of Resolutions 1 to 3 contained in the Notice of General Meeting of the Company.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to Resolutions 1 to 3.

Resolution 1 – Ratification of Allotment and Issue of Securities Regulatory Requirements

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such a ratification is to restore a company’s maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

Resolution 1 is required to be approved in accordance with ASX Listing Rule 7.4 to ratify previous issues of securities. The Company confirms that the issue and allotment of the securities the subject of Resolution 1 did not breach ASX Listing Rule 7.1.

Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.4 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) 2,850,000 Shares and a free attaching option were issued by the Company;
- (b) the issue price per share was 25 cents;
- (c) Funds raised from this placement will be applied to advance drilling of the company’s 100% owned gold exploration portfolio within the Duketon Greenstone Belt and for working capital purposes;
- (d) the Shares were allotted to parties introduced by Pacifique Asset Management Limited;
- (e) the Shares rank equally with the existing Shares;
- (f) \$712,500 (before costs) was be raised by this placement; and
- (g) a voting exclusion statement is included in the Notice.

Resolution 2 – Authority Issue and Allotment of Securities - Placement Regulatory Requirements - ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that the prior approval of the Shareholders of the Company is required for an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

Up to 990,000 Shares with a free attaching option are proposed to be issued by the Company pursuant to Resolution 2 will exceed the 15% threshold referred to in Listing Rule 7.1 and, accordingly, Shareholder approval under Listing Rule 7.1 is sought.

The proposed issue of Shares and Options to parties will be to persons who are not related parties of the Company and is placed before Shareholders to allow the Shares to be excluded from the calculation set out in ASX Listing Rule 7.1.

Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) the maximum number of securities to be issued pursuant to Resolution 2 is 990,000 Shares and 990,000 Options per the terms and conditions as outlined in Annexure A;
- (b) the issue price of the Shares will be 25 cents per share;
- (c) Funds raised from this placement will be applied to advance drilling of the company's 100% owned gold exploration portfolio within the Duketon Greenstone Belt and for working capital purposes;
- (d) it is anticipated that the securities will be issued progressively and in any event no later than 3 months after the date of the Meeting, or such later date as approved by ASX by way of ASX granting a waiver from the listing rules;
- (e) the Shares will be allotted to parties introduced by Pacificque Asset Management Limited;
- (f) the Shares will rank equally with the existing Shares on issue;
- (g) a voting exclusion statement is included in the Notice.

Capital Structure of the Company

The capital structure of the Company following successful completion of the issue and allotments of the Resolutions 1 and 2 is summarised below:

Details of Number of Shares and Options:

	Shares	Options
Current	40,282,943	12,000,000
May 2007 placement – Resolution 1	2,850,000	2,850,000
Placement – Resolution 2	990,000	990,000
TOTAL	44,122,943	15,840,000

Resolutions 3 Approval of Grant of Options to Liam Cornelius

Shareholders' approval is sought to grant various options to Mr Liam Cornelius or his nominee, for nil consideration.

Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Directors are considered to be a related party of the Company.

Resolution 3 provides for the grant of options to related parties which is a financial benefit which requires shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed resolution would permit the financial benefit to be given

The options will be issued to Mr Cornelius or his nominee within 5 days of the passing of this Resolution.

The nature of the financial benefit

The proposed financial benefit is the grant to Mr Cornelius or his nominee, for no issue price, that number of options shown beside his name in the table below. Each option will allow Mr Cornelius to subscribe for one ordinary fully paid share in the Company. The exercise price of each option is also detailed in Table 1. The options form part of Mr Cornelius' incentive for continuing and future efforts.

Directors' recommendation

Mr Rear and Mr Wilkins recommend shareholders vote in favour of Resolution 3.

Mr Cornelius does not wish to make a recommendation about the proposed Resolution 3. As he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of the options and does not consider himself sufficiently independent to make a recommendation.

All of the Directors were available to consider the proposed Resolutions.

Interests of directors

Mr Cornelius has noted his respective interest in the approval of Resolution 3 in relation to the options.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 1.5 million options to Mr Cornelius or his nominee.
- (b) The exercise of the options is subject to the terms and conditions outlined in Annexure B.
- (c) The Directors, in conjunction with the Company's advisers have provided an indicative value to the options by reference to the Black-Scholes valuation method, based upon the assumptions outlined in Table 3. The valuation can not be finalised until the issue date of the options.
- (d) The total value of the options to be issued is outlined in Table 1. If options granted to Mr Cornelius are exercised, the effect would be to dilute the shareholdings of the existing shareholders.
- (e) As at 7 May 2007, the issued capital of the Company comprised 40,282,943 ordinary fully paid shares. On a fully diluted basis the issue of options represents approximately 2.79% of the Company's issued capital.
- (f) Mr Cornelius' current interests in securities of the Company are detailed in Table 2.
- (g) The market price of the Company's shares during the term of the options will normally determine whether or not the option holder exercises the option. At the time any options are exercised and shares issued pursuant to the exercise of the options, the Company's ordinary shares may be trading on ASX at a price which is higher than the exercise price of the options.
- (h) The options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary shares of the Company have been traded on ASX since October 2003. In the twelve months prior to the date of this notice the shares have traded in the range of 8.6 cents to 30.5 cents, the most recent closing price prior to printing of this notice was 30.5 cents. The options are capable of being converted to shares by payment of the exercise price.
- (i) Under the Company's current circumstances, the Directors consider that the incentive to Mr Cornelius which would be represented by the options would be a cost-effective and efficient way for the Company to reward Mr Cornelius as opposed to alternative forms of incentives.
- (j) Mr Cornelius currently receives a salary of \$97,000, plus superannuation.
- (k) The Directors do not consider that from an economic and commercial point of view there are any costs or detriments, including opportunity costs or taxation consequences for the Company, or benefits foregone by the Company, in issuing the options to Mr Cornelius pursuant to Resolution 3.
- (l) Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by Resolution 3.

Table 1 - Details of options to be issued to Mr Cornelius

Director	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Liam Cornelius	1,500,000	25 cents	31 March 2011	Date of issue	\$186,600

Table 2 -Details of Mr Cornelius' current holdings of securities in the Company

Director	Shareholding	Option holding
Liam Cornelius	2,452,125	3,500,000

Table 3 - Option valuation details

Details	Input
Share price	23 cents (4 May 2007)
Exercise Price	As detailed in the Table 1
Risk Free Rate (Australian 5 year T-Bond)	6.25%
Volatility (Annualised)	70%
Time (years) to expiry	4
Start Date	22 June 2007

ANNEXURE A

TERMS AND CONDITIONS 30 CENT OPTIONS EXPIRING 31 MARCH 2011

The Options to be issued pursuant to the Resolutions will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. Each Option entitles the holder to subscribe for one Share in South Boulder Mines Ltd ABN 56 097 904 302 ("**Company**") upon the payment of 30 cents per Share subscribed for.
3. The Options will lapse at 5.00 pm, Western Standard Time on 31 March 2011 ("**Expiry Date**").
4. The Options are not transferable and will not be listed for official quotation on the ASX.
5. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
6. Optionholders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
7. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2;
8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
9. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the optionholder to the balance of the Options held by it.
10. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
11. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE B

TERMS AND CONDITIONS 25 CENT OPTIONS EXPIRING 31 MARCH 2011

The Options to be issued pursuant to the Resolution will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. Each Option entitles the holder to subscribe for one Share in South Boulder Mines Ltd ABN 56 097 904 302 ("**Company**") upon the payment of 25 cents per Share subscribed for.
3. The Options will lapse at 5.00 pm, Western Standard Time on 31 March 2011 ("**Expiry Date**").
4. The Options are not transferable and will not be listed for official quotation on the ASX.
5. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
6. Optionholders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
7. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2;
8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
9. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the optionholder to the balance of the Options held by it.
10. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
11. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

SOUTH BOULDER MINES LIMITED


**ACN 097 904 302
PROXY FORM**

The Company Secretary
South Boulder Mines Limited
PO Box 1153
WEST PERTH WA 6872

Facsimile: 61 8 9483 3599

I/We (name of shareholder)
of (address)
being a member/members of South Boulder Mines Limited HEREBY APPOINT
(name)
of (address)
and/or failing him (name)
of (address)
or failing that person then the Chairperson of the meeting as my/our proxy to vote for me/us and on my/our behalf at
the General Meeting of the Company to be held on 22 June 2007 and at any adjournment of the meeting.

PROXY INSTRUCTIONS

<p>If you wish to instruct your proxy how to vote, insert "X" in the appropriate column against the item of business set out below.</p> <p>If you do not wish to direct your proxy how to vote please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as a proxy holder will be disregarded because of that interest. The Chairman has advised that his intention is to vote in favour of both resolutions.</p>	
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Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:
I/We direct my/our Proxy to vote in the following manner:

RESOLUTION	FOR	AGAINST	ABSTAIN
1 Ratification of Issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval of Issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of Options to Mr Liam Cornelius	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

This Proxy is appointed to represent _____ % of my voting right, or if 2 proxies are appointed Proxy 1 represents _____ % and Proxy 2 represents _____ % of my total votes

Dated : _____ 2007

If the shareholder is an individual:

Signature: _____

If the shareholder is a company:

Affix common seal (if required by Constitution)

Director/Sole Director and Secretary

Director/Secretary

Print name

Print name

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by each of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint **proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting that is by 11:30 am WST on 20 June 2007** by post to PO Box 1153, West Perth WA 6872 or facsimile (61 8) 9483 3599.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
 - (c) if the proxy is the Chairperson, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.