

**SOUTH BOULDER MINES LTD
ABN 56 097 904 302**

**NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM
AND
PROXY FORM**

**Date of Meeting
22 November 2010**

**Time of Meeting
11:00am**

**Place of Meeting
The Celtic Club
48 Ord Street
WEST PERTH WA**

The 2010 Annual Report may be viewed on the Company's website at
www.southbouldermine.com.au

SOUTH BOULDER MINES LTD
ABN 56 097 904 302
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2010 Annual General Meeting of shareholders of South Boulder Mines Ltd ("**Company**") will be held at the Celtic Club, 48 Ord Street, West Perth WA on 22 November 2010 at 11:00am for the purpose of transacting the following Business.

ORDINARY BUSINESS

2010 Financial Statements

To receive the financial statements of the Company for the year ended 30 June 2010, consisting of the Annual Financial Report, the Directors' Report and the Auditor's Report.

Resolution 1 - Re-election of Liam Cornelius as a Director

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

"That Liam Cornelius having retired as a director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election be re-elected a director of the Company."

Pursuant to the Company's Constitution, one-third of the directors of the Company (other than the managing director) must retire at each Annual General Meeting and being eligible may offer themselves for re-election.

Resolution 2 - Remuneration Report

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

"That the Remuneration Report forming part of the Company's 2010 Annual Report be adopted."

Section 250R of the Corporations Act requires a listed company to put to shareholders at each Annual General Meeting a resolution adopting the report on the remuneration of the company's directors, executives and senior managers included in the company's annual report. The above resolution is being proposed to comply with this requirement. The vote on this resolution is advisory and does not bind the company's directors.

A reasonable opportunity will be provided for discussion of the remuneration report at the annual general meeting.

Resolution 3 - Ratification of Issue and Allotment of Options

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 issue of 5,000,000 Options to acquire ordinary fully paid Shares in the capital of the Company at an exercise price of 20 cents each and expiring on 30 March 2015 and otherwise on the terms and conditions outlined in Annexure A, to Mascots International Limited for nil consideration."

Short Explanation: Options were issued to Mascots International Limited, who is not a related party of the Company, as consideration for consulting services received. Under ASX Listing Rule 7.4, a Company may seek Shareholder approval to ratify an issue of securities provided that the issue does not fall within one of the exceptions to Listing Rule 7.1 and did not breach the 15% restriction contained in Listing Rule 7.1. This resolution, if approved, will allow the Company to have the flexibility to make future issues of securities up to the threshold of 15% of its total equity securities in any 12 month period. Please refer to the Explanatory Memorandum for details.

Voting Exclusion Statement

The Company will, in accordance with the Listing Rules of the ASX, disregard any votes cast on Resolution 3 by Mascots International Limited and any associates of Mascots International Limited. However, the Company will 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 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 - Ratification of Issue and Allotment of Options

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

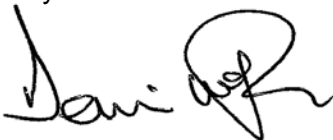
“That, for the purpose of Listing Rule 7.4 of the Listing Rules of the ASX, and for all other purposes, the Company approves and ratifies the issue of 1,050,000 Options to acquire ordinary fully paid Shares in the capital of the Company at an exercise price of 35 cents each and expiring on 31 July 2013 and otherwise on the terms and conditions outlined in Annexure B, to Employees and Contractors for nil consideration.”

Short Explanation: Options were issued to Employees and Contractors, who are not related parties of the Company. Under ASX Listing Rule 7.4, a Company may seek Shareholder approval to ratify an issue of securities provided that the issue does not fall within one of the exceptions to Listing Rule 7.1 and did not breach the 15% restriction contained in Listing Rule 7.1. This resolution, if approved, will allow the Company to have the flexibility to make future issues of securities up to the threshold of 15% of its total equity securities in any 12 month period. Please refer to the Explanatory Memorandum for details.

Voting Exclusion Statement

The Company will, in accordance with the Listing Rules of the ASX, disregard any votes cast on Resolution 4 by the Employees and Contractors and any associates of the Employees and Contractors. However, the Company will 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 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: 14 October 2010

PROXIES

A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.

A proxy may, but need not be, a shareholder of the Company.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer duly authorised.

The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the registered office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary Shares at 5:00 pm Perth time on 20 November 2010 will be entitled to attend and vote at the Annual General Meeting.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company before the meeting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of South Boulder Mines ABN 56 097 904 302 (**Company**) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth WA 6005 on 22 November 2010 commencing at 11:00am.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

At the Annual General Meeting, Shareholders will be asked to consider resolutions:

- Re-electing Mr Liam Cornelius as a director, who retires by rotation in accordance with the Company's constitution;
- Adopting the remuneration report, this resolution is advisory only;
- Ratification of Issue and Allotment of Options, to a consultant;
- Ratification of Issue and Allotment of Options, to employees and contractors.

Each of the resolutions in an ordinary resolution requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

Financial and Other Reports

As required by section 317 of the Corporations Act, the financial statements for the year ended 30 June 2010 and the accompanying Directors Report, Directors' Declaration and Auditor's Report will be laid before the meeting.

Neither the Corporations Act, nor the Company's Constitution requires a vote on the reports. However, the Shareholders will have an opportunity to ask questions about the report at the annual general meeting.

Resolution 1 - Re-election of Liam Cornelius as a Director

Resolution 1 deals with the re-election of Mr Liam Raymond Cornelius who was appointed a non-executive director on 21 August 2001 and retires as required by the Company's Constitution and the Listing Rules and, being eligible, has offered himself for re-election.

Mr Cornelius graduated from Curtin University of Technology with a BApp.Sc in Geology. Mr Cornelius has been involved in the exploration industry within Australia and Africa for 15 years. Whilst specialising in gold he has experience with a wide range of commodities including nickel, copper, platinum and uranium.

As a founding member of South Boulder Mines Limited, Mr Cornelius has played a key role in outlining areas of interest for the Company. In addition to project generation and providing guidance to the board on future directions, his responsibilities include public relations and fund raising

Resolution 2 – Remuneration Report

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about Board policy for determining the nature and amount of remuneration of the Company's Directors and senior executives; and
- remuneration details for each Director and for each of the Company's specified executives.

The Remuneration Report, which is part of the 2010 Annual Report has been sent to those Shareholders requesting to receive a copy. Copies of the 2010 Annual Report are available by contacting the Company or visiting the Company's web site (www.southbouldermine.com.au).

Resolution 3 - Ratification of Issue and Allotment of Options

Resolution 3 of the Notice of Annual General Meeting proposes the ratification of the allotment and issue of 5,000,000 Options to Mascots International Limited at an exercise price of \$0.20 each, expiring on 30 March 2015.

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 3 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 3 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) 5,000,000 Options were issued by the Company with an exercise price of \$0.20 and an expiry date of 30 March 2015;
- (b) the Options were issued to Mascots International Limited for nil consideration, who is not a related party of the Company;
- (c) the terms and conditions of the Options are set out in Annexure A of this Notice;
- (d) a voting exclusion statement is included in this Notice.

Resolution 4 - Ratification of Issue and Allotment of Options

Resolution 4 of the Notice of Annual General Meeting proposes the ratification of the allotment and issue of 1,050,000 Options to Employees and Contractors at an exercise price of \$0.35 each, expiring on 31 July 2013.

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 4 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 4 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) 1,050,000 Options were issued by the Company with an exercise price of \$0.35 and an expiry date of 31 July 2013;
- (b) the Options were issued to Employees and Contractors for nil consideration, who are not related parties of the Company;
- (c) the terms and conditions of the Options are set out in Annexure B of this Notice;
- (d) a voting exclusion statement is included in this Notice.

ANNEXURE A

TERMS AND CONDITIONS 20 CENT OPTIONS EXPIRING 30 MARCH 2015

The Options are 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 on 30 March 2015 ("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.

ANNEXURE B

TERMS AND CONDITIONS 35 CENT OPTIONS EXPIRING 31 JULY 2013

The Options are 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 on 31 July 2013 ("**Expiry Date**").
4. the Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules;
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
ABN 56 097 904 302
PROXY FORM

The Company Secretary
 South Boulder Mines Limited
 23 Altona Street
 WEST PERTH WA 6005

Facsimile: +61 8 9389 2199

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 Annual General Meeting of the Company to be held on 22 November 2010 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 Chairperson 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 Chairperson has advised that his intention is to vote in favour of the resolutions.</p> <p>If you do not mark this box, and you have not directed your proxy how to vote, the Chairperson will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.</p>	<div style="border: 2px solid black; width: 60px; height: 60px; margin: 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 Re-election of Liam Cornelius	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of Issue and Allotment of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of Issue and Allotment of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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. My total voting right is _____ Shares.

SIGNATURE OF SECURITY HOLDERS – PLEASE SIGN HERE

Individual or Shareholder 1	Joint Shareholder 2	Joint Shareholder 3

Sole Director & Sole
Company Secretary

Director / Company
Secretary

Director

Dated _____ Day _____ 2010
 this _____ of _____

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 Annual 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 Annual General Meeting **that is by 11:00am WST on 20 November 2010** by post or facsimile to the respective addresses stipulated in this proxy form.
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.