

29 April 2015

Dear Shareholder

Non renounceable rights issue – notice to ineligible shareholders

I refer to the partially underwritten non renounceable rights issue announced by South Boulder Mines Ltd (Company) on or about 28 April 2015, under which the Company offers eligible shareholders 1 new share for every 12 existing shares held at the record date of 5pm (WST) on 6 May 2015 (Offer). The issue price for the new shares is \$0.25.

The Offer seeks to raise up to approximately \$3,350,052 before issue costs.

The Offer is severally underwritten for 10 million New Shares (\$2.5 million) by Montezuma Mining Company Limited (ASX:MZM) and RSR Premier Holdings, a privately held investment vehicle. GMP Securities have agreed to act as selling agent for any shortfall not taken up by eligible shareholders or the underwriters.

Further details of the Offer, including the rights issue timetable and effect on the Company's capital structure, are set out in the Company's announcement dated on or about 28 April 2015 and will be set out in more detail in the offer document to be lodged with ASX and dispatched to eligible shareholders on 11 May 2015. The offer document will be available on the Company's and ASX's websites on that date.

The Company has decided that it is unreasonable to extend the Offer to shareholders with a registered address outside Australia or New Zealand and any other jurisdictions where the Company reasonably believes that it is not prohibited or unduly onerous or impractical to make the Offer in accordance with all applicable laws and the Listing Rules (**Ineligible Shareholders**), having regard to the number of such shareholders, their holdings and the compliance costs required to extend Offer to those shareholders.

The purpose of this letter is to inform you that no offer is being made to you and the offer document will not be sent to you as you are an Ineligible Shareholder.

This letter is neither an offer to issue securities to you nor an invitation for you to apply for the new securities under the Offer.

You do not have to take any action in relation to the Offer.

Should you have any questions regarding the Offer you may contact the Company on +61 8 6315 1444.

Yours faithfully,



Paul Donaldson

Chief Executive Officer & Managing Director