

SOUTH BOULDER MINES LIMITED
ACN 097 904 302

NOTICE OF GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting

29 June 2009

Time of Meeting

10:00 am

Place of Meeting

23 Altona St
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 23 Altona Street, West Perth WA on 29 June 2009 at 10.00 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 450,000 Options to acquire a further share on the terms and conditions outlined in Annexure A with such shares and 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 any person who participated in the issue, and any associate of such person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the 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.

Resolution 2 – 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 400,000 Shares with such shares 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 any person who participated in the issue, and any associate of such person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the 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.

Resolution 3 – Approval of Grant of Options to Related Parties

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 10.11 of ASX the issue of 1,350,000 Options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of 20 cents each and expiring on the date which is 5 years from the date of grant and otherwise on the terms and conditions outlined in Annexure B, to the Related Parties, or their nominees, for nil consideration be and is hereby approved.”

Short Explanation: Approval is sought under Listing Rule 10.11 to authorise the Company to issue these securities. Please refer to the Explanatory Memorandum for details. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

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 such person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the 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.

Resolution 4 - Authority to Issue and Allot Options to Employees & Contractors

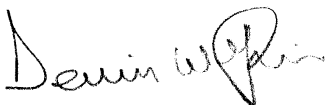
To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purpose of Listing Rule 7.1 of the ASX the issue of 4,450,000 Options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of 20 cents and expiring on the date which is 5 years from the date of grant, and otherwise on the terms and conditions outlined in Annexure B, to current employees and contractors of the company for nil consideration be and is hereby approved.”

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 such person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the 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: 26 May 2009

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 4 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 4.

ASX Listing Rule 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.

Resolutions 1 and 2 are 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 Resolutions 1 and 2 did not breach ASX Listing Rule 7.1.

Resolution 1 – Ratification of Allotment and Issue of Securities

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) 450,000 Options were issued by the Company;
- (b) the exercise price per Option is 35 cents;
- (c) the Options were granted for no consideration and accordingly no funds were raised by the grant of the Options;
- (d) the Options were allotted to Anthony Maslin, who is not a related party;
- (e) the terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum; and
- (f) a voting exclusion statement is included in the Notice.

Resolution 2 – Ratification of Allotment and Issue of Securities

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) 400,000 Shares were issued by the Company;
- (b) the deemed issue price per share was 7 cents (200,000 shares) and 31.5 cents (200,000 shares);
- (c) no funds were raised from these placements as the issue was for the acquisition of mining tenements pursuant to Sale and Purchase Agreements;

(d) the Shares were allotted to:

- Caldera Resources Pty Ltd (100,000 shares @ \$0.07)
- Ronald Winston (100,000 shares @ \$0.07) and
- Bralich Holdings Pty Ltd (200,000 shares @ \$0.315)

None of the allottees are related parties;

(e) the Shares rank equally with the existing Shares; and

(f) a voting exclusion statement is included in the Notice.

Resolution 3 - Approval of Grant of Options to Related Parties

The Company proposes to grant a total of 1,350,000 Options to Related Parties, or their nominee(s), for nil consideration, as follows:

Number of options	Exercise price	Expiry date	Vesting
1,350,000	\$0.20	30 June 2014	Immediately following shareholder approval

The full terms of the Options are set out in Annexure B to this Explanatory Memorandum.

The grant of the Options is to compensate directors for voluntarily accepting a reduction of their cash director fees or salary and is also designed to encourage them to have a greater involvement in the achievement of the Company's objectives. Under the Company's current circumstances the Related Parties consider that the incentives represented by the grant of the Options are a cost effective and efficient means for the Company to provide a reward and an incentive.

In the event all the Options are exercised, the Related Parties (or their nominee(s)) will need to pay a total of \$270,000 to the Company.

Related Party Transactions Generally

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 and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Directors and persons who were a related party in the previous six months, are considered to be a related party of the Company.

Resolution 3 provides for the grant of Options to a related party 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

Subject to shareholder approval, the Options the subject of Resolution 3 will be granted to Mr Terry Grammer, Mr Liam Cornelius and Mr David Hughes or nominee(s) within one month of the passing of this Resolution.

Messrs Grammer, Cornelius and Hughes are Directors of the Company and are therefore classified as related parties.

The nature of the financial benefit

The proposed financial benefit is the grant to Related Parties or their nominees, for no issue price, that number of options shown beside their name in the table below. Each option will allow the Related Parties 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 the Related Parties incentive for continuing and future efforts.

Directors' recommendation

The Directors do not wish to make a recommendation about the proposed Resolution, as each of them may potentially receive a financial benefit from the passing the Resolution in relation to the grant of the options and they do not consider themselves sufficiently independent to make a recommendation.

Interests of director

The Directors have noted their respective interest in the approval of the Resolution 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 options to each of the Related Parties or their nominees as outlined in Table 1.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure B to this Explanatory Memorandum and as otherwise mentioned above.
- (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.
- (d) The total value of the options to be issued is outlined in Table 1. If Options granted to Related Parties or their nominee(s) are exercised, the effect would be to dilute the shareholdings of the existing shareholders. The valuation cannot be finalised until the issue date of the options.
- (e) As at the date of this Notice, the issued capital of the Company comprised 55,707,943 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised (and assuming the Options the subject of Resolution 4 are granted and exercised), and assuming other share issues proceed, the effect would be to dilute the shareholding of existing shareholders as per the table below:

	Existing Shares & Options ("ESO")	ESO plus shares & options per Resolution 4 (4,450,000)
Shares & Options	77,837,943	82,287,943
Options to be granted	1,350,000	1,350,000
New Total	79,187,943	83,637,943
Dilutionary Effect to existing shareholders	1.7%	1.6%

- (f) The Directors' current interest 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 Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading 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 4.1 cents to 39.5 cents, the most recent closing price prior to printing of this notice was 8 cents. The options are capable of being converted to shares by payment of the exercise price
- (i) The Directors will receive annual directors' fees for company activities related to their duties as a director, exclusive of statutory superannuation (9%), as outlined in Table 4.
- (j) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its statement of financial performance for the next financial year. Other than as disclosed in this Explanatory Memorandum, 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 granting the Options to the Directors or their nominee(s) pursuant to this resolution.
- (k) 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 this resolution.

Additional Information

The following information in relation to the Options to be granted pursuant to Resolution 3 is provided to shareholders:

- (a) the Options will be granted to Related Parties, or their nominee(s), as noted above;
- (b) the maximum number of Options to be granted pursuant to Resolution 3 is 1,350,000;
- (c) the Options will be allotted and granted on a date which will be no later than 1 month after the date of the general meeting;
- (d) the Options will be granted for no consideration and accordingly no funds will be raised by the grant of the Options; and
- (e) the terms and conditions of the Options are set out in Annexure B to this Explanatory Memorandum.

Table 1 - Details of options to be issued to Related Parties

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
David Hughes	Director	1,000,000	\$0.20	30 June 2014	At date of allotment	\$36,100
Terry Grammer	Director	100,000	\$0.20	30 June 2014	At date of allotment	\$3,610
Liam Cornelius	Director	250,000	\$0.20	30 June 2014	At date of allotment	\$9,025

Table 2 -Details of Directors current holdings of securities in the Company

Director	Shareholding	Option holding
David Hughes	100,000	1,400,000
Terry Grammer	100,000	1,600,000
Liam Cornelius	2,452,125	5,000,000

Table 3 - Option Valuation details

Details	5 Year Term
Share price	\$0.08
Exercise Price	\$0.20
Risk Free Rate (RBA Cash Rate)	4.26%
Volatility (Annualised)	75%
Time (years) to expiry	5
Start Date	30 June 2009
Value per Option	\$0.0361

Table 4 – Directors Remuneration

Director	Salary / Fees p.a.	Value of Options	Total Financial Benefit
David Hughes	\$125,000	\$36,100	\$161,100
Terry Grammer	\$40,000	\$3,610	\$43,610
Liam Cornelius	\$70,000	\$9,025	\$79,025

Resolution 4 – Authority to Issue and Allot Options to Employees & Contractors

Resolution 4 proposes the issue of up to 4,450,000 Options by the Company to parties who are not related parties of the Company and is placed before Shareholders to allow the Options 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 4 is 4,450,000 Options, exercise price 20 cents, expiring 30 June 2014;
- (b) the options are to be issued for nil consideration;
- (c) it is anticipated that the Options 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;
- (d) the allottees, who will be employees and contractors of the Company, are not known at this stage;
- (e) the terms and conditions of the options are set out in Annexure B of this Notice;
- (f) a voting exclusion statement is included in the Notice.

ANNEXURE A

**TERMS AND CONDITIONS
35 CENT OPTIONS EXPIRING 5 YEARS FROM THEIR DATE OF ISSUE**

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 35 cents per Share subscribed for.
3. The Options will lapse at 5.00 pm, Western Standard Time 5 years from their date of Issue ("**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. Option holders 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 option holder 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 option holder 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
20 CENT OPTIONS EXPIRING 30 JUNE 2014**

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 20 cents per Share subscribed for.
3. The Options will lapse at 5.00 pm, Western Standard Time 5 years from their date of Issue ("Expiry Date").
4. The Options are not transferable except to a related party, 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. Option holders 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 option holder 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 option holder 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
 c/ 23 Altona Street
 WEST PERTH WA 6005

Facsimile: 61 8 9389 2199

Member Details:

Name:
Address:
Contact Telephone Number:
Contact Name:

Appointment of Proxy

I/We being a Member/s of **South Boulder Mines Limited** and entitled to attend and vote hereby appoint

_____ 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 29 June 2009 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 all resolutions.</p>	<div style="border: 2px solid black; width: 40px; height: 40px; margin: 0 auto;"></div>
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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 Allotment and Issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of Allotment and Issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of Grant of Options to Related Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Authority to Issue and Allot Options to Employees and Contractors	<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

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Member 1

Sole Director and
Sole Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

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 10 am WST on 27 June 2009** by post to 23 Altona Street, West Perth WA 6005 or facsimile (61 8) 9389 2199.
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.